

ROCKCLIFF RESOURCES INC.
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2006

Be advised that these Unaudited Interim Financial Statements have been compiled by the Company's management and they have not been reviewed by the Company's auditors.

ROCKCLIFF RESOURCES INC.

UNAUDITED INTERIM BALANCE SHEET

NOVEMBER 30, 2006

	Nov. 30 2006	<i>(Note 2)</i> Aug. 31 2006
ASSETS		
Current:		
Cash and cash equivalents	\$ 101,382	\$ 269,753
GST receivable	36,633	21,384
Prepaid expenses	<u>56,435</u>	<u>37,114</u>
	<u>194,450</u>	<u>328,251</u>
Property, plant and equipment <i>(Note 4)</i>	100,523	87,655
Mineral resource properties <i>(Note 5)</i>	<u>344,858</u>	<u>258,685</u>
	<u>\$ 639,831</u>	<u>\$ 674,591</u>
LIABILITIES		
Current:		
Accounts payable and accrued liabilities <i>(Note 6)</i>	<u>\$ 102,020</u>	<u>\$ 14,201</u>
SHAREHOLDERS' EQUITY		
Share capital <i>(Note 7)</i>	709,500	709,500
Deficit	<u>(171,689)</u>	<u>(49,110)</u>
	<u>537,811</u>	<u>660,390</u>
	<u>\$ 639,831</u>	<u>\$ 674,591</u>

The accompanying notes are an integral part of these unaudited interim financial statements

Approved by the Board:

"Ken Lapierre"

Ken Lapierre - Director

"William R. Johnstone"

William R. Johnstone - Director

ROCKCLIFF RESOURCES INC.

UNAUDITED INTERIM STATEMENT OF OPERATIONS AND DEFICIT FOR THE THREE MONTH PERIOD ENDED NOVEMBER 30, 2006

Interest income	<u>\$ 1,048</u>
Expenses:	
Professional fees (<i>Note 6</i>)	82,660
Filing and regulatory fees	19,956
General and administrative (<i>Note 6</i>)	11,108
Rent and utilities	4,271
Amortization	<u>5,682</u>
	<u>123,627</u>
Net loss for the period	(122,579)
Deficit, beginning of period	<u>(49,110)</u>
Deficit, end of period	<u><u>\$ (171,689)</u></u>
Net loss per share - basic and diluted	<u><u>\$ (0.02)</u></u>
Weighted average number of shares outstanding - basic and diluted	<u><u>7,320,000</u></u>

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ROCKCLIFF RESOURCES INC.

UNAUDITED INTERIM STATEMENT OF CASH FLOWS FOR THE THREE MONTH PERIOD ENDED NOVEMBER 30, 2006

Cash was provided by (used in) the following activities:

Operating:

Net loss for the period	\$ (122,579)
Add: Item not involving an outlay of cash	
Amortization	5,682
Changes in non-cash working capital items	
GST receivable	(15,249)
Prepaid expenses	(19,321)
Accounts Payable and accrued liabilities	<u>77,869</u>
	<u>(74,198)</u>

Financing:

Issuance of common shares	<u>-</u>
	<u>-</u>

Investing:

Acquisition of mining resource properties	(2,080)
Deferred exploration expenditures	(74,143)
Acquisition of property, plant and equipment	<u>(18,550)</u>
	<u>(94,773)</u>

(Decrease) increase in cash and cash equivalents	(168,371)
Cash and cash equivalents, beginning of period	<u>269,753</u>
Cash and cash equivalents, end of period	<u>\$ 101,382</u>

The accompanying notes are an integral part of these unaudited interim financial statements

ROCKCLIFF RESOURCES INC.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED NOVEMBER 30, 2006

1. Nature of operations and going concern assumption:

Rockcliff Resources Inc. (the "Company") was incorporated under the laws of the Province of Ontario on January 20, 2006 under the name Ridgeline Resources Inc. On October 17, 2006 the Company filed articles of amendment to change its name to Rockcliff Resources Inc. The Company is engaged in base and precious metal mining and related activities, including exploration and development in Northern Ontario.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

The recoverability of amounts shown for mineral properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

As at November 30, 2006, the Company has no source of operating cash flows. The Company's ability to meet its obligations and continue as a going concern is dependent on the ability to identify and complete future financings. While the Company has been successful in raising financings to date, there can be no assurance that it will be able to do so in the future.

