



ROCA MINES INC.

CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2010 and 2009

(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 May 31, 2010.

Roca Mines Inc.

Consolidated Balance Sheets

Canadian Funds

	As at May 31, 2010 (Unaudited)	As at August 31, 2009
ASSETS		
Current		
Cash and cash equivalents	\$ 1,184,189	\$ 2,754,794
Accounts receivable	800,993	3,236,388
Prepaid expenses and deposits	30,471	241,738
Inventories (Note 3)	364,535	681,792
Marketable securities	5,250	6,000
	<u>2,385,438</u>	<u>6,920,712</u>
Property, Plant and Equipment (Note 4)	17,012,964	13,303,083
Resource Property Costs (Note 5)	7,543,287	7,640,362
Future income tax asset (Note 10)	13,625,095	13,082,857
Reclamation Bonds (Note 7)	764,900	767,900
	<u>38,946,246</u>	<u>34,794,202</u>
	\$ 41,331,684	\$ 41,714,914
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 2,929,228	\$ 2,673,244
Due to related parties (Note 9c)	210,866	124,760
	<u>3,140,094</u>	<u>2,798,004</u>
Asset Retirement and Mine Closure Obligations (Note 8)	1,224,105	1,184,592
Other Long Term Liabilities	13,766	19,566
	<u>4,377,965</u>	<u>4,002,162</u>
SHAREHOLDERS' EQUITY		
Share Capital (Note 6a)	50,132,397	49,414,564
Contributed Surplus	12,722,978	12,314,222
Accumulated Other Comprehensive Loss	(14,750)	(14,000)
Deficit	(25,886,906)	(24,002,034)
	<u>36,953,719</u>	<u>37,712,752</u>
	\$ 41,331,684	\$ 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

Canadian Funds
Unaudited

	For the Three Months Ended		For the Nine Months Ended	
	May 31, 2010	May 31, 2009	May 31, 2010	May 31, 2009
Revenues	\$ 6,277,773	\$ 5,584,156	\$ 13,410,199	\$ 17,162,010
Cost of sales				
Operating expenses	4,748,156	4,226,278	12,611,044	12,709,891
Inventory write-down (recovery)	(106,066)	(685,363)	(106,066)	1,017,425
Depletion, amortization and accretion	499,403	16,432,596	1,337,956	35,852,385
Mining income (loss)	1,136,280	(14,389,355)	(432,735)	(32,417,691)
Expenses				
General and administrative	338,024	343,161	962,941	1,117,123
Generative exploration and resource costs written-off	473,591	36,244	486,986	64,256
Stock-based compensation ^(Note 6b)	119,624	60,575	437,962	195,819
Earnings (loss) from operations	205,041	(14,829,335)	(2,320,624)	(33,794,889)
Other Income (expense)				
Gain on sale of equipment	-	1,656	77	9,630
Tax credit on abandoned property	-	42,161	-	42,161
Foreign exchange gain (loss)	(21,625)	(87,720)	(160,960)	613,952
Interest and other income	1,027	31,597	9,124	48,258
Earnings (loss) before taxes	184,443	(14,841,641)	(2,472,383)	(33,080,888)
Income and Mining Tax Provision (recovery) ^(Note 10)				
Current	13,055	44,547	13,055	86,156
Future	183,221	(5,275,300)	(600,566)	(11,706,114)
	196,276	(5,230,753)	(587,511)	(11,619,958)
Net earnings (loss)	\$ (11,833)	\$ (9,610,888)	\$ (1,884,872)	\$ (21,460,930)
Net earnings (loss) per share - Basic and Diluted	\$ (0.01)	\$ (0.11)	\$ (0.01)	\$ (0.25)
Weighted Average Number of Common Shares Outstanding	93,044,420	90,495,628	92,262,656	85,143,373

Roca Mines Inc.

Consolidated Statements of Comprehensive Loss

Canadian Funds
Unaudited

	For the Three Months Ended		For the Nine Months Ended	
	May 31, 2010	May 31, 2009	May 31, 2010	May 31, 2009
Net earnings (loss)	\$ (11,833)	\$ (9,610,888)	\$ (1,884,872)	\$ (21,460,930)
Unrealized gain (loss) on marketable securities	(750)	750	(750)	(4,250)
Comprehensive income (loss)	\$ (12,583)	\$ (9,610,138)	\$ (1,885,622)	\$ (21,465,180)

- See Accompanying Notes to the Consolidated Financial Statements -

Roca Mines Inc.

