



ROCA MINES INC.

CONSOLIDATED FINANCIAL STATEMENTS

November 30, 2009 and 2008

(Expressed in Canadian Funds)

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 November 30, 2009.

Roca Mines Inc.

Consolidated Balance Sheets

Canadian Funds

	As at November 30, 2009 (Unaudited)	As at August 31, 2009
ASSETS		
Current		
Cash and cash equivalents	\$ 1,873,731	\$ 2,754,794
Accounts receivable	602,447	3,236,388
Prepaid expenses and deposits	109,702	241,738
Inventories (Note 3)	490,317	681,792
Marketable securities	7,750	6,000
	<u>3,083,947</u>	<u>6,920,712</u>
Property, Plant and Equipment (Note 4)	14,844,770	13,303,083
Resource Property Costs (Note 5)	7,696,981	7,640,362
Future income tax asset (Note 10)	13,787,969	13,082,857
Reclamation Bonds (Note 7)	764,900	767,900
	<u>37,094,620</u>	<u>34,794,202</u>
	\$ 40,178,567	\$ 41,714,914
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 2,354,725	\$ 2,673,244
Due to related parties (Note 9c)	69,297	124,760
	<u>2,424,022</u>	<u>2,798,004</u>
Asset Retirement and Mine Closure Obligations (Note 8)	1,197,564	1,184,592
Other Long Term Liabilities	16,716	19,566
	<u>3,638,302</u>	<u>4,002,162</u>
SHAREHOLDERS' EQUITY		
Share Capital (Note 6a)	49,473,384	49,414,564
Contributed Surplus	12,447,007	12,314,222
Accumulated Other Comprehensive Loss	(12,250)	(14,000)
Deficit	(25,367,876)	(24,002,034)
	<u>36,540,265</u>	<u>37,712,752</u>
	\$ 40,178,567	\$ 41,714,914

Commitments (Note 11)

ON BEHALF OF THE BOARD:

"Scott Broughton", Scott E. Broughton, Director

"David Skerlec", David J. Skerlec, Director

Roca Mines Inc.
Consolidated Statements of Operations and Loss

For the Three Months Ended November 30

Canadian Funds

Unaudited

	2009	2008
Revenues	\$ 3,076,940	\$ 8,310,517
Cost of Sales		
Operating expenses	4,009,814	4,712,748
Write-down of inventory	-	434,587
Depletion, amortization and accretion	624,782	10,992,237
Mining Loss	(1,557,656)	(7,829,055)
Expenses		
General and administrative	324,424	406,567
Stock-based compensation (Note 6b)	97,890	60,575
Generative exploration and resource costs written-off	5,780	28,012
Loss from Operations	(1,985,750)	(8,324,209)
Other Income (expenses)		
Foreign exchange gain (loss)	(109,818)	433,356
Interest income	8,097	16,524
Loss Before Taxes	(2,087,471)	(7,874,329)
Income and Mining Tax Provision (recovery) (Note 10)		
Current	-	67,746
Future	(721,629)	(2,820,351)
	(721,629)	(2,752,605)
Net Loss for the Period	\$ (1,365,842)	\$ (5,121,724)
Net Loss per Share - Basic and Diluted	\$ (0.02)	\$ (0.06)

Weighted Average Number of Common Shares Outstanding	91,545,560	81,371,524
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Roca Mines Inc.
Consolidated Statement of Comprehensive Loss

For the Three Months Ended November 30

Unaudited

Canadian Funds

	2009	2008
Net Loss for the Period	\$ (1,365,842)	\$ (5,121,724)
Unrealized gain (loss) on marketable securities	1,750	(3,750)
Comprehensive Loss for the Period	\$ (1,364,092)	\$ (5,125,474)

- See Accompanying Notes to the Consolidated Financial Statements -

Roca Mines Inc.