These unaudited interim financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern and do not reflect any adjustments in the carrying values of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used that would be necessary if the going concern assumption was not appropriate.

2. Comparative amounts:

The Company was incorporated January 20, 2006 and commenced operations immediately thereafter. This means that there was no operating period comparable to the three month period ended November 30, 2006 and accordingly there are no comparative amounts available to be presented on the statement of operations and deficit or the statement of cash flows.. The comparative amounts presented on the balance sheet are the audited results for the period from the date of incorporation until August 31, 2006.

3. Summary of significant accounting policies:

Basis of presentation:

These unaudited interim financial statements have been compiled by management using the same accounting policies and methods as the audited financial statements as at August 31, 2006 and should be read in conjunction with those statements.

Use of Estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of the revenue and expenses during the period. Actual results could differ from such estimates.

Cash equivalents:

Cash equivalents consists of short term interest bearing securities with maturities of 90 days or less at the date of purchase.

Financial instruments:

The carrying amount of cash and cash equivalents, GST receivable, and accounts payable and accrued liabilities approximates their fair values due to the short term maturities of these instruments.

ROCKCLIFF RESOURCES INC.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED NOVEMBER 30, 2006

3. Summary of significant accounting policies (continued):

Property, plant and equipment:

Property, plant and equipment, is recorded at cost. Amortization is provided annually at rates and methods calculated to amortize the assets over their estimated useful lives as follows:

Office furniture and equipment	20% declining balance
Leasehold improvements	Straight line over 5 years
Computer equipment	30% declining balance

In the year of acquisition one-half of the normal amortization is recorded.

Long lived assets:

The Company monitors the recoverability of long-lived assets, based on factors such as current market value, future asset utilization, business climate, and future undiscounted cash flows expected to result from the use of the related assets. The Company's policy is to record an impairment loss in the period when it is determined that the carrying amount of the asset may not be recoverable. The impairment loss is calculated as the amount by which the carrying amount of the asset exceeds the undiscounted estimate of future cash flows from the asset.

Mineral resource properties and deferred exploration expenditures:

The Company carries its mineral resource properties at cost. Exploration expenditures relating to these properties, reduced by sundry income, are charged to deferred expenditures as incurred. If the property is brought into commercial production, the deferred expenditures will be amortized using the unit of production method based upon the proven and probable ore reserves of the mine. Should an entire group of mining claims in an area be disproved or abandoned, the related acquisition costs, and exploration expenditures will be written off. If the Company surrenders an interest in a property, any proceeds from the disposition of that part of the property is applied to reduce the carrying cost of the property to zero prior to any gain being recognized on the partial disposition.

The net carrying value of mineral properties does not represent the present or future realizable value of such properties. The realization of these assets is dependent upon confirmation of the Company's ownership interest in the claims and attaining viable commercial operations or proceeds from disposition.

An impairment loss will be recognized on a mineral property when the carrying value of the property is not recoverable or exceeds its fair value. Mineral properties are tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The factors to be considered by management in this determination include current operating results, trends and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors.

Asset retirement obligations:

The Company has adopted CICA 3110, "Asset Retirement Obligations" which requires that the estimated fair value of liabilities for asset retirement obligations be recognized in the period in which they are incurred. A corresponding increase to the carrying amount of the related asset is recorded and depreciated over the life of the asset. The estimates used in the valuations are based primarily on legal and regulatory requirements. It is possible that the Company's estimates of its ultimate reclamation and closure liabilities could change as a result of changes in regulations, the extent of environmental remediation required, and the means of reclamation or cost estimates. Changes in estimates are accounted for prospectively from the period the estimate is revised.

An obligation has not been recorded with respect to asset retirement obligations (i.e. environmental remediation) for the Company's exploration and development properties. This is based on the fact that the mining and processing activities that give rise to the legal obligation have not yet occurred and/or the environmental disturbance which has occurred is not yet significant.

