



**ROCA MINES INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(FORM 51-102F1)**

**YEAR ENDED AUGUST 31, 2008**

**December 22, 2008**



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### Date of Report

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements and related notes thereto for the years ended August 31, 2008 and 2007, which have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP).

This MD&A is prepared as of December 22, 2008. All amounts in the financial statements and this MD&A are expressed in Canadian dollars, unless otherwise indicated.

### Description of Business

Roca Mines Inc. (the "Company") is engaged in the exploration, development and production of mineral resources including base, precious and strategic metals in British Columbia ("BC"), Canada. The Company, through its wholly-owned subsidiary, FortyTwo Metals Inc., operates the MAX molybdenum mine, a producer of molybdenite concentrates that are sold under the terms of an offtake agreement.

### Highlights

- Roca's MAX molybdenum mine becomes first new metal mine in 10 years in BC, Canada and reached commercial production at the MAX Mine on April 12, 2008;
- Revenues of \$18.8 million since reaching commercial production;
- The Company reported cash flows from operations of \$7,795,318 or \$0.10 per share (non-GAAP measure);
- Molybdenum production through Aug 31, 2008 since start-up was 1,027,907 lbs;
- Phase II expansion progress at MAX, including the 1,400 meter #2 adit, installation of a third primary ball mill and significant underground ventilation upgrades are complete or nearing completion, at a cost of \$6,191,745 to August 31, 2008;
- Exploration results from diamond drill programs conducted below the MAX molybdenum deposit confirm resource expansion potential and have extended high grade zones within the known resource; and
- Metal prices declined sharply in November of 2008 and the Company has taken action to minimize costs at the MAX mine and throughout the organization.

### Selected Annual Financial Results

The information below has been extracted from the Company's annual financial statements.

	<b>Year Ended August 31, 2008</b>	<b>Year Ended August 31, 2007</b>	<b>Year Ended August 31, 2006</b>
Total revenues	\$ <b>18,785,083</b>	\$ Nil	\$ Nil
Net loss	\$ <b>(2,493,151)<sup>1</sup></b>	\$ (838,029) <sup>2</sup>	\$ (318,654) <sup>3</sup>
Net loss per share	\$ <b>(0.03)</b>	\$ (0.01)	\$ (0.01)
Total assets	\$ <b>60,462,014</b>	\$ 53,361,488	\$ 17,607,739
Total long term debt	\$ <b>Nil</b>	\$ Nil	\$ Nil

Notes:

- 1) The loss for the year-ended August 31, 2008 includes non-cash stock-based compensation of \$1,453,191 and future income tax recovery of (\$3,017,573).
- 2) The loss for the year-ended August 31, 2007 includes non-cash stock-based compensation of \$1,121,450 and future income tax recovery of (\$811,942).



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- 3) The loss for the year-ended August 31, 2006 includes non-cash stock-based compensation of \$111,059 and future income tax recovery of (\$273,130).

**Summary of Quarterly Results (unaudited)**

	<b>Aug. 31, 2008</b>	<b>May 31, 2008</b>	<b>Feb. 29, 2008</b>	<b>Nov. 30, 2007</b>
Total revenues	12,509,316	6,275,767 <sup>2</sup>	Nil <sup>1</sup>	Nil
Net income (loss)	(2,058,422) <sup>1</sup>	1,516,846	(361,243)	(1,590,332) <sup>3</sup>
Net income (loss) per share	(0.03)	0.02	(0.01)	(0.01)
Total assets	60,462,014	59,553,816	57,396,530	57,098,261
Total long term debt	Nil	Nil	Nil	Nil

  

	<b>Aug. 31, 2007</b>	<b>May 31, 2007</b>	<b>Feb. 28, 2007</b>	<b>Nov. 30, 2006</b>
Total revenues	Nil	Nil	Nil	Nil
Net income (loss)	631,766 <sup>4</sup>	(158,172)	(1,163,204) <sup>5</sup>	(148,419)
Net income (loss) per share	0.01	(0.01)	(0.02)	(0.01)
Total assets	53,361,488	37,818,994	28,236,928	20,923,750
Total long term debt	Nil	Nil	Nil	Nil

Note 1: The loss for the fourth quarter ended August 31, 2008 includes stock-based compensation expense of (\$1,453,191) and income and mining tax recoveries of \$2,792,009.

Note 2: Concentrate sales prior to April 13, 2008 have been recorded as a development cost recovery, not as revenues.

Note 3: The loss for the quarter ended November 30, 2007 includes stock-based compensation expense of (\$1,355,363).

Note 4: The income recorded in the quarter ended August 31, 2007 includes a future income tax recovery of \$811,942.

Note 5: The loss for the quarter ended February 28, 2007 includes stock-based compensation expense of (\$1,062,267).

**Quarter Ended August 31, 2008**

During the three months ended August 31, 2008, the Company recorded revenues of \$12,509,316 and a net loss of \$2,058,422 (after a future income tax recovery of \$3,017,573) compared to \$Nil revenues and income of \$631,766 (after a future income tax recovery of \$811,942) in the fourth quarter of the prior fiscal year. Cash flows from operations totalled \$6,067,810 during the fourth quarter ended August 31, 2008 versus a cash loss from operations of \$604,078 during the fourth quarter ended August 31, 2007 reflecting the Company's transition to an operating mining entity from a development company.

**Results of Operations**

During the year ended August 31, 2008, the Company declared commercial production as of April 12, 2008 and recorded post commercial production revenues of \$18,785,083 and a net loss of \$2,493,151. Pre-production proceeds from concentrate sales of approximately \$10.1 million are reflected as a net to development costs. Cash flows from operations totalled \$7,795,318 during the year ended August 31, 2008, which funds were invested in property plant and equipment upgrades and exploration expenditures. The Company was in the development stage, had \$Nil revenues and a loss of \$838,029 during the prior fiscal year ended August 31, 2007. General and administrative expenses increased significantly over 2007, reflecting the Company's rapid transition from exploration-company to emerging metals producer.

Subsequent to August 31, 2008, the Company fixed the price of molybdenum for certain of its sales invoices related to shipments made to August 31, 2008. The prices were fixed at amounts lower than those used in estimating the final revenues as of August 31, 2008 due to the decline in the market price of molybdenum subsequent to year end. As a result, the Company will record a negative price adjustment during the first quarter ended November 30, 2008 of \$311,630 related to these shipments.



