
ROCHESTER RESOURCES LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
NOVEMBER 30, 2010

(Unaudited - Prepared by Management)

**MANAGEMENT'S COMMENTS ON UNAUDITED
INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited interim consolidated financial statements of Rochester Resources Ltd. for the six months ended November 30, 2010, have been prepared by and are the responsibility of the Company's management. These statements have not been reviewed by the Company's external auditors.

ROCHESTER RESOURCES LTD.
INTERIM CONSOLIDATED BALANCE SHEETS
(Unaudited - Prepared by Management)

	November 30, 2010	May 31, 2010
	\$	\$
A S S E T S		
CURRENT ASSETS		
Cash	78,978	1,693,382
Short-term deposits (Note 3)	551,740	1,950,000
Amounts receivable (Note 4)	1,272,130	1,450,384
Prepaid expenses	42,515	51,741
Inventories (Note 5)	<u>813,760</u>	<u>727,194</u>
	2,759,123	5,872,701
NON-CURRENT PORTION OF IVA TAX RECEIVABLE	242,067	241,712
MINERAL PROPERTY INTERESTS (Note 6)	18,206,123	16,736,296
PROPERTY, PLANT AND EQUIPMENT (Note 7)	<u>8,613,389</u>	<u>7,275,423</u>
	<u><u>29,820,702</u></u>	<u><u>30,126,132</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	2,546,944	2,229,735
Royalty payable (Note 6(a))	250,000	100,000
Advances (Note 8)	343,692	424,286
Debt (Note 9)	<u>169,202</u>	<u>306,443</u>
	3,309,838	3,060,464
ASSET RETIREMENT OBLIGATION (Note 18)	1,034,584	999,265
FUTURE INCOME TAX LIABILITIES	-	61,260
NON-CONTROLLING INTEREST (Note 10)	<u>2,161,043</u>	<u>2,159,093</u>
	<u>6,505,465</u>	<u>6,280,082</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 11)	44,984,472	44,984,472
CONTRIBUTED SURPLUS (Note 13)	6,976,787	6,957,287
DEFICIT	<u>(28,646,022)</u>	<u>(28,095,709)</u>
	<u>23,315,237</u>	<u>23,846,050</u>
	<u><u>29,820,702</u></u>	<u><u>30,126,132</u></u>

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

APPROVED BY THE BOARD

"Eduardo Luna" , Director

"Nick DeMare" , Director

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

ROCHESTER RESOURCES LTD.
INTERIM CONSOLIDATED STATEMENTS OF
LOSS AND COMPREHENSIVE LOSS AND DEFICIT
(Unaudited - Prepared by Management)

	<u>Three Months Ended</u> <u>November 30,</u>		<u>Six Months Ended</u> <u>November 30,</u>	
	<u>2010</u> \$	<u>2009</u> \$	<u>2010</u> \$	<u>2009</u> \$
REVENUE	2,022,561	2,056,927	4,263,812	3,945,345
COST OF SALES	(1,832,082)	(1,692,354)	(3,680,519)	(4,285,340)
DEPLETION AND AMORTIZATION	(381,555)	(222,621)	(549,435)	(447,285)
ACCRETION OF RECLAMATION OBLIGATION	<u>(17,588)</u>	<u>(17,176)</u>	<u>(35,319)</u>	<u>(34,736)</u>
OPERATING INCOME (LOSS)	<u>(208,664)</u>	<u>124,776</u>	<u>(1,461)</u>	<u>(822,016)</u>
EXPENSES				
General and administration	244,777	396,176	516,401	709,226
Interest expense on long-term debt	9,076	26,482	20,424	57,764
Stock-based compensation (Note 12)	<u>-</u>	<u>14,832</u>	<u>19,500</u>	<u>29,619</u>
	<u>253,853</u>	<u>437,490</u>	<u>556,325</u>	<u>796,609</u>
LOSS BEFORE OTHER ITEMS	<u>(462,517)</u>	<u>(312,714)</u>	<u>(557,786)</u>	<u>(1,618,625)</u>
OTHER ITEMS				
Interest and other income	2,419	-	4,856	1,091
Foreign exchange gain (loss)	<u>24,063</u>	<u>(40,527)</u>	<u>(56,693)</u>	<u>264,398</u>
	<u>26,482</u>	<u>(40,527)</u>	<u>(51,837)</u>	<u>265,489</u>
LOSS BEFORE INCOME TAXES AND NON-CONTROLLING INTEREST	(436,035)	(353,241)	(609,623)	(1,353,136)
FUTURE INCOME TAX RECOVERY	61,260	26,000	61,260	52,000
NON-CONTROLLING INTEREST	<u>11,432</u>	<u>1,079</u>	<u>(1,950)</u>	<u>175,269</u>
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(363,343)	(326,162)	(550,313)	(1,125,867)
DEFICIT - BEGINNING OF PERIOD	<u>(28,282,679)</u>	<u>(19,254,330)</u>	<u>(28,095,709)</u>	<u>(18,454,625)</u>
DEFICIT - END OF PERIOD	<u>(28,646,022)</u>	<u>(19,580,492)</u>	<u>(28,646,022)</u>	<u>(19,580,492)</u>
 BASIC AND DILUTED LOSS PER SHARE	 <u>\$(0.00)</u>	 <u>\$(0.01)</u>	 <u>\$(0.00)</u>	 <u>\$(0.02)</u>
 WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	 <u>136,459,771</u>	 <u>58,003,142</u>	 <u>136,459,771</u>	 <u>55,701,477</u>

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

ROCHESTER RESOURCES LTD.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - Prepared by Management)

