



ROCA MINES INC.

(A Development Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

February 28, 2007 and 2006

(Expressed in Canadian Funds)

Prepared by Management Without Audit

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim consolidated financial statements for the period ended February 28, 2007.

Consolidated Balance Sheets

Canadian Funds

ASSETS	As at February 28, 2007 (Unaudited)	As at August 31, 2006
Current		
Cash and cash equivalents	\$ 2,518,354	\$ 4,909,936
Receivables	278,679	213,754
Prepaid expenses	86,756	31,047
Marketable securities (Note 4)	-	24,700
	2,883,789	5,179,437
Resource Property Costs - Schedule (Note 5)	24,387,885	11,373,439
Reclamation Bonds (Note 9)	752,900	752,900
Deposits on Contracts (Note 12b)	175,000	265,000
Equipment (Note 6)	37,354	36,963
	25,353,139	12,428,302
	\$ 28,236,928	\$ 17,607,739
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 1,334,389	\$ 1,212,432
Due to related parties (Note 10f)	122,650	79,769
	1,457,039	1,292,201
Asset Retirement and Mine Closure Obligations (Note 8)	524,400	126,000
	1,981,439	1,418,201
SHAREHOLDERS' EQUITY		
Share Capital (Note 7a)	23,187,526	17,004,359
Shares To Be Issued	2,000,000	-
Contributed Surplus (Note 7g)	3,958,353	763,946
Deficit - Statement 2	(2,890,390)	(1,578,767)
	26,255,489	16,189,538
	\$ 28,236,928	\$ 17,607,739

ON BEHALF OF THE BOARD:

"Scott Broughton", Scott E. Broughton, Director

"David Skerlec", David J. Skerlec, Director

Consolidated Statements of Loss and Deficit

Canadian Funds

Unaudited

	For the Three Months Ended		For the Six Months Ended	
	Feb. 28, 2007	Feb. 28, 2006	Feb. 28, 2007	Feb. 28, 2006
Expenses				
Stock-based compensation	\$ 1,062,267	\$ -	\$ 1,078,958	\$ 170,306
Advertising, promotion and shareholder relations	60,535	37,263	99,998	64,147
Bank charges, office and sundry	40,475	5,521	63,852	12,088
Accounting, audit and legal	47,839	10,687	61,439	20,958
Consulting and management fees	30,275	40,425	60,775	70,254
Rent	10,897	1,500	17,344	3,000
Travel and insurance costs	7,319	19,493	15,468	40,612
Listing and filing fees	10,301	6,447	12,524	10,096
Amortization	3,668	2,631	7,390	5,263
Loss before the Under-noted	1,273,576	123,967	1,417,748	396,724
Property investigation & generative exploration costs	1,750	-	47,756	-
Gain on sale of marketable securities	(106,065)	-	(117,435)	-
Interest income	(6,057)	(1,397)	(36,446)	(1,951)
Loss for the period	\$ 1,163,204	\$ 122,570	\$ 1,311,623	\$ 394,773
Deficit, beginning of period	1,727,186	1,532,316	1,578,767	1,260,113
Deficit, end of period	\$ 2,890,390	\$ 1,654,886	\$ 2,890,390	\$ 1,654,886
Loss per Share - Basic and Diluted	\$ (0.02)	\$ (0.01)	\$ (0.02)	\$ (0.01)
Weighted Average Number of Common Shares Outstanding	62,314,414	41,829,624	61,227,163	39,922,613

