



ROCA MINES INC.

CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2008 and 2007

(Expressed in Canadian Funds)

Prepared by Management Without Audit

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim consolidated financial statements for the period ended May 31, 2008.

Roca Mines Inc.

Consolidated Balance Sheets

Canadian Funds
Unaudited

	As at May 31, 2008	As at August 31, 2007
ASSETS		
Current		
Cash and cash equivalents	\$ 155,960	\$ 8,697,717
Receivables	2,677,797	1,199,096
Prepaid expenses and deposits	496,629	788,280
Marketable securities (Note 3)	16,000	-
Inventories (Note 4)	790,795	-
Future income tax asset	123,225	123,225
	<u>4,260,406</u>	<u>10,808,318</u>
Property, Plant and Equipment (Note 5)	48,283,175	36,685,872
Resource Property Costs (Note 6)	6,242,335	5,114,398
Reclamation Bonds (Note 8)	767,900	752,900
	<u>55,293,410</u>	<u>42,553,170</u>
	\$ 59,553,816	\$ 53,361,488
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 2,669,047	\$ 2,293,693
Due to related parties (Note 10e)	325,568	51,369
	<u>2,994,615</u>	<u>2,345,062</u>
Asset Retirement and Mine Closure Obligations (Note 9)	870,961	870,961
	<u>3,865,576</u>	<u>3,216,023</u>
SHAREHOLDERS' EQUITY		
Share Capital (Note 7)	47,220,919	44,779,405
Contributed Surplus	11,255,110	7,782,856
Accumulated Other Comprehensive Income (Loss)	(4,000)	-
Deficit	(2,783,789)	(2,416,796)
	<u>55,688,240</u>	<u>50,145,465</u>
	\$ 59,553,816	\$ 53,361,488

Commitments (Note 11)

Subsequent Events (Note 14)

ON BEHALF OF THE BOARD:

"Scott Broughton", Scott E. Broughton, Director

"David Skerlec", David J. Skerlec, Director

Roca Mines Inc.

Consolidated Statements of Income

Canadian Funds

Unaudited

	For the Three Months Ended		For the Nine Months Ended	
	May 31, 2008	May 31, 2007	May 31, 2008	May 31, 2007
Revenues	\$ 6,275,767	\$ -	\$ 6,275,767	\$ -
Cost of sales				
Operating expenses	(1,764,349)	-	(1,764,349)	-
Depletion and amortization	(2,624,755)	-	(2,624,755)	-
Mining income (loss)	1,886,663	-	1,886,663	-
Expenses				
General and administrative	(234,589)	(180,680)	(842,960)	(519,470)
Stock-based compensation	(36,382)	(24,584)	(1,417,457)	(1,103,543)
Earnings (loss) from operations	1,615,692	(205,264)	(373,754)	(1,623,013)
Other (income) expenses				
Loss (gain) on sale of marketable securities	(2,850)	-	(2,350)	(117,435)
Generative exploration costs	-	-	-	47,755
Exchange (gain) loss	116,183	-	112,237	-
Interest and other income	(14,487)	(47,092)	(116,648)	(83,538)
Earnings (loss) before taxes	1,516,846	(158,172)	(366,993)	(1,469,795)
Income tax (recovery) expense	-	-	-	-
Net earnings (loss)	\$ 1,516,846	\$ (158,172)	\$ (366,993)	\$ (1,469,795)
Net earnings (loss) per share - Basic and Diluted	\$ 0.02	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted Average Number of Common Shares Outstanding	81,215,474	73,505,460	80,410,714	65,364,904

Roca Mines Inc.

Consolidated Statements of Comprehensive Income

Canadian Funds

Unaudited

	For the Three Months Ended		For the Nine Months Ended	
	May 31, 2008	May 31, 2007	May 31, 2008	May 31, 2007
Net earnings (loss)	\$ 1,516,846	\$ (158,172)	\$ (366,993)	\$ (1,469,795)
Unrealized gain (loss) on marketable securities	(4,000)	-	(4,000)	-
Comprehensive income (loss)	\$ 1,512,846	\$ (158,172)	\$ (370,993)	\$ (1,469,795)