Consolidated Statements of Cash Flows

Canadian Funds

Unaudited

	For the Three Months Ended		For the Nine Months Ended	
	May 31, 2010	May 31, 2009	May 31, 2010	May 31, 2009
Operating Activities				
Net earnings (loss) for the period	\$ (11,833)	\$ (9,610,888)	\$ (1,884,872)	\$ (21,460,930)
Items not affected by cash:				
Depletion, amortization, accretion	499,456	16,432,596	1,338,009	35,852,385
Stock-based compensation	-	102,640	318,338	318,232
Write-down (recovery) of inventory	(106,066)	(685,363)	(106,066)	1,017,425
Resource costs written-off	471,816	8,009	471,816	36,021
Future income tax expense (recovery)	196,276	(5,275,300)	(587,511)	(11,706,114)
Changes in non-cash working capital:				
Accounts receivable	398,804	(1,596,227)	1,843,014	1,580,063
Inventories	906,756	471,775	543,109	(157,986)
Prepaid expenses and deposits	10,642	258,720	166,267	258,890
Accounts payable and accruals	95,845	1,029,251	183,856	625,101
Deferred revenue	-	(121,950)	-	-
	2,461,696	1,013,263	2,285,960	6,363,087
Investing Activities				
Purchase of property, plant and equipment	(1,311,458)	(1,386,076)	(4,178,048)	(7,492,003)
Resource property costs	(251,312)	55,168	(217,011)	(2,085,825)
Reclamation bonds refunded	-	-	3,000	-
	(1,562,770)	(1,330,908)	(4,392,059)	(9,577,828)
Financing Activities				
Equity issuance proceeds	87,501	-	535,494	2,484,200
Share purchase and cancellation	-	-	-	(1,503,054)
Equity issuance costs	-	-	-	(186,425)
	87,501	-	535,494	794,721
Net Increase (decrease) in cash and cash equivalents	986,427	(317,645)	(1,570,605)	(2,420,020)
Cash and cash equivalents - Beginning of Period	197,762	394,702	2,754,794	2,497,077
Cash and cash equivalents - End of Period	\$ 1,184,189	\$ 77,057	\$ 1,184,189	\$ 77,057

Supplemental Schedule of non-cash Transactions

Stock-based compensation recorded as investing activities	\$ 27,025	\$ 41,221	\$ 152,971	\$ 104,530
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- See Accompanying Notes to the Consolidated Financial Statements -

Roca Mines Inc.

Consolidated Statements of Shareholders' Equity and Deficit

Canadian Funds, except share amounts.

Unaudited

	Nine Months Ended May 31, 2010		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	750,000	187,500	906,000	214,200
Exercise of warrants	970,000	339,500	250,000	87,500
Exercise of agent warrants	24,270	8,494	15,000	5,250
Shares repurchased and cancelled	-	-	(1,460,700)	(859,054)
Fair value of options exercised	-	113,537	-	150,905
Fair value of warrants exercised	-	72,070	-	25,412
Fair value of agent warrants exercised	-	2,798	-	1,730
Share issuance costs	-	(6,066)	-	(89,659)
Balance at end of period	93,164,898	50,132,397	91,420,628	49,414,564
Contributed surplus				
Balance at beginning of period		12,314,222		11,204,088
Fair value stock-based compensation		591,096		575,520
Fair value agent warrants issued		-		7,610
Issuance costs attributable to warrants		-		(60,908)
Issuance costs for warrants exercised		6,066		1,563
Fair value of options exercised		(113,538)		(150,905)
Fair value of warrants exercised		(72,070)		(25,412)
Fair value of agent warrants exercised		(2,798)		(1,730)
Balance at end of period		12,722,978		12,314,222
Accumulated other comprehensive loss				
Balance at beginning of period		(14,000)		(10,000)
Unrealized gain (loss) on marketable securities		(750)		(10,000)
Balance at end of period		(14,750)		(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		(1,884,872)		(18,448,087)
Balance at end of period		(25,886,906)		(24,002,034)
TOTAL SHAREHOLDERS' EQUITY	93,164,898	\$ 36,953,719	91,420,628	\$ 37,712,752

- See Accompanying Notes to the Consolidated Financial Statements -

Roca Mines Inc.