- See Accompanying Notes -

Consolidated Statements of Cash Flows

Canadian Funds

Unaudited

	For the Three Months Ended		For the Six Months Ended	
	Feb. 28, 2007	Feb. 28, 2006	Feb. 28, 2007	Feb. 28, 2006
Cash Resources Provided By (Used In):				
Loss for the period	\$ (1,163,204)	\$ (122,570)	\$ (1,311,623)	\$ (394,773)
Items not affected by cash:				
Amortization	3,668	2,631	7,390	5,263
Stock-based compensation	1,062,266	-	1,078,958	170,306
Gain on sale of marketable securities	(106,065)	-	(117,435)	-
	(203,335)	(119,939)	(342,710)	(219,204)
Changes in working capital:				
Receivables	(137,080)	(14,628)	(64,925)	55,830
B.C. Mining Exploration Tax Credit (BCMETS) receivable	-	-	-	238,435
Prepaid expenses and deposits	(56,259)	(11,040)	(55,709)	(40,838)
Accounts payable and accruals	284,215	(51,114)	302,463	(434,882)
Short-term loan payable	(550,000)	-	-	-
	(388,299)	(196,721)	(160,881)	(400,659)
Investing Activities				
Purchase of equipment	(4,981)	-	(7,781)	-
Resource property costs, <i>net of exploration tax credits</i>	(6,374,807)	(257,223)	(11,759,424)	(432,048)
Deposits on contracts	45,000	-	90,000	-
Proceeds on disposal of marketable securities	170,065	-	193,135	-
	(6,164,723)	(257,223)	(11,484,070)	(432,048)
Financing Activities				
Share issuance proceeds	9,187,755	300,000	9,790,084	1,037,500
Share issuance costs	(536,715)	(19,465)	(536,715)	(79,465)
	8,651,040	280,535	9,253,369	958,035
Net Increase (decrease) in cash and cash equivalents	2,098,018	(173,409)	(2,391,582)	125,328
Cash and cash equivalents - Beginning of Period	420,336	317,154	4,909,936	18,417
Cash and cash equivalents - End of Period	\$ 2,518,354	\$ 143,745	\$ 2,518,354	\$ 143,745

Supplemental Schedule of non-cash Transactions

Stock-based compensation recorded in resource costs	\$ 1,143,496	\$ -	\$ 1,143,496	\$ 170,306
Exploration expenditures included in accounts payable	\$ (2,148,548)	\$ (42,717)	\$ (137,625)	\$ (397,186)
Shares issued for property	\$ 188,250	\$ 35,000	\$ 188,250	\$ 35,000
Shares received for property	\$ 98,250	\$ (15,750)	\$ 98,250	\$ (15,750)
Fair value of Agent's warrants issued – February 2007	\$ 4,667	\$ -	\$ 4,667	\$ -

Consolidated Schedules of Resource Property Costs

Canadian Funds

Unaudited

	For the Three Months Ended		For the Six Months Ended	
	February 28, 2007	February 28, 2006	February 28, 2007	February 28, 2006
MAX Molybdenum Project, B.C., Canada				
Acquisition Costs				
Additional staking, land costs	\$ -	\$ 4,786	\$ -	\$ 16,207
Option payment - cash	-	50,000	-	50,000
Option payment - shares	-	35,000	-	35,000
	-	89,786	-	101,207
Deferred Exploration and Development Costs				
Mill equipment, materials and relocation	1,353,376	117,170	3,110,177	117,170
Tailings pond equipment and materials	359,889	-	3,011,486	-
Mining materials, equipment and underground development	928,518	8,957	1,695,648	18,969
Electrical	480,694	-	1,270,440	-
Stock-based compensation	1,143,496	-	1,143,496	-
Engineering studies and consulting	175,170	52,160	687,160	74,802
Estimated mine closure and reclamation costs	-	-	398,400	-
General labour costs	142,850	8,600	293,062	15,476
Camp equipment, construction costs and materials	111,924	-	263,370	-
Geological and project management	100,532	8,400	229,818	27,650
Roads and roadwork	164,332	-	195,935	-
Permitting, environmental studies and consulting	72,059	19,037	170,115	70,095
Travel and accommodation	82,031	6,742	164,530	23,269
Office, communication and sundry	92,183	1,335	162,531	2,957
Lab, assay and metallurgical	21,472	-	76,366	2,638
	5,228,526	222,401	12,872,534	354,026
Balance Forward	\$ 5,228,526	\$ 312,187	\$ 12,872,534	\$ 455,233

- See Accompanying Notes -

Consolidated Schedules of Resource Property Costs - continued

Canadian Funds

Unaudited

	For the Three Months Ended		For the Six Months Ended	
	February 28, 2007	February 28, 2006	February 28, 2007	February 28, 2006
Balance Forward	\$ 5,228,526	\$ 312,187	\$ 12,872,534	\$ 455,233
FOREMORE VMS-Gold Project, B.C., Canada				
Acquisition Costs				
Staking and land costs	-	-	1,100	-
	-	-	1,100	-
Deferred Exploration Costs				
Geological and project management	-	1,400	-	3,458
Materials and equipment	149	1,011	289	2,353
Geophysical	-	-	-	13,967
Field transport and mobilization	-	-	-	5,278
Travel and accommodation	-	-	-	1,298
Communication	-	-	-	4,578
Labour	-	200	2,800	3,448
Maps and reports	-	-	13,730	-
Assaying	-	2,426	-	2,435
	149	5,037	16,819	36,815
	149	5,037	17,919	36,815
SEAGOLD Project, B.C., Canada				
Acquisition Costs				
Option payment - shares	98,250	-	98,250	-
Option payment - cash	25,000	25,000	25,000	25,000
Option payment received - cash	(50,000)	(50,000)	(50,000)	(50,000)
Option payment received - shares	(51,000)	(15,750)	(51,000)	(15,750)
	22,250	(40,750)	22,250	(40,750)
OTHER Projects, B.C., Canada				
Acquisition Costs				
Option payment - shares	90,000	-	90,000	-
Option payment - cash	7,500	-	7,500	-
Staking and land costs	4,243	-	4,243	-
	101,743	-	101,743	-
Total Resource Costs for Period	5,352,667	276,474	13,014,446	451,298
Balance - Beginning of period	19,035,217	6,052,415	11,373,439	5,877,591
Balance - End of Period	\$ 24,387,885	\$ 6,328,889	\$ 24,387,885	\$ 6,328,889

- See Accompanying Notes -

Roca Mines Inc.

(A Development Stage Company)

Notes to Consolidated Financial Statements**February 28, 2007 and 2006***Canadian Funds***Unaudited**

1. Nature of Operations

The Company was incorporated on June 19, 2001 as 629645 BC Ltd. and changed its name to Roca Mines Inc. on April 29, 2002.

These financial statements are presented on a consolidated basis as the Company incorporated a wholly owned subsidiary, FortyTwo Metals Inc., on February 3, 2005. FortyTwo Metals Inc., a British Columbia corporation, holds the mineral claims and underlying agreements and will serve as the operating subsidiary for the Max Molybdenum Project.

The Company is a development stage company that engages principally in the acquisition, exploration and development of resource properties. The recovery of the Company's investment in its resource properties is dependent upon the discovery, development and sale of ore reserves and the ability to raise sufficient capital to finance these operations. The ultimate outcome of these operations cannot presently be determined because they are contingent on future matters.

2. Significant Accounting Policies

These interim financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements. These interim financial statements should be read in conjunction with the audited financial statements as at August 31, 2006.

3. Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, marketable securities, deposits on contracts, reclamation bonds, accounts payable and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

4. Marketable Securities

Marketable securities consist of Nil (2006 – 190,000) shares of Romios Gold Resources Inc. ("Romios") at a recorded book value of \$Nil (2006 - \$24,700) with a market value of \$Nil (2006 - \$49,400) on February 28, 2007.

Roca Mines Inc.
(A Development Stage Company)
Notes to Consolidated Financial Statements

February 28, 2007 and 2006

Canadian Funds

Unaudited

5. Resource Property Costs

Details are as follows:

	Acquisition	Deferred Exploration & Development	Total February 28, 2007	Total February 28, 2006
Max Molybdenum Project	\$ 864,811	\$ 19,538,818	\$ 20,403,629	\$ 3,920,175
Foremore VMS-Gold Project	312,184	3,516,470	3,828,654	2,411,605
SeaGold Project	34,750	19,109	53,859	(2,891)
Other	101,743	-	101,743	-
	\$ 1,313,488	\$ 23,074,397	\$ 24,387,885	\$ 6,328,889

a) **MAX Molybdenum Project, Revelstoke Mining Division, B.C., Canada**

On August 31, 2006, the Company completed the acquisition of a 100% interest in certain properties, known as the Max Molybdenum Project located in the Revelstoke Mining Division, B.C. In order to earn its interest and prepare for commercial production from the property, the Company issued 600,000 shares to the vendor and made cash payments totalling \$200,000. The MAX Project is subject to a 2.5% Net Smelter Return ("NSR"). The Company may purchase, at any time, up to 60% of the NSR by paying \$1,000,000 for each 30% (\$2,000,000 for the full 60% of the 2.5% NSR). Advance annual royalty payments of \$50,000 will be payable by the Company starting from August 31, 2007, ceasing in the year in which commercial production commences.

On August 6, 2004, the Company acquired a 100% interest in certain crown grants, mining leases and mineral claims contiguous to the MAX Molybdenum Project mineral claims. Under the terms of this acquisition agreement, the Company paid \$100,000 for the property and original data detailing all previous exploration. The Company granted a 2.5% NSR on the contiguous property, reducible to 1% upon payment of \$2,000,000 at any time prior to commencement of commercial production. The Company must also issue 200,000 shares if it commences commercial production from any part of the contiguous property.

b) **FOREMORE VMS-Gold Project, Liard Mining Division, B.C., Canada**

On May 1, 2005, the Company completed the acquisition of a 100% interest in certain properties, known as the Foremore Project located in the Liard Mining Division, B.C. by paying cash payments of \$100,000 (paid) and issuing 400,000 common shares (issued) to the property vendor.

The Foremore Project is subject to a 2.5% Net Smelter Return ("NSR"). The Company may purchase at any time, up to 60% of the NSR by paying \$1,000,000 for each 30% (\$2,000,000 for the full 60% of the 2.5% NSR). The Company will be required to make annual advance royalty payments of \$50,000 starting May 1, 2006 (\$50,000 paid to date). This advance royalty ceases in the year in which commercial production commences. All advance royalty payments paid to commercial production are a reduction of future royalty payments. The Company must also issue 200,000 common shares to the vendor upon the commencement of commercial production.

Roca Mines Inc.
(A Development Stage Company)
Notes to Consolidated Financial Statements

February 28, 2007 and 2006

Canadian Funds

Unaudited

5. Resource Property Costs - Continued

c) SEAGOLD Project, Liard Mining Division, B.C., Canada

By agreement dated December 1, 2003, the Company was granted an option to acquire a 100% interest in certain properties, known as the SeaGold Project in the Liard Mining Division, B.C. In order to earn its interest, the Company, at its option, must complete the following:

	Cash Payments	Share Issuances
Upon signing of the agreement (paid)	\$ 25,000	-
On or before May 1, 2004 (issued)	-	25,000
On or before December 1, 2004 (paid)	25,000	-
On or before May 1, 2005 (issued)	-	50,000
On or before December 1, 2005 (paid)	25,000	-
On or before May 1, 2006 (issued)	-	50,000
On or before December 1, 2006 (paid/issued)	25,000	75,000
Upon commencement of commercial production	-	200,000
	\$ 100,000	400,000

The SeaGold Project is subject to a 2.5% NSR. The Company may purchase at any time, up to 60% of the NSR by paying \$1,000,000 for each 30% (\$2,000,000 for the full 60% of the 2.5% NSR). Advance annual royalty payments of \$30,000 will be payable by the Company starting on December 1, 2007, ceasing in the year in which commercial production commences.

The Company has signed an agreement dated May 1, 2005 with Romios Gold Resources Inc. ("Romios") whereby Romios can earn up to a 50% interest in the SeaGold Property by completing the following:

	Cash Payments	Share Issuances	Property Expenditures
Upon Exchange Approval (received)	\$ 25,000	150,000	\$ -
December 1, 2005 (received)	50,000	150,000	-
December 31, 2005 (incurred)	-	-	150,000
December 1, 2006 (received)	50,000	150,000	-
December 31, 2006 (incurred)	-	-	150,000
December 1, 2007	75,000	150,000	-
December 31, 2007	-	-	700,000
	\$ 200,000	600,000	\$ 1,000,000

Romios will also assume the Company's obligation to issue the original property vendor 200,000 common shares upon commencement of commercial production, and advance royalty payments of \$30,000 per annum commencing on December 1, 2007.

An additional 25% (up to 75%) can be earned by Romios by paying the Company \$2,000,000 in cash or common share equivalent within 90 days of the vesting of the initial 50%.

Roca Mines Inc.
(A Development Stage Company)
Notes to Consolidated Financial Statements

February 28, 2007 and 2006

Canadian Funds

Unaudited

5. Resource Property Costs - Continued

d) OTHER Projects, Revelstoke Mining Division, B.C., Canada

In December of 2006, the Company signed four agreements with a group of prospectors, pursuant to which the Company may acquire a 100% interest in four separate properties in the Revelstoke Mining Division, British Columbia. Each property is subject to a 2-per-cent net smelter return royalty which may be purchased by the company for \$2-million. To maintain all options in good standing, the Company must complete the following:

	Cash Payments	Share Issuances
Upon Exchange Approval (paid/issued)	\$ 7,500	60,000
April 1, 2007 (subsequently paid/issued)	24,000	60,000
April 1, 2008	31,500	60,000
April 1, 2009	42,000	60,000
April 1, 2010	51,000	75,000
	\$ 156,000	315,000

6. Equipment

Details are as follows:

	Cost	Accumulated Amortization	Feb. 28, 2007 Net Book Value	Feb. 28, 2006 Net Book Value
Office and Computers	\$ 46,670	\$ 20,274	\$ 26,396	\$ 6,587
Geological Software	5,544	5,122	422	1,073
Crew/Equipment Van	29,761	19,225	10,536	15,051
	\$ 81,975	\$ 44,621	\$ 37,354	\$ 22,711

Roca Mines Inc.*(A Development Stage Company)***Notes to Consolidated Financial Statements****February 28, 2007 and 2006***Canadian Funds***Unaudited****7. Share Capital**

a) Details are as follows:

Authorized:	Number of Shares	Amount
Unlimited common shares without par value		
Balance – August 31, 2005	37,210,735	\$ 6,683,966
Issued for cash:		
Private placement of units - December 2005 - prorated fair value of common shares issued	1,000,000	249,094
Private placement - March 2006	5,000,000	2,000,000
Private placement - May 2006	2,857,143	2,000,000
Private placement - August 2006	7,042,254	5,000,000
Exercise of \$0.20 November Warrants	3,400,000	680,000
Exercise of \$0.25 November Agent Warrants	230,000	57,500
Exercise of \$0.40 July Warrants	1,334,165	533,666
Exercise of \$0.40 July Agent Warrants	77,800	31,120
Exercise of \$0.40 December Warrants	168,333	67,333
Exercise of Incentive stock options	150,000	37,500
Issued to finders on March 2006 private placement	350,000	140,000
Issued for MAX Project	400,000	395,000
Issued for SeaGold Project	50,000	34,500
Fair value of Aug. 2006 warrants issued as finder fees	-	24,526
Fair value of stock options exercised	-	22,708
Fair value of warrants exercised	-	8,569
Share issuance costs	-	(687,993)
Flow-through share renunciation – tax effect <i>(Note 11)</i>	-	(273,130)
Balance – August 31, 2006	59,270,430	\$ 17,004,359
Issued for cash:		
Private placement of units – February 2007 - prorated fair value of common shares issued	5,000,000	5,881,908
Exercise of \$0.40 December Warrants	831,667	332,667
Exercise of Incentive stock options	375,000	166,250
Issued for SeaGold Project	75,000	98,250
Issued for Bonanza Project	15,000	22,500
Issued for Ellesmere Project	15,000	22,500
Issued for Farside Project	15,000	22,500
Issued for Tin City Project	15,000	22,500
Fair value of stock options exercised <i>(Note 7g)</i>	-	103,803
Fair value of warrants exercised <i>(Note 7g)</i>	-	42,337
Fair value of Agent's warrants issued <i>(Note 7b)</i>	-	4,667
Share issuance costs	-	(536,715)
Balance – February 28, 2007	65,612,097	23,187,526

Roca Mines Inc.*(A Development Stage Company)***Notes to Consolidated Financial Statements****February 28, 2007 and 2006***Canadian Funds***Unaudited****7. Share Capital - Continued**

- b) In February of 2007, the Company completed a private placement for gross proceeds of \$7,000,000. Five million units were issued each consisting of one common share and one common share purchase warrant, each warrant entitling the holder to acquire one additional common share until August 9, 2008 at a price of \$2.25 per common share. Cash finders' fees totalling \$326,250 were paid, and 18,750 Agent warrants were issued in connection with this offering, the warrants having the same terms as those issued to the private placees. The CFO of the Company purchased 64,287 units of this private placement.

The prorated fair value of the unit warrants issued was calculated to be \$1,118,092 on the grant date and is accounted for as a reduction to proceeds from the common shares (to \$5,881,908) with the offsetting entry to contributed surplus. The total fair value of warrants was estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	Tranche 1	Tranche 2
Number of warrants	1,828,571	3,171,429
Average risk-free interest rate	3.99%	4.11%
Expected dividend yield	Nil	Nil
Expected stock price volatility	66.2%	66.48%
Average expected option life	1 year	1 year

The total fair value of the Agent warrants issued was calculated to be \$4,667 on the grant date and is accounted for in share issuance costs. The offsetting entry is to share capital. The fair value of the Agent warrants issued was estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

Average risk-free interest rate	4.11%
Expected dividend yield	Nil
Expected stock price volatility	66.48%
Average expected option life	1 year

- c) During the quarter ended February 28, 2007, the Company issued 75,000 shares at a price of \$1.31 per share pursuant to the terms of an option to earn a 100% interest in the SeaGold Project. During the quarter ended February 28, 2007, the Company also issued a total of 60,000 shares at a price of \$1.50 per share pursuant to the terms of options to earn a 100% interest in four separate properties in the Revelstoke mining division, British Columbia.

Roca Mines Inc.*(A Development Stage Company)***Notes to Consolidated Financial Statements****February 28, 2007 and 2006***Canadian Funds***Unaudited****7. Share Capital - Continued**

- d) A summary of the Company's warrants and agent warrants ("B-Warrants") outstanding at February 28, 2007 and the changes for the period are as follows:

Number Outstanding August 31, 2006	Issued	Exercised	Expired	Number Outstanding February 28, 2007	Exercise Price Per Share	Expiry Date	Description
831,667	-	(831,667)	-	-	\$0.40	8-Dec-06	Warrant
-	1,828,571	-	-	1,828,571	\$2.25	4-Jul-08	Warrant
-	3,171,429	-	-	3,171,429	\$2.25	9-Aug-08	Warrant
39,335	-	-	-	39,335	\$0.90	28-Aug-07	B-Warrant
-	18,750	-	-	18,750	\$2.25	9-Aug-08	B-Warrant
871,002	5,018,750	(831,667)	-	5,058,085			

- e) The Company has established a share purchase option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. The maximum number of shares issuable under the stock option plan shall not exceed 10% of the issued and outstanding common shares. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the board of directors and the exercise price of an option is not less than the closing price on the Exchange on the last trading day preceding the grant date. Options vest on the grant date unless determined otherwise by the board of directors.
- f) A summary of the Company's options at February 28, 2007 and the changes for the period are as follows:

Number Outstanding August 31, 2006	Granted	Exercised	Number Outstanding February 28, 2007	Exercise Price Per Share	Expiry Date
908,000	-	(50,000)	858,000	\$0.20	17-Dec-07
150,000	-	-	150,000	\$0.20	7-Jan-08
397,000	-	-	397,000	\$0.20	11-Dec-08
930,000	-	(50,000)	880,000	\$0.25	24-Aug-09
200,000	-	-	200,000	\$0.25	26-Nov-09
975,000	-	(25,000)	950,000	\$0.25	18-Oct-10
200,000	-	(100,000)	100,000	\$0.55	13-Mar-11
450,000	-	(150,000)	300,000	\$0.55	10-Apr-11
100,000	-	-	100,000	\$0.60	8-May-11
-	2,500,000	-	2,500,000	\$1.45	19-Feb-12
-	100,000	-	100,000	\$1.45	19-Feb-12
4,310,000	2,600,000	(375,000)	6,535,000		

At February 28, 2007, all but 150,000 options (50,000 exercisable at \$1.55 and expiring on March 13, 2011, and 100,000 exercisable at \$1.45 and expiring on February 19, 2012) had vested.

Roca Mines Inc.

(A Development Stage Company)

Notes to Consolidated Financial Statements

February 28, 2007 and 2006

Canadian Funds

Unaudited

7. Share Capital - Continued

In February of 2007, the Company granted 2,600,000 incentive stock options to directors and consultants of the Company. The stock options are exercisable at a price of \$1.45 per share for a period of five years.

The fair value of stock options used to calculate the compensation expense in the second quarter is estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

Average risk-free interest rate	4.01%
Expected dividend yield	Nil
Expected stock price volatility	69.107%
Average expected option life	5 years

The total fair value of the options granted was calculated to be \$2,274,310 on the grant date, \$1,062,267 of which amount has been expensed and \$1,143,496 capitalized to resource property costs in the second quarter. The offsetting entry is to contributed surplus.

During the prior fiscal year, the Company granted 200,000 incentive stock options exercisable at a price of \$0.55 per share for a period of five years, vesting over a period of one year. The total fair value of the options granted was calculated to be \$66,866 on the grant date of which \$16,691 was recorded during the first quarter ended November 30, 2006, and \$16,691 was recorded during the second quarter ended February 28, 2007, with the offsetting entries to contributed surplus.

During the second quarter ended February 28, 2007, 50,000 previously granted stock options exercisable at \$0.20 per share were exercised for proceeds of \$10,000, and 75,000 previously granted stock options exercisable at \$0.25 per share were exercised for proceeds of \$18,750. The fair value of the stock options exercised was calculated to be \$13,978 and that amount has been transferred to share capital from contributed surplus.

During the first quarter ended November 30, 2006, 250,000 previously granted stock options exercisable at \$0.55 per share were exercised for proceeds of \$137,500. The fair value of the stock options exercised was calculated to be \$89,825 and that amount has been transferred to share capital from contributed surplus.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

Roca Mines Inc.*(A Development Stage Company)***Notes to Consolidated Financial Statements****February 28, 2007 and 2006***Canadian Funds***Unaudited****7. Share Capital - Continued****g) Contributed Surplus**

Details are as follows:

	February 28, 2007	February 28, 2006
Balance – Beginning of Period	\$ 763,946	\$ 328,802
Fair value of stock-based compensation	2,222,455	170,306
Fair value of warrants issued in January 2007	435,445	-
Fair value of warrants issued in February 2007	682,647	-
Fair value of options exercised – to share capital	(103,803)	-
Fair value of warrants exercised – to share capital	(42,337)	-
Balance – End of Period	<u>\$ 3,958,353</u>	<u>\$ 499,108</u>

8. Asset Retirement and Mine Closure Obligations

For each property, management has estimated the costs of reclaiming its projects in accordance with the Company's accounting policy at February 28, 2007. Details of management's estimates of reclamation and mine closure costs are as follows:

	February 28, 2007	February 28, 2006
Balance – Beginning of Period	\$ 126,000	\$ -
Foremore Project – estimated camp closure and other reclamation costs	-	-
Max Molybdenum – estimated mine closure and other reclamation costs	398,400	-
Balance – End of Period	<u>\$ 524,400</u>	<u>\$ -</u>

9. Reclamation Bonds

During the prior year, the Company was refunded its exploration bonds at the SeaGold and Max Molybdenum projects. The Company was required to place a new bond at Max, to cover estimated mine closure costs. At February 28, 2007, reclamation bonds totalling \$752,900 remain in safekeeping with the British Columbia Ministry of Energy, Mines and Petroleum Resources as summarized below:

	February 28, 2007	February 28, 2006
Max Molybdenum Project	\$ 730,000	\$ 5,000
Foremore Project	22,900	22,900
SeaGold Project	-	3,000
Total	<u>\$ 752,900</u>	<u>\$ 30,900</u>

Roca Mines Inc.*(A Development Stage Company)***Notes to Consolidated Financial Statements****February 28, 2007 and 2006***Canadian Funds***Unaudited**

10. Related Party Transactions

Except as noted elsewhere in these financial statements, related party transactions are as follows:

- a) During the period ended February 28, 2007, consulting fees of \$39,600 (2006 - \$39,200) were paid or accrued to the President and CEO of the Company. Services provided include general corporate, exploration and acquisition strategy, drafting and engineering work, contract negotiations, and investment presentations. Of this amount, \$19,600 (2006 - \$25,600) is recorded in deferred exploration and development costs for the period and the balance in consulting fees.
- b) During the period ended February 28, 2007, consulting fees of \$34,125 (2006 - \$35,875) were paid or accrued to the CFO and Secretary of the Company. Services provided include corporate finance and fund raising initiatives, contract negotiations, financial accounting, office management and general administration.
- c) During the period ended February 28, 2007, per-diem contract fees of \$42,350 (2006 - \$36,050) were paid or accrued to a director or a company controlled by a director. Of this amount, \$31,850 (2006 - \$32,900) is contained in deferred exploration and development costs for the year and the balance has been expensed as consulting fees or generative exploration expense.
- d) During the period ended February 28, 2007, monthly consulting fees of \$78,000 (2006 - \$nil) were paid or accrued to the Company's Vice President of Mining. Services provided include drafting and engineering work, equipment procurement, and general project management. This amount is contained in deferred exploration and development costs for the year.
- e) During the period ended February 28, 2007, the Company was reimbursed for rent and office expenses totalling \$10,518 (2006 - \$nil) by a company with common management.
- f) As at February 28, 2007, current liabilities include \$122,650 (2006 - \$22,521) payable to related parties. These amounts were incurred in the ordinary course of business, are non-interest bearing, and without specific repayment terms.
- g) During the period ended February 28, 2007, a short term loan of \$1,100,000 was advanced to the Company by the Company's CFO and Secretary. This loan was non-interest bearing with no specific repayment terms, and was repaid as at February 28, 2007.

11. Income Taxes

- a) Reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2006	2005
Earnings (Loss) before income taxes	\$ (591,784)	\$ (334,736)
Canadian federal and provincial income tax rate	34.12%	35.60%
Income tax expense (recovery)	(201,917)	(119,166)
Increase (decrease) due to:		
Non-deductible expenses for tax purposes	82,576	41,039
Deductible expenses for tax purposes	(105,235)	(54,056)
Renouncement of exploration credit	(273,130)	(178,000)
Reversal of valuation allowance	224,576	132,182
Income tax expense (recovery)	\$ (273,130)	\$ (178,000)

Roca Mines Inc.*(A Development Stage Company)***Notes to Consolidated Financial Statements****February 28, 2007 and 2006***Canadian Funds***Unaudited**

11. Income Taxes - Continued

Flow-through securities are securities issued by a company that incurs certain resource expenditures and renounces them for tax purposes thereby allowing the expenditures to flow-through to the subscriber who purchased the securities. Subscribers may in turn claim the expenditure as a deduction on their personal or corporate tax returns.

The total amount of funds raised through the sale of the Flow-through common shares must be spent on qualified mineral exploration. The proceeds from the Flow-through common shares are restricted in use for certain qualifying Canadian Exploration Expenditures ("CEE") under Canadian Tax Legislation.

Funds raised by the Company through the sale of the flow-through common shares must be spent on qualified mineral exploration. During the year ended August 31, 2005, the Company raised a total of \$1,300,500 through the issuance of flow-through securities, which funds have been expended on qualifying expenditures. \$500,000 was renounced, for income tax purposes, to the flow-through investors with an effective date of renunciation of December 31, 2004. The balance of \$800,500 was renounced with an effective date of December 31, 2005.

For the \$800,500 that was renounced in 2005 (2004 - \$500,000), the future tax liability amounted to \$273,130 (2005 - \$178,000). The Company's tax pool balances exceed this estimated liability. Therefore, the Company has reduced its share capital account and recorded future income tax recovery of \$273,130 (2005 - \$178,000).

The Company has incurred certain resource property related expenditures of approximately \$8,287,580 that may be carried forward indefinitely and are available to offset future taxable income.

The Company has non-capital losses for tax purposes of approximately \$1,587,738 that are available to offset future taxable income. These losses may be carried forward and expire in the years 2010 to 2016.

- b) The significant components of future income tax assets and liabilities are as follows:

	2006	2005
Non-capital loss carry forwards	\$ 541,736	\$ 330,917
Temporary difference in value:		
Resource property costs	(1,052,895)	(667,839)
Equipment	21,644	25,160
Future income tax assets (liabilities)	(489,515)	(311,762)
Valuation allowance	489,515	311,762
Net future income tax asset (liability)	\$ -	\$ -

The potential future tax benefits of these expenditures and tax losses have not been recognized in these financial statements.

Roca Mines Inc.*(A Development Stage Company)***Notes to Consolidated Financial Statements****February 28, 2007 and 2006***Canadian Funds***Unaudited**

12. Commitments

- a) During the prior fiscal year, the Company signed a lease agreement for the rental of office space. The lease began April 1, 2006 and ends on March 31, 2009. The future minimum lease obligations are as follows:

	Amount
2007	\$ 36,523
2008	36,523
2009	21,305
	<hr/> \$ 94,351 <hr/>

- b) During the year, the Company entered into several contracts as part of the development plan for the Max Molybdenum Mine. At February 28, 2007, the Company had recorded deposits of \$175,000 for construction and future mining costs. If the Company were to cancel the contracts prior to performance, up to 100% of this amount could be forfeited based on the timing of the cancellation.
- c) The Company has signed an offtake agreement with a U.K.-based purchaser (the "Purchaser"), for molybdenum concentrates produced at the Company's Max Molybdenum Mine. Under the terms of the offtake agreement, the Purchaser has agreed to purchase 100 per cent of the molybdenum concentrates produced at the mine during calendar years 2007 and 2008. Thereafter, the contract is renewable through 2017 by mutually agreed upon pricing. The Purchaser will accept delivery at the Company's storage facility at the Max site and will be responsible for all downstream roasting and/or processing charges, transportation, insurance and marketing costs after pickup at the mine gate.

13. Subsequent Events

- a) Subsequent to quarter-end, the Company completed a \$10 million private placement upon the issuance of 7,142,857 units at a price of \$1.40 per unit. Each unit issued consists of one common share and one share purchase warrant, each warrant entitling the holder to acquire an additional common share until September 6, 2008, at a price of \$2.25. A cash finder's fee in the amount of \$800,000 was paid in connection with this financing. Proceeds from this financing will be used for ongoing development of the Max molybdenum mine.
- b) Subsequent to quarter-end, the Company completed a \$2 million private placement upon the issuance of 1,212,121 units at a price of \$1.65 per unit. Each unit issued consists of one common share and one share purchase warrant, each warrant entitling the holder to acquire an additional common share until September 28, 2008, at a price of \$2.25. A cash finder's fee in the amount of \$140,000 was paid in connection with this financing. Proceeds from this financing will be used to fund an accelerated exploration program at the Company's Max molybdenum project.
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