Consolidated Statements of Cash Flows

For the Three months Ended November 30

Canadian Funds
Unaudited

	2009	2008
Operating Activities		
Earnings (loss) for the period	\$ (1,365,842)	\$ (5,121,724)
Less: Items not affected by cash:		
Write-down of inventory	-	434,587
Amortization, depletion, accretion	624,782	10,992,237
Stock-based compensation	97,890	117,091
Resource costs written-off	-	28,012
Future income tax recovery	(721,629)	(2,820,351)
Changes in non-cash working capital items:		
Accounts receivable	2,130,618	3,176,290
Inventory	191,475	(285,943)
Prepaid expenses and deposits	87,036	(220,725)
Accounts payable, accrued liabilities, due to related party	(526,305)	(582,782)
Deferred revenue	-	573,025
	518,025	6,289,717
Investing Activities		
Purchase of property, plant and equipment	(1,401,480)	(3,898,245)
Resource property costs, <i>net of exploration tax credits</i>	(51,918)	(2,042,924)
Reclamation bonds refunded (posted)	3,000	-
	(1,450,398)	(5,941,169)
Financing Activities		
Equity issuance proceeds	51,310	-
Share repurchase and cancellation	-	(1,503,054)
	51,310	(1,503,054)
Net Increase (Decrease) in Cash and Cash Equivalents	(881,063)	(1,154,506)
Cash and cash equivalents - Beginning of Period	2,754,794	2,497,077
Cash and Cash Equivalents - End of Period	\$ 1,873,731	\$ 1,342,571

Supplemental Schedule of Non-Cash Investing and Financing Transactions

Plant and equipment expenditures included in accounts payable	\$ 175,097	\$ (464,687)
Resource property expenditures included in accounts payable	\$ (22,224)	\$ (1,256,781)
Stock-based compensation recorded as investing activities	\$ 42,405	\$ 60,491
Future income tax included in property expenditures	\$ -	\$ 23,575

- See Accompanying Notes to the Consolidated Financial Statements -

Roca Mines Inc.

Consolidated Statements of Shareholders' Equity and Deficit

Canadian Funds, except share amounts.

Unaudited

	Three Months Ended Nov. 30, 2009		Year Ended August 31, 2009	
	Number of Shares		Number of Shares	
Share capital				
Balance at beginning of period	91,420,628	\$ 49,414,564	81,970,328	\$ 48,207,676
Issued for cash				
Private placements	-	-	9,740,000	1,670,604
Exercise of options	-	-	906,000	214,200
Exercise of warrants	140,000	49,000	250,000	87,500
Exercise of agent warrants	6,600	2,310	15,000	5,250
Shares repurchased and cancelled	-	-	(1,460,700)	(859,054)
Fair value of options exercised	-	-	-	150,905
Fair value of warrants exercised	-	7,624	-	25,412
Fair value of agent warrants exercised	-	761	-	1,730
Share issuance costs	-	(875)	-	(89,659)
Balance at end of period	91,567,228	49,473,384	91,420,628	49,414,564
Contributed surplus				
Balance at beginning of period		12,314,222		11,204,088
Fair value stock-based compensation		140,295		575,520
Fair value agent warrants issued		-		7,610
Issuance costs attributable to warrants		-		(60,908)
Issuance costs for warrants exercised		875		1,563
Fair value of options exercised		-		(150,905)
Fair value of warrants exercised		(7,624)		(25,412)
Fair value of agent warrants exercised		(761)		(1,730)
Balance at end of period		12,447,007		12,314,222
Accumulated other comprehensive loss				
Balance at beginning of period		(14,000)		(10,000)
Unrealized gain (loss) on marketable securities		1,750		(10,000)
Balance at end of period		(12,250)		(14,000)
Deficit				
Balance at beginning of period		(24,002,034)		(4,909,947)
Shares repurchased and cancelled		-		(644,000)
Net loss for the period		(1,365,842)		(18,448,087)
Balance at end of period		(25,367,876)		(24,002,034)
TOTAL SHAREHOLDERS' EQUITY	91,567,228	\$ 36,540,265	91,420,628	\$ 37,712,752

- See Accompanying Notes to the Consolidated Financial Statements -

Roca Mines Inc.

