



**ROCA MINES INC.**

*(A Development Stage Company)*

**CONSOLIDATED FINANCIAL STATEMENTS**

**May 31, 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 May 31, 2007.

**Roca Mines Inc.**  
(A Development Stage Company)  
**Consolidated Balance Sheets**  
Canadian Funds

Statement 1

<b>ASSETS</b>	<b>As at May 31, 2007 (Unaudited)</b>	<b>As at August 31, 2006</b>
<b>Current</b>		
Cash and cash equivalents	\$ 5,347,331	\$ 4,909,936
Receivables	605,737	213,754
Prepaid expenses	488,679	31,047
Marketable securities (Note 4)	-	24,700
	<u>6,441,747</u>	<u>5,179,437</u>
<b>Resource Property Costs - Schedule (Note 5)</b>	<b>30,249,510</b>	<b>11,373,439</b>
<b>Reclamation Bonds (Note 9)</b>	<b>752,900</b>	<b>752,900</b>
<b>Deposits on Contracts (Note 12b)</b>	<b>330,000</b>	<b>265,000</b>
<b>Equipment (Note 6)</b>	<b>44,837</b>	<b>36,963</b>
	<u>31,377,247</u>	<u>12,428,302</u>
	<b>\$ 37,818,994</b>	<b>\$ 17,607,739</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 1,664,665	\$ 1,212,432
Due to related parties (Note 10f)	62,114	79,769
	<u>1,726,779</u>	<u>1,292,201</u>
<b>Asset Retirement and Mine Closure Obligations (Note 8)</b>	<b>524,400</b>	<b>126,000</b>
	<u>2,251,179</u>	<u>1,418,201</u>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share Capital (Note 7a)</b>	<b>32,526,935</b>	<b>17,004,359</b>
<b>Contributed Surplus (Note 7i)</b>	<b>6,089,442</b>	<b>763,946</b>
<b>Deficit - Statement 2</b>	<b>(3,048,562)</b>	<b>(1,578,767)</b>
	<u>35,567,815</u>	<u>16,189,538</u>
	<b>\$ 37,818,994</b>	<b>\$ 17,607,739</b>

ON BEHALF OF THE BOARD:

"Scott Broughton", Scott E. Broughton, Director

"David Skerlec", David J. Skerlec, Director

- See Accompanying Notes -

**Roca Mines Inc.***(A Development Stage Company)*Statement 2**Consolidated Statements of Loss and Deficit***Canadian Funds*

Unaudited

	<u>For the Three Months Ended</u>		<u>For the Nine Months Ended</u>	
	<u>May 31,</u> <u>2007</u>	<u>May 31,</u> <u>2006</u>	<u>May 31,</u> <u>2007</u>	<u>May 31,</u> <u>2006</u>
<b>Expenses</b>				
Advertising, promotion and shareholder relations	\$ 56,629	\$ 30,448	\$ 156,627	\$ 94,595
Bank charges, office, sundry	29,985	18,054	93,837	30,142
Consulting/management fees	27,600	37,800	88,375	108,054
Accounting, audit and legal	21,904	4,332	83,343	25,290
Rent	16,258	3,925	33,602	6,925
Travel and insurance costs	16,967	20,399	32,436	61,011
Listing and filing fees	6,904	4,812	19,427	14,908
Amortization	4,434	2,757	11,823	8,020
Stock-based compensation	24,584	228,517	1,103,543	398,823
<b>Loss before the Under-noted</b>	<b>205,264</b>	<b>351,044</b>	<b>1,623,013</b>	<b>747,768</b>
Property investigation & generative exploration costs	-	14,000	47,755	14,000
Interest income	(47,092)	(21,738)	(83,538)	(23,689)
Gain on marketable securities	-	(27,239)	(117,435)	(27,239)
<b>Loss for the period</b>	<b>\$ 158,172</b>	<b>\$ 316,067</b>	<b>\$ 1,469,795</b>	<b>\$ 710,840</b>
Deficit, beginning of period	2,890,390	1,654,886	1,578,767	1,260,113
<b>Deficit, end of period</b>	<b>\$ 3,048,562</b>	<b>\$ 1,970,953</b>	<b>\$ 3,048,562</b>	<b>\$ 1,970,953</b>
<b>Loss per Share - Basic and Diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>	<b>\$ (0.02)</b>
<b>Weighted Average Number of Common Shares Outstanding</b>	<b>73,505,460</b>	<b>47,041,402</b>	<b>65,364,904</b>	<b>42,321,619</b>