	Three Months Ended November 30,		Six Months Ended November 30,	
	2010	2009	2010	2009
	\$	\$	\$	\$
CASH PROVIDED FROM (USED FOR)				
OPERATING ACTIVITIES				
Net loss for the period	(363,343)	(326,162)	(550,313)	(1,125,867)
Adjustment for items not involving cash				
Depletion and amortization	381,555	222,721	549,435	447,385
Accretion of reclamation obligation	17,588	17,176	35,319	34,736
Stock-based compensation	-	14,832	19,500	29,619
Interest expense	7,612	26,482	15,377	57,764
Foreign exchange	(10,409)	213,712	(2,754)	183,937
Future income tax recovery	(61,260)	(26,000)	(61,260)	(52,000)
Non-controlling interest	(11,432)	(1,079)	1,950	(175,269)
	(39,689)	141,682	7,254	(599,695)
Redemption of short-term deposits	448,260	-	1,398,260	-
Decrease (increase) in amounts receivable	453,458	(96,975)	178,254	99,926
Decrease in prepaid expenses and deposits	6,063	201,216	9,226	284,967
Decrease (increase) in inventories	(181,393)	(4,805)	(86,566)	688,338
Increase in non-current portion of IVA tax receivable	(37,216)	(2,272)	(355)	-
Increase (decrease) in accounts payable and accrued liabilities	(256,003)	957,818	1,456,889	844,291
Increase in royalty payable	100,000	-	150,000	-
	493,480	1,196,664	3,112,962	1,317,827
FINANCING ACTIVITIES				
Issuance of common shares	-	12,428,994	-	12,428,994
Share issue costs	-	(902,763)	-	(902,763)
Payment on advances	(56,205)	(987,594)	(72,980)	(987,594)
Advances received	-	-	-	385,617
Payment on long-term debt	(71,348)	(212,149)	(142,101)	(264,596)
	(127,553)	10,326,488	(215,081)	10,659,658
INVESTING ACTIVITIES				
Additions to property, plant and equipment	(551,927)	(165,267)	(1,120,496)	(204,477)
Additions to mineral property interests	-	(1,136,113)	(3,391,789)	(1,659,797)
	(551,927)	(1,301,380)	(4,512,285)	(1,864,274)
INCREASE (DECREASE) IN CASH FOR THE PERIOD				
	(186,000)	10,221,772	(1,614,404)	10,113,211
CASH - BEGINNING OF PERIOD	264,978	45,521	1,693,382	154,082
CASH - END OF PERIOD	78,978	10,267,293	78,978	10,267,293

SUPPLEMENTAL CASH FLOW INFORMATION (Note 17)

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

ROCHESTER RESOURCES LTD.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2010
(Unaudited - Prepared by Management)

1. NATURE OF OPERATIONS AND GOING CONCERN

Rochester Resources Ltd. and its subsidiaries (collectively the “Company”) are engaged in the exploration, development and mining of its mineral property interests in Mexico.

The mineral exploration, development and mining business involves, by its nature, a high degree of risk and there can be no assurance that the current operations or exploration projects will result in profitable mining operations. All of the Company’s mineral property interests are located in Mexico, and hence are subject to the risks normally associated with foreign investment including unanticipated changes in taxes and royalties, renegotiation of contracts, foreign currency fluctuations and political uncertainties.

During the six months ended November 30, 2010 the Company incurred a net loss of \$550,313 and, as at November 30, 2010, had an accumulated deficit of \$28,646,022 and a working capital deficit of \$550,715. In the immediate term, the Company’s ability to continue as a going concern is dependent upon its ability to raise additional capital to fund its ongoing business operations. Additional capital may be sought from existing shareholders and creditors and from the sale of additional common shares or other equity or debt instruments. There is no assurance such additional capital will be available to the Company on acceptable terms or at all.

In the longer term, the recoverability of the carrying value of the Company’s long-lived assets is dependent upon the Company’s ability to preserve its interest in the underlying mineral property interests, the discovery of economically recoverable reserves, the achievement of profitable operations and the ability of the Company to obtain financing to support its ongoing exploration programs and mining operations.

These interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”) appropriate for a going concern. The going concern basis of accounting assumes the Company will continue to realize the value of its assets and discharge its liabilities and other obligations in the ordinary course of business. Should the Company be required to realize the value of its assets in other than the ordinary course of business, the net realizable value of its assets may be materially less than the amounts shown in the consolidated financial statements. These consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that may be necessary should the Company be unable to repay its liabilities and meet its other obligations in the ordinary course of business or continue operations.

2. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the interim consolidated financial statements and accompanying notes. Actual results could differ from those estimates. These interim consolidated financial statements have, in management’s opinion, been properly prepared using careful judgement with reasonable limits of materiality. These interim consolidated financial statements should be read in conjunction with the most recent annual consolidated financial statements. The significant accounting policies follow that of the most recently reported annual consolidated financial statements.

ROCHESTER RESOURCES LTD.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited - Prepared by Management)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future Accounting Policies

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests*. These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements of the new standards.