Notes to Consolidated Financial Statements

November 30, 2009 and 2008

Canadian Funds

Unaudited

1. Nature of Operations

Roca Mines Inc. (the "Company") engages principally in the exploration, development and mining of resource properties in North America. The Company's wholly-owned subsidiary Minera ROK, S.A. de C.V. holds the Company's property interest in Mexico and the Company's wholly-owned subsidiary, FortyTwo Metals Inc., operates the Max Molybdenum Mine southeast of Revelstoke British Columbia; a producer of molybdenite concentrates exported under the terms of an offtake agreement.

2. Significant Accounting Policies

a) Basis of Preparation

These interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP") and follow the same accounting policies and methods consistent with those used in the preparation of the most recent annual audited consolidated financial statements except as noted below. The interim consolidated financial statements do not include all information and note disclosures required by Canadian GAAP for annual financial statements, and therefore should be read in conjunction with the Company's audited consolidated financial statements for the year ended August 31, 2009. The financial statements are presented in Canadian dollars on a consolidated basis and include the accounts of its subsidiaries Minera ROK, S.A. de C.V., and FortyTwo Metals Inc. Intercompany accounts and transactions have been eliminated on consolidation.

b) Adoption of New Accounting Policies

Effective September 1, 2009, the Company adopted the following new accounting standard issued by the Canadian Institute of Chartered Accountants ("CICA").

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. The adoption of this standard did not have a significant impact on the Company's consolidated financial statements and related disclosures.

3. Inventories

Details are as follows:	November 30, 2009	August 31, 2009
Consumable parts and supplies	\$ 273,977	\$ 301,985
Work in Progress	62,469	63,734
Product inventory	153,871	316,073
Total	\$ 490,317	\$ 681,792

Roca Mines Inc.

Notes to Consolidated Financial Statements

November 30, 2009 and 2008

Canadian Funds

Unaudited

4. Property, Plant and Equipment

Details are as follows:

	Cost	Accumulated Amortization and Depletion	November 30, 2009 Net Book Value
Mine property and development costs	\$ 38,348,604	\$ 27,234,612	\$ 11,113,992
Plant and equipment	18,193,347	16,366,926	1,826,421
Buildings and support facilities	6,184,622	5,382,266	802,356
Construction in progress	1,001,625	-	1,001,625
Acquisition – MAX property	920,460	820,084	100,376
	<u>\$ 64,648,658</u>	<u>\$ 49,803,888</u>	<u>\$ 14,844,770</u>

	Cost	Accumulated Amortization, and Depletion	August 31, 2009 Net Book Value
Mine property and development costs	\$ 35,424,004	\$ 25,716,056	\$ 9,707,948
Plant and equipment	18,055,983	16,317,952	1,738,031
Buildings and support facilities	6,145,231	5,367,583	777,648
Construction in progress	977,940	-	977,940
Acquisition – MAX property	920,460	818,944	101,516
Asset retirement costs (Note 9)	1,259,079	1,259,079	-
	<u>\$ 62,782,697</u>	<u>\$ 49,479,614</u>	<u>\$ 13,303,083</u>

Pre-production costs were amortized on a unit of production basis over the Company's Phase I mine plan through May 31, 2009. As of June 1, 2009, upon a decision to advance the Company's Phase II mine plan, all capital costs for development and equipment available for use are now being amortized over the estimated Phase II mine life on a unit of production basis.