- 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, 2008	May 31, 2007	May 31, 2008	May 31, 2007
Operating Activities				
Net earnings (loss) for the period	\$ 1,516,846	\$ (158,172)	\$ (366,993)	\$ (1,469,795)
Items not affected by cash:				
Stock-based compensation	36,382	24,585	1,417,457	1,103,543
Depletion and amortization	2,614,816	4,433	2,624,755	11,823
Loss (gain) on marketable securities	(2,850)	-	(2,350)	(117,435)
Exchange gain (loss)	116,183	-	112,237	-
Changes in non-cash working capital:				
Receivables	(1,496,009)	(327,058)	(1,590,938)	(391,983)
Inventories	(511,911)	-	(511,911)	-
Prepaid expenses and deposits	(63,436)	(401,923)	(39,710)	(457,632)
Accounts payable and accruals	22,688	269,740	144,436	572,203
	2,232,709	(588,395)	1,786,983	(749,276)
Investing Activities				
Purchase of property, plant and equipment - <i>net of recoveries</i>	(3,598,496)	(11,916)	(11,703,976)	(19,697)
Resource property costs	(314,367)	(6,114,226)	(1,109,516)	(17,873,650)
Reclamation bonds posted	(15,000)	-	(15,000)	-
Deposits on contracts	(186,455)	(155,000)	331,361	(65,000)
Proceeds on marketable securities	22,850	-	42,350	193,135
	(4,091,468)	(6,281,142)	(12,454,781)	(17,765,212)
Financing Activities				
Share issuance proceeds	1,822,191	10,679,014	2,126,041	20,469,098
Share issuance costs	-	(980,500)	-	(1,517,215)
	1,822,191	9,698,514	2,126,041	18,951,883
Net Increase (decrease) in cash and cash equivalents	(36,568)	2,828,977	8,541,757	437,395
Cash and cash equivalents - Beginning of Period	192,528	2,518,354	8,697,717	4,909,936
Cash and cash equivalents - End of Period	\$ 155,960	\$ 5,347,331	\$ 155,960	\$ 5,347,331
Supplemental Schedule of non-cash Transactions				
Stock-based compensation recorded in property, plant and equipment	\$ -	\$ -	\$ 2,370,270	\$ -
Stock-based compensation recorded in resource property costs	\$ -	\$ -	\$ -	\$ 1,143,496
Property, plant and equipment expenditures included in payables	\$ (1,271,312)	\$ -	\$ 426,696	\$ -
Exploration expenditures included in accounts payable	\$ (208,678)	\$ 567,137	\$ 72,421	\$ 429,512
Shares issued for property	\$ -	\$ 162,600	\$ -	\$ 350,850
Shares received for property	\$ -	\$ -	\$ (60,000)	\$ (51,000)
Fair value of Agent's warrants issued	\$ -	\$ -	\$ -	\$ 4,667

- 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, 2008		Year Ended August 31, 2007	
	Number of Shares		Number of Shares	
Share capital (Note 7)				
Balance at beginning of period	79,569,910	\$ 44,779,405	59,270,430	\$ 17,004,359
Issued for cash				
Private Placements	-	-	18,058,478	28,645,124
Exercise of options	1,203,000	331,850	1,175,000	432,250
Exercise of warrants	797,418	1,794,191	871,002	368,068
Issued for SeaGold project	-	-	75,000	98,250
Issued for Bonanza project	-	-	30,000	63,150
Issued for Ellesmere project	-	-	30,000	63,150
Issued for Farside project	-	-	30,000	63,150
Issued for Tin City project	-	-	30,000	63,150
Fair value of options exercised	-	145,040	-	300,916
Fair value of warrants exercised	-	183,822	-	42,337
Share issuance costs	-	(13,389)	-	(2,309,390)
Future income tax	-	-	-	(55,109)
Balance at end of period	81,570,328	47,220,919	79,569,910	44,779,405
Contributed surplus				
Balance at beginning of period		7,782,856		763,946
Fair value stock-based compensation		3,787,727		2,260,790
Fair value of warrants issued		-		5,312,006
Fair value of agent warrants issued		-		217,731
Warrant issuance costs		-		(428,364)
Issuance costs for warrants exercised		13,389		-
Fair value of options exercised		(145,040)		(300,916)
Fair value of warrants exercised		(183,822)		(42,337)
Balance at end of period		11,255,110		7,782,856
Accumulated other comprehensive income				
Balance at beginning of period		-		-
Unrealized gain (loss) on marketable securities		(4,000)		-
Balance at end of period		(4,000)		-
Deficit				
Balance at beginning of period		(2,416,796)		(1,578,767)
Net earnings (loss) for the period		(366,993)		(838,029)
Balance at end of period		(2,783,789)		(2,416,796)
TOTAL SHAREHOLDERS' EQUITY	81,570,328	\$ 55,688,240	79,569,910	\$ 50,145,465

- See Accompanying Notes to the Consolidated Financial Statements -

Roca Mines Inc.