Section 1582 replaces Section 1581, *Business Combinations*, and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3, *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace Section 1600, *Consolidated Financial Statements*. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27, *Consolidated and Separate Financial Statements*, and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

3. SHORT-TERM DEPOSITS

	November 30, 2010 \$	May 31, 2010 \$
Redeemable GIC due August 11, 2011 at cost plus accrued interest at prime minus 1.95% per annum	551,740	-
Redeemable GIC due February 14, 2011 at cost plus accrued interest at prime minus 1.8% per annum	-	950,000
Redeemable GIC due March 16, 2011 at cost plus accrued interest at 0.55% per annum	-	1,000,000
	<u>551,740</u>	<u>1,950,000</u>

4. AMOUNTS RECEIVABLE

	November 30, 2010 \$	May 31, 2010 \$
Production receivable	687,481	910,711
Current portion of IVA tax receivable	373,893	330,231
Employee advances	27,648	28,992
Other receivables	183,108	180,450
	<u>1,272,130</u>	<u>1,450,384</u>

ROCHESTER RESOURCES LTD.
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5. INVENTORIES

	November 30, 2010 \$	May 31, 2010 \$
Ore in process	195,861	123,056
Mine stores, supplies and other	<u>617,899</u>	<u>604,138</u>
	<u><u>813,760</u></u>	<u><u>727,194</u></u>

6. MINERAL PROPERTY INTERESTS

	November 30, 2010 \$	May 31, 2010 \$
Producing		
Mina Real Property		
Acquisition and other	18,458,507	18,458,507
Deferred exploration and development costs	8,176,626	8,114,548
Accumulated depletion, loss on disposition and write-downs	<u>(19,697,950)</u>	<u>(19,325,393)</u>
	<u>6,937,183</u>	<u>7,247,662</u>
Non-Producing		
Mina Real Property		
Deferred exploration and development costs	10,168,435	8,450,598
Santa Fe Property		
Acquisition and other	865,395	803,571
Deferred exploration	<u>235,110</u>	<u>234,465</u>
	<u>11,268,940</u>	<u>9,488,634</u>
	<u><u>18,206,123</u></u>	<u><u>16,736,296</u></u>

(a) Mina Real Property

The Mina Real Property, located in Tepic, Mexico, comprises six concessions covering approximately 7,358 hectares.

Effective January 21, 2009 the Company disposed of a 20% interest in Mina Real. Mina Real owns a 70% interest in Compania Minera. Under the sale agreement Mina Real issued shares to each of E-Energy Ventures Inc. ("E-Energy") and Cooper Minerals Inc. ("Cooper") (collectively the "Partners") for total consideration of \$2,950,000.

Pursuant to the agreement, all net profit received from the operations at the Mina Real Property shall be divided on a 80% / 20% basis between the Company and the Partners, respectively, with a fixed royalty of \$25,000 per month paid free and clear of any and all costs or expenses incurred in connection with the operation of the Mina Real Property. During the six months ended November 30, 2010 the Company recorded a royalty expense of \$300,000 (2009 - \$300,000) to the Partners, which has been included as part of cost of operations. As at November 30, 2010, \$250,000 (May 31, 2010 - \$100,000) remained unpaid.

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6. MINERAL PROPERTY INTERESTS (continued)

The Company has a back-in option to re-acquire in whole and not in part the equity interest in Mina Real and Compania Minera. The back-in option is for a term of three years under which:

- (i) during the initial year the back-in option shall not be exercisable;
- (ii) during the second year the back-in option shall be exercisable by a cash payment of \$2,075,000; and
- (iii) during the third year the back-in option shall be exercisable by a cash payment of \$2,000,000.

The Company, E-Energy and Cooper are related by way of common directors.

(b) Santa Fe Property

On March 12, 2007 the Company entered into an option agreement to acquire a 70% interest in the Santa Fe Property located in Tepic, Mexico near the Mina Real Property. The agreement comprises one concession covering approximately 3,823 hectares. Under the terms of the agreement the Company has agreed to implement a program of exploration to determine if the Santa Fe Property can be economically exploited. In addition, if the exploration work is successful, the Company has agreed to provide the necessary capital to construct a processing plant capable of processing a minimum of 200 tonnes per day. The Company will pay a monthly fee of US \$10,000 while it is conducting exploration and development on the Santa Fe Property.

The Company has also staked an additional two concessions covering approximately 13,164 hectares adjacent to the Santa Fe Property.

7. PROPERTY, PLANT AND EQUIPMENT

	November 30, 2010		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Motor vehicles	241,559	146,827	94,732
Office equipment	88,650	28,925	59,725
Mill and mine equipment	3,196,664	483,019	2,713,645
Buildings	3,230,617	94,392	3,136,225
Land	2,609,062	-	2,609,062
	<u>9,366,552</u>	<u>753,163</u>	<u>8,613,389</u>

ROCHESTER RESOURCES LTD.
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7. PROPERTY, PLANT AND EQUIPMENT (continued)

	Cost	May 31, 2010 Accumulated Amortization	Net Book Value
	\$	\$	\$
Motor vehicles	241,559	116,808	124,751
Office equipment	87,158	18,072	69,086
Mill and mine equipment	2,579,581	374,814	2,204,767
Buildings	2,342,442	66,591	2,275,851
Land	2,600,968	-	2,600,968
	<u>7,851,708</u>	<u>576,285</u>	<u>7,275,423</u>

8. ADVANCES

	November 30, 2010	May 31, 2010
	\$	\$
Advances, 12% per annum	<u>343,692</u>	<u>424,286</u>

Advances have been made by directors of the Company and bear interest at a rate of 12% per annum and have no fixed terms of repayment. During the six months ended November 30, 2010 the Company recorded \$20,424 (2009 - \$57,764) of interest expense. As at November 30, 2010 advances totalling \$343,692 remained outstanding. In addition, \$124,128 (May 31, 2010 - \$112,415) of interest remained unpaid and is included in accounts payable and accrued liabilities.