5. Resource Property Costs

Details are as follows:

	Acquisition (Recovery)	Deferred Exploration & Development	Gain (Write-off)	Total November 30, 2009	Total August 31, 2009
MAX Molybdenum Mine (a)	\$ -	\$ 1,026,124	\$ -	\$ 1,026,124	\$ 1,042,398
Nuevo Milenio Gold-Silver project(b)	-	60,388	-	60,388	32,141
Foremore VMS-Gold Project (c)	533,219	6,047,250	-	6,580,469	6,550,823
SeaGold Project (d)	(70,250)	78,359	21,891	30,000	15,000
	<u>\$ 462,969</u>	<u>\$ 7,212,121</u>	<u>\$ 21,891</u>	<u>\$ 7,696,981</u>	<u>\$ 7,640,362</u>

Roca Mines Inc.

Notes to Consolidated Financial Statements

November 30, 2009 and 2008

Canadian Funds

Unaudited

5. Resource Property Costs - *Continued*

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

The Company, through its wholly owned subsidiary FortyTwo Metals Inc., holds a 100% interest in certain properties, known as the MAX Molybdenum Mine ("MAX"), located in the Revelstoke Mining Division, B.C. The MAX 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 has also acquired a 100% interest in certain crown grants, mining leases and mineral claims contiguous to the core MAX mineral claims. The Company granted a 2.5% NSR on the contiguous property, which can be reduced 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) **Nuevo Milenio Gold-Silver Project, Tepic, Nayarit State, Mexico**

During the year ended August 31, 2009, the Company entered into an option agreement with Cream Minerals Ltd. ("CMA") to acquire up to a 70% interest in CMA's Nuevo Milenio Project located 27 kilometres by road from Tepic, the capital city of Nayarit State, Mexico. In order to acquire a 50% legal and beneficial interest in the property, the Company must spend US\$1,000,000 in the first year and a total of US\$12,000,000 in exploration work on the property by July 24, 2013. If the Company meets these requirements within four years, it will vest at 50% and will have the option to earn a further 20% interest in the property by completing, at its own expense, a positive feasibility study within 3 years by an independent mutually acceptable qualified party. Once the Company vests at 50% or 70% as applicable; CMA and the Company will form a joint venture for further exploration and/or mine development work with all further costs to be shared on a pro rata basis.

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

The Company holds a 100% interest in certain properties, known as the Foremore Project located in the Liard Mining Division, B.C. The Foremore Project is subject to a 2.5% Net Smelter Return ("NSR"), which can be reduced to 1% for payments totalling \$2,000,000. The Company is required to make annual advance royalty payments of \$50,000 ceasing in the year in which commercial production commences. Advance royalty payments paid until commercial production is reached may be applied as a reduction of future royalty payments. The Company must also issue 200,000 common shares to the vendor upon the commencement of commercial production.

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

The Company holds a 50% interest in certain properties, known as the SeaGold Project in the Liard Mining Division, B.C. The balance of 50% is held by the Company's joint venture partner, Romios Gold Resources Inc. ("Romios"), subject to Romios issuing 200,000 common shares to the original property vendor upon the commencement of commercial production. The SeaGold Project is subject to a 2.5% NSR, reducible to 1% for payments totalling \$2,000,000. Advance annual royalty payments of \$30,000 are payable by the joint venture, ceasing in the year in which commercial production commences. Advance royalty payments paid to commercial production may be applied as a reduction of future royalty payments.

Roca Mines Inc.

Notes to Consolidated Financial Statements

November 30, 2009 and 2008

Canadian Funds

Unaudited

6. Shareholder's Equity

a) Share Capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value. At November 30, 2009 there were 91,567,228 common shares outstanding.

In the prior fiscal year, the Company completed a private placement for gross proceeds of \$2,435,000 in two tranches. 9,740,000 units were issued at a price of \$0.25, each consisting of one common share and one common share purchase warrant, each warrant entitling the holder to acquire one additional common share until January 27, 2011 (as to 5,600,000 warrants) or February 13, 2011 (as to 4,140,000 warrants) at a price of \$0.35 per common share. Cash finders' fees totalling \$173,200 were paid, and 66,000 agent warrants were issued in connection with this offering, the agent warrants exercisable until January 27, 2011, at \$0.35 per common share. A director of the Company purchased 100,000 units of this private placement.