Notes to Consolidated Financial Statements

May 31, 2008 and 2007

Canadian Funds

Unaudited

1. Nature of Operations

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

The Company engages principally in the acquisition, exploration and development of resource properties. The Company's wholly-owned subsidiary, FortyTwo Metals Inc. commenced commissioning the mine and mill facilities at the MAX Molybdenum Project in November 2007 and declared commercial production as of April 12, 2008.

The recovery of the Company's investment in its resource properties is dependent upon the discovery, development and sale of metal bearing concentrates and the ability to raise sufficient capital to finance these operations. The ultimate outcome of these operations cannot presently be determined because they are contingent on future matters.

2. Significant Accounting Policies

a) Basis of Preparation

These interim unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada 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. 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, 2007.

These financial statements are presented on a consolidated basis. The Company's wholly-owned subsidiary, FortyTwo Metals Inc., was incorporated in British Columbia on February 3, 2005 and serves as the operating subsidiary for the MAX Molybdenum Mine.

b) Changes in accounting policies

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* prescribes 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. It also specifies how financial instruments gains or losses should be presented.

Roca Mines Inc.

Notes to Consolidated Financial Statements

May 31, 2008 and 2007

Canadian Funds

Unaudited

2. Significant Accounting Policies - *Continued*

Under this new standard, 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 and 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 earnings.

The Company has designated its financial instruments as follows:

- Cash and cash equivalents, marketable securities and reclamation bond amounts are classified as “*Available-for-Sale*” and recorded at fair value with changes in fair value recorded in comprehensive income;
- Receivables including B.C. exploration tax credit 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 and due to related parties are classified as “*Other Financial Liabilities*”. These financial liabilities are recorded at values that approximate their amortized cost using the effective interest method.

As a result of adopting this new standard, the Company has recorded an unrecognized loss on marketable securities of \$4,000 for the nine months ended May 31, 2008.

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 \$4,000 at May 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 May 31, 2008, since the Company does not use hedge accounting.

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

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, operating results are being achieved on average for at least a 10 day period. The Company determines commencement of commercial production based on the following factors:

- (i) 75% of Phase I designed plant/mill capacity of 500 tpd is achieved;
- (ii) 75% of Phase I designed mining grade of 1.70% molybdenite (“MoS₂”) is achieved; and
- (iii) MoS₂ recovery of at least 75% of designed 87% recovery is achieved.

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.

Roca Mines Inc.

Notes to Consolidated Financial Statements

May 31, 2008 and 2007

Canadian Funds

Unaudited

2. Significant Accounting Policies - Continued

c) Accounting Developments

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

i) 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. The company will adopt the requirements of this new standard commencing in the interim period beginning September 1, 2008 and is currently assessing the impact this will have on the Company's financial statements.

ii) 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. The company will adopt the requirements of this new standard commencing in the interim period beginning September 1, 2008 and is currently assessing the impact this will have on the Company's financial statements.

iii) Section 3031, *Inventories*, prescribes the accounting treatment for inventories and provides guidance on the determination of costs and its 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. The company will adopt the requirements of this new standard commencing in the interim period beginning September 1, 2008 and is currently assessing the impact this will have on the Company's financial statements.

iv) Sections 3862 and 3863 – *Financial Instruments - Disclosures*, requires entities to provide disclosure of quantitative and qualitative information in their financial statements that enable entity is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. The company will adopt 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 the requirements of this new standard commencing in the interim period beginning September 1, 2008 and is currently assessing the impact this will have on the Company's 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 company will adopt the requirements of this new standard commencing in the interim period beginning September 1, 2009 and is currently assessing the impact this will have on the Company's financial statements.

d) 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.

Roca Mines Inc.

Notes to Consolidated Financial Statements

May 31, 2008 and 2007

Canadian Funds

Unaudited

3. Marketable Securities

Marketable securities consist of 50,000 (2007 – Nil) common shares of Romios Gold Resources Inc. ("Romios") at a recorded market value of \$16,000 (2007 - \$Nil) on May 31, 2008.