Notes to Consolidated Financial Statements

May 31, 2010 and 2009

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 interests 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) Changes in accounting policies

The Company has adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA").

i) 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.

ii) Emerging Issues Committee ("EIC") Abstract 173 - *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities* provides guidance on evaluating credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments.

iii) EIC Abstract 174 - *Mining Exploration Costs* provides guidance on the accounting and the impairment review of exploration costs.

The adoption of these new accounting standards did not have a significant impact on the amounts reported or disclosures in the Company's financial statements.

c) Accounting Developments

i) In 2009 the Accounting Standards Board amended CICA handbook Section 3862 "Financial Instruments – Disclosures" ("Section 3862"), to require enhanced disclosures – a "fair value hierarchy" that classifies financial instruments at one of three levels according to the relative reliability of the inputs used to estimate the fair values.

Roca Mines Inc.

Notes to Consolidated Financial Statements

May 31, 2010 and 2009

Canadian Funds

Unaudited

2. Significant Accounting Policies - *Continued*

ii) The CICA issued new Handbook Section 1582, "Business Combinations", Handbook Section 1600, "Consolidated Financial Statements" and Handbook Section 1601, "Non-controlling Interests" in January 2009 which establish a new section for accounting for a non-controlling interest in a subsidiary. These new standards are expected to align Canadian GAAP with the provisions of the International Financial Reporting Standards ("IFRS") equivalent IFRS3, "Business Combinations" and IAS 27, "Consolidated and Separate Financial Statements". The new standards will be effective for business combinations for which the acquisition date is on or after January 1, 2011. The Company is evaluating the impact of these new standards on the Company's consolidated financial statements as part of the Company's IFRS initiatives.

3. Inventories

Details are as follows:

		May 31, 2010		August 31, 2009
Consumable parts and supplies	\$	283,886	\$	301,985
Work in Progress		61,155		63,734
Product inventory		19,494		316,073
Total	\$	364,535	\$	681,792

4. Property, Plant and Equipment

Details are as follows:

	Cost	Accumulated Amortization and Depletion	May 31, 2010 Net Book Value
Mine property and development costs	\$ 41,030,126	\$ 27,780,800	\$ 13,249,326
Plant and equipment	18,353,484	16,468,835	1,884,649
Buildings and support facilities	6,189,997	5,410,654	779,343
Construction in progress	1,001,625	-	1,001,625
Acquisition – MAX property	920,460	822,439	98,021
	\$ 67,495,692	\$ 50,482,728	\$ 17,012,964

	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 (<i>Note 8</i>)	1,259,079	1,259,079	-
	\$ 62,782,697	\$ 49,479,614	\$ 13,303,083

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.

Roca Mines Inc.

Notes to Consolidated Financial Statements

May 31, 2010 and 2009

Canadian Funds

Unaudited

5. Resource Property Costs

Details are as follows:

	Acquisition (Recovery)	Deferred Exploration & Development	Gain (Write-off)	Total May 31, 2010	Total August 31, 2009
MAX Molybdenum Mine (a)	\$ -	\$ 854,794	\$ -	\$ 854,794	\$ 1,042,398
Nuevo Milenio Gold-Silver project(b)	-	471,816	(471,816)	-	32,141
Foremore VMS-Gold Project (c)	533,219	6,125,274	-	6,658,493	6,550,823
SeaGold Project (d)	(70,250)	78,359	21,891	30,000	15,000
	\$ 462,969	\$ 7,530,243	\$ (449,925)	\$ 7,543,287	\$ 7,640,362

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 in Nayarit State, Mexico. In order to acquire a 50% 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, 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. The Company wrote the project down to Nil as at May 31, 2010.

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% 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

May 31, 2010 and 2009

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 May 31, 2010 there were 93,164,898 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 2010, as required by the policies of the TSX Venture Exchange. No options were granted during the year ended August 31, 2009 or during the nine months ended May 31, 2010.

