

Interim Consolidated Financial Statements of

**ROCKY MOUNTAIN RESOURCES CORP.**

For the nine months ended November 30, 2008

*(Unaudited - Prepared by Management)*

**Management's Comments On Unaudited Financial Statements**

The accompanying unaudited interim consolidated financial statements of Rocky Mountain Resources Corp. (the "Company") for the nine months ended November 30, 2008 have been prepared by management and approved by the Board of Directors of the Company.

These unaudited interim consolidated financial statements have not been reviewed by the Company's external auditors.

# Rocky Mountain Resources Corp.

Interim Consolidated Balance Sheets  
(Unaudited - Prepared by Management)

	November 30 2008	February 29 2008
<b>ASSETS</b>		
Current assets:		
Cash	\$ 364,590	2,215,100
Amounts receivable	14,073	30,826
Prepaid expenses	7,316	5,020
	<u>385,979</u>	<u>2,250,946</u>
Equipment (Note 3)	65,886	5,495
Reclamation bond	51,588	11,521
Mineral properties (Note 4)	757,025	437,570
	<u>\$ 1,260,478</u>	<u>2,705,532</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 93,532	65,584
Shareholders' equity:		
Share capital (Note 5)	4,416,820	4,224,531
Contributed surplus	395,561	320,504
Deficit	(3,645,435)	(1,905,087)
	<u>1,166,946</u>	<u>2,639,948</u>
	<u>\$ 1,260,478</u>	<u>2,705,532</u>

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

Signed: "Brian J. McAlister" Director

Signed: "Brian E. Bayley" Director

**Rocky Mountain Resources Corp.**  
Interim Consolidated Statements of Loss and Deficit  
(Unaudited - Prepared by Management)

	Three months ended November 30		Nine months ended November 30	
	2008	2007	2008	2007
Mineral property expenditures (Note 4(b))	\$ 478,718	286,171	993,778	766,374
Expenses:				
Audit and legal	16,097	497	65,130	24,828
Consulting	25,756	-	33,023	-
Depreciation	4,679	309	8,541	992
Investor relations and shareholder information	40,174	961	64,669	2,381
Office and sundry	10,633	3,915	31,940	8,576
Office facilities and administrative services	18,229	7,170	47,130	23,903
Salaries and benefits	97,076	10,797	310,596	33,723
Stock-based compensation	60,122	-	124,145	-
Transfer agent, listing and filing fees	1,834	7,445	17,349	10,880
Travel	50,013	962	85,285	2,257
	324,613	32,056	787,808	107,540
Other (income) expenses:				
Interest income	(3,154)	(20,300)	(23,548)	(37,023)
Foreign exchange	(33,702)	(7,192)	(89,720)	10,918
Property review costs	1,471	26,383	7,563	78,706
Mineral properties abandoned	-	-	64,467	-
	(35,385)	(1,109)	(41,238)	52,601
Net loss and comprehensive loss for the period	767,946	317,118	1,740,348	926,515
Deficit, beginning of period	2,877,489	1,084,420	1,905,087	475,023
Deficit, end of period	\$ 3,645,435	1,401,538	3,645,435	1,401,538
Basic and diluted loss per share	\$ 0.05	0.02	0.12	0.07
Weighted average number of common shares outstanding	14,671,876	13,885,205	14,595,645	12,442,508

See accompanying notes to consolidated financial statements.

# Rocky Mountain Resources Corp.

Interim Consolidated Statements of Cash Flow  
(Unaudited - Prepared by Management)