ROCKCLIFF RESOURCES INC.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED NOVEMBER 30, 2006

3. Summary of significant accounting policies (continued):

Earnings per share:

The Company has adopted the new recommendations of the CICA Handbook which requires the presentation of both basic and diluted EPS on the face of the income statement regardless of the materiality of the difference between them. In addition, the recommendations require the use of the treasury stock method to compute the dilutive effects of options, warrants and similar instruments as opposed to the previous method used which was the imputed earnings approach. The section also requires the disclosure of a reconciliation of the calculation of basic and diluted EPS. At November 30, 2006 there were no dilutive factors.

Income taxes:

The Company has adopted the liability method of accounting for income taxes in accordance with the recommendations of the CICA Handbook. Future income tax relates to the expected consequences of differences between the carrying amount of balance sheet items and their corresponding tax values. Future tax assets are recognized only to the extent that, in the opinion of management, it is more likely than not that the future income tax assets will be realized. Future income tax assets and liabilities are adjusted for the effect of changes in tax laws and rates on the date of enactment or substantive enactment.

4. Property, plant and equipment:

	Cost	Accumulated Amortization	Net Book Value	
			Nov. 30, 2006	Aug. 31, 2006
Office furniture and equipment	\$ 34,628	\$ 2,446	\$ 32,182	\$ 18,506
Leasehold improvements	55,406	5,986	49,420	50,942
Computer equipment	21,113	3,192	18,921	18,207
	<u>\$ 112,147</u>	<u>\$ 11,624</u>	<u>\$ 100,523</u>	<u>\$ 87,655</u>

5. Mineral resource properties:

	Nov. 30 2006	Aug. 31 2006
Opening balance	\$ 258,685	\$ -
Exploration expenditures	84,093	168,365
Acquisition of mining properties	2,080	90,320
Closing balance	<u>\$ 344,858</u>	<u>\$ 258,685</u>
Represented by:		
Horwood Township, Porcupine Mining Division, Ontario (a)	\$ 2,500	\$ 2,500
Rennie Township, Sault Saint Marie Mining Division, Ontario (b)	342,358	256,185
	<u>\$ 344,858</u>	<u>\$ 258,685</u>

(a) The Company holds a 100% interest in 38 unpatented mining claims in Horwood Township in the Porcupine Mining Division, Province of Ontario.

ROCKCLIFF RESOURCES INC.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED NOVEMBER 30, 2006

5. Mineral resource properties (continued):

- (b) The Company holds an option to acquire a 100% interest, subject to a 2% net smelter returns royalty in favour of the vendors, in 27 claims representing 388 claim units located in Challenger, Glasgow, Meath and Rennie Townships in the Sault Saint Marie Mining Division in the Province of Ontario. Under the terms of the agreement the Company must make the following payments in order to exercise its option: (i) \$7,500 cash and issue 200,000 common shares on signing of the agreement; (ii) \$12,500 cash and issue a further 75,000 common shares on or before the first anniversary of the agreement; (iii) \$15,000 cash and issue a further 75,000 common share on or before the second anniversary of the signing of the agreement and, (iv) pay a further \$25,000 cash on or before the third anniversary of the agreement. In addition, in order to exercise its option, the Company must spend \$300,000 exploring the property with minimum expenditures by year as follows: (i) \$100,000 on or before the first anniversary of the signing of the agreement; (ii) an additional \$100,000 on or before the second anniversary of the signing of the agreement; and (iii) an additional \$100,000 on or before the third anniversary of the signing of the agreement. During the current period the Company paid \$2,080 to stake an additional 26 claim units thereby increasing the total number of claim units on this property to 414.

6. Related party transactions:

The following related parties had transactions with the Company during the period or have outstanding balances at the end of the period:

Lapierre Exploration Services ("Lapierre") is a company that is owned and operated by a Director
Geodigital Mapping Systems Inc. ("Geodigital") is a company owned and operated by a Director
Gardiner Roberts LLP ("Gardiner") is a legal firm in which a Director of the Company is a partner.