The prorated fair value of the unit warrants issued was calculated to be \$764,396 on the grant date and is accounted for as a reduction to proceeds from the common shares (to \$1,670,604) 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:

	<i>Tranche 1</i>	<i>Tranche 2</i>
Number of warrants	5,600,000	4,140,000
Average risk-free interest rate	1.35%	1.22%
Expected dividend yield	Nil	Nil
Expected stock price volatility	118.54%	104.14%
Average expected life	2 years	2 years

b) Stock Options

The Company 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 was not to 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. This plan did not receive shareholder approval at the Company's annual general meeting in February of 2009, as required by the policies of the TSX Venture Exchange, and as such, no options were granted during the year ended August 31, 2009 or first quarter ended November 30, 2009.

During the three months ended November 30, 2009, a total of \$140,296 (2008 - \$177,582) in stock based compensation was recognized, of which \$97,890 was expensed (2008 - \$117,091), with the remaining balances capitalized. The offsetting entries are to contributed surplus.

For the year ended August 31, 2009, a total of \$575,520 (2008 - \$3,782,546) in stock based compensation was recognized, of which \$404,148 was expensed (2008 - \$1,412,276), with the remaining balances capitalized. The offsetting entries are to contributed surplus.

During the year ended August 31, 2009, 906,000 stock options were exercised by Directors of the Company for proceeds of \$214,200. The fair value of the options exercised during the year was calculated to be \$150,905 which amount has been transferred to share capital from contributed surplus.

Roca Mines Inc.

Notes to Consolidated Financial Statements

November 30, 2009 and 2008

Canadian Funds

Unaudited

6. Shareholder's Equity - *Continued*

A summary of the Company's stock options at November 30, 2009 and August 31, 2009 and the changes for the periods are as follows:

Number Outstanding August 31, 2009	Exercised	Cancelled or Expired	Number Outstanding November 30, 2009	Exercise Price Per Share	Expiry Date
750,000	-	-	750,000	\$0.25	18-Oct-10
2,455,000	-	-	2,455,000	\$1.45	19-Feb-12
1,625,000	-	-	1,625,000	\$3.55	15-Nov-12
1,525,000	-	-	1,525,000 ¹	\$2.25	21-Aug-13
6,355,000	-	-	6,355,000	\$2.04	

Note 1: As of November 30, 2009, 762,500 of this series had vested. A total of 5,592,500 options were exercisable at November 30, 2009 at an average price of \$2.01.

Number Outstanding August 31, 2008	Exercised	Cancelled or Expired	Number Outstanding August 31, 2009	Exercise Price Per Share	Expiry Date
367,000	(246,000)	(121,000)	-	\$0.20	11-Dec-08
660,000	(660,000)	-	-	\$0.25	24-Aug-09
750,000	-	-	750,000	\$0.25	18-Oct-10
2,455,000	-	-	2,455,000	\$1.45	19-Feb-12
1,625,000	-	-	1,625,000	\$3.55	15-Nov-12
1,575,000	-	(50,000)	1,525,000 ¹	\$2.25	21-Aug-13
7,432,000	(906,000)	(171,000)	6,355,000	\$2.04	

Note 1: As of August 31, 2009, 762,500 of this series had vested. A total of 5,592,500 options were exercisable at August 31, 2009 at an average price of \$2.01.

c) Warrants

During the three months ended November 30, 2009, a total of 140,000 warrants and 6,600 agent warrants were exercised for gross proceeds of \$49,000 and \$2,310 respectively. The fair value of the warrants exercised was calculated to be \$7,624 and the agent warrants \$761, which amounts have been transferred to share capital from contributed surplus.

During the year ended August 31, 2009, a total of 250,000 newly issued warrants and 15,000 agent warrants were exercised for gross proceeds of \$87,500 and \$5,250 respectively. The fair value of the warrants exercised was calculated to be \$25,412 and the agent warrants \$1,730, which amounts have been transferred to share capital from contributed surplus.