	Three months ended November 30		Nine months ended November 30	
	2008	2007	2008	2007
Cash provided by (used for):				
Operating activities:				
Loss for the period	\$ (767,946)	(317,118)	(1,740,348)	(926,515)
Items not involving cash				
Depreciation	4,679	309	8,541	992
Mineral properties abandoned	-	-	64,467	-
Stock-based compensation	60,122	-	124,145	-
Changes in non-cash working capital balances:				
Amounts receivable	(2,756)	8,248	16,753	(14,982)
Prepaid expenses	6,069	4,603	(2,296)	39,210
Accounts payable and accrued liabilities	(44,825)	(39,421)	27,949	14,427
	(744,657)	(343,379)	(1,500,789)	(886,868)
Investing activities:				
Reclamation bonds	(7,298)	-	(40,067)	(11,704)
Purchase of equipment	(29,207)	-	(68,932)	(4,094)
Mineral properties	(81,277)	(70,111)	(383,922)	(217,375)
	(117,782)	(70,111)	(492,921)	(233,173)
Financing activities:				
Issue of common shares	-	2,394,172	-	2,227,480
Exercise of warrants	118,850	14,700	143,200	14,700
	118,850	2,408,872	143,200	2,242,180
Increase (decrease) in cash	(743,589)	1,995,382	(1,850,510)	1,122,139
Cash, beginning of period	1,108,179	372,053	2,215,100	1,245,296
Cash, end of period	\$ 364,590	2,367,435	364,590	2,367,435
Supplementary cash flow information:				
Cash amount of payments received (made):				
Interest received	\$ 3,154	20,300	23,548	37,023
Non-cash financing and investing activities:				
Shares issued for financing fees	-	225,000	-	225,000
Fair value of agents' warrants	-	85,700	-	85,700
Fair value of warrants transferred to share capital from contributed surplus on exercise of warrants	40,742	5,039	49,089	5,039

See accompanying notes to consolidated financial statements.

## **ROCKY MOUNTAIN RESOURCES CORP.**

Notes to Interim Consolidated Financial Statements

November 30, 2008

*(Unaudited – Prepared by Management)*

---

### 1. Nature of operations and ability to continue as a going concern:

Rocky Mountain Resources Corp. is a public company whose shares trade on the TSX Venture Exchange ("TSX-V"). The Company is engaged principally in the acquisition, exploration and development of resource properties. The recovery of the Company's investment in resource properties and attainment of profitable operations is principally dependent upon financing being arranged by the Company to continue operations, explore and develop the resource properties and the discovery, development and sale of ore reserves. The outcome of these matters cannot presently be determined because they are contingent on future events.

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At November 30, 2008, the Company had not yet achieved profitable operations, has accumulated losses of \$3,647,552 since inception, had working capital of \$292,446 and expects to incur further losses in the development of its business. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and /or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. See Note 10 – Subsequent event.

### 2. Basis of presentation:

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying financial information reflects all adjustments, consisting primarily of normal and recurring adjustments considered necessary for fair presentation of the results for the interim period. Operating results for the nine months ended November 30, 2008 are not necessarily indicative of the results that may be expected for the year ending February 28, 2009. These interim consolidated financial statements follow the same accounting policies as set out in Note 3 to the audited consolidated financial statements of the Company for the year ended February 29, 2008, except that the Company has adopted the following CICA standards effective for the Company's first quarter commencing March 1, 2008:

#### Capital Disclosures

CICA Handbook Section 1535, Capital Disclosures, establishes standards for disclosing information about the Company's objectives, policies and processes for managing capital (See Note 9).

## ROCKY MOUNTAIN RESOURCES CORP.

Notes to Interim Consolidated Financial Statements

November 30, 2008

*(Unaudited – Prepared by Management)*

---

### Financial Instruments Disclosures

CICA Handbook Section 3862, Financial Instruments – Disclosures and Handbook Section 3863, Financial Instruments – Presentation, require entities to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate (a) the significance of financial instruments for the Company's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks (See Note 8).

### Assessing Going Concern

CICA Handbook Section 1400, General Standards on Financial Statements Presentation, has been amended to include requirements to assess and disclose a company's ability to continue as a going concern (See Note 1).

### Future pronouncements

### Convergence with International Financial Reporting Standards

In February 2008, The Canadian Accounting Standards Board confirmed that convergence to International Financial Reporting Standards ("IFRS") will be required in Canada. The Company will be required to report using IFRS beginning March 1, 2011 for interim and annual financial statements with appropriate comparative data from the prior year. The Company has begun the process of evaluating the impact of the change to IFRS.

### Goodwill and intangible assets

The AcSB issued CICA Handbook Section 3064, which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Cost. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008.