### **MAX Molybdenum Mine**

Through its wholly-owned subsidiary, FortyTwo Metals Inc., the Company holds a 100% interest in the MAX molybdenum mine located approximately 60 kilometres southeast of Revelstoke, B.C. The MAX claims and related holdings cover approximately 8,200 hectares in the Revelstoke Mining Division.

#### *Resource Estimate*

A resource estimate completed in September of 2004 in compliance with the CIM Standards stipulated by National Instrument 43-101 of the Canadian securities commissions is summarized below:

<b>MEASURED</b>			<b>INDICATED</b>		<b>MEASURED &amp; INDICATED</b>	
Cutoff % MoS <sub>2</sub>	Tonnes	Grade % MoS <sub>2</sub>	Tonnes	Grade % MoS <sub>2</sub>	Tonnes	Grade % MoS <sub>2</sub>
0.10	27,870,000	0.21	15,070,000	0.18	42,940,000	0.20
0.20	9,340,000	0.35	2,010,000	0.41	11,350,000	0.36
0.50	1,010,000	1.01	370,000	0.77	1,380,000	0.94
1.00	260,000	1.95	20,000	1.87	280,000	1.95

Notes: In addition to the above measured and indicated resources, inferred resources total 8,900,000 tonnes averaging 0.16% MoS<sub>2</sub> at the 0.10 cut-off, including 460,000 tonnes averaging 0.33% at the 0.20 cut-off.

To convert molybdenite (MoS<sub>2</sub>) values to molybdenum (Mo) value, divide MoS<sub>2</sub> by 1.6681 (e.g. 1% MoS<sub>2</sub> = 0.60% Mo).

#### *Production Results*

The Company announced that it had achieved its commercial production targets on April 12, 2008 at its MAX molybdenum mine located in BC, Canada. The mine became BC's first new metal mine in a decade and the newest primary molybdenum mine in Canada. The MAX mine was constructed over an 18-month fast-tracked timeframe, with a total capital cost for the Phase I mine of approximately \$58 million. Many aspects of the Phase I plan are intended to be useful for further phases of development and the total capital cost includes significant opportunity for expansion of future operations. For example, Phase II development of a second access adit, engineering for a third ball mill and other expansion activities were carried out during the year to be completed in 2009.

Production during the Phase I commissioning prior to April 12, 2008 was facilitated utilizing stockpiled development and waste material to run mill tests and optimize circuits, in addition to variably graded ore from stope development. As a result, head grades and concentrate production during this period were generally lower than current levels. After April 12, 2008 delivery and processing of ore directly from mine stopes to the mill commenced. Head grades from the initial stopes were lower than anticipated due to mine dilution. Mine dilution occurs as a result of diluting higher grade material with lower grade rock and can occur for a number of reasons. Lack of previous exposure in the high-grade zone and inexperience with geological controls on mineralization in general are believed to have caused the lower overall head grades to the mill.

Opportunities to run continuous milling operations were also hampered due to availability and unscheduled maintenance requirements of on-site generator sets. These primary power sources impacted production capacity and therefore concentrate produced during the year.

During the pre-production period, the Company produced approximately 412,000 lbs of molybdenum contained in concentrates processing a blend of ore grade material and variably mineralized development and waste rock. Proceeds of approximately \$10.1 million were used for mill completion costs and underground development. For accounting purposes, these pre-commercial revenues are recorded as an offset to mine development costs. Revenues of \$18.8 million for the year ended August 31, 2008 result



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from sales that occurred after the commencement of commercial production on April 12, 2008. Concentrate inventory at August 31, 2008 was 11,394 lbs of molybdenum contained. The Company sells its concentrates to a UK-based buyer with sales revenues based on average prevailing molybdenum oxide prices subsequent to delivery. The Company has no hedging program nor has it sold forward any of its production.

The table below is a summary of the operating statistics from commercial production start to August 31, 2008:

<b>MAX Mine</b>	<b>APR 13-30 '08</b>	<b>MAY '08</b>	<b>JUN '08</b>	<b>JUL '08</b>	<b>AUG '08</b>
Molybdenum Produced (lbs) <sup>1</sup>	77,056	150,502	112,255	138,125	137,330
Average Head Grade (% Mo)	0.755	0.732	0.473	0.584	0.757
Molybdenum Recovery (%)	93.8	94.3	94.1	93.6	94.1
Mill Availability (%)	82	82	81	94	100
Average Daily Throughput (tpd)	280	335	399	388	292

Notes: (1) molybdenum in concentrate

Cash costs of production during the fourth quarter were significantly higher than the third quarter largely because of lower average grades received at the mill during June and July. Cash costs averaged approximately \$13 per lb of molybdenum during the post commercial production period from April 13, 2008 through August 31, 2008. Management believes that its grade control programs and underground infrastructure improvements will dramatically reduce the average production costs going forward into 2009. Post year-end 2008, in September through November, molybdenum in concentrate production averaged 226,566 lbs per month which will lead directly to lower average cash costs.

On December 4, 2008, a rockfall occurred underground at the mine which has impacted the availability of production ore. The rockfall was localized to the stope development area of the 875 metre level. No workers were present on the level at the time and no one was harmed. The rockfall poses no threat to other working areas of the mine, but does impact the immediate production schedule. A maintenance break originally scheduled between December 12 and December 29, 2008, will now be extended until January 19, 2009.

#### *Phase II Expansion Project*

Initial production at MAX is focusing on the "HG" Zone, including an estimated 280,000 tonnes of ("measured + indicated") ore grading 1.95% MoS<sub>2</sub>. Expansion of the mine and mill is being guided by prevailing molybdenum prices and an assessment of ongoing operating costs throughout 2008 and beyond.

During the year ended August 31, 2008, the Company completed significant development work on the #2 Adit and subsequent to year-end, completed the installation of an upgraded ventilation system including bulkheads and underground fans. The Company has also completed the foundations on a mill base for a third ball mill acquired in 2007. The installation of this mill will allow for greater production flexibility and will provide for a nominal capacity of more than 1,000 tonnes per day.