4. Inventories

Details are as follows:

		As at May 31, 2008
Consumable parts and supplies	\$	93,963
Product inventory		558,919
Ore in Process		137,913
Total	\$	790,795

5. Property, Plant and Equipment

Details are as follows:

	Cost	Accumulated Amortization and Depletion	May 31, 2008 Net Book Value
Development costs	\$ 21,411,807	\$ 1,969,421	\$ 19,442,386
Plant and equipment	17,874,067	947,214	16,926,853
Buildings and support facilities	5,400,396	96,203	5,304,193
Construction in progress	4,892,703	-	4,892,703
Acquisition – MAX property	917,226	49,547	867,679
Asset retirement costs (Note 9)	849,361	-	849,361
	\$ 51,345,560	\$ 3,062,385	\$ 48,283,175

During the nine months ended May 31, 2008, \$36,649,675 in acquisition, exploration and deferred development costs related to the MAX Molybdenum Project were reclassified from *Resource Property Costs*, to *Property, Plant and Equipment*. Pre-production costs associated with the Phase I production schedule at the MAX Molybdenum Mine totalling \$56,775,120 have been capitalized and concentrate sales proceeds of \$10,322,263 to April 12, 2008 recorded as a reduction to development costs. Net pre-production costs will be amortized on a unit of production basis over the Company's Phase I mine plan. Costs associated with the Company's Phase II expansion plans (construction in progress) will be capitalized until those assets are available for use.

Roca Mines Inc.

Notes to Consolidated Financial Statements

May 31, 2008 and 2007

Canadian Funds

Unaudited

6. Resource Property Costs

Details are as follows:

	Acquisition	Deferred Exploration & Development	Total May 31, 2008	Total August 31, 2007
MAX Molybdenum Project	\$ -	\$ 994,467	\$ 994,467	\$ 408,514
Foremore VMS-Gold Project	452,094	4,113,632	4,565,726	4,173,685
SeaGold Project	(100,250)	19,109	(81,141)	53,859
Other	511,279	252,004	763,283	478,340
	<u>\$ 863,123</u>	<u>\$ 5,379,212</u>	<u>\$ 6,242,335</u>	<u>\$ 5,114,398</u>

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

The Company holds a 100% interest in certain properties, known as the MAX Molybdenum Project located in the Revelstoke Mining Division, B.C. The MAX Project is subject to a 2.5% Net Smelter Return ("NSR"). The Company may purchase, at any time, up to 60% of the NSR by paying \$1,000,000 for each 30% (\$2,000,000 for the full 60% of the 2.5% NSR). The Company has also acquired a 100% interest in certain crown grants, mining leases and mineral claims contiguous to the core MAX Molybdenum Project mineral claims. The Company granted a 2.5% NSR on the contiguous property, reducible to 1% upon payment of \$2,000,000 at any time prior to commencement of commercial production. The Company must also issue 200,000 shares if it commences commercial production from any part of the contiguous property.

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

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"), reducible 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 to commercial production 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.

c) 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, 2008 and 2007

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Unaudited

6. Resource Property Costs - *Continued*

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

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

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

* The Company may, at its option, substitute any of the scheduled share issuances with an equivalent cash value, calculated by the average closing price over the last ten trading days on the applicable stock exchange. This option was exercised in 2008, with the Company paying an additional \$157,200 in lieu of the 60,000 shares.

In July of 2007, the Company signed an option agreement to acquire a 100% interest in 513 hectares contiguous with the Tin City Property. The Company has paid the vendor \$27,300 and, at its option, must pay an additional \$100,000 and issue 50,000 common shares on or before June 5, 2010 to complete the acquisition. This contiguous property is subject to a 2.5% Net Smelter Return, which may be reduced to 0.5% upon payment of \$1.5 million.

In September of 2007, the Company acquired by staking a 100% interest in the Butters Peak Molybdenum Property, covering approximately 1,650 hectares approximately 25 kilometres northeast of the MAX Molybdenum Mine.

Roca Mines Inc.