A summary of the changes for the three month period ended November 30, 2009 and year ended August 31, 2009 are as follows:

Roca Mines Inc.

Notes to Consolidated Financial Statements

November 30, 2009 and 2008

Canadian Funds

Unaudited

6. Shareholder's Equity - Continued

Number Outstanding August 31, 2009	Expired	Granted	Exercised	Number Outstanding November 30, 2009	Exercise Price Per Share	Expiry Date
5,350,000	-	-	(140,000)	5,210,000	\$0.35	27-Jan-11
51,000	-	-	(6,600)	44,400	\$0.35	27-Jan-11
4,140,000	-	-	-	4,140,000	\$0.35	13-Feb-11
9,541,000	-	-	(146,600)	9,394,400	\$0.35	

Number Outstanding August 31, 2008	Expired	Granted	Exercised	Number Outstanding August 31, 2009	Exercise Price Per Share	Expiry Date
7,142,857	(7,142,857)	-	-	-	\$2.25	6-Sep-08
1,212,121	(1,212,121)	-	-	-	\$2.25	28-Sep-08
2,351,750	(2,351,750)	-	-	-	\$4.00	7-Aug-09
-	-	5,600,000	(250,000)	5,350,000	\$0.35	27-Jan-11
-	-	66,000	(15,000)	51,000	\$0.35	27-Jan-11
-	-	4,140,000	-	4,140,000	\$0.35	13-Feb-11
10,706,728	(10,706,728)	9,806,000	(265,000)	9,541,000	\$0.35	

d) Normal Course Issuer Bid

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 was 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 purchased a total of 1,460,700 common shares under its normal course issuer bid during September and October of 2008. The Company returned to treasury and cancelled these shares and allocated \$859,054 to share capital and \$644,000 to deficit. There were no further purchases during the year and the issuer bid expired on June 1, 2009.

7. Reclamation Bonds

At November 30, 2009, reclamation bonds totalling \$764,900 were held with the British Columbia Ministry of Energy, Mines and Petroleum Resources as summarized below:

	November 30, 2009	August 31, 2009
MAX Molybdenum Project	\$ 730,000	\$ 730,000
Foremore Project	22,900	22,900
Other projects	12,000	15,000
Total	\$ 764,900	\$ 767,900

Roca Mines Inc.

Notes to Consolidated Financial Statements

November 30, 2009 and 2008

Canadian Funds

Unaudited

8. Asset Retirement and Mine Closure Obligations

For each property, management has estimated the costs of reclaiming any disturbances to its projects in accordance with the Company's accounting policies. Details of management's estimates of reclamation and mine closure costs are as follows:

	November 30, 2009	August 31, 2009
Balance – Beginning of Period	\$ 1,184,592	\$ 1,400,224
Accretion	12,972	62,508
Change in reclamation estimate	-	(278,140)
Balance – End of Period	<u>\$ 1,197,564</u>	<u>\$ 1,184,592</u>

The Company obtained an independent assessment of MAX Molybdenum site restoration costs at August 31, 2008 of \$1,476,445. Based on the Company's Phase II mine plan, the Company estimates the most likely date for the reclamation to be initiated as November 2014. The reclamation amount has been discounted by a rate of 2.1% on the first \$730,000 and 7.75% on the remaining balance of \$746,445.

Other property retirement obligations of \$21,600 have been estimated by management and are recorded undiscounted due to the uncertainty in forecasting ultimate closure dates.

It is possible the Company's estimate of its ultimate reclamation, site restoration and closure liability could materially change due to possible changes in laws and regulations or changes in cost estimates.