During the nine months ended May 31, 2010, the Company reduced the exercise price of 1,955,000 previously granted incentive stock options held by various employees and consultants of the Company to an exercise price of \$1.00 per common share. The options previously had exercise prices of \$1.45, \$2.25 or \$3.55 and expiry dates ranging from February 19, 2012, to August 21, 2013. The total additional fair value of the option modifications was calculated to be \$163,219 on the modification date, \$133,571 of which was expensed and \$29,648 was capitalized during the nine months ended May 31, 2010. The offsetting entries are to contributed surplus.

The fair value of stock options used to calculate the option modifications was estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

Average risk-free interest rate	1.41%
Expected dividend yield	Nil
Expected stock price volatility	1.06-1.50%
Average expected option life	1.55-2.67 years

Roca Mines Inc.

Notes to Consolidated Financial Statements

May 31, 2010 and 2009

Canadian Funds

Unaudited

6. Shareholder's Equity - Continued

For the nine months ended May 31, 2010, a total of \$591,096 (2009 - \$422,763) in stock based compensation was recognized, of which \$437,962 was expensed (2009 - \$350,470), with the remaining balances capitalized, which amounts include the effects of the exercise price modifications. The offsetting entries are to contributed surplus.

During the nine months ended May 31, 2010, 975,000 options expired and 750,000 stock options were exercised by Directors of the Company for proceeds of \$187,500. The fair value of the options exercised during the period was calculated to be \$113,537 which amount has been transferred to share capital from 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.

A summary of the Company's stock options at May 31, 2010 and August 31, 2009 and the changes for the periods are as follows:

Number Outstanding August 31, 2009	Exercised	Cancelled or Expired ¹	Granted	Number Outstanding May 31, 2010	Exercise Price Per Share	Expiry Date
750,000	(750,000)	-	-	-	\$0.25	18-Oct-10
2,455,000	-	(1,305,000)	-	1,150,000	\$1.45	19-Feb-12
-	-	-	880,000	880,000	\$1.00	19-Feb-12
1,625,000	-	(750,000)	-	875,000	\$3.55	15-Nov-12
-	-	-	425,000	425,000	\$1.00	15-Nov-12
1,525,000	-	(875,000)	-	650,000 ^{2,4}	\$2.25	21-Aug-13
-	-	-	650,000	650,000 ^{3,4}	\$1.00	21-Aug-13
6,355,000	(750,000)	(2,930,000)	1,955,000	4,630,000	\$1.77	

Note 1: Option modifications are shown as a cancellation and new grant in this table.

Note 2: As of May 31, 2010, 487,500 of this series had vested.

Note 3: As of May 31, 2010, 487,500 of this series had vested.

Note 4: A total of 4,305,000 options were exercisable at May 31, 2010 at an average price of \$1.78.

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.

Roca Mines Inc.

Notes to Consolidated Financial Statements

May 31, 2010 and 2009

Canadian Funds

Unaudited

6. Shareholder's Equity - Continued

c) Warrants

During the nine months ended May 31, 2010, a total of 970,000 warrants (100,000 by a Director of the Company) and 24,270 agent warrants were exercised for gross proceeds of \$339,500 and \$8,495 respectively. The fair value of the warrants exercised was calculated to be \$72,070 and the agent warrants \$2,798, which amounts have been transferred to share capital from contributed surplus.

During the year ended August 31, 2009, a total of 250,000 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 nine month period ended May 31, 2010 and year ended August 31, 2009 are as follows:

Number Outstanding August 31, 2009	Expired	Granted	Exercised	Number Outstanding May 31, 2010	Exercise Price Per Share	Expiry Date
5,350,000	-	-	(570,000)	4,780,000	\$0.35	27-Jan-11
51,000	-	-	(24,270)	26,730	\$0.35	27-Jan-11
4,140,000	-	-	(400,000)	3,740,000	\$0.35	13-Feb-11
9,541,000	-	-	(994,270)	8,546,730	\$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.

Roca Mines Inc.