The following transactions have been recorded at exchange amounts established and agreed to by the related parties. All transactions with related parties are in the normal course of operations and have been carried out on the same terms as those accorded to unrelated parties. As at November 30, 2006 a total of \$68,447 (Aug 31, 2006-\$ NIL) is included in accounts payable as a result of these transactions:

Lapierre	Exploration expenditures ⁽¹⁾	\$	48,393
Lapierre	General and administrative expense		1,102
Geodigital	Exploration expenditures ⁽¹⁾		19,648
Gardiner	Professional fees		72,860
Directors and officers	General and administrative expense		5,000

⁽¹⁾ Includes fees charged and expenses for which they were reimbursed.

7. Share capital:

- (a) Authorized
Unlimited common shares.

- (b) Issued

	<u>No of shares</u>		<u>Value</u>
Founders' shares	2,000,000	\$	2,000
Private placements	5,020,000		655,000
Shares issued for mining properties	<u>300,000</u>		<u>52,500</u>
Balance November 30, 2006 and August 31, 2006	<u>7,320,000</u>	\$	<u>709,500</u>

ROCKCLIFF RESOURCES INC.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED NOVEMBER 30, 2006

8. Income taxes:

The Company has approximately \$49,000 in non-capital loss carry-forwards that can be used to reduce taxable income in future years. The Company has not recorded the potential benefit of these losses in its accounting records and they will expire, if unused, at the end of the 2016 fiscal year.

In addition, the Company has approximately \$186,000 in Canadian Exploration Expenditures and \$90,000 in Canadian Development Expenditures which may be applied against certain profits realized on its mining properties. The Company has not recorded the potential benefits of these tax pools in its accounting records.

The components of future income tax assets (liabilities) at enacted tax rates are as follows:

Loss carry-forwards	\$ 18,000
Less: valuation allowance	<u>(18,000)</u>
	<u>\$ -</u>

9. Commitments:

(a) The Company has signed an operating lease for its premises. The lease is for an initial term of two years with an option to renew for a further year with no rent increase and a further option to renew for a period of five years at market rates. The Company is committed under this agreement to pay the following amounts in the periods indicated below:

Twelve months ended November 30, 2007	\$ 13,800
Twelve months ended November 30, 2008	<u>3,450</u>
	<u>\$ 17,250</u>

(b) The Company is committed to making the following payments (cash, exploration expenditures and shares) under the terms of the mineral resource property option agreement as described in Note 4 (b):

	Cash <u>Payments</u>	Exploration <u>Expenditures</u>	Number of <u>Shares</u>
2007	\$ 12,500	\$ 100,000	75,000
2008	15,000	100,000	75,000
2009	<u>25,000</u>	<u>100,000</u>	<u>-</u>
	<u>\$ 52,500</u>	<u>\$ 300,000</u>	<u>150,000</u>

10. Subsequent event:

On December 8, 2006 the Company closed a prospectus offering whereby it issued 4,000,000 Flow-Through Units (the "FT Units") and 4,400,000 Working Capital Units (the "WC Units") for gross proceeds of \$2,300,000. Each FT Unit was priced at \$0.30 and is comprised of one (1) common share of the Company issued as a "flow-through share" (Flow-Through Share) within the meaning of the Income Tax Act (Canada) and one-half (1/2) of a common share purchase warrant of the Company (an "FTU Warrant"). Each whole FTU Warrant entitles the holder to acquire one (1) common share (a "Common Share") at a price of \$0.35 per Common Share until December 8, 2008. Each WC Unit was priced at \$0.25 and is comprised of one (1) Common Share and one Common Share purchase warrant of the Company (a "WC Warrant"). Each WC Warrant entitles the holder to acquire one (1) Common Share at a price of \$0.30 per Common Share until December 8, 2008.

The agent, (the "Agent") earned a cash commission of \$182,750 and a corporate finance fee of \$20,000 and received 840,000 warrants (the "Brokers Warrants") which entitle them to acquire 840,000 WC Units at \$0.25 per unit until December 8, 2008.

Following the completion of the offering the Company has 15,720,000 Common shares, 2,000,000 FTU Warrants, 4,400,000 WC Warrants and 840,000 Brokers warrants outstanding.