9. Related Party Transactions

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

- a) During the three months ended November 30, 2009, contract fees and bonuses of \$36,800 (2008 - \$76,500) were paid or accrued to a company controlled by a director and per-diem consulting fees of \$12,750 (2008 - Nil) were paid or accrued to another director.
- b) During the three months ended November 30, 2009, the Company was reimbursed for rent and office expenses totalling \$12,339 (2008 - \$7,550) by a company with common management.
- c) As at November 30, 2009, current liabilities include \$69,297 (2008 - \$57,865) payable to related parties.

These transactions were incurred in the ordinary course of business, are non-interest bearing, and without specific repayment terms. The transactions are measured at the exchange amount, which is the fair value consideration established and agreed to by the related parties.

Roca Mines Inc.

Notes to Consolidated Financial Statements

November 30, 2009 and 2008

Canadian Funds

Unaudited

10. Income Taxes

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

	For the Three Months Ended	
	November 30, 2009	November 30, 2008
Loss before income taxes	\$ (2,087,471)	\$ (7,874,329)
Canadian federal and provincial income tax rate	29.00%	30.17%
Income tax recovery	(605,367)	(2,375,685)
Increase (decrease) due to:		
Non-deductible expenses for tax purposes	24,473	31,720
Statutory tax rate change and other	81,255	(715,292)
BC Mineral tax	(221,990)	306,652
Income tax recovery	\$ 721,629	\$ (2,752,605)
Consists of:		
Current BC Mineral tax expense	\$ -	\$ 67,746
Future income and BC Mineral tax recovery	721,629	(2,820,351)
	\$ (721,629)	\$ (2,752,605)

b) The significant components of future income and BC Mineral taxes are as follows:

	November 30, 2009	November 30, 2008
<i>Future income and mineral tax assets</i>		
Non-capital loss carry forwards	\$ 1,194,564	\$ 648,645
Share issue costs	289,353	445,675
Resource property costs	526,634	-
Property, plant and equipment	10,962,951	3,292,480
Other	407,311	296,398
Asset retirement obligation	414,047	502,497
Total future income and mineral tax assets	13,794,860	5,185,695
Valuation Allowance	(2,781)	-
Net future income and mineral tax assets	\$ 13,792,079	\$ 5,185,695
<i>Future income and mineral tax liabilities</i>		
Inventory	\$ 4,110	\$ 87,339
Resource properties	-	230,520
Total future income and mineral tax liabilities	\$ 4,110	\$ 317,859
Net Future income and mineral tax asset	\$ 13,787,969	\$ 4,867,836

Roca Mines Inc.

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Unaudited

10. Income Taxes - *continued*

- c) The Company has non-capital losses for tax purposes of \$4,778,254 that may be available to offset future taxable income. These loss carry-forwards expire as follows:

	Amount
2026	\$ 1,145,789
2027	634,987
2028	701,832
2029	755,507
2030	1,540,139
	<u>\$ 4,778,254</u>

11. Commitments

- a) The Company has signed a lease agreement for the rental of office space. The lease was renewed in August 2008 and now ends on September 30, 2013. The future minimum lease obligations are as follows:

	Amount
2010	\$ 69,975
2011	72,744
2012	75,573
2013	78,372
	<u>\$ 363,840</u>

- b) The Company has signed an offtake agreement with a U.K.-based purchaser, for molybdenum concentrates produced at the Company's MAX molybdenum mine. The purchaser has agreed to purchase 100 per cent of the concentrates produced at the mine through 2017, with pricing terms to be mutually agreed upon every year.

12. Financial Instruments

a) Fair Values

The carrying amounts of financial instruments approximate fair value as of November 30, 2009 as shown below:

	Carrying and Fair Values
Financial Assets	
Cash and cash equivalents	\$ 1,873,731
Trade accounts receivable	\$ 333,412
Marketable securities	\$ 7,750
Reclamation bonds	\$ 764,900
Financial Liabilities	
Accounts payable and accrued liabilities	\$ 2,354,725
Due to related parties	\$ 69,297
Other long term liabilities	\$ 16,716

The fair values of the Company's trade accounts receivable, accounts payable and accrued liabilities and due to related parties are estimated to approximate their carrying values due to the immediate or short-term maturity of these financial instruments. The fair value of embedded derivatives is included in trade accounts receivable (*Note 12b-vi*).