Notes to Consolidated Financial Statements

May 31, 2010 and 2009

Canadian Funds

Unaudited

7. Reclamation Bonds

At May 31, 2010, reclamation bonds totalling \$764,900 were held with the British Columbia Ministry of Energy, Mines and Petroleum Resources as summarized below:

	May 31, 2010	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

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:

	May 31, 2010	August 31, 2009
Balance – Beginning of Period	\$ 1,184,592	\$ 1,400,224
Accretion	39,513	62,508
Change in reclamation estimate	-	(278,140)
Balance – End of Period	\$ 1,224,105	\$ 1,184,592

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 nine months ended May 31, 2010, contract fees and bonuses of \$94,700 (2009 - \$145,200) were paid or accrued to a company controlled by a former director and per-diem consulting fees of \$19,500 (2009 - 10,850) were paid or accrued to another director.
- b) During the nine months ended May 31, 2010, the Company was reimbursed for rent and office expenses totalling \$32,198 (2009 - \$25,189) by a company with common management.
- c) As at May 31, 2010, current liabilities include \$210,866 (2009 - \$229,885) 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

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Canadian Funds

Unaudited

10. Income Taxes

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

	For the Nine Months Ended	
	May 31, 2010	August 31, 2009
Loss before income taxes	\$ (2,472,383)	\$ (29,306,364)
Canadian federal and provincial income tax rate	29.00%	30.17%
Income tax recovery based on above rates	(716,991)	(8,841,730)
Increase (decrease) due to:		
Non-deductible expenses for tax purposes	109,490	101,037
Statutory tax rate change and other	86,409	703,526
BC Mineral tax	(66,419)	(2,821,110)
Income tax recovery	\$ (587,511)	\$ (10,858,277)
Consists of:		
Current BC Mineral tax expense	\$ 13,055	\$ 178,966
Future income and BC Mineral tax recovery	(600,566)	(11,037,243)
	\$ (587,511)	\$ (10,858,277)

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

	May 31, 2010	August 31, 2009
<i>Future income and mineral tax assets</i>		
Non-capital loss carry forwards	\$ 1,103,891	\$ 809,529
Share issue costs	199,789	334,614
Resource property costs	636,988	532,647
Property, plant and equipment	10,843,572	10,694,536
Other	418,835	407,530
Asset retirement obligation	423,270	409,540
Total future income and mineral tax assets	13,626,345	13,188,396
Valuation Allowance	(1,250)	(3,000)
Net future income and mineral tax assets	\$ 13,625,095	\$ 13,185,396
<i>Future income and mineral tax liabilities</i>		
Inventory	\$ -	\$ 102,539
Total future income and mineral tax liabilities	\$ -	\$ 102,539
Net Future income and mineral tax asset	\$ 13,625,095	\$ 13,082,857

Roca Mines Inc.

Notes to Consolidated Financial Statements

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Unaudited

10. Income Taxes - *continued*

- c) The Company has non-capital losses for tax purposes of \$4,415,563 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	1,177,448
	<u>\$ 4,415,563</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 May 31, 2010 as shown below:

Financial Assets	Carrying and Fair Values
Cash and cash equivalents	\$ 1,184,189
Trade accounts receivable	\$ 654,261
Marketable securities	\$ 5,250
Reclamation bonds	\$ 764,900
Financial Liabilities	
Accounts payable and accrued liabilities	\$ 2,916,173
Due to related parties	\$ 210,866
Other long term liabilities	\$ 13,766

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.

Notes to Consolidated Financial Statements

May 31, 2010 and 2009

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Unaudited

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 May 31, 2010, the Company's financial assets held in US dollars were:

		stated in \$US
Cash and cash equivalents	\$	657,616
Trade Receivables		605,865
Total	\$	1,263,481

At May 31, 2010, the Company's financial liabilities held in US dollars were:

		stated in \$US
Accounts payable and accrued liabilities	\$	262,695
Total	\$	262,695

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 \$8,000 and \$80,000 in net loss for the three and nine months ended May 31, 2010.

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.

Roca Mines Inc.

Notes to Consolidated Financial Statements

May 31, 2010 and 2009

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Unaudited

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 May 31, 2010, the fair value of the embedded derivative in the provisionally priced sales agreement was a debit of approximately US\$210,734 or Cdn\$222,116. Sales and receivables for the three and six months ended May 31, 2010 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 nine months ended May 31, 2010. As at May 31, 2010, the Company had no foreign currency hedges or commodity hedges in place, and consequently, hedge accounting is not used.