Notes to Consolidated Financial Statements

May 31, 2008 and 2007

Canadian Funds

Unaudited

7. Share Capital

- a) The authorized share capital of the Company consists of an unlimited number of common shares without par value. At May 31, 2008 there were 81,570,328 common shares outstanding.

b) **Nine Months Ended May 31, 2008**

During the nine months ended May 31, 2008, a total of 1,203,000 stock options were exercised for proceeds of \$331,850 and 797,418 warrants were exercised for proceeds of \$1,794,191. There were no further equity issuances.

c) **Year Ended August 31, 2007**

In February of 2007, the Company completed a private placement for gross proceeds of \$7,000,000 in two tranches. Five million units were issued at a price of \$1.40, each consisting of one common share and one common share purchase warrant, each warrant entitling the holder to acquire one additional common share until July 4, 2008 (as to 1,828,571 warrants) or August 9, 2008 (as to 3,171,429 warrants) at a price of \$2.25 per common share. Cash finders' fees totalling \$326,250 were paid, and 18,750 Agent warrants were issued in connection with this offering, the Agent warrants exercisable until August 9, 2008 at \$2.25 per common share. The Company's Chief Financial Officer purchased 64,287 units of this private placement.

The prorated fair value of the unit warrants issued was calculated to be \$1,089,648 on the grant date and is accounted for as a reduction to proceeds from the common shares (to \$5,910,352) 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	1,828,571	3,171,429
Average risk-free interest rate	3.92%	4.11%
Expected dividend yield	Nil	Nil
Expected stock price volatility	65.04%	65.32%
Average expected life	1.5 years	1.5 years

The total fair value of the Agent warrants issued was calculated to be \$4,523 on the grant date and is accounted for in share issuance costs. The offsetting entry is to contributed surplus. The fair value of the Agent warrants issued was estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

Average risk-free interest rate	4.11%
Expected dividend yield	Nil
Expected stock price volatility	65.32%
Average expected life	1.5 years

In March of 2007, the Company completed a \$10 million private placement upon the issuance of 7,142,857 units at a price of \$1.40 per unit. Each unit issued consists of one common share and one share purchase warrant, each warrant entitling the holder to acquire an additional common share until September 6, 2008, at a price of \$2.25. Cash fees in the amount of \$825,000 were paid in connection with this financing.

The prorated fair value of the warrants issued was calculated to be \$1,680,314 on the grant date and is accounted for as a reduction to proceeds from the common shares (to \$8,319,686) 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:

Roca Mines Inc.

Notes to Consolidated Financial Statements

May 31, 2008 and 2007

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Unaudited

7. Share Capital - Continued

Number of warrants	7,142,857
Average risk-free interest rate	3.92%
Expected dividend yield	Nil
Expected stock price volatility	65.25%
Average expected life	1.5 years

In March of 2007, the Company completed a \$2 million private placement issuing 1,212,121 units at a price of \$1.65 per unit. Each unit issued consists of one common share and one share purchase warrant, each warrant entitling the holder to acquire an additional common share until September 28, 2008, at a price of \$2.25. A cash finder's fee in the amount of \$140,000 was paid in connection with this financing.

The prorated fair value of the warrants issued was calculated to be \$546,337 on the grant date and is accounted for as a reduction to proceeds from the common shares (to \$1,453,663) with the offsetting entry to contributed surplus. The total fair value of warrants was estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

Number of warrants	1,212,121
Average risk-free interest rate	4.01%
Expected dividend yield	Nil
Expected stock price volatility	65.25%
Average expected life	1.5 years

In August of 2007, the Company completed a \$14.96 million private placement on a bought deal basis, issuing 4,703,500 units at a price of \$3.18 per unit, including the underwriter's over-allotment option of 613,500 units. Each unit issued consists of one common share and one half of one common share purchase warrant, each warrant entitling the holder to acquire an additional common share until August 7, 2009, at a price of \$4.00. The underwriter received cash commissions of 6 per cent of the gross proceeds and 282,210 warrants, each warrant entitling the underwriter to acquire one common share for \$3.18 until August 7, 2008 or August 20, 2008 (as to 36,810 of the total).

The prorated fair value of the warrants issued was calculated to be \$1,995,707 as of the grant dates and is accounted for as a reduction to proceeds from the common shares (to \$12,961,423) with the offsetting entry to contributed surplus. The total fair value of warrants was estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

Number of warrants	2,351,750
Average risk-free interest rate	4.14-4.64%
Expected dividend yield	Nil
Expected stock price volatility	71.62%
Average expected life	1.97-2 years

The total fair value of the underwriter's warrants issued was calculated to be \$213,208 as of the grant dates and is accounted for in share issuance costs. The offsetting entry is to contributed surplus. The fair value of the Agent warrants issued was estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

Roca Mines Inc.