Roca Mines Inc.

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12. Financial Instruments – *Continued*

b) Financial Risk Management

The Company is exposed to potential loss from various risks including credit risk, foreign exchange risk, interest rate risk, liquidity risk, market risk and commodity price risk.

i) Credit Risk

A concentration of credit risk in trade accounts receivable resides with the Company's only 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's maximum exposure to credit risk is the carrying value of its accounts receivables.

ii) Foreign Exchange Risk

The Company's revenues from the production and sale of molybdenum are denominated in US dollars however the Company's operating expenses are incurred primarily in Canadian dollars and its liabilities are denominated primarily in Canadian dollars. Consequently, the Company's operations are subject to currency translation risk. The operating results and the financial position of the Company are reported in Canadian dollars.

The fluctuation of the US dollar in relation to the Canadian dollar will, consequently, have an impact upon the reported profitability of the Company and may also affect the value of the Company's assets and liabilities. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

At November 30, 2009, the Company's financial assets held in US dollars were:

		stated in \$US
Cash and cash equivalents	\$	27,865
Trade Receivables		442,865
Total	\$	470,730

At November 30, 2009, the Company's financial liabilities held in US dollars were:

		stated in \$US
Accounts payable and accrued liabilities	\$	79,944
Total	\$	79,944

With other variables unchanged, each \$0.10 strengthening (weakening) of the US dollar against the Canadian dollar would result in a decrease (increase) of approximately \$39,000 in net loss for the three months ended November 30, 2009.

iii) Interest Rate Risk

The Company is exposed to interest rate risk on its cash and cash equivalents and reclamation bonds. Generally, the Company's interest income will be reduced during sustained periods of lower interest rates as higher yielding cash equivalents and investments mature and the proceeds are invested at lower interest rates. A 1% change in interest rates would have an insignificant impact on the Company's earnings.

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Notes to Consolidated Financial Statements

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12. Financial Instruments – *Continued*

iv) Liquidity Risk

The Company is exposed to liquidity risk. The Company seeks to manage 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.

v) Pledged Financial Assets

The Corporation has financial assets that are pledged for reclamation obligations. Reclamation deposits are maintained to satisfy the Corporation's obligation for future reclamation expenditures at its MAX mine site and various exploration properties.

vi) Market and Commodity Price Risk

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 its ongoing exploration, development or mining activities. The Company does not currently enter into forward contracts for any of its production.

The Company's metal concentrates are sold under pricing arrangements where final prices are determined by quoted market prices in a period subsequent to the date of sale. Revenues are recorded at the time of sale based on forward prices for the expected date of final settlement using currently available market information. As a result, the values of concentrate receivables change as the underlying commodity market prices vary. This component of the contract is an embedded derivative, which is recorded at fair value with changes in fair value recorded in revenue.

At November 30, 2009, the fair value of the embedded derivative in the provisionally priced sales agreement was a credit of approximately US\$330,000 or Cdn\$349,000. Sales and receivables for the three months ended November 30, 2009 have been adjusted to reflect this embedded derivative.

13. Capital Risk Management

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders, and to have sufficient funds on hand for business opportunities as they arise. The Company considers the components of shareholders' equity, as well as its cash and equivalents as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue equity, sell assets, or return capital to shareholders as well as issue or repay debt. The Company is not subject to externally-imposed capital requirements.

The Company invests its cash with commercial banks in short-term interest-bearing investments, having maturity dates of three months or less from the date of acquisition, that are readily convertible to known amounts of cash.

There were no changes to the Company's approach to capital management during the three months ended November 30, 2009. As at November 30, 2009, the Company had no foreign currency hedges or commodity hedges in place, and consequently, hedge accounting is not used.