The Company plans to seek graduated permitting to increase the production of the mine over time including the Phase II mine. Under current requirements, a permit to operate at the as-built capacity will be required in late 2009. The application for this increase in production rate will be submitted after



environmental and water quality data is collected and compiled. The information will demonstrate that the mine is working well within its compliance requirements and with minimal impact to the environment.

As a result of recent global economic uncertainty and declining commodity prices, management of the Company has undertaken several initiatives to cut costs at the MAX molybdenum mine while continuing to operate under its Phase I mine plan. Grade control through detailed geological mapping and modifications to material handling will contribute to lower cash costs going forward. Phase II expansion plans, including completing capital spending for that expansion, are being minimized.

Costs associated with the Company's Phase II expansion, including Adit #2, the third primary ball mill and associated direct overhead costs will continue to be capitalized until those assets are substantially completed and ready for use in accordance with Canadian GAAP.

### ***MAX Exploration***

#### ***Underground Drilling***

Five diamond drill holes totaling approximately 4,800 metres were completed in 2007. All holes were collared from a common underground drill station within Adit #1, east of the deposit currently being mined. Results from the five holes have identified extensions to known mineralization and indicate the potential for additional porphyry systems at depth.

Hole MX07-01 returned an impressive intersection of 186 m (610 ft) grading 0.27% Mo (0.45% MoS<sub>2</sub>), including several higher grade intervals. This intersection occurs in an area of limited prior drilling which was previously assigned a lower grade, significantly expanding the high grade potential of the deposit at depth. Further, significant molybdenite mineralization occurred throughout the remainder of the hole and appears to continue at depth.

Hole MX07-02 was drilled below the southeast flank of the MAX deposit and returned further significant intercepts. Drill Hole MX07-03 intersected a number of high grade feeder structures. Significant intercepts in MX07-03 occur north of Mine Section 8 and above an area of Mine Sections 6 and 7 which had not been previously drilled. These intervals suggest a deep target, the upper fingers of which may be represented by these higher grade structures. Like other targets identified, this area must be drilled from a station on the west side of the MAX deposit, in the area of current mine development, in order to properly orient drilling.

A 15cm fragment of intrusive rock, with chilled margins and containing well mineralized (estimated >0.5% MoS<sub>2</sub>) disseminated molybdenite, was observed within a younger, non-mineralized leucocratic quartz feldspar porphyry in the upper part of drill hole MX07-03. The origin of this mineralized fragment may be a separate, as yet undiscovered, molybdenite deposit at depth, however this is not yet confirmed by thin-section petrographic assessment. A possibly similar, weakly mineralized porphyry phase also appears to separate the two high grade molybdenite intervals in this hole between depths of 405 and 428.6 metres.

The lower half of Hole MX07-03 and Hole MX07-04, oriented along the lower southwest margin of the MAX deposit were both variably mineralized over much of their lengths and will help to guide future exploration but were not considered significant.

Hole MX07-05 oriented to test the area immediately adjacent on Mine Section 9, shows that the narrow feeders coalesce into a larger cohesive mineralized zone, open to depth and open laterally. This new zone extends some 200 m below the boundary of the known MAX resource and will be a focus of further underground exploration drilling in the future.



The Company's underground exploration drilling has thus far intersected strong hydrothermal alteration, indications of several intrusive phases, and significant multiple episodes of mineralization below the MAX deposit.

Detailed petrographic studies by previous workers also concluded that there are at least four intrusive pulses, and a highly repetitive mineralizing event at MAX. The size of the inferred system is also significant. It is estimated that a pluton at depth could have a diameter of roughly 1,000 m, based on the width of the contact metamorphic aureole on surface, whereas the intrusion at the centre of the deposit is roughly 200 m in diameter. This suggests that the known deposit may have other zones and/or other deposits that are not yet discovered. Additional exploration drilling will be collared from new locations within the mine workings in the future.

### ***Surface Exploration***

An initial diamond drill program was completed at both the North molybdenum biogeochemical target and at the Ridge Tungsten Zone. Both of these targets are located at the Company's MAX project and are wholly located within the existing property. Drilling at the North molybdenum biogeochemical target consisted of a total of 732 metres in three holes and drilling at the Ridge Tungsten Zone consisted of a total of 1,170 metres in four holes.

The North molybdenum biogeochemical anomaly has a surface footprint of 150 metres (m) X 350 m and is centered approximately 200 m north of Adit #2. Two initial holes intersected a wide zone (over 100 m) of intense silicification, hornfelsing, locally strong quartz veining and pervasive sericite alteration with trace molybdenite throughout. Further diamond drilling is planned from the Adit #2 area to test for a separate molybdenum deposit on the east side of the Z Fault, or a faulted extension of the MAX deposit itself.

While economically significant molybdenum values were not intersected the geologic and near-surface expression of this new zone is reminiscent of the MAX resource itself where the extent of a relatively minor molybdenite mineralized zone on surface lies atop a large-scale mineralized deposit currently being mined.

The molybdenum anomaly was identified during a survey funded and conducted by the Geological Survey of Canada's (GSC) Targeted Geoscience Initiative - 3 (TGI-3) in late 2007. This anomaly was not previously identified because it lies beyond the historical limits of a soil-sampling grid and in an area without previous drilling. A second geochemical anomaly was also discovered approximately 350m southeast of the MAX deposit and a soil-sampling grid will be established at that location to further define that target before drilling.

The Ridge and Upper Ridge tungsten zones located approximately 1.2 kilometres southwest of the Max mine portal area were most recently explored by others in 1979, including a total of three diamond drill holes. Of interest, drill hole 79-13 intersected 56 feet (17.3 metres) of 0.395 per cent scheelite ( $WO_3$ ). The tungsten area was significantly expanded by the Company in 2006 when the company's prospectors discovered scheelite mineralization southeast of the Ridge zone and hosted in low-sulphide, garnet-rich skarn boulders and outcrop. With the addition of the Upper Ridge zone, the strike length of tungsten mineralization as indicated by all outcrop sampled to date and encompassing all zones now totals 1,450 metres in length and extends over a vertical range of 600 metres.

The Company's initial drill program tested the size and potential of this large mineralized and near-surface zone. Surface diamond-drilling conducted on the southern portion of the Ridge Tungsten Zone intersected significant intervals and grades of tungsten mineralization. Combined with past work, the recent results suggest great potential for a new tungsten resource to be defined at MAX based on the exceptional continuity observed. The mineralization was intersected above and in close proximity to the



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producing MAX Mine. At their lowest point, the tungsten intervals are located approximately 650 metres (m) above the Main Haulage Adit 960 level of the MAX Mine.