### 3. Equipment:

	February 29, 2008	Additions	November 31, 2008
Field equipment			
Cost	\$3,700	27,255	\$30,955
Depreciation	(1,039)	(1,881)	(2,920)
Office equipment			
Cost	4,094	41,677	45,771
Depreciation	(1,260)	(6,660)	(7,920)
<b>Total</b>	<b>\$5,495</b>	<b>\$60,391</b>	<b>\$65,886</b>

**ROCKY MOUNTAIN RESOURCES CORP.**

Notes to Interim Consolidated Financial Statements

November 30, 2008

*(Unaudited – Prepared by Management)*

## 4. Mineral properties:

(a) The summary of mineral property acquisition costs is as follows:

	February 29, 2008	Additions	Written-off	November 30, 2008
Gibellini, Nevada, USA	\$369,347	\$126,452	-	\$495,799
Goodsprings, Nevada, USA	\$38,130	\$26,337	\$(64,467)	-
Paris Foothills, Idaho, USA	\$30,093	\$227,616	-	\$257,709
Other Regional	-	\$3,517	-	\$3,517
<b>Total</b>	<b>\$437,570</b>	<b>\$383,922</b>	<b>\$(64,467)</b>	<b>\$757,025</b>

(b) The details of exploration expenditures incurred and expensed on the Company's mineral properties during the nine month periods ended November 30, 2008 and 2007 are as follows:

	Gibellini \$	Goodsprings \$	Paris Foothills \$	Other Regional \$	Total \$
Exploration expenditures:					
Assays and analysis	16,813	6,403	25,726	-	48,942
Drilling	121,207	-	182,163	-	303,370
Engineering and consulting	34,891	10,240	141,076	-	186,207
Equipment rental	13,230	3,221	4,461	-	20,912
Field office and supplies	9,463	388	23,615	-	33,466
Insurance	5,070	-	5,070	-	10,140
Metallurgy	34,204	-	37,342	-	71,546
Property maintenance and taxes	20,311	1,798	9,994	709	32,812
Reclamation	16,157	-	-	-	16,157
Reproduction and drafting	7,362	-	12,172	-	19,534
Scoping study	200,100	-	-	-	200,100
Travel and accommodation	14,922	1,941	31,838	1,891	50,592
	493,730	23,991	473,457	2,600	993,778
Cumulative exploration expenditures, February 29, 2008	724,421	58,766	8,864	-	792,051
Cumulative exploration expenditures, November 30, 2008	1,218,151	82,757	482,321	2,600	1,785,829

**ROCKY MOUNTAIN RESOURCES CORP.**

Notes to Interim Consolidated Financial Statements

November 30, 2008

*(Unaudited – Prepared by Management)*

---

	Gibellini	Goodsprings	Lake Owen	Total
Exploration expenditures:				
Assays and analysis	\$58,763	451	81,008	140,222
Drilling	212,544	-	-	212,544
Engineering and consulting	87,907	4,090	67,142	159,139
Environmental consulting	660	-	1,458	2,118
Field office and supplies	21,101	91	7,240	28,432
Labour	3,706	-	27,789	31,495
Legal	2,134	4,679	-	6,813
Property maintenance and taxes	24,273	32,396	82,377	139,046
Reproduction and drafting	4,475	1,134	244	5,853
Travel and accommodation	18,022	736	21,954	40,712
	433,585	43,577	289,212	766,374
Cumulative exploration expenditures, February 28, 2007	231,098	-	129,914	361,012
Cumulative exploration expenditures November 30, 2007	\$664,683	43,577	419,126	1,127,386

## 5. Share capital:

## (a) Authorized:

Unlimited number of common shares without par value.

## (b) Issued:

	Number of Shares	Stated Amount
Balance, February 29, 2008	14,549,950	\$4,224,531
Issued on exercise of agents' warrants	143,200	192,289
Balance, November 30, 2008	14,693,150	\$4,416,820

Of the issued and outstanding common shares, 1,987,500 shares are held in escrow pursuant to the requirements of the TSX-V, to be released in accordance with TSX-V policies.



**ROCKY MOUNTAIN RESOURCES CORP.**

Notes to Interim Consolidated Financial Statements

November 30, 2008

*(Unaudited – Prepared by Management)*

## (c) Share purchase options:

The continuity of share purchase options is as follows:

Expiry Date	Exercise price	Balance, February 29, 2008	Granted	Exercised	Balance, November 30, 2008
February 12, 2013	\$1.30	690,000	-	-	690,000
October 16, 2013	\$1.00	-	100,000	-	100,000
		690,000	100,000	-	790,000
Stock options exercisable					340,000
Weighted average exercise price		\$1.30	\$1.00	-	\$1.26

On February 12, 2008, the Company granted 690,000 options exercisable on or before February 12, 2013 at a price of \$1.30 per share. Of these options, 650,000 were subject to vesting provisions (40% vested on the grant date and 20% will vest on each of the next three anniversaries from the date of grant). The Company recorded a stock-based compensation expense of \$28,842 during the current period.