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Canadian Funds

Unaudited

7. Share Capital - Continued

Number of warrants	282,210
Average risk-free interest rate	4.14-4.64%
Expected dividend yield	Nil
Expected stock price volatility	75.83%
Average expected life	1 year

During the year ended August 31, 2007, the Company issued 75,000 shares at a price of \$1.31 per share pursuant to the terms of an option to earn a 100% interest in the SeaGold Project. During the year ended August 31, 2007, the Company also issued a total of 120,000 shares (60,000 at a price of \$1.50 per share and 60,000 at a price of \$2.71 per share) pursuant to the terms of option agreements to earn a 100% interest in four separate properties in the Revelstoke mining division, British Columbia.

d) Stock Options

The Company has established a share purchase option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. The maximum number of shares issuable under the stock option plan shall not exceed 10% of the issued and outstanding common shares. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the board of directors and the exercise price of an option is not less than a prescribed discount from the closing price on the TSX Venture Exchange on the last trading day preceding the grant date. Options vest on the grant date unless determined otherwise by the board of directors.

At May 31, 2008, there were 6,082,000 options outstanding at a weighted average exercise price of \$1.68. A summary of the Company's options at May 31, 2008 and the changes for the period are as follows:

Number Outstanding August 31, 2007	Granted	Exercised	Cancelled	Number Outstanding May 31, 2008	Exercise Price Per Share	Expiry Date
758,000	-	(758,000)	-	-	\$0.20	17-Dec-07
367,000	-	-	-	367,000	\$0.20	11-Dec-08
760,000	-	(100,000)	-	660,000	\$0.25	24-Aug-09
100,000	-	(100,000)	-	-	\$0.25	26-Nov-09
900,000	-	(150,000)	-	750,000	\$0.25	18-Oct-10
50,000	-	-	-	50,000	\$0.55	13-Mar-11
200,000	-	(50,000)	(150,000)	-	\$0.55	10-Apr-11
2,600,000	-	(45,000)	-	2,555,000	\$1.45	19-Feb-12
-	2,000,000	-	(300,000)	1,700,000	\$3.55	15-Nov-12
5,735,000	2,000,000	(1,163,000)	(450,000)	6,082,000	\$1.68	

In November of 2007, the Company granted 2,000,000 incentive stock options to directors and consultants of the Company. The stock options are exercisable at a price of \$3.55 per share for a period of five years. The total fair value of the options granted was calculated to be \$3,811,678 on the grant date, \$1,333,816 of which amount was expensed and \$2,370,270 capitalized to resource property costs during the first quarter ended November 30, 2007. The balance of \$107,592 is to be expensed over the vesting period of which \$6,344 was expensed in the second quarter ended February 29, 2008 and \$36,382 was expensed in the third quarter ended May 31, 2008. The offsetting entries are to contributed surplus.

Roca Mines Inc.

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7. Share Capital - *Continued*

The fair value of stock options used to calculate the compensation expense in February of 2007 was estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

Average risk-free interest rate	4.01%
Expected dividend yield	Nil
Expected stock price volatility	70.8%
Average expected option life	3.75 years

During the first quarter ended November 30, 2007, 30,000 options expiring on February 19, 2012 were exercised, 50,000 options expiring April 10, 2011 were exercised and 150,000 options were cancelled upon termination of a consulting contract.

In the second quarter ended February 29, 2008, 758,000 options expiring on December 17, 2007, 100,000 options expiring August 24, 2009, and 125,000 options expiring on October 18, 2010 were exercised by directors of the Company. 100,000 options expiring November 26, 2009 were exercised by a consultant of the Company.

In the third quarter ended May 31, 2008, 15,000 options expiring on February 19, 2012, and 25,000 options expiring on October 18, 2010 were exercised and 300,000 options were cancelled upon termination of a consulting contract.

The fair value of the stock options exercised during the nine months ended May 31, 2008 was calculated to be \$145,040 which amount has been transferred to share capital from contributed surplus.

At August 31, 2007, there were 5,735,000 options outstanding at a weighted average exercise price of \$0.80. A summary of the Company's options at August 31, 2007 and the changes for that year are as follows:

Number Outstanding August 31, 2006	Granted	Exercised	Number Outstanding August 31, 2007	Exercise Price Per Share	Expiry Date
908,000	-	(150,000)	758,000	\$0.20	17-Dec-07
150,000	-	(150,000)	-	\$0.20	7-Jan-08
397,000	-	(30,000)	367,000	\$0.20	11-Dec-08
930,000	-	(170,000)	760,000	\$0.25	24-Aug-09
200,000	-	(100,000)	100,000	\$0.25	26-Nov-09
975,000	-	(75,000)	900,000	\$0.25	18-Oct-10
200,000	-	(150,000)	50,000	\$0.55	13-Mar-11
450,000	-	(250,000)	200,000	\$0.55	10-Apr-11
100,000	-	(100,000)	-	\$0.60	8-May-11
-	2,600,000	-	2,600,000	\$1.45	19-Feb-12
4,310,000	2,600,000	(1,175,000)	5,735,000	\$0.80	

During the year ended August 31, 2007, the Company granted 2,600,000 incentive stock options exercisable at a price of \$1.45 per share for a period of five years. The total fair value of the options granted was calculated to be \$2,266,043 on the grant date, \$1,085,788 of which amount was expensed and \$1,139,340 capitalized to resource property costs during the year. The balance of \$40,915 was expensed in fiscal 2008. The offsetting entries are to contributed surplus. The fair value of stock options used to calculate the compensation expense in February of 2007 was estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

Roca Mines Inc.

Notes to Consolidated Financial Statements

May 31, 2008 and 2007

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Unaudited

7. Share Capital - *Continued*

Average risk-free interest rate	4.01%
Expected dividend yield	Nil
Expected stock price volatility	68.74%
Average expected option life	5 years

During the fourth quarter ended August 31, 2007, a Director of the Company exercised 150,000 previously granted stock options at \$0.20 per share for proceeds of \$30,000.

During the third quarter ended May 31, 2007, 130,000 previously granted stock options exercisable at \$0.20 per share were exercised for proceeds of \$26,000, 270,000 previously granted stock options exercisable at \$0.25 per share were exercised for proceeds of \$67,500, 150,000 previously granted stock options exercisable at \$0.55 per share were exercised for proceeds of \$82,500, and 100,000 previously granted stock options exercisable at \$0.60 per share were exercised for proceeds of \$60,000.

During the second quarter ended February 28, 2007, a Director of the Company exercised 50,000 previously granted stock options at \$0.20 per share for proceeds of \$10,000, and 75,000 previously granted stock options exercisable at \$0.25 per share for proceeds of \$18,750.

During the first quarter ended November 30, 2006, 250,000 previously granted stock options exercisable at \$0.55 per share were exercised for proceeds of \$137,500.

The fair value of the stock options exercised during the fiscal year ended August 31, 2007 was calculated to be \$300,916 and that amount has been transferred to share capital from contributed surplus.

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

e) Warrants

At May 31, 2008 there were a total of 15,210,270 warrants and agent warrants outstanding at a weighted average exercise price of \$2.54. A summary of the changes during the period is as follows:

Number Outstanding August 31, 2007	Issued	Exercised	Number Outstanding February 29, 2008	Exercise Price Per Share	Expiry Date
1,828,571	-	(733,131)	1,095,440	\$2.25	4-Jul-08
3,171,429	-	(64,287)	3,107,142	\$2.25	9-Aug-08
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
18,750	-	-	18,750	\$2.25	9-Aug-08
245,400	-	-	245,400	\$3.18	7-Aug-08
36,810	-	-	36,810	\$3.18	20-Aug-08
16,007,688	-	(797,418)	15,210,270	\$2.54	

Roca Mines Inc.

Notes to Consolidated Financial Statements

May 31, 2008 and 2007

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Unaudited

7. Share Capital - Continued

During the third quarter ended May 31, 797,418 warrants exercisable at \$2.25 per share were exercised (64,287 by a director of the Company) for total proceeds of \$1,794,191. The fair value of the warrants exercised was calculated to be \$183,822 which amount has been transferred to share capital from contributed surplus. Issuance costs associated with the warrants totalling \$13,389 has also been charged to share issuance costs. The offsetting entry is to contributed surplus.

At August 31, 2007 there were a total of 16,007,688 warrants and agent warrants outstanding at a weighted average exercise price of \$2.52. A summary of the changes during the year is as follows:

Number Outstanding August 31, 2006	Issued	Exercised	Number Outstanding August 31, 2007	Exercise Price Per Share	Expiry Date
831,667	-	(831,667)	-	\$0.40	8-Dec-06
-	1,828,571	-	1,828,571	\$2.25	4-Jul-08
-	3,171,429	-	3,171,429	\$2.25	9-Aug-08
-	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
39,335	-	(39,335)	-	\$0.90	28-Aug-07
-	18,750	-	18,750	\$2.25	9-Aug-08
-	245,400	-	245,400	\$3.18	7-Aug-08
-	36,810	-	36,810	\$3.18	20-Aug-08
871,002	16,007,688	(871,002)	16,007,688	\$2.52	

During the first quarter ended November 30, 2006, 831,667 previously issued warrants exercisable at \$0.40 per share were exercised for proceeds of \$332,667. The fair value of the warrants exercised was calculated to be \$42,337 and that amount has been transferred to share capital from contributed surplus. In the third quarter ended May 31, 2007, 30,905 previously issued Agent warrants exercisable at \$0.90 per share were exercised for proceeds of \$27,815. In the fourth quarter, the remaining 8,430 Agent warrants were exercised for additional proceeds of \$7,587. The \$24,526 in fair value of the 39,335 Agent warrants was transferred to share capital in the prior fiscal year.

8. Reclamation Bonds

At May 31, 2008, reclamation bonds totalling \$767,900 remain in safekeeping with the British Columbia Ministry of Energy, Mines and Petroleum Resources as summarized below:

	May 31, 2008		August 31, 2007	
MAX Molybdenum Project	\$	730,000	\$	730,000
Foremore Project		22,900		22,900
Other projects		15,000		-
Total	\$	767,900	\$	752,900

Interest received on the funds held in safekeeping accrue to the Company's benefit and are recorded as interest income in the period in which they are received by the Company.

Roca Mines Inc.

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9. 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 at August 31, 2007. There were no changes made to this estimate in the period ending May 31, 2008. Details of management's estimates of reclamation and mine closure costs are as follows:

	May 31, 2008	August 31, 2007
Balance – Beginning of Period	\$ 870,961	\$ 126,000
Foremore Project – estimated camp closure and other reclamation costs	-	-
MAX Molybdenum - estimated mine closure and other reclamation costs	-	744,961
Balance – End of Period	\$ 870,961	\$ 870,961

The Company obtained an independent assessment of MAX Molybdenum site restoration costs at August 31, 2007 of \$971,826, which includes a 10% contingency to reflect uncertainty and the potential for inflation. Based on the Company's Phase I mine plan, the reclamation is to be completed in the summer of 2010, 28 months following start-up.

This amount has been discounted by a risk free rate of 4.38% on the first \$730,000 and 7.75% on the remaining balance of \$241,826. The net present value of \$849,361 is recorded as a long-term liability to be accreted over time with the corresponding asset to be amortized on a unit-of-production method over the estimated mine-life.

Other retirement obligations of \$21,600 have been estimated by management and are recorded undiscounted basis 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.

10. 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, 2008, consulting fees of \$78,000 (2007 – \$62,800) were paid or accrued to the President and CEO of the Company. Services provided include general corporate, exploration and acquisition strategy, drafting and engineering work, contract negotiations, and investment presentations.
- b) During the nine months ended May 31, 2008, consulting fees of \$68,250 (2007 - \$50,925) were paid or accrued to the CFO and Corporate Secretary of the Company. Services provided include corporate finance and fund raising initiatives, contract negotiations, financial accounting, office management and general administration.

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10. Related Party Transactions - *continued*

- c) During the nine months ended May 31, 2008, per-diem contract fees of \$71,350 (2007 - \$42,350) were paid or accrued to a director or a company controlled by a director and per-diem consulting fees of \$8,750 (2007 - \$Nil) were paid or accrued to another director.
 - d) During the nine months ended May 31, 2008, the Company was reimbursed for rent and office expenses totalling \$15,805 (2007 - \$15,728) by a company with common management.
 - e) As at May 31, 2008, current liabilities include \$325,568 (2007 - \$62,114) payable to related parties. These amounts were incurred in the ordinary course of business, are non-interest bearing, and without specific repayment terms.
-

11. Commitments

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

	Amount
2008	\$ 18,261
2009	21,305
	<u>\$ 94,351</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.
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12. Fair Value of Financial Instruments

The carrying amounts of financial accounts receivables, deposits, B.C. exploration tax credit receivables, reclamation bonds, accounts payable and accrued liabilities, and due to related parties, approximate fair value as of May 31, 2008 and August 31, 2007.

13. Segmented Information

The Company's principal activity is the exploration, development and mining of mineral properties. All of these properties are located in Canada.

14. Subsequent Events

Subsequent to May 31, 2008 400,000 warrants exercisable at \$2.25 per common share were exercised for proceeds of \$900,000 and 695,440 warrants expired unexercised.