The Company's initial program was designed to test downdip continuity as well as for potential grade increase closer to the MAX intrusions. Each of the four drillholes successfully intersected tungsten mineralization occurring as scheelite in garnet diopside-rich skarn layers. In addition, grades appear to be increasing with depth as evident in Drillhole MM-08-07 which intersected 0.504% WO<sub>3</sub> over 13.10m (estimated 12.5m true thickness) at a downhole depth of 167.80m.

Previous surface mapping and prospecting extended the zone of scheelite/skarn mineralization over a strike length of 1,400m. This recent drill program also discovered a new, lower mineralized skarn band, including; MM-08-05 which returned 0.593% WO<sub>3</sub> over 3.17m (estimated to be true thickness) at a depth of 220.62m.

The continuity of the mineralized zones indicated by drilling and the sizeable footprint of the mineralization on surface over substantial distances suggests the potential for a large-scale tungsten resource located immediately above the MAX mine. Additional diamond drilling to assess the potential of a tungsten resource, obtain metallurgical samples in addition to possible near-term development with an underground raise are currently being planned. Existing infrastructure at the MAX mine is well suited to the potential development of a tungsten resource.

Selected drillhole intercepts are tabulated below;

<b>MM-08-04</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Width (m)</b>	<b>W %</b>	<b>WO<sub>3</sub>%</b>
	4.50	6.93	2.43	0.107	0.135
	169.40	172.50	3.10	0.125	0.158
Including	171.22	172.50	1.28	0.211	0.267
	186.00	188.60	2.60	0.231	0.291
Including	187.60	188.40	0.80	0.562	0.709
<b>MM-08-05</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Width (m)</b>	<b>W %</b>	<b>WO<sub>3</sub>%</b>
	4.10	12.22	8.12	0.121	0.153
	64.28	67.03	2.75	0.317	0.399
	208.05	216.76	8.71	0.403	0.508
Including	208.05	214.79	6.74	0.505	0.637
	220.62	223.79	3.17	0.471	0.593
Including	221.54	223.79	2.25	0.646	0.815
	315.42	316.28	0.86	0.429	0.541

<b>MM-08-06</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Width (m)</b>	<b>W %</b>	<b>WO<sub>3</sub>%</b>
	187.25	188.33	1.08	0.339	0.427
	196.06	201.26	5.20	0.327	0.413
Including	196.40	201.26	4.86	0.348	0.439

<b>MM-08-07</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Width (m)</b>	<b>W %</b>	<b>WO<sub>3</sub>%</b>
	167.80	180.90	13.10	0.400	0.504
Including	168.14	178.53	10.39	0.478	0.603
	185.41	188.96	3.55	0.330	0.416
Including	186.77	187.95	1.18	0.708	0.893



### ***Foremore VMS-Gold Project***

The Company holds a 100% interest in the Foremore VMS-Gold project situated in the "Golden Triangle" one of the most active mining and exploration areas in north-western British Columbia. The property comprises 65 contiguous mineral claims totaling 23,609 hectares in the Liard Mining Division. Significant operations in the area include Barrick Gold's legendary Eskay Creek Mine, Cominco's historic Snip Mine and NovaGold and Teck Cominco's Galore Creek Project. Foremore has been the focus of the Company's exploration efforts dating back to the summer of 2002 and was the focus of exploration by Cominco Limited between 1989 and 1996.

While relatively inactive at Foremore during the two prior fiscal years, the Company has recently completed an extensive program at Foremore including gridding in four areas totaling 78.0 line km. A total of 52.6 line km of Induced Polarization ("IP") surveys and 57.7 line km of Total Field Ground Magnetometer ("Mag") surveys were completed. In addition, 3,299.4 m of core drilling was completed in 13 holes from which 890 samples were submitted for analytical work. During the course of geological mapping a total of 301 rock and 197 soil samples were submitted for chemical analysis. One of the primary objectives of the 2008 work program was to explore for a potential bedrock source for the sulphide-rich boulders and blocks of the South Boulder Field (SBF).

The Drilling program was significantly smaller in scope than that originally planned, due to a shortage of drill equipment and to the short season remaining once the drill arrived on the property. Consequently there remain a number of excellent untested drill targets on the property, including the Ryder NW, Westmore, H.Valley/SBF, SG VMS Horizon, Antler and Zig Zag Areas.

In the Antler area the Company completed 20.6 line km of grid (17 lines). The grid was mapped; a Ground Mag survey and 3.0 km of IP were completed. Exploration targeted a north trending, locally pyrite-rich felsic intrusion 2.5 km long and 200 m thick where historical rock sampling by the Company yielded extremely anomalous arsenic values. No drilling was completed in the Antler Area during 2008. Massive sulphide boulders have been discovered in adjacent Rumble Cr, as well as west of the Antler Grid.

In the SBF/Hanging Valley area 43.2 line km of grid (29 lines) were completed. The grid was mapped, Ground Mag surveys and 35.7 km of IP were completed. Exploration targeted an area where historical soil sampling by the Company defined a multi-element soil anomaly, a potential source of, and proximal to the South Boulder Field, comprised of more than 900 polymetallic massive sulphide boulders. Five drill holes, totaling 822.5 m, tested several high chargeability anomalies but intersected mainly pyrite. A number of intermediate anomalies remain to be tested and these may be indicative of less conductive sphalerite/galena mineralization. Further work is planned.

In the Westmore area 8.5 line km of grid (13 lines) were completed. The grid was mapped and 8.3 km of IP was completed. Exploration in this area targeted the prospective, altered rhyolite unit host to the Ryder VMS mineralization located some 3 km to the northeast. Two drill holes, totaling 396.0 m, tested a high chargeability anomaly associated with the altered rhyolite but failed to intersect significant base or precious metal values.

Subsequent geophysical interpretations suggest that the drill holes may have been collared up dip from the anomaly & further work is planned here. In addition, a total of 21 samples were taken on one contoured soil line to follow up on several historical soil samples which yielded high Au values. The line was about 600 m long and sample stations varied between 25 and 50 m apart. Only one sample yielded an anomalous value of 216.6 ppb Au.

