



ROCA MINES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended November 30, 2013

(Expressed in Canadian Funds)

Prepared by Management Without Audit

UNAUDITED CONDENSED 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 condensed interim consolidated financial statements for the period ended November 30, 2013.

Roca Mines Inc.

Consolidated Statements of Financial Position

Canadian Funds
Unaudited – Prepared by Management

ASSETS	November 30, 2013	August 31, 2013
Current		
Cash and cash equivalents	\$ 195,152	\$ -
Accounts receivable	5,120	10,612
Prepaid expenses and deposits	15,011	14,741
Due from related party (Note 9)	7,483	-
Inventories (Note 3)	83,430	83,430
	<u>306,196</u>	<u>108,783</u>
Exploration and Evaluation Assets (Note 4)	6,888,256	6,889,685
Property, Plant and Equipment (Note 5)	1,350,322	1,357,537
Reclamation Bonds (Note 7)	752,900	752,900
	<u>8,991,478</u>	<u>9,000,122</u>
	<u>\$ 9,297,674</u>	<u>\$ 9,108,905</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 3,118,611	\$ 3,357,400
Due to related parties (Note 9)	972,962	1,021,332
Asset Retirement Obligations (Note 8)	-	21,600
	<u>4,091,573</u>	<u>3,689,425</u>
Asset Retirement Obligations (Note 8)	1,313,402	1,313,402
	<u>5,404,975</u>	<u>5,713,734</u>
EQUITY		
Share Capital (Note 6a)	56,862,888	56,862,888
Contributed Surplus	13,543,304	13,543,304
Deficit	(66,210,111)	(67,011,021)
Non-controlling Interest (Note 6d)	(303,382)	-
Total equity	<u>3,892,699</u>	<u>3,395,171</u>
	<u>\$ 9,297,674</u>	<u>\$ 9,108,905</u>

Nature of Operations and Going Concern (Note 1)

Subsequent Events (Note 12)

ON BEHALF OF THE BOARD:

“Scott Broughton”, Scott E. Broughton, Director

“David Skerlec”, David J. Skerlec, Director

- See Accompanying Notes -

Roca Mines Inc.
Consolidated Statements of Income and Comprehensive Income

For the Three Months Ended November 30

Canadian Funds

Unaudited – Prepared by Management

	2013	2012
Expenses		
General and administrative	\$ 199,755	\$ 159,942
Mine holding costs <i>(Note 5)</i>	124,116	116,475
Reclamation expense	723	-
Loss (Gain) on disposal of property, plant and equipment	(28,998)	87,534
Loss from Operations	295,596	363,951
Other Income (Expenses)		
Gain on sale of subsidiary interest <i>(Note 6d)</i>	1,103,382	-
Interest income	14	2,681
Foreign exchange gain (loss)	(6,890)	4,139
Net Income (Loss) for the Period	\$ 800,910	\$ (357,131)
Total Comprehensive Income (Loss) for the Period	\$ 800,910	\$ (357,131)
Net Income (Loss) per Share - Basic and Diluted	\$ 0.01	\$ (0.01)
Weighted Average Number of Common Shares Outstanding	123,864,898	123,864,898

- See Accompanying Notes -

Roca Mines Inc.
Consolidated Statements of Changes in Equity

Canadian Funds, except share amounts
Unaudited – Prepared by Management

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Non- Controlling Interest	Total
		\$	\$	\$	\$	\$
Balance as at September 1, 2012	123,864,898	56,862,888	13,543,304	(65,731,301)	-	4,674,891
Loss and comprehensive loss for the period	-	-	-	(357,131)	-	(357,131)
Balance as at November 30, 2012	123,864,898	56,862,888	13,543,304	(66,088,432)	-	4,317,760
Loss and comprehensive loss for the period	-	-	-	(922,589)	-	(922,589)
Balance at August 31, 2013	123,864,898	56,862,888	13,543,304	(67,011,021)	-	3,395,171
Income and comprehensive income for the period	-	-	-	800,910	-	800,910
Transaction with non-controlling interest	-	-	-	-	(303,382)	(303,382)
Balance as at November 30, 2013	123,864,898	56,862,888	13,543,304	(66,210,111)	(303,382)	3,892,699

- See Accompanying Notes -

Roca Mines Inc.

Consolidated Statements of Cash Flows

For the Three Months Ended November 30

Canadian Funds

Unaudited – Prepared by Management

	2013	2012
Operating Activities		
Income (Loss) for the period	\$ 800,910	\$ (357,131)
Less: Items not affecting cash:		
Amortization, depletion	1,213	2,169
(Gain)/Loss on disposal of property, plant and equipment	(28,998)	87,534
Gain on sale of subsidiary interest	(1,103,382)	
Changes in non-cash working capital items:		
Accounts receivable	5,492	-
Prepaid expenses and deposits	(270)	9,765
Accounts payable, accrued liabilities, due to related party	(185,165)	120,430
	(510,200)	(137,233)
Investing Activities		
Purchase of property, plant and equipment	(2,128)	-
Proceeds from disposals of property, plant and equipment	36,500	300,894
Resource property costs, <i>net of exploration tax credits</i>	(129,020)	(61,951)
	(94,648)	238,943
Financing Activities		
Proceeds from sale of subsidiary interest	800,000	-
	800,000	-
Net Increase (Decrease) in Cash and Cash Equivalents	195,152	101,710
Cash and cash equivalents - Beginning of Period	-	1,775
Cash and Cash Equivalents - End of Period	\$ 195,152	\$ 103,485
Supplemental Schedule of Non-Cash Investing and Financing Transactions		
Plant and equipment expenditures included in accounts payable	\$ (628)	\$ -
Resource property expenditures included in accounts payable	\$ (130,449)	\$ 12,480

- See Accompanying Notes -

Roca Mines Inc.

Notes to Consolidated Financial Statements

Canadian Funds

Unaudited – Prepared by Management

1. Nature of Operations and Going Concern

Roca Mines Inc. (the “Company”) is a Vancouver-based resource company. The Company’s head office is located at Suite 490, 1122 Mainland Street, Vancouver British Columbia Canada, V6B 5L1. 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 holds interests in exploration properties in British Columbia and maintains a wholly-owned subsidiary, Minera ROK, S.A. de C.V. to hold potential property interests in Mexico. The Company’s subsidiary, FortyTwo Metals Inc. holds 100% of the MAX Molybdenum Mine southeast of Revelstoke, British Columbia. Production at the MAX Molybdenum Mine has been suspended indefinitely due to low commodity prices and high costs.

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis and be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. For the three months ended November 30, 2013, the Company reported net income of \$800,910 and an accumulated deficit of \$66,210,111 at that date. The Company had a working capital deficit of \$3,785,377 and cash and cash equivalents at November 30, 2013 amounted to \$195,152. The income recorded during the first quarter resulted from a gain on the sale of a portion of a discontinued operation. These circumstances lend significant doubt as to the ability of the Company to continue as a going concern.

Exploration at the Company’s Foremore project and SeaGold joint venture has been constrained by available funding and the MAX Molybdenum mine has encountered operating difficulties over the past two years. Continuing operations as a going concern are dependent upon management’s ability to raise adequate financing in the capital markets or by sale of assets (*Note 6d, Note 12*). Although management has been successful in the past; there is no assurance that these initiatives will be successful in the future.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. Basis of Preparation

(a) Basis of Preparation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The Company is following the same accounting policies and methods of computation in these condensed interim consolidated financial statements as it did in the audited consolidated financial statements for the year ended August 31, 2013. These condensed interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended August 31, 2013, which have been prepared in accordance with IFRS as issued by the IASB.

The Board of Directors approved these financial statements on January 27, 2014. The financial statements have been prepared under the historical cost convention.

(b) Critical accounting estimates and judgments

These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and estimates that the company has made in the preparation of the financial statements:

Roca Mines Inc.

Notes to Consolidated Financial Statements

Canadian Funds
Unaudited – Prepared by Management

2. Basis of Preparation - Continued

Asset Retirement Obligations

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. Significant judgments and estimates are made when estimating the nature and costs associated with asset retirement provisions. When considering the effect of the extended time period over which costs are expected to be incurred, combined with the estimated discount rate and inflation factors, the recorded value of the restoration provisions could materially change from period to period due to changes in the underlying assumptions.

Impairment of long-lived Assets

Carrying values of non-producing mining properties and the property, plant and equipment associated with those exploration and evaluation assets are reviewed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. If the property is assessed to be impaired, it is written down to its estimated recoverable amount. Significant judgments and estimates are made when estimating this net recoverable value. Therefore the recorded value of exploration and evaluation assets could materially change from period to period due to changes in estimates.

3. Inventories

Details are as follows:

	November 30, 2013	August 31, 2013
Consumable parts and supplies	\$ 83,430	\$ 83,430
Total	\$ 83,430	\$ 83,430

The Company's parts and supplies inventory is recorded at net realizable value.

4. Exploration and Evaluation Assets

Details are as follows:

	Acquisition (Recovery)	Deferred Exploration & Evaluation	Total November 30, 2013	Total August 31, 2013
Foremore VMS-Gold Project (a)	\$ 787,511	\$ 6,058,494	\$ 6,846,005	\$ 6,847,434
SeaGold Project (b)	(40,250)	82,501	42,251	42,251
	\$ 747,261	\$ 6,140,995	\$ 6,888,256	\$ 6,889,685

a) 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 (paid subsequently), 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.

b) SEAGOLD Project, Liard Mining Division, B.C., Canada

The Company holds a joint venture interest in certain properties, known as the SeaGold Project in the Liard Mining Division, B.C., the balance being held by 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 (paid) 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

Canadian Funds

Unaudited – Prepared by Management

5. Property, Plant and Equipment

Details are as follows:

	Mining equipment, property and development costs (\$)	Plant and equipment (\$)	Buildings and support facilities (\$)	Acquisition Max property (\$)	Total (\$)
At August 31, 2012					
Cost	44,421,596	19,437,723	6,111,476	920,460	70,891,255
Accumulated Write-downs	(15,644,370)	(1,749,702)	(363,153)	(15,141)	(17,772,366)
Accumulated Amortization	(28,342,364)	(16,442,677)	(5,455,929)	(824,249)	(51,065,219)
Net Book Value	434,862	1,245,344	292,394	81,070	2,053,670
Year ended August 31,					
Additions	-	-	4,464	-	4,464
Disposals	(204,154)	(393,296)	(96,124)	-	(693,574)
Amortization	-	-	(7,023)	-	(7,023)
At August 31, 2013	230,708	852,048	193,711	81,070	1,357,537
At August 31, 2013					
Cost	44,217,442	19,044,427	6,019,816	920,460	70,202,145
Accumulated Write-downs	(15,644,370)	(1,749,702)	(363,153)	(15,141)	(17,772,366)
Accumulated Amortization	(28,342,364)	(16,442,677)	(5,462,952)	(824,249)	(51,072,242)
Net Book Value	230,708	852,048	193,711	81,070	1,357,537
Three Months Ended					
November 30, 2013					
Additions	-	-	-	-	-
Disposals	-	-	(6,002)	-	(6,002)
Amortization	-	-	(1,213)	-	(1,213)
At November 30, 2013	230,708	852,048	186,496	81,070	1,350,322
At November 30, 2013					
Cost	44,217,442	19,044,427	6,013,814	920,460	70,196,143
Accumulated Write-downs	(15,644,370)	(1,749,702)	(363,153)	(15,141)	(17,772,366)
Accumulated Amortization	(28,342,364)	(16,442,677)	(5,464,165)	(824,249)	(51,073,455)
Net Book Value	230,708	852,048	186,496	81,070	1,350,322

Note: In light of ongoing operational difficulties and lower than targeted grades at the MAX Molybdenum mine, the Company determined that the operation's future was in significant doubt and that the MAX mine was impaired. The fair value assessment used a historical cost and market comparison approach to determine the estimated net recoverable amount of mine property, plant and equipment.

Mine Holding Costs

During periods in which the Company's mining and milling activities are considered non-operational, monitoring, security, and all associated mine property costs are expensed in the period in which they are occurred as *Mine Holding Costs* until production resumes.

Roca Mines Inc.

Notes to Consolidated Financial Statements

Canadian Funds

Unaudited – Prepared by Management

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, 2013 and at August 31, 2013 there were 123,864,898 common shares outstanding.

b) Incentive 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. There were nil stock options outstanding as of November 30, 2013 and August 31, 2013.

c) Warrants

At November 30, 2013 and August 31, 2013 there were no warrants outstanding nor were there changes during the three months ended November 30, 2013 or year ended August 31, 2013.

d) Non-controlling Interest

The Company's subsidiary, FortyTwo Metals Inc. ("FortyTwo"), holds a 100% interest in the MAX Molybdenum mine located approximately 60 kilometres southeast of Revelstoke, B.C. The Company placed the operation on temporary shutdown status in October 2011.

During the first quarter ended November 30, 2013, the Company entered into an agreement dated (the "Agreement") with Discovery Ventures Inc. ("Discovery") whereby the Company granted an exclusive option to Discovery to acquire all of the issued and outstanding common shares of FortyTwo. A 16% interest was transferred to Discovery effective November 15, 2013.

Discovery may exercise the option and acquire all of the shares of FortyTwo for total cash payments of \$5,050,000 and the issuance of 2,500,000 common shares of Discovery in accordance with the following schedule:

- \$50,000 paid to the Company as a non-refundable deposit (paid);
- \$750,000 payable to the Company within 10 days of receipt of conditional approval from the TSX Venture Exchange (the "Approval Date"), following which the first stage of the option will be deemed exercised and the Company will transfer 16% of the share capital of FortyTwo to Discovery (paid and issued);
- \$950,000 payable to the Company within 60 days of the Approval Date, following which the second stage of the option will be deemed exercised and the Company will transfer an additional 19% of the share capital of FortyTwo to Discovery (35% in the aggregate); and
- \$3.3 million payable to the Company and the issuance of 2.5 million shares of Discovery to the Company within 150 days of the Approval Date, following which the third and final stage of the option will be deemed exercised and the Company will transfer the remaining share capital of FortyTwo to Discovery.

The majority of the purchase price will be used by the Company to maintain the MAX mine in good standing over the option period and to retire the secured and unsecured current liabilities of FortyTwo.

FortyTwo had a net book value of (\$1,896,141) at November 30, 2013. The Company recorded (\$303,382) in the non-controlling 16% interest held by Discovery as at November 30, 2013 and recorded a gain of \$1,103,382 on the sale for proceeds of \$800,000 during the three month period ended November 30, 2013.

Roca Mines Inc.

Notes to Consolidated Financial Statements

Canadian Funds

Unaudited – Prepared by Management

7. Reclamation Bonds

At November 30, 2013 and August 31, 2013, reclamation bonds totalling \$752,900 were held with the British Columbia Ministry of Energy, Mines and Petroleum Resources as summarized below:

	November 30, 2013	August 31, 2013
MAX Molybdenum Project	\$ 730,000	\$ 730,000
Foremore Project	22,900	22,900
Total	<u>\$ 752,900</u>	<u>\$ 752,900</u>

8. Asset Retirement 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, 2013	August 31, 2012
Balance – Beginning of Period	\$ 1,313,402	\$ 1,335,002
Transferred to short term portion	-	(21,600)
Balance – End of Period	<u>\$ 1,313,402</u>	<u>\$ 1,313,402</u>

The Company has estimated its MAX Molybdenum mine future site restoration costs to be \$1,313,402 as of November 30, 2013 and August 31, 2013. All amounts are now recorded undiscounted due to the Max mine's temporary shutdown status and uncertainty in forecasting ultimate closure dates.

Other property retirement obligations of \$21,600 have been estimated by management. During the quarter ended November 30, 2013 the Company completed reclamation at its Foremore project at a cost of \$22,323 and management believes it has retired the asset retirement obligation in full.

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

The following transactions were carried out with related parties:

During the three months ended November 30, 2013, the Company accrued for rent and office expenses payable totalling \$3,957 (2012 - \$10,404) by companies with common management. At November 30, 2013, the related companies owed a total of \$7,483 (2012 - \$20,938) in rent and office expenses. Directors of the Company have provided various short-term, non-interest bearing loans without fixed repayment terms to the Company which at November 30, 2013 stood at \$252,500 (2012 - \$252,500). As at November 30, 2013, current liabilities include \$739,226 (2012 - \$744,650) payable to Directors of the Company.

Key management includes the Chief Executive Officer, Chief Financial Officer and members of the Company's Board of Directors. Other than as disclosed above, compensation paid or accrued to key management for services during the three month periods ended November 30, 2013 and 2012 is as follows:

	2013	2012
Salaries and benefits	<u>\$ 68,153</u>	<u>\$ 82,806</u>
	<u>\$ 68,153</u>	<u>\$ 82,806</u>

These transactions were incurred in the ordinary course of business (except as to the short-term loans). The transactions are measured at the fair value consideration and agreed to by the related parties.

Roca Mines Inc.

Notes to Consolidated Financial Statements

Canadian Funds

Unaudited – Prepared by Management

10. Commitments

The Company has signed a lease agreement for the rental of office space. The lease was renewed in November 2013 and now ends on November 30, 2015. As of November 30, 2013, the future minimum lease obligations for fiscal years ending August 31 are as follows:

	Amount
2014	\$ 59,829
2015	81,872
2016	20,643
	<u>\$ 162,344</u>

11. Segmented Information

The Company's principal activity is the exploration and development of mineral properties with these properties located in Canada.

12. Subsequent Events

Subsequent to November 30, 2013, the Company amended its agreement with Discovery whereby Discovery was granted the option to purchase a 100% interest in the Company's subsidiary, FortyTwo. Discovery has exercised the first stage of the option and is working towards the exercise of the second stage of the option. Originally, the Agreement required that Discovery pay \$950,000 to the Company on or before January 5, 2014, following which the second stage of the option would be deemed exercised and the Company would transfer an additional 19% of the share capital of FortyTwo to Discovery. Pursuant to the amendments, the parties agreed to restructure the second stage of the option. As a result, Discovery is required to pay \$250,000 to the Company on or prior to January 8, 2014 (paid) and pay the remaining \$700,000 for the second stage of the option to the Company on or prior to March 6, 2014, following which the second stage of the option will be deemed exercised.