9. DEBT

The Company has acquired land and surface rights to enable access to the development of the Mina Real Property. As at November 30, 2010 the Company is required to make ongoing monthly principal payments of approximately \$22,000 plus interest calculated at a simple rate of 7.20% per annum.

During the six months ended November 30, 2010 the Company capitalized interest totalling \$8,094 (2009 - \$20,568).

ROCHESTER RESOURCES LTD.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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10. NON-CONTROLLING INTEREST

As at November 30, 2010 the Partners hold a 20% non-controlling interest in Mina Real, which is 80% owned by the Company. See Note 6(a).

The balance of the non-controlling interest is shown in the table below:

	November 30, 2010 \$	May 31, 2010 \$
Balance, beginning of period	2,159,093	2,353,686
Non-controlling interest's share of income (loss)	<u>1,950</u>	<u>(194,593)</u>
Balance, end of period	<u><u>2,161,043</u></u>	<u><u>2,159,093</u></u>

11. SHARE CAPITAL

Authorized: Unlimited common shares without par value

Issued:	Six Months Ended November 30, 2010		Year Ended May 31, 2010	
	Shares	Amount \$	Shares	Amount \$
Balance, beginning of period	<u>136,459,771</u>	<u>44,984,472</u>	<u>53,399,811</u>	<u>33,968,243</u>
Issued during the period				
For cash				
Private placements	-	-	82,859,960	12,428,994
Exercise of agent's warrants	-	-	200,000	34,000
Reallocation from contributed surplus on exercise of agent's warrants	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,000</u>
	-	-	83,059,960	12,470,994
Less: share issue costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,454,765)</u>
	-	-	83,059,960	11,016,229
Balance, end of period	<u><u>136,459,771</u></u>	<u><u>44,984,472</u></u>	<u><u>136,459,771</u></u>	<u><u>44,984,472</u></u>

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at November 30, 2010 and 2009 and the changes for the six months ended on those dates is as follows:

	2010		2009	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of period	94,602,670	0.21	9,142,690	0.32
Issued	-	-	87,459,980	0.20
Expired	<u>(7,142,690)</u>	0.36	<u>-</u>	-
Balance, end of period	<u><u>87,459,980</u></u>	0.20	<u><u>96,602,670</u></u>	0.21

ROCHESTER RESOURCES LTD.
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11. SHARE CAPITAL (continued)

The following table summarizes information about the number of common shares reserved pursuant to warrants outstanding at November 30, 2010:

Number	Exercise Price \$	Expiry Date
82,859,960	0.20	November 25, 2011
<u>4,600,020</u>	0.15	November 25, 2012
<u><u>87,459,980</u></u>		

12. STOCK OPTIONS AND STOCK-BASED COMPENSATION

The Company has established a rolling stock option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts in accordance with the policies of the TSX Venture Exchange. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of five years.

During the six months ended November 30, 2010 the Company granted 175,000 (2009 - nil) stock options to a Company employee and recognized compensation expense of \$15,750 (2009 - \$nil) on these stock options and \$3,750 (2009 - \$29,619) on previously granted stock options which vested during the period.

The fair value of stock options granted and vested is estimated using the Black-Scholes option pricing model with the following assumptions made during the six months ended November 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Risk-free interest rate	1.24% - 2.41%	2.86% - 4.08%
Estimated volatility	79% - 97%	78% - 99%
Expected life	1.25 years - 5 years	2 years - 3 years
Expected dividend yield	0%	0%

The average fair value of stock options granted and vested during the six months ended November 30, 2010 was \$0.09 per share.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's stock options.

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12. STOCK OPTIONS AND STOCK-BASED COMPENSATION (continued)

A summary of the Company's outstanding stock options at November 30, 2010 and 2009 and the changes for the six months ended on those dates is as follows:

	<u>2010</u>		<u>2009</u>	
	Options Outstanding	Weighted Average Exercise Price \$	Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	11,281,500	0.37	3,250,500	1.64
Granted	175,000	0.23	-	-
Expired	<u>(1,004,000)</u>	1.68	<u>(710,000)</u>	1.32
Balance, end of period	<u>10,452,500</u>	0.24	<u>2,540,500</u>	1.69

The following table summarizes information about the stock options outstanding and exercisable at November 30, 2010:

Number Outstanding	Number Exercisable	Exercise Price \$	Expiry Date
120,000	120,000	0.32	May 8, 2011
87,500	87,500	0.90	September 5, 2011
300,000	225,000	0.22	February 1, 2012
9,310,000	9,310,000	0.23	January 26, 2015
230,000	230,000	0.23	March 16, 2015
230,000	230,000	0.23	March 30, 2015
<u>175,000</u>	<u>175,000</u>	0.23	July 1, 2015
<u>10,452,500</u>	<u>10,377,500</u>		

13. CONTRIBUTED SURPLUS

The Company's contributed surplus as at November 30, 2010 and 2009 and the changes for the six months ended on those dates is presented below:

	<u>2010</u> \$	<u>2009</u> \$
Balance, beginning of period	6,957,287	4,805,497
Stock-based compensation on stock options (Note 12)	19,500	29,619
Stock-based compensation on agent's warrants	<u>-</u>	<u>552,002</u>
Balance, end of period	<u>6,976,787</u>	<u>5,387,118</u>

ROCHESTER RESOURCES LTD.
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(Unaudited - Prepared by Management)

14. RELATED PARTY TRANSACTIONS

During the six months ended November 30, 2010 and 2009 the Company was charged for various services provided by companies controlled by current and former directors and officers of the Company, as follows:

	2010 \$	2009 \$
Accounting and administration	43,240	52,655
Professional fees	<u>36,349</u>	<u>152,580</u>
	<u><u>79,589</u></u>	<u><u>205,235</u></u>

As at November 30, 2010 accounts payable and accrued liabilities include \$11,540 (2009 - \$121,029) due to these related parties. These transactions were measured at the exchanged amount which was the amount of consideration established and agreed to by the related parties.

See also Notes 6(a) and 8.

15. SEGMENTED INFORMATION

The Company operates within a single operating segment, which is the acquisition, exploration and development of mineral interests. The Company's mineral operations are located in Mexico and its corporate assets are located in Canada.

	<u>November 30, 2010</u>		
	Identifiable Assets \$	Revenues \$	Net Loss \$
Mineral operations (Mexico)	29,186,340	4,263,812	(287,633)
Corporate (Canada)	<u>634,362</u>	<u>4,856</u>	<u>(262,680)</u>
	<u><u>29,820,702</u></u>	<u><u>4,268,668</u></u>	<u><u>(550,313)</u></u>
	<u>May 31, 2010</u>		
	Identifiable Assets \$	Revenues \$	Net Loss \$
Mineral operations (Mexico)	26,542,285	8,364,090	(7,406,959)
Corporate (Canada)	<u>3,583,847</u>	<u>15,413</u>	<u>(2,234,125)</u>
	<u><u>30,126,132</u></u>	<u><u>8,379,503</u></u>	<u><u>(9,641,084)</u></u>

The Company sells all of its gold and silver production to two customers in Mexico. The sales to the customers does not constitute economic dependence for the Company as there are other customers in Mexico to whom gold and silver can be sold.

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16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of Financial Assets and Financial Liabilities

Under Canadian GAAP financial instruments are classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. The carrying values of the Company's financial instruments, which are the same as their fair values, are classified into the following categories:

Financial Instrument	Category	November 30, 2010 \$	May 31, 2010 \$
Cash	Held-for-trading	78,978	1,693,382
Short-term deposits	Held-for-trading	551,740	1,950,000
Amounts receivable	Loans and receivables	1,272,130	1,450,384
IVA tax receivable	Loans and receivables	242,067	241,712
Accounts payable and accrued liabilities	Other liabilities	(2,546,944)	(2,229,735)
Royalty payable	Other liabilities	(250,000)	(100,000)
Advances	Other liabilities	(343,692)	(424,286)
Debt	Other liabilities	(169,202)	(306,443)

The recorded amounts for cash, short-term deposits, amounts receivable, accounts payable and accrued liabilities, royalty payable and debt approximate their fair value due to their short-term nature. The Company's carrying value and fair value of cash and short-term deposits and IVA tax receivable under the fair value hierarchy is measured using Level 1 inputs.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of financial loss if a customer or counterparty fails to fulfill its payment obligations. The Company's credit risk relates primarily to trade receivables in the ordinary course of business and value added tax and other receivables. As at November 30, 2010 the Company sells its gold and silver to two international organizations where payments of receivables are scheduled and routine and the balance of overdue trade receivables owed to the Company in the ordinary course of business is not significant.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk. The Company believes it is not exposed to significant credit risk overall, and that the Company's credit risk has not changed significantly from the prior year.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. See also Note 1.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

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16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash and short-term deposits either bear floating rates of interest or are redeemable. The interest rate risk on cash and short-term deposits and on the Company's obligations are not considered significant. The Company's long-term debt has a fixed interest rate and therefore, is not subject to interest rate fluctuations.

(b) Foreign Currency Risk

The Company has operations in Canada and Mexico subject to foreign currency fluctuations. The Company's operating expenses are incurred in Canadian Dollars and Mexican Pesos. In addition the Company also has long-term debt denominated in US Dollars. The fluctuation of the Canadian Dollar in relation to these other currencies will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. At November 30, 2010, 1 Canadian Dollar was equal to 12.17 Mexican Pesos and 0.97 US Dollar.

Balances are as follows:

	Mexican Pesos	US Dollar	Canadian Dollar Equivalent
Cash	209,724	769	18,026
Amounts receivable	15,339,433	-	1,260,430
Inventories	9,903,736	-	813,760
Non-current portion of IVA tax receivable	2,946,042	-	242,067
Accounts payable and accrued liabilities	(29,163,009)	(124,935)	(2,525,103)
Advances	-	(334,852)	(343,692)
Debt	<u>(2,059,250)</u>	<u>-</u>	<u>(169,202)</u>
	<u>(2,823,324)</u>	<u>(459,018)</u>	<u>(703,714)</u>

Based on the net exposures as of November 30, 2010 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Mexican Pesos and US Dollar would result in the Company's net loss being approximately \$62,500 higher (or lower).

(c) Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. As a matter of policy the Company does not hedge its gold and silver production. Fluctuations in pricing may be significant.

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17. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash activities were conducted by the Company during the six months ended November 30, 2010 and 2009 as follows:

	2010 \$	2009 \$
Operating activity		
(Decrease) increase in accounts payable and accrued liabilities	<u>-</u>	<u>(53,417)</u>
Financing activities		
Share issue costs	-	(552,002)
Contributed surplus	<u>-</u>	<u>552,002</u>
	<u>-</u>	<u>-</u>
Investing activities		
Property, plant and equipment	-	(234)
Mineral property interests	<u>-</u>	<u>53,651</u>
	<u>-</u>	<u>53,417</u>
Other supplemental cash flow information:		
	2010 \$	2009 \$
Interest paid in cash	<u>13,142</u>	<u>-</u>
Income taxes paid in cash	<u>-</u>	<u>-</u>

18. ASSET RETIREMENT OBLIGATION

	Six Months Ended November 30, 2010 \$	Year Ended May 31, 2010 \$
Balance, beginning of period	999,265	930,292
Accretion	<u>35,319</u>	<u>68,973</u>
Balance, end of period	<u>1,034,584</u>	<u>999,265</u>

The total undiscounted amount of estimated cash flows required to settle the Company's estimated obligation is \$930,292 (US \$1,000,000) which has been discounted using a credit adjusted risk free rate of 6.5% and an inflation rate of 5.5%. The present value of the reclamation liability may be subject to change based on management's current estimates, changes in remediation technology or changes to the applicable laws and regulations. Such changes will be recorded in the accounts of the Company as they occur. The settlement of the obligation is anticipated to occur through to fiscal 2023.

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19. MANAGEMENT OF CAPITAL

The Company manages its cash, common shares, stock options and warrants as capital. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, pursue the development of mineral resource interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares operating and expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

The Company does not expect its current capital resources will be sufficient to meet all of its future exploration plans, operating requirements and debt retirement obligations and is dependant upon future equity or debt transactions to meet these obligations. See also Note 1.

ROCHESTER RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED NOVEMBER 30, 2010

The following Management's Discussion and Analysis ("MD&A") of Rochester Resources Ltd. ("Rochester" or the "Company") is prepared as at January 26, 2011 and should be read in conjunction with the Company's unaudited interim consolidated financial statements and accompanying notes for the six months ended November 30, 2010, which are available along with further information on the Company including any news releases and historical reports referred to in this MD&A on the SEDAR website at www.sedar.com. Those financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars.

Cautionary Note Regarding Forward Looking Statements

This MD&A contains certain forward looking statements that involve risks and uncertainties such as statements of the Company's plans, objectives, strategies, expectations, and intentions. The words "may", "would", "could", "will", "intend", "plan", "believe", "estimate", "expect" and similar expressions, as they relate to the Company, or its management, are intended to identify such forward looking statements. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward looking statements, including those factors discussed below and in filings made with the Canadian securities regulatory authorities. Should one or more of these risk factors or uncertainties materialize, or should assumptions underlying the forward looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. The Company does not intend, and does not assume any obligation to update these forward looking statements.

Company Overview

The Company is a junior gold and silver producer engaged in the exploration, development and mining of its mineral properties located in Mexico.

The Company is a reporting issuer in British Columbia, Alberta and Saskatchewan and trades on the TSX Venture Exchange ("TSXV") under the symbol "RCT", the Frankfurt Stock Exchange Open Market under the trading Symbol "R5I" and on the Pink OTC Markets ("Pink Sheets") under the symbol "RCTFF".

Property Update

Overview

The Company currently holds an 80% interest in Mina Real Mexico S.A. de C.V. ("Mina Real") which holds a 100% interest in the Mina Real Property, a gold silver property located in the state of Nayarit, Mexico, east of the state capital city of Tepic. Mina Real also owns 70% of Compania Minera Santa Fe S.A. de C.V. ("Compania Minera") which holds a 100% interest in the Santa Fe gold and silver property located immediately east of the Mina Real Property. The Company's indirect interest in Santa Fe is 56%. To fully vest its direct 70% interest in Compania Minera, Mina Real has agreed to scheduled cash payments and work programs. The Mina Real Property is a producing gold and silver mine with exploration potential. The Santa Fe Property is a gold and silver exploration property.

Operations

Following is a summary of operational statistics for the three months ended August 31, 2010, the three months ended November 30, 2010 and the accumulated six months ended November 30, 2010:

RESULTS	Q1 (Jun-Aug, 2010)	Q2(Sep-Nov, 2010)	Accumulated, 2010
Tonnes Processed	15,526 tonnes	15,931 tonnes	31,457 tonnes
Gold Grade	1.74 g/t	1.68 g/t	1.71 g/t
Silver Grade	215.57 g/t	164.28 g/t	189.60 g/t
Gold Recovery	90.23 %	94.08%	92.15 %
Silver Recovery	69.40 %	53.27%	62.32%
Gold Produced	784 ounces	811 ounces	1,595 ounces
Gold Sold	772.20 ounces	798.94 ounces	1,571.14 ounces
Silver Produced	74,683 ounces	44,824 ounces	119,507 ounces
Silver Sold	72,442.65 ounces	43,479.55 ounces	115,922.20 ounces
Gold Equivalent Produced	1,907 ounces	1,602 ounces	3,509 ounces
Developed Metres	1,894 metres	1,379 metres	3,273 metres
Samples Taken	7,609 samples	4,805 samples	12,414 samples
Diamond Drilling Metres	563 metres	0.0 metres	563 metres
Access Road Kilometres	3.47 kilometres	0.40 kilometres	3.87 kilometres

Production for Q2 (September 1, through November 30, 2010) was 15,931 tonnes milled with average grades of 1.68 g Au/t and 164.28 g Ag/t. 811 oz Au and 44,824 oz Ag were produced and delivered. At current prices, this is equivalent to 1,602 oz Au.

The low production in the period is basically due to three factors:

- (i) damages to the access roads from the mine to the plant caused by flooding and washouts due to heavy rains resulting in a lack of mineralized material to be processed. For over one week in the month of September there was no mineralized material to be processed. The roads have now been repaired;
- (ii) mechanical problems in the 6' x 12' mill; and
- (iii) considerable reduction in the Au and Ag grades of mineralized material sent to the plant.

Recoveries obtained were 94.08% for Au and 53.27% for Ag.

Results subsequent to quarter end are:

RESULTS	December 2010	Forecast January 2011
Tonnes Processed	6,083 tonnes	6,419 tonnes
Gold Grade	1.34 g/t	2.20 g/t
Silver Grade	141 g/t	160 g/t
Gold Recovery	78 %	94 %
Silver Recovery	54 %	56 %
Gold Produced	205 ounces	425 ounces
Gold Sold	202.31 ounces	418.97 ounces
Silver Produced	14,960 ounces	18,551 ounces
Silver Sold	14,511.43 ounces	17,994.45 ounces
Gold Equivalent Produced	521 ounces	822 ounces
Developed Metres	420 metres	350 metres
Samples Taken	1,414 samples	1,100 samples
Diamond Drilling Metres	0.0 metres	0.0 metres
Access Road Kilometres	0.0 kilometres	0.75 kilometres

Drifting

Total development during Q2 2010 was 1,379 m, as shown in the following table:

DRIFTING, metres

Area	Sep. 2010 (metres)	Oct. 2010 (metres)	Nov. 2010 (metres)	Sep/10 - Nov/10 (metres)	%
Tajos Cuates Mine	173	227	178	578	42%
Florida NW Project	53	96	81	230	17%
Florida SE Project	0	5	70	75	5%
Macedo Project	167	169	144	480	35%
El Gringo Project	16	0	0	16	1%
Total Drifting	409	497	473	1,379	100%

Development distribution was as follows:

DRIFTING, metres

Concept	Sep 2010 (metres)	Oct 2010 (metres)	Nov 2010 (metres)	Sep/10 - Nov/10 (metres)	%
Exploration Drifting	91	84	94	269	20%
Preparation Drifting	180	270	130	580	42%
Projects & Infrastructure Drifting	138	143	249	530	38%
Total Drifting	409	497	473	1,379	100%

58% of total development was done in exploration projects and mine infrastructure.

Management is cognizant of diminishing financial resources and accordingly some development work was curtailed to ensure the Company has the resources to complete development of existing works. The exploration developments completed to date show interesting results.

Tajos Cuates Mine

Hundido Level. Raise 4 (Soledad vein) was developed for 28 m, with average grades of 1.8 g Au/t and 227 g Ag/t in an average structure width of 0.75 m. After this development, potential to the superior part of this level is open. Raise 246 was also developed for 19 m both to NW and SE over vein 246. Average grades reported are 1.7 g Au/t and 768 g Ag/t in a width of 0.61 m.

Chalata Level. Crosscut 292 development was initiated to reach hole TC-3-10, which has grades at intersection of the vein of 3.72 g Au/t and 48 g Ag/t in 0.43 m width. Developing this crosscut has a second objective: Intersecting veins Tomás and La Cumbre. These veins are expected at only 130 m from the operation area in this level.

Tajos Cuates Level. Development goes over a structure parallel to Vein 2. Assays over a length of 4 m show grades of 3 g Au/t and 396 g Ag/t in 1.7 m width.

Socavón Level. Work to increase the section of this level to permit low profile trucks to extract mineralized material continued. During the reported period and including December 2010, Face 600 was developed over Vein 1 in a length of 27 m, showing average grades of 2.0 g Au/t and 185 g Ag/t in a width of 2.0 m.

Macedo Mine

Level 904. Raise 2556 development partially over structure showed over a length of 37 m grades of 0.3 g Au/t and 34 g Ag/t in 0.5 m width. This raise reached Level 981 as ventilation infrastructure. Works to increase the section of this level continued to permit the use of low profile trucks.

Florida NW Mine

Level 1240. Exploration continued in faces 316NW and 321 SE over the vein - fault, with no positive results so far. The objectives of these works are:

- (a) Face 316NW. Reach elevation 1240 mosl, under projection of the proven reserves blocks FNW II-2, FNW II-9, FNW II-13, FNW II-17 and probable reserves FNW II-11, FNW II-15, and FNW II-16.
- (b) Face 316SE. Reach elevation 1240 mosl, under reserves FNW II-18 indicated by hole FNW 10-10.

Level 1355. Ramp 1355 development continued to intersect hole FNW 10-10 (at intersection with structure shows grades of 1.97 g Au/t and 152 g Ag/t in 5.48 m width). Section is 3.5 m x 3.5 m to use low profile trucks for material extraction. The development was initiated out of the structure, intersecting at 49.00 m. Assays, according with Company's laboratory and no penalty were 6.4 g Au/t and 121 g Ag/t in a 2.0 m width in the last 6 m developed.

Level 1385. Works at this level were suspended due to instability of terrain.

Diamond Drilling

No diamond drilling occurred during the reported period.

Regional Exploration

The Company's due diligence evaluation of the San Francisco Project in Compostela, Nayarit concluded in August 2010. The San Francisco project, in relation to the Mina Real Project, is located some 88 km by road of which 69 km are via paved road and 19 km via dirt roads. In a direct line the project is approximately 40 km away. The project covers 18,093 hectares in the following concessions, San Francisco I and II, San Ramon, Nueva Gilicia I and II and Lluvia de Oro. The Company conducted extensive surface and underground sampling of old mine workings. Two metallurgical tests were run by SGS in Durango, resulting in average head grades of 2.66 g Au/t and 450 g Ag/t with recoveries of 94.4% for Au and 61.8% for Ag, using leaching; and 77.4% for Au and 79.0% for Ag, using flotation.

The Company's conclusion, based on the works completed, was that the project was one of merit which should be pursued. Negotiations initiated in September 2010 and continued through quarter end. Subsequent to quarter end, in December 2010, the Company reached an agreement with the owner. The essential terms of the agreement are that the Company, for a term of two years, can process mineralized material from the property and pay a fixed fee of US \$20 per tonne of material processed. The Company holds an option for two years to acquire the property at a fixed price of US \$1,500,000.

The Company plans to start exploration activities in March 2011.

Mine Operations

Mineralized material extracted in the reported period from stopes, drifting and old works surplus was 18,129 tonnes.

83% of the mine production came from Tajos Cuates Mine, while 17% came from Macedo - El Gringo area. Mineralized material hauled to plant had average grades of 1.68 g Au/t and 164.28 g Ag/t.

One more low profile truck was received in the reported period and the last 1.5 yd³ Tram Scoop was received in December.

Works to increase the section to use low profile trucks in level 904 of Macedo, in level Socavón of Tajos Cuates Mine, and Florida 1240 and 1385 areas continued.

Mill Area

Upgrading and new construction, including the capacity expansion project were continued at the plant.

Laboratory

Construction was completed in this area. The atomic absorption (Spectrophotometer) was installed and the lab staff was trained in its operation.

Presses

Programmed activities were successfully completed.

Milling

The 10' x 10' mill installation was completed and tests were done. Due to some abnormalities in the operation, some mechanical pieces will be fabricated and added. This project will take 10 weeks.

Chemical Treatment

Works to modify, reinforce, installation of bridges, mechanisms, rafts and propellers in the thickener tanks (Primary, Intermediate, TLCC1, TLCC2 and TLCC3) was completed. All tanks are working satisfactorily.

Tailings Dam

Perimeter edges height was increased. Base of slope was reinforced with gabions. Works were suspended in November.

Safety & Environmental

Legal documentation to prove ownership of land where the tailings dams are located is still pending.

Community Relations

Coapan. A 46 ha land usufruct agreement was signed for a term of 30 years providing the Company with rights to access and use.

Real de Acuitapilco. The land leasing agreement is being modified from 10 ha to 25 ha at \$350/ha-month.

Santa Fe. Some materials were provided to land owners who suffered damage due to road construction.

Selected Financial Data

The following selected financial information is derived from the unaudited interim consolidated financial statements of the Company prepared in accordance with Canadian GAAP.

Three Month Periods Ending	Fiscal 2011		Fiscal 2010				Fiscal 2009	
	Nov 30/10	Aug 31/10	May 31/10	Feb 28/10	Nov 30/09	Aug 31/09	May 31/09	Feb 28/09
	\$	\$	\$	\$	\$	\$	\$	\$
Operations:								
Revenues	2,022,561	2,241,251	2,511,651	1,907,094	2,056,927	1,888,418	1,065,543	396,560
Cost of operations	(1,832,082)	(1,848,437)	(2,165,308)	(1,674,059)	(1,692,354)	(2,592,986)	(1,104,047)	(953,775)
Depletion and amortization	(381,555)	(167,880)	(274,272)	(250,780)	(222,621)	(224,664)	(287,812)	(172,550)
Accretion of reclamation obligation	(17,588)	(17,731)	(16,995)	(17,242)	(17,176)	(17,560)	(16,730)	(15,077)
Expenses	(253,853)	(302,472)	(310,498)	(1,913,470)	(437,490)	(359,119)	(445,374)	(573,257)
Other items	26,482	(78,319)	(8,399,327)	(76,835)	(40,527)	306,016	261,973	(2,278,638)
Future income tax recovery	61,260	Nil	2,115,500	30,000	26,000	26,000	(808,760)	550,000
Non-controlling interest	11,432	(13,382)	(10,721)	30,045	1,079	174,190	169,709	23,893
Net loss	(363,343)	(186,970)	(6,549,970)	(1,965,247)	(326,162)	(799,705)	(1,165,498)	(3,022,844)
Basic and diluted loss per share	(0.00)	(0.00)	(0.07)	(0.01)	(0.01)	(0.01)	(0.01)	(0.07)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Three Month Periods Ending	Fiscal 2011		Fiscal 2010				Fiscal 2009	
	Nov 30/10 \$	Aug 31/10 \$	May 31/10 \$	Feb 28/10 \$	Nov 30/09 \$	Aug 31/09 \$	May 31/09 \$	Feb 28/09 \$
Balance Sheet:								
Working capital (deficit)	(550,715)	985,229	2,812,237	5,107,381	6,362,328	(4,576,634)	(2,418,941)	(1,649,629)
Total assets	29,820,702	29,615,593	30,126,132	39,636,171	42,021,647	31,655,150	31,621,418	29,322,815
Total long-term liabilities	Nil	Nil	Nil	98,039	168,025	189,900	263,957	1,434,938
Asset retirement obligation	1,034,584	1,016,996	999,265	982,270	965,028	947,852	930,292	684,466
Future income tax liabilities	Nil	61,260	61,260	2,176,760	2,206,760	2,232,760	2,258,760	1,450,000
Non-controlling interest	2,161,043	2,172,475	2,159,093	2,148,372	2,178,417	2,179,496	2,353,686	2,523,395

Results of Operations

During the six months ended November 30, 2010 (the “2010 period”), the Company recorded a loss of \$550,313 (\$0.00 per share) compared to a loss of \$1,125,867 (\$0.02 per share) for the six months ended November 30, 2009 (the “2009 period”), a decrease in loss of \$575,554. The fluctuation is mainly attributed to lower operating costs during the 2010 period.

The Company recognized net revenue during the 2010 period of \$4,263,812 (2009 - \$3,945