In the Ryder/BRT area 5.7 line km of grid (5 lines) and 5.6 km of IP were completed. Exploration in this area targeted the prospective, altered rhyolite unit host to the Ryder and BRT VMS mineralization. Six drill holes, totaling 2,081.9 m, tested several chargeability anomalies associated with the altered rhyolite. Four of these drill holes intersected VMS mineralization for which selected intercepts are tabulated below:



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Hole ID	Area	From (m)	To (m)	Width (m)	Cu %	Pb %	Zn %	Ag (g/t)	Au (g/t)
FM08-43	Ryder	229.82	234.00	4.18	0.036	0.039	0.797	1.6	<0.1
		240.65	242.15	1.50	0.091	0.190	2.47	6.1	<0.1
FM08-46	BRT	128.05	130.10	2.05	0.006	0.013	0.04	9.7	0.34
FM08-53	Ryder	30.00	43.50	13.50	0.346	0.021	0.305	13.0	0.5
	<b>Including</b>	<b>41.90</b>	<b>42.50</b>	<b>0.60</b>	<b>1.497</b>	<b>0.104</b>	<b>3.660</b>	<b>195.2</b>	<b>1.1</b>
FM08-54	Ryder	24.00	27.00	3.00	0.131	0.117	0.575	3.4	<0.1
		42.43	43.35	0.92	0.045	0.011	0.404	4.6	0.3
		48.73	51.00	2.27	0.180	0.038	0.509	3.0	<0.1
		55.50	64.50	9.00	0.214	0.030	0.428	6.3	0.1
	<b>Including</b>	<b>60.88</b>	<b>62.37</b>	<b>1.49</b>	<b>0.923</b>	<b>0.120</b>	<b>1.100</b>	<b>22.2</b>	<b>0.6</b>
		73.50	81.00	7.50	0.380	0.053	0.600	6.1	0.1
	<b>Including</b>	<b>75.00</b>	<b>77.30</b>	<b>2.30</b>	<b>0.954</b>	<b>0.093</b>	<b>1.420</b>	<b>13.7</b>	<b>0.2</b>
		89.20	99.15	9.95	0.163	0.059	0.328	4.5	<0.1
		106.50	108.00	1.50	0.092	0.021	0.235	5.8	0.1
		115.50	124.50	9.00	0.088	0.023	0.184	2.2	<0.1
		154.50	177.00	22.50	0.132	0.009	0.198	2.9	<0.1
	<b>Including</b>	<b>159.00</b>	<b>160.80</b>	<b>1.80</b>	<b>0.194</b>	<b>0.010</b>	<b>1.270</b>	<b>3.8</b>	<b>&lt;0.1</b>
		181.50	202.50	21.00	0.066	0.038	0.440	3.1	<0.1
	<b>Including</b>	<b>186.00</b>	<b>187.50</b>	<b>1.50</b>	<b>0.034</b>	<b>0.070</b>	<b>1.200</b>	<b>3.9</b>	<b>&lt;0.1</b>
		212.15	217.50	5.35	0.152	0.026	0.107	3.3	<0.1
		223.50	228.00	4.50	0.065	0.025	0.160	3.0	<0.1
		237.00	243.00	6.00	0.128	0.009	0.094	3.4	<0.1
		249.00	252.00	3.00	0.073	0.016	0.176	1.6	<0.1
		259.50	265.50	6.00	0.166	0.016	0.451	2.3	<0.1
		24.00	265.50	241.50	0.076	0.017	0.170	2.3	<0.1

The last hole, FM08-54, intersected a thick (>250m) altered, dominantly felsic sequence, highly anomalous in base & precious metals, indicating that the VMS mineralising system remains open to the northwest. Drilling was curtailed due to the onset of winter conditions, and additional work is planned to test the extension of the Ryder in this direction. Additional Chargeability anomalies remain to be tested.

In addition, three contoured soil lines (197 samples) were completed in the Ryder area along the northwest facing mountain slope where the prospective rhyolite stratigraphy is covered with overburden and vegetation. The 2008 soil sampling survey defined a multi-element anomaly overlying altered rhyolite associated with the Ryder mineralized system. The anomaly is elongate towards the NNE, up to 500 m long and 200 m wide and defined by elevated concentrations of Zn, Cu, Pb, As, Au, and Ag. This anomaly remains to be tested by drilling.

Expenditures on the Foremore Project during the fiscal year ended August 31, 2008 were \$1,374,824 and at August 31, 2008 totalled \$5,548,509 including \$452,113 in acquisition, staking costs and advance royalties.

### **SeaGold Property**

The Company holds a 50% interest in the SeaGold Project, comprising 8 claim blocks of 4,000 hectares, centered on a number of gold and copper occurrences approximately 35 km north of Barrick Gold's Eskay Creek gold/silver mine in BC. The balance of the property interest is now held by Romios Gold Resources Inc. ("Romios"). Romios serves as the operator of a 50:50 joint venture on the SeaGold



project. The Company's share of project expenditures was \$59,000 in 2008. Results are pending from this fieldwork.

### ***Lardeau Properties***

A 2006 exploration program by the Company reviewed potential targets within a 100 km radius of the MAX molybdenum mine. This work resulted in the optioning of a 100% interest in four projects in the historic Lardeau Mining Camp covering an area of approximately 5,600 hectares. The Company has recently conducted exploratory prospecting and limited diamond drill programs on these four properties.

In 2007, the Company acquired by staking a 100% interest in the *Butters Peak Molybdenum Property*, located approximately 25 km northeast of the MAX Mine. Covering approximately 1,650 hectares, the property was originally discovered by tracing highly anomalous regional silt geochemical results to molybdenite float. The Company conducted limited prospecting and reconnaissance on the property in 2008.

In light of current economic conditions, management considers it unlikely that it will continue exploration on these early-stage prospects in order to focus on its more advanced mining and exploration projects in 2009. Therefore the Company has taken an impairment charge of the total \$1,244,873 in expenditures incurred on these projects through August 31, 2008. The *Butters Peak* project claims have been allowed to elapse and all other properties will likely revert back to the original vendors.