On October 16, 2008, the Company granted 100,000 options exercisable on or before October 16, 2013 at a price of \$1.00 per share. These options are subject to vesting provisions (40% vested on the grant date and 20% will vest on each of the next three anniversaries from the date of grant). The Company recorded a stock-based compensation expense of \$31,280 during the current period.

## (d) Agents warrants:

Warrants outstanding at November 30, 2008 are as follows:

Expiry Date	Exercise price	Balance, February 29, 2008	Exercised	Expired	Balance, November 30, 2008
September 18, 2008	\$1.00	154,050	(143,200)	(10,850)	-
Weighted average exercise price		\$1.00	-	-	-

**ROCKY MOUNTAIN RESOURCES CORP.**

Notes to Interim Consolidated Financial Statements

November 30, 2008

*(Unaudited – Prepared by Management)*

(e) Contributed surplus:

The continuity of contributed surplus is as follows:

	Number of		<u>Amounts</u>		Total
	Options	Warrants	Options	Warrants	
Balance, February 29, 2008	690,000	154,050	\$ 267,696	\$ 52,808	\$ 320,504
Granted during the period	100,000		31,280		31,280
Amortized during the period	-	-	92,866	-	92,866
Exercised during the period, credited to share capital		(143,200)		(49,089)	(49,089)
Expired during the period	-	(10,850)	-	-	-
Balance, August 31, 2008	790,000	-	\$391,842	3,719	\$395,561

## 6. Related party transactions:

Related party transactions not otherwise disclosed on these financial statements consist of:

- (a) Office facilities and administrative services of \$36,000 to a company with a director and two officers in common;
- (b) Rent of \$400 to a director of the Company.
- (c) Accounts payable to a company with a director and two officers in common of \$5,679.

The above transactions were in the normal course of business and were measured at the exchange amount which is the amount agreed to by the related parties.

## 7. Segment disclosures:

The Company considers itself to operate in a single segment, being mineral exploration and development. Geographic information is as follows:

	Canada	United States	Total
November 30, 2008:			
Loss from operations	\$258,189	1,482,159	1,740,348
Identifiable assets	220,175	1,040,304	1,260,479
November 30, 2007:			
Loss from operations	\$8,000	918,515	926,515
Identifiable assets	2,213,082	657,656	2,870,738

## **ROCKY MOUNTAIN RESOURCES CORP.**

Notes to Interim Consolidated Financial Statements

November 30, 2008

*(Unaudited – Prepared by Management)*

---

### 8. Management of financial risk:

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest risk and price risk.

#### (a) Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and United States. A significant change in the currency exchange rates between the Canadian dollar relative to the U.S. dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. The net exposure in financial instruments as at November 30, 2008 is not material.

#### (b) Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and cash equivalents are held through a large Canadian financial institution. These instruments mature at various dates over the current operating period and are normally for periods three months or less.

#### (c) Liquidity risk

The Company manages liquidity risk by maintaining adequate cash balances in order to meet short and long term business requirements. The Company believes that these sources will be sufficient to cover its cash requirements for the upcoming year. The Company's cash is invested in liquid investments with quality financial institutions and is available on demand for the Company's programs and is not invested in any asset backed commercial paper.

#### (d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The risk that the Company will realize a loss as a result of a decline in the fair market value of the short-term investments included in cash and cash equivalents is limited because these investments are generally held to maturity.

#### (e) Price risk

Although the Company is not in production, the nature of the project potentially exposes the Company to price risk with respect to commodity prices. The Company monitors commodity prices to determine the appropriate course of action to be taken by the Company.

## **ROCKY MOUNTAIN RESOURCES CORP.**

Notes to Interim Consolidated Financial Statements

November 30, 2008

*(Unaudited – Prepared by Management)*

---

### 9. Capital management:

The Company's objective when managing capital is to maintain adequate levels of funding to support exploration and development of its mineral exploration projects, and to maintain corporate and administrative functions.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through the issuance of common shares, the issue of debt or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended February 29, 2008.

### 10. Subsequent event:

On January 21, 2009, the Company announced a private placement of up to four million units at the price of \$0.30 per unit ("Unit") for total proceeds of up to \$1,200,000.

Each Unit consists of one common share and one non-transferrable common share purchase warrant. Each whole warrant will entitle the holder to purchase one common share at a price of \$0.40 per common shares for a period of six months from the offering closing date.

A cash commission of 5% may be payable.

The proceeds from the offering will be used for general working capital purposes.