- See Accompanying Notes -

**Consolidated Statements of Cash Flows**

Canadian Funds

Unaudited

	For the Three Months Ended		For the Nine Months Ended	
	May 31, 2007	May 31, 2006	May 31, 2007	May 31, 2006
<b>Cash Resources Provided By (Used In):</b>				
Loss for the period	\$ (158,172)	\$ (316,067)	\$ (1,469,795)	\$ (710,840)
Items not affected by cash:				
Amortization	4,433	2,757	11,823	8,020
Stock-based compensation	24,585	228,517	1,103,543	398,823
Gain on marketable securities	-	-	(117,435)	-
	(129,154)	(84,793)	(471,864)	(303,997)
Changes in working capital:				
Marketable securities	-	13,000	-	13,000
Receivables	(327,058)	(461,415)	(391,983)	(167,150)
Prepaid expenses and deposits	(401,923)	(95,480)	(457,632)	(136,318)
Accounts payable and accruals	269,740	129,709	572,203	(305,173)
	(588,395)	(498,979)	(749,276)	(899,638)
<b>Investing Activities</b>				
Purchase of equipment	(11,916)	(22,814)	(19,697)	(22,814)
Reclamation bonding	-	(730,000)	-	(730,000)
Resource property costs	(6,114,226)	(332,940)	(17,873,650)	(764,988)
Deposits on contracts	(155,000)	-	(65,000)	-
Proceeds on marketable securities	-	-	193,135	-
	(6,281,142)	(1,085,754)	(17,765,212)	(1,517,802)
<b>Financing Activities</b>				
Share issuance proceeds	10,679,014	4,212,579	20,469,098	5,250,079
Share issuance costs	(980,500)	(163,975)	(1,517,215)	(243,440)
	9,698,514	4,048,604	18,951,883	5,006,639
<b>Net Increase in cash and cash equivalents</b>				
	2,828,977	2,463,871	437,395	2,589,199
Cash and cash equivalents - Beginning of Period	2,518,354	143,745	4,909,936	18,417
<b>Cash and cash equivalents - End of Period</b>	<b>\$ 5,347,331</b>	<b>\$ 2,607,616</b>	<b>\$ 5,347,331</b>	<b>\$ 2,607,616</b>

**Supplemental Schedule of non-cash Transactions**

Stock-based compensation recorded in resource costs	\$ -	\$ 134,150	\$ 1,143,496	\$ 304,456
Exploration expenditures included in accounts payable	\$ 567,137	\$ 110,165	\$ 429,512	\$ (286,953)
Shares issued for property	\$ 162,600	\$ 34,500	\$ 350,850	\$ 69,500
Shares received for property	\$ -	\$ -	\$ (51,000)	\$ (15,750)
Fair value of Agent's warrants issued	\$ -	\$ -	\$ 4,667	\$ -

- See Accompanying Notes -

**Roca Mines Inc.***(A Development Stage Company)*Schedule**Consolidated Schedules of Resource Property Costs***Canadian Funds***Unaudited**

	<u>For the Three Months Ended</u>		<u>For the Nine Months Ended</u>	
	<u>May 31,</u> <u>2007</u>	<u>May 31,</u> <u>2006</u>	<u>May 31,</u> <u>2007</u>	<u>May 31,</u> <u>2006</u>
<b>MAX Molybdenum Project, B.C., Canada</b>				
<b>Acquisition Costs</b>				
Additional staking, land costs	\$ 2,030	\$ 1,296	\$ 2,030	\$ 17,503
Option payment - cash	-	-	-	50,000
Option payment - shares	-	-	-	35,000
	<u>2,030</u>	<u>1,296</u>	<u>2,030</u>	<u>102,503</u>
<b>Deferred Exploration and Development Costs</b>				
Mill equipment, materials and relocation	1,772,053	368,498	4,882,230	485,668
Tailings pond equipment and materials	1,151,100	-	4,162,586	-
Mining materials, equipment and underground development	1,328,666	170,408	3,024,314	189,377
Electrical	401,439	-	1,671,879	-
Stock-based compensation	-	-	1,143,496	-
Engineering studies and consulting	162,619	9,643	849,779	84,445
Camp equipment, construction costs and materials	204,629	17,532	467,999	17,532
Estimated mine closure and reclamation costs	-	-	398,400	-
General labour costs	77,704	18,392	370,766	33,868
Permitting, environmental studies and consulting	199,239	39,773	369,354	109,698
Geological and project management	93,455	71,668	323,273	99,318
Roads and roadwork	93,007	-	288,942	-
Travel and accommodation	61,690	43,148	226,220	67,417
Office, communication and sundry	40,997	9,246	203,528	12,203
Lab, assay and metallurgical	5,543	-	81,909	2,638
Exploration Tax Credits	-	(249,211)	-	(249,211)
	<u>5,592,141</u>	<u>499,097</u>	<u>18,464,675</u>	<u>853,123</u>
<b>Balance Forward</b>	<b>\$ 5,594,171</b>	<b>\$ 500,393</b>	<b>\$ 18,466,705</b>	<b>\$ 955,626</b>