### **Liquidity and Financial Position**

The consolidated financial statements of the Company have been prepared using Canadian generally accepted accounting principles applicable to a going concern which assume that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. For the year ended August 31, 2008, the Company reported a loss of \$2,493,151 and an accumulated deficit of \$4,909,947 at that date. Cash and cash equivalents at August 31, 2008 amounted to \$2,497,077 compared to cash of \$8,697,717 at August 31, 2007. While the Company had cash flow from operations of \$7,795,318 for the year ended August 31, 2008, a recent decline in the price for molybdenite concentrates has significantly reduced cash operating margins. These circumstances lend significant doubt as to the ability of the Company to continue as a going concern and accordingly, the validity of the going concern assumption.

The ability of the Company to continue as a going concern is dependent upon its ability to reduce costs and improve operating margins or to continue to raise adequate financing. Management has implemented a series of cost cutting measures and contingency plans for future financing should economic conditions deteriorate. There is no assurance that these initiatives will be successful in the future.

### **Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, receivables, marketable securities, reclamation deposits, accounts payable and accrued liabilities, amounts due to related parties and other long term liabilities. The Company is exposed to potential loss from various risks including credit risk, interest rate risk, currency risk, liquidity risk, market risk and commodity price risk.

A concentration of credit risk in trade accounts receivable resides with one customer in the United Kingdom. Management has considered payment history and other factors and estimated that no allowances are required to allow for potential credit losses, as the risk of non-performance is remote.

The Company is exposed to foreign currency risk. Cash and cash equivalents, accounts receivable and accounts payable are often held in United States dollars. The Company monitors exposure of invested assets to foreign exchange and limits these amounts. The Company may, from time to time, experience



losses resulting from fluctuations in the values of the Canada-USA Exchange rate, which could adversely affect operating results.

The Company is exposed to interest rate risk on its cash and cash equivalents. Generally, the Company's interest income will be reduced during sustained periods of lower interest rates as higher yielding cash equivalents and short-term investments mature and the proceeds are invested at lower interest rates.

The Company is exposed to liquidity risk. The Company manages liquidity risk by maintaining sufficient cash and short-term investment balances for settlement of its obligations. Liquidity requirements are managed based on expected cash flow to ensure there is sufficient capital in order to meet short-term obligations. The Company's metal concentrates are sold under a pricing arrangement whereby final prices are determined by prices in a period subsequent to the date of sale. In periods in which there is an unexpected sharp decline in prices, this liquidity risk can be significantly more difficult to manage.

The Company is exposed to market risk and commodity price risk. Declines in the market price of commodities, most significantly molybdenum, can not only adversely affect operating results, but may also affect the Company's ability to raise capital to fund ongoing its ongoing exploration, development or mining activities.

### **Critical Accounting Estimates**

The Company's accounting policies are described in Note 2 to the annual consolidated financial statements. The preparation of these financial statements in conformity with generally accepted accounting policies requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on past experience, industry trends and known commitments and events. By their nature, these estimates are subject to measurement uncertainty and the effects on the financial statements of changes in such estimates in future periods could be significant. The estimates made in applying the policies below can be uncertain and a change in these estimates could materially impact the financial statements.

### ***Resource Property Costs, Property Plant and Equipment***

Resource property costs and Property, Plant and Equipment represent the most significant assets of the Company. The costs associated with resource costs and/or property, plant and equipment include acquired interests in production, development and exploration stage properties representing the fair value at the time they were acquired. These costs are capitalized on an individual project. If production commences, these costs would be amortized over the estimated life of mine. Unrecoverable costs for projects determined to be commercially not feasible are expensed in the year in which the determination is made or when the project is allowed to lapse, abandoned or determined to be impaired. The Company's management regularly reviews the carrying value of the Company's mineral properties. Where information is available and conditions suggest impairment, estimated future net cash flows from each property are calculated using estimated future prices, proven and probable reserves, and operating and capital costs on an undiscounted basis. An impairment charge is recorded if the undiscounted future net cash flows are less than the carrying amount. Reductions in the carrying value of each property, with a corresponding charge to operations, are recorded to the extent that the estimated future net cash flows on a discounted basis are less than the property carrying value in accordance with CICA Handbook Section 3063, "Impairment of Long-lived Assets". Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether the carrying value can be recovered. If an impairment is identified, the carrying value of the property is written down to its estimated fair value.

Depreciation and depletion is also determined based on property, plant and equipment carrying values. Depreciation and depletion is calculated on the units of production basis over existing mineral reserves or resources. Mineral resources or reserves are an estimate of the quantity of economically recoverable ore



and/or mineralization and will change from time to time as a result of additional geological information, actual grade or recoveries different from original estimates or commodity price changes.

### ***Asset Retirement Obligations***

The Company is subject to various laws governing reclamation of its mine sites and exploration sites. These laws are continually changing and these changes may affect the procedures and costs required to complete reclamation obligations. Estimates of the fair value of these liabilities for asset retirement obligations are recognized in the period they are incurred. A corresponding increase in the related asset is recorded and depreciated over the estimated life of the asset. If the fair value of the liability decreases due to changes in future cash flow estimates, a corresponding decrease in the related asset is recorded. If the reduction exceeds the value of the related asset, the remaining amount is reduced through earnings. Where a related asset is not identifiable with a liability, the change in fair value is charged to earnings in the period. Each period, the liability is increased to reflect the accretion (or interest) portion of the initial fair value estimate and changes in estimated cost and timing of the reclamation procedures. Actual future reclamation costs may be materially different from the costs estimated by the Company.

### ***Stock Option and Warrant Valuation***

The determination of the fair value of stock options and warrants issued requires management to estimate future stock volatility, expected life, and a risk-free rate of return. The Company uses historic information to estimate these future variables. Given the change in the Company from an exploration to emerging producer, historic information may no longer be valid and these estimates could materially impact the consolidated financial statements.

### ***Income and Mining Taxes***

The Company uses the liability method of accounting for income taxes. Under the liability method, future tax assets and liabilities are determined based on differences between the financial statement carrying amounts and their respective tax bases, and for tax losses and other deductions carried forward. The Company evaluates the carrying values of its future tax assets periodically by assessing its valuation allowance and by adjusting the amount of such valuation allowance in the period, if necessary. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

### ***Changes in Accounting Policies***

#### ***New Accounting Policies Effective September 1, 2007***

Effective September 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA").

- i) Section 1506, *Accounting Changes* requires that: (a) a voluntary change in accounting principles can be made if, and only if, the changes result in more reliable and relevant information, (b) changes in accounting policies are accompanied with disclosures of prior period amounts and justification for the change, and (c) for changes in estimates, the nature and amount of the change should be disclosed. The Company has not made any voluntary change in accounting principles since the adoption of the revised standard.
- ii) Section 3855, *Financial Instruments – Recognition and Measurement* and Section 3861, *Financial Instruments – Disclosures and Presentation* prescribe when a financial asset, financial liability and non-financial derivative is to be recognized on the Balance Sheet and whether fair value or cost-based measures should be used. These standards also specify how financial instruments gains or losses should be presented.



Under the new standards, all financial assets are classified as held-for-trading, available-for-sale, held-to-maturity or loans and receivables and all financial liabilities are classified as held-for-trading or other financial liabilities. Financial instruments classified as held-for-trading or available-for-sale are measured at fair value with any change in fair value recorded in net earnings or other comprehensive income, respectively. All other financial instruments are measured at amortized cost using the effective interest rate method. Derivative financial instruments must be measured at fair value with changes in fair value recorded in net income unless hedge accounting is applied.

The Company has designated its financial instruments as follows:

- Cash and cash equivalents are classified as "*Held-for-Trading*" and recorded at fair value with changes in fair value recorded in net income.
- Marketable securities and reclamation bond amounts are classified as "*Available-for-Sale*" and recorded at fair value with temporary changes in fair value recorded in other comprehensive income;
- Receivables are classified as "*Loans and Receivables*". These financial assets are recorded at values that approximate their amortized cost using the effective interest method; and
- Accounts payable, accrued liabilities, due to related parties and other long term liabilities are classified as "*Other Financial Liabilities*". These financial liabilities are recorded at amortized cost using the effective interest method.

iii) Section 1530, *Comprehensive Income*, introduces a new financial statement "Statement of Comprehensive Income (loss)" and provides guidance for the reporting and display of other comprehensive income. Comprehensive income represents the change in equity of an enterprise during a period from transactions and other events arising from non-owner sources including gains and losses arising on translation of self-sustaining foreign operations, gains and losses from changes in fair value of available-for-sale financial assets and changes in the fair value of the effective portion of cash flow hedging instruments. As a result of adopting this new standard, the Company has recorded an accumulated comprehensive loss of \$10,000 at August 31, 2008.

iv) Section 3865, *Hedges* specifies the criteria under which hedge accounting may be applied, how hedge accounting should be performed under permitted hedging strategies and the required disclosures. This standard did not have an impact on the Company's results for the period ending August 31, 2008, since the Company does not use hedge accounting.

Effective September 1, 2007, the Company adopted the following new accounting policies:

#### *Commercial Production*

Commercial production is deemed to have commenced when management determines that the completion of operational commissioning of major mine and plant components is completed and operating results are being achieved on average for at least a 10 day period. The Company determines commencement of commercial production based upon 75% of its designed mill capacity, mine diluted grade and plant recovery being achieved sequentially.

The Company achieved its commercial production targets as of April 12, 2008 and first recorded revenues and cost of sales in the third quarter ended May 31, 2008. Revenues and expenditures during the pre-operating period were recorded in accordance with Emerging Issues Committee Abstract EIC-27.



#### *Income Statement Presentation of Tax Loss Carry-forward*

The Company has adopted the recommendations of EIC-172, "Income Statement Presentation of a Tax Loss Carry-forward Recognized Following an Unrealized Gain in Other Comprehensive Income". This abstract provides guidance on whether the tax benefit from the recognition of previously unrecognized tax-loss carry-forwards consequent to the recording of unrealized gains in other comprehensive income, such as unrealized gains on available-for-sale financial assets, should be recognized in net income or in other comprehensive income. The abstract is to be applied retrospectively, with restatement of prior periods from September 1, 2007, the date of adoption of CICA Handbook Section 3855. The adoption of this standard did not have an impact on the Company's consolidated financial statements

#### **New Accounting Developments**

The CICA has issued various new standards which may affect the financial disclosures and results of operations of the Company.

For interim and annual financial periods beginning on or after October 1, 2007, the following standards will be adopted by the Company. The Company is currently assessing the impact that these new standards will have on the disclosures in the consolidated financial statements.

i) Section 1535, *Capital Disclosures*, establishes standards for disclosing information about an entity's capital and how it is managed. The purpose will be to enable users of the financial statements to evaluate the entity's objectives, policies and processes for managing capital.

ii) Sections 3862 and 3863 – *Financial Instruments-Disclosures* and *Financial Instruments-Presentation*, requires entities to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance, and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks.

iii) Section 1400, *General Standards of Financial Statement Presentation - Going Concern* requires management to assess an entity's ability to continue as a going concern. When management is aware of material uncertainties related to events or conditions that may cast doubt on an entity's ability to continue as a going concern, those uncertainties must be disclosed. In assessing the appropriateness of the going concern assumption, the standard requires management to consider all available information about the future, which is at least, but not limited to, twelve months from the balance sheet date.

iv) Section 3031, *Inventories*, prescribes the accounting treatment for inventories and provides guidance on the determination of costs and their subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories.

For interim and annual financial periods beginning on or after October 1, 2008, the following standard will be adopted by the Company. The Company is currently assessing the impact that this new standard will have on the disclosures in the consolidated financial statements.

v) Section 3064 – *Goodwill and Intangible Assets* replaces sections 3062 and 3450 and establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. The new standard also provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred.



### **International Financial Reporting Standards ("IFRS")**

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB's strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February of 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended August 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

### **Related Party Transactions**

During the year ended August 31, 2008, per-diem contract fees \$99,150 (2007 - \$83,887) were paid or accrued to a director or a company controlled by a director and per-diem consulting fees of \$18,550 (2007 - \$11,900) were paid or accrued to another director. During the year ended August 31, 2008, the Company was reimbursed for rent and office expenses totaling \$21,192 (2007 - \$20,937) by a company with common management. At August 31, 2008, current liabilities include \$99,094 (2007 - \$51,369) payable to related parties. These amounts were incurred in the ordinary course of business, are non-interest bearing, and without specific repayment terms.