- See Accompanying Notes -

**Roca Mines Inc.***(A Development Stage Company)*

Schedule

**Consolidated Schedules of Resource Property Costs - continued**

Canadian Funds

Unaudited

	For the Three Months Ended		For the Nine Months Ended	
	May 31, 2007	May 31, 2006	May 31, 2007	May 31, 2006
<b>Balance Forward</b>	<b>\$ 5,594,171</b>	<b>\$ 500,393</b>	<b>\$ 18,466,705</b>	<b>\$ 955,626</b>
<b>FOREMORE VMS-Gold Project, B.C., Canada</b>				
<b>Acquisition Costs</b>				
Additional staking, land costs	\$ -	\$ -	\$ 1,100	\$ -
Option payment/advance royalty	50,000	50,000	50,000	50,000
	<b>50,000</b>	<b>50,000</b>	<b>51,100</b>	<b>50,000</b>
<b>Deferred Exploration Costs</b>				
Geological and project management	30,704	4,617	30,704	8,075
Maps and reports	-	-	13,730	-
Labour	-	-	2,800	3,448
Materials and equipment	150	255	439	2,608
Geophysical	-	-	-	13,967
Field transport and mobilization	-	-	-	5,278
Communication	-	-	-	4,578
Assaying	-	-	-	2,435
Travel and accommodation	-	-	-	1,298
Exploration Tax Credits	-	(220,998)	-	(220,998)
	<b>30,854</b>	<b>(216,126)</b>	<b>47,673</b>	<b>(179,311)</b>
	<b>80,854</b>	<b>(166,126)</b>	<b>98,773</b>	<b>(129,311)</b>
<b>SEAGOLD Project, B.C., Canada</b>				
<b>Acquisition Costs</b>				
Option payment - shares	-	34,500	98,250	34,500
Option payment - cash	-	-	25,000	25,000
Option payment received - cash	-	-	(50,000)	(50,000)
Option payment received - shares	-	-	(51,000)	(15,750)
	-	34,500	22,250	(6,250)
<b>OTHER Projects, B.C., Canada</b>				
<b>Acquisition Costs</b>				
Option payment - shares	162,600	-	252,600	-
Option payment - cash	24,000	-	31,500	-
Staking and land costs	-	-	4,243	-
	<b>186,600</b>	<b>-</b>	<b>288,343</b>	<b>-</b>
<b>Total Resource Costs for Period</b>	<b>5,861,625</b>	<b>368,767</b>	<b>18,876,071</b>	<b>820,065</b>
Balance - Beginning of period	24,387,885	6,328,889	11,373,439	5,877,591
<b>Balance - End of Period</b>	<b>\$ 30,249,510</b>	<b>\$ 6,697,656</b>	<b>\$ 30,249,510</b>	<b>\$ 6,697,656</b>

- See Accompanying Notes -

## Roca Mines Inc.

(A Development Stage Company)

### Notes to Consolidated Financial Statements

May 31, 2007 and 2006

Canadian Funds

Unaudited

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#### 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.

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#### 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.

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#### 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.

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#### 4. Marketable Securities

Marketable securities consist of Nil (2006 – 200,000) shares of Romios Gold Resources Inc. ("Romios") at a recorded book value of \$Nil (2006 - \$26,000) with a market value of \$Nil (2006 - \$80,000) on May 31, 2007.

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#### 5. Resource Property Costs

Details are as follows:

	Acquisition	Deferred Exploration & Development	Total May 31, 2007	Total May 31, 2006
Max Molybdenum Project	\$ 866,841	\$ 25,130,959	\$ 25,997,800	\$ 2,911,997
Foremore VMS-Gold Project	362,184	3,547,324	3,909,508	3,754,050
SeaGold Project	34,750	19,109	53,859	31,609
Other	215,743	-	215,743	-
	\$ 1,479,518	\$ 28,697,392	\$ 30,176,910	\$ 6,697,656

## **Roca Mines Inc.**

*(A Development Stage Company)*

### **Notes to Consolidated Financial Statements**

**May 31, 2007 and 2006**

*Canadian Funds*

**Unaudited**

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#### **5. Resource Property Costs - *Continued***

##### **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 (\$100,000 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.

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

On December 1, 2006, the Company completed the acquisition of a 100% interest in certain properties, known as the SeaGold Project in the Liard Mining Division, B.C. The Company made cash payments totalling \$100,000 and issued 200,000 common shares to the vendor to acquire this property.

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 must also issue 200,000 common shares to the vendor upon the commencement of commercial production.

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:

## Roca Mines Inc.

(A Development Stage Company)

### Notes to Consolidated Financial Statements

May 31, 2007 and 2006

Canadian Funds

Unaudited

#### 5. Resource Property Costs - Continued

	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
	<u>\$ 200,000</u>	<u>600,000</u>	<u>\$ 1,000,000</u>

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 vesting the initial 50%.

#### c) 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 (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
	<u>\$ 156,000</u>	<u>315,000</u>

#### 6. Equipment

Details are as follows:

	Cost	Accumulated Amortization	May 31, 2007 Net Book Value	May 31, 2006 Net Book Value
Office and Computers	\$ 52,325	\$ 23,570	\$ 28,755	\$ 26,548
Geological Software	5,544	5,330	214	1,170
Crew/Equipment Van	36,022	20,154	15,868	13,723
	<u>\$ 93,891</u>	<u>\$ 49,054</u>	<u>\$ 44,837</u>	<u>\$ 41,441</u>

**Roca Mines Inc.***(A Development Stage Company)***Notes to Consolidated Financial Statements****May 31, 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			
<b>Balance – August 31, 2005</b>	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 Agent warrants issued	-		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)
<b>Balance – August 31, 2006</b>	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
Private placement of units – March 2007			
- prorated fair value of common shares issued	7,142,857		8,280,751
Private placement of units – March 2007			
- prorated fair value of common shares issued	1,212,121		1,448,734
Exercise of \$0.40 warrants	831,667		332,667
Exercise of \$0.90 Agent warrants	30,905		27,814
Exercise of Incentive stock options	1,025,000		402,250
Issued for SeaGold Project	75,000		98,250
Issued for Bonanza Project	30,000		63,150
Issued for Ellesmere Project	30,000		63,150
Issued for Farside Project	30,000		63,150
Issued for Tin City Project	30,000		63,150
Fair value of warrants exercised <i>(Note 7f)</i>	-		42,337
Fair value of stock options exercised <i>(Note 7h)</i>	-		272,480
Share issuance costs	-		(1,517,215)
<b>Balance – May 31, 2007</b>	74,707,980		32,526,935

## Roca Mines Inc.

(A Development Stage Company)

### Notes to Consolidated Financial Statements

May 31, 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 in two tranches. 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 July 4, 2008 (as to 1,828,571 warrants) or August 9, 2008 (as to 3,171,429 warrants) 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 Agent warrants exercisable until August 9, 2008 at \$2.25 per common share. The Company's Chief Financial Officer 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 contributed surplus. 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) In March of 2007, 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.

The prorated fair value of the unit warrants issued was calculated to be \$1,719,249 on the grant date and is accounted for as a reduction to proceeds from the common shares (to \$8,280,751) 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:

Number of warrants	7,142,857
Average risk-free interest rate	3.92%
Expected dividend yield	Nil
Expected stock price volatility	66.41%
Average expected option life	1 year

## Roca Mines Inc.

(A Development Stage Company)

### Notes to Consolidated Financial Statements

May 31, 2007 and 2006

Canadian Funds

Unaudited

#### 7. Share Capital - Continued

- d) In March of 2007, the Company completed a \$2 million private placement issuing 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.

The prorated fair value of the warrants issued was calculated to be \$551,266 on the grant date and is accounted for as a reduction to proceeds from the common shares (to \$1,448,734) 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:

Number of warrants	1,212,121
Average risk-free interest rate	4.02%
Expected dividend yield	Nil
Expected stock price volatility	66.41%
Average expected option life	1 year

- e) During the nine month period ended May 31, 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 nine month period ended May 31, 2007, the Company also issued a total of 120,000 shares (60,000 at a price of \$0.90 per share and 60,000 at a price of \$2.71 per share) pursuant to the terms of option agreements to earn a 100% interest in four separate properties in the Revelstoke mining division, British Columbia.
- f) A summary of the Company's warrants and Agent warrants ("B-Warrants") outstanding at May 31, 2007 and the changes for the period are as follows:

Number Outstanding August 31, 2006	Issued	Exercised	Expired	Number Outstanding May 31, 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
-	7,142,857	-	-	7,142,857	\$2.25	6-Sep-08	Warrant
-	1,212,121	-	-	1,212,121	\$2.25	28-Sep-08	Warrant
39,335	-	(30,905)	-	8,430	\$0.90	28-Aug-07	B-Warrant
-	18,750	-	-	18,750	\$2.25	9-Aug-08	B-Warrant
871,002	13,373,728	(862,572)	-	13,382,158			

During the first quarter ended November 30, 2006, 861,667 previously issued warrants exercisable at \$0.40 per share were exercised for proceeds of \$332,667. The fair value of the warrants exercised was calculated to be \$42,337 and that amount has been transferred to share capital from contributed surplus.

In the third quarter ended May 31, 2007, 30,905 previously issued Agent warrants exercisable at \$0.90 per share were exercised for proceeds of \$27,815. Subsequent to May 31, 2007, the remaining 8,430 Agent warrants were exercised for additional proceeds of \$7,587. The \$24,526 in fair value of the 39,335 Agent warrants was transferred to share capital in the prior fiscal year.

## Roca Mines Inc.

(A Development Stage Company)

### Notes to Consolidated Financial Statements

May 31, 2007 and 2006

Canadian Funds

Unaudited

#### 7. Share Capital – Continued

- g) 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 a prescribed discount from the closing price on the TSX Venture Exchange on the last trading day preceding the grant date. Options vest on the grant date unless determined otherwise by the board of directors.
- h) A summary of the Company's options at May 31, 2007 and the changes for the period are as follows:

Number Outstanding August 31, 2006	Granted	Exercised	Number Outstanding May 31, 2007	Exercise Price Per Share	Expiry Date
908,000	-	(150,000)	758,000	\$0.20	17-Dec-07
150,000	-	-	150,000	\$0.20	7-Jan-08
397,000	-	(30,000)	367,000	\$0.20	11-Dec-08
930,000	-	(170,000)	760,000	\$0.25	24-Aug-09
200,000	-	(100,000)	100,000	\$0.25	26-Nov-09
975,000	-	(75,000)	900,000	\$0.25	18-Oct-10
200,000	-	(150,000)	50,000	\$0.55	13-Mar-11
450,000	-	(250,000)	200,000	\$0.55	10-Apr-11
100,000	-	(100,000)	-	\$0.60	8-May-11
-	2,600,000	-	2,600,000	\$1.45	19-Feb-12
<b>4,310,000</b>	<b>2,600,000</b>	<b>(1,025,000)</b>	<b>5,885,000</b>		

At May 31, 2007, all but 75,000 options, exercisable at \$1.45 and expiring on February 19, 2012, had vested.

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 February of 2007 was 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, \$1,045,576 of which amount was expensed and \$1,143,496 capitalized to resource property costs in February 2007, and \$22,305 was expensed in May 2007, with the offsetting entries to contributed surplus.

## Roca Mines Inc.

(A Development Stage Company)

### Notes to Consolidated Financial Statements

May 31, 2007 and 2006

Canadian Funds

Unaudited

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#### 7. Share Capital - Continued

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, \$16,691 was recorded during the second quarter ended February 28, 2007, and \$2,279 was recorded during the third quarter ended May 31, 2007, with the offsetting entries to contributed surplus.

During the third quarter ended May 31, 2007, 130,000 previously granted stock options exercisable at \$0.20 per share were exercised for proceeds of \$26,000, 270,000 previously granted stock options exercisable at \$0.25 per share were exercised for proceeds of \$67,500, 150,000 previously granted stock options exercisable at \$0.55 per share were exercised for proceeds of \$82,500, and 100,000 previously granted stock options exercisable at \$0.60 per share were exercised for proceeds of \$60,000. The fair value of the stock options exercised was calculated to be \$168,676 and that amount has been transferred to share capital from contributed surplus.

During the second quarter ended February 28, 2007, a Director of the Company exercised 50,000 previously granted stock options at \$0.20 per share for proceeds of \$10,000, and 75,000 previously granted stock options exercisable at \$0.25 per share 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.

#### i) Contributed Surplus

Details are as follows:

	May 31, 2007	May 31, 2006
Balance – Beginning of Period	\$ 763,946	\$ 328,802
Fair value of stock-based compensation	2,247,039	398,823
Fair value of warrants issued in January 2007	435,445	-
Fair value of warrants issued in February 2007	682,647	-
Fair value of warrants issued in March 2007	1,719,249	-
Fair value of warrants issued in March 2007	551,266	-
Fair value of agent warrants issued	4,667	-
Fair value of options exercised – to share capital	(272,480)	-
Fair value of warrants exercised – to share capital	(42,337)	-
Balance – End of Period	\$ 6,089,442	\$ 727,625

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## Roca Mines Inc.

(A Development Stage Company)

### Notes to Consolidated Financial Statements

May 31, 2007 and 2006

Canadian Funds

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#### 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 May 31, 2007. Details of management's estimates of reclamation and mine closure costs are as follows:

	May 31, 2007	May 31, 2006
Balance – Beginning of Period	\$ 126,000	\$ -
Max Molybdenum – estimated mine closure and other reclamation costs	<b>398,400</b>	-
Balance – End of Period	<b>\$ 524,400</b>	-

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#### 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 May 31, 2007, reclamation bonds totalling \$752,900 remain in safekeeping with the British Columbia Ministry of Energy, Mines and Petroleum Resources as summarized below:

	May 31, 2007	May 31, 2006
Max Molybdenum Project	\$ 730,000	\$ 5,000
Foremore Project	<b>22,900</b>	22,900
SeaGold Project	-	3,000
Total	<b>\$ 752,900</b>	30,900

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#### 10. Related Party Transactions

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

- a) During the period ended May 31, 2007, consulting fees of \$62,800 (2006 - \$60,400) 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, \$32,000 (2006 - \$33,200) is recorded in deferred exploration and development costs for the period and the balance in consulting fees.
- b) During the period ended May 31, 2007, consulting fees of \$50,925 (2006 - \$52,675) 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.

## Roca Mines Inc.

(A Development Stage Company)

### Notes to Consolidated Financial Statements

May 31, 2007 and 2006

Canadian Funds

Unaudited

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#### 10. Related Party Transactions - *Continued*

- c) During the period ended May 31, 2007, per-diem contract fees of \$42,350 (2006 - \$52,500) were paid or accrued to a director or a company controlled by a director. Of this amount, \$31,850 (2006 - \$49,350) 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 May 31, 2007, monthly consulting fees of \$117,000 (2006 - \$26,000) 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 May 31, 2007, the Company was reimbursed for rent and office expenses totalling \$15,728 (2006 - \$1,832) by a company with common management.
- f) As at May 31, 2007, current liabilities include \$62,114 (2006 - \$113,403) 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.

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#### 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)
Renunciation 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

May 31, 2007 and 2006

Canadian Funds

Unaudited

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#### 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.

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## Roca Mines Inc.

(A Development Stage Company)

### Notes to Consolidated Financial Statements

May 31, 2007 and 2006

Canadian Funds

Unaudited

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#### 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
	<u>\$ 94,351</u>

- b) The Company has entered into several contracts as part of the development plan for the Max Molybdenum Mine. At May 31, 2007, the Company had recorded deposits of \$330,000 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 the 2007 calendar year. 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.

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#### 13. Subsequent Events

Subsequent to May 31, 2007, the Company signed an option agreement to acquire a 100% interest in 513 hectares contiguous with its Tin City Property. The Company paid the vendor \$12,300 on signing and, to complete the acquisition, must pay an additional \$100,000 and issue 50,000 common shares on or before June 5, 2009. The contiguous property is subject to a 2.5% Net Smelter Return, which may be reduced to 0.5% upon payment of \$1.5 million.

The Company has entered into an agreement to raise \$13,006,200 by way of bought deal private placement, to consist of 4.09 million units at a price of \$3.18 per unit. Each unit comprises one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to acquire one share at a price of \$4.00 at any time for a period of 24 months following closing. The Company has granted the Agent an overallotment option to purchase from the Company, up to an additional 15 per cent of the offering. The Agent will receive cash commissions of 6 per cent of the gross proceeds and a number of Agent warrants equal to 6 per cent of the number of units sold under the offering, each warrant entitling the holder to acquire one common share for \$3.18 for a period of 12 months following closing. Closing of the transaction is expected to occur on or about August 1, 2007, and is subject to the execution of an underwriting agreement, TSX Venture Exchange approval and other usual conditions.

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