### **Risks and Uncertainties**

The Company's financial success will be dependent upon the extent to which it can discover mineralization or acquire mineral properties and the economic viability of developing its properties. The Company competes with many companies possessing greater financial resources and technical facilities than itself. The market price of minerals and/or metals is volatile and cannot be controlled. There is no assurance that the Company's mineral exploration and development activities will be successful. The development of mineral resources involves many risks in which even a combination of experience, knowledge and careful evaluation may not be able to overcome. All of the Company's short to medium term operating, exploration and development cash flow must be derived from external financing. Actual funding may vary from what is planned due to a number of factors including the progress of exploration and development on its current properties. Should changes in equity market conditions prevent the Company from obtaining additional external financing; the Company will need to review its exploration and development property holdings to prioritize project expenditures based on funding availability.

Developing mineral deposits is subject to various risks and is dependent on a number of criteria, including the deposit size, grade, proximity to infrastructure, as well as commodity prices. While management believes that the grade and quantity of the high-grade measured and indicated molybdenite resource (280,000 tonnes of 1.95% MoS<sub>2</sub> at a 1% cutoff grade) at the MAX project is sufficient to justify mining and production, no feasibility study has been completed and therefore these resources should not be considered mineable reserves.

### **Legal Claims and Contingent Liabilities**

At August 31, 2008, there were no material legal claims or contingent liabilities outstanding.

### **Off-balance Sheet Arrangements**

The Company has no material off-balance sheet arrangements.



## Share Capital

In May of 2008, the Company received approval to repurchase up to a maximum of 4,078,500 outstanding common shares in the Company through the facilities of the TSX Venture Exchange (the "Exchange") until June 1, 2009. Pursuant to the policies of the Exchange, the Company is permitted to repurchase through open market purchases, up to 2 per cent of its outstanding common shares in any given 30-day period. The Company did not repurchase any shares during the year ended August 31, 2008.

Subsequent to August 31, 2008 the Company purchased through the facilities of the TSX Venture Exchange, and subsequently cancelled a total of 1,460,700 common shares under its normal course issuer bid. Also subsequent to August 31, 2008 a total of 8,354,978 warrants and 121,000 options expired unexercised and 246,000 options were exercised for proceeds of \$49,200.

Common shares and convertible securities outstanding as at the date of this report are:

Security	Expiry Dates	Exercise Prices	Common Shares on Exercise
Common Shares	-	-	80,755,628
Warrants	Aug 7, 2009	\$4.00	2,351,750
Options	Aug 24, 2009 to Aug 21, 2013	\$0.25 to \$3.55	7,065,000
Total			90,172,378

## Outlook

As a result of recent global economic uncertainty and rapidly declining commodity prices, management has decisively cut costs at the MAX molybdenum mine while continuing to operate under its Phase I mine plan. Phase II expansion plans, including completion capital spending for that expansion, are being minimized. Similarly, exploration work at the Company's projects, including the MAX property, will be limited to definition drilling where required. Management will continue to operate the mine while it generates positive cash flow, recognizing that the MAX molybdenum mine was originally designed to operate at historic prices. Significant gains have also been realized from the recent Canada-USA exchange rate and fuel cost reductions.

It remains management's belief that molybdenum prices should remain significantly greater than historic values for the foreseeable future due to i) production problems globally, ii) the reduction of by-product production related to copper mines and iii) the inability of new mines to achieve financing. In real terms, recent events have seriously eroded the global supply of molybdenum and management believes that a realization of supply and demand fundamentals in the medium-term will result in positive changes to pricing. It is therefore management's goal to remain in operation and preserve the value of the resource and the opportunity to produce molybdenite concentrate in a rapidly appreciating environment.

In the interim, production at the MAX molybdenum mine will be limited to current target levels in an effort to preserve the molybdenum resource, and the mine will be readied, with minimal additional cost, for a rapid response to periods when greater margins on sales can be realized. Few other producers will have similar ability to ramp-up production.

Management has observed that experience with the geological controls on mineralization; its grade control program and underground infrastructure improvements have dramatically reduced the average production costs and anticipate lower cash costs going forward. Post year-end 2008, in September through November, molybdenum in concentrate production averaged 226,566 lbs per month which will lead directly to lower average costs per lb molybdenum.



### ***Molybdenum and the Molybdenum Market***

Molybdenum's attributes include its high heat strength, hardness and corrosion resistant qualities rendering it vital in a variety of industrial applications. "Moly" is used primarily as an alloy in specialty steels including numerous applications within the energy industry used to discover (drilling equipment), deliver (pipelines) and clean (de-sulphurization catalyst) various petroleum products. Many analysts have embraced the notion that with increases in future demand for molybdenum and molybdenum products, the potential exists for sustained higher moly prices. New infrastructure development in China and India, and planned replacement of infrastructure in North America will generate demand for the metal; especially in basic delivery of energy but also to meet increasingly stringent regulations for emissions control.

Until recently, the molybdenum price remained relatively stable over the last 4 years at over US\$20/lb. Many have projected demand growth for molybdenum at rates of approximately 4-6% per year. In contrast to many other exchange-traded metals and the general financial markets, molybdenum has not experienced the same volatility nor has it seen to have been impacted by hedging or speculation as with other commodities. The molybdenum market is further supported by a lack of new, significant near-term production which may result in future supply shortages and potential increases in the price for molybdenum products. Elevated capital costs coupled with challenges in the ability to secure timely financing to develop new mining operations may also extend the horizon for robust molybdenum prices to the benefit of existing producers.

### **Additional Information**

Additional information is available for viewing at the Company's website [www.rocamines.com](http://www.rocamines.com) or on the SEDAR website [www.sedar.com](http://www.sedar.com).

### **Forward-Looking Information**

This management discussion and analysis contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, amongst other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration of the Company's properties. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties, and assumptions. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration success, continued availability of capital and financing, inability to obtain required regulatory or governmental approvals and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change except as required by law. These statements are based on a number of assumptions, including, among others, assumptions regarding general business and economic conditions, the timing of the receipt of regulatory and governmental approvals for the transactions described herein, the ability of the Company and other relevant parties to satisfy stock exchange and other regulatory requirements in a timely manner, the availability of financing for proposed transactions and exploration and development programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause results to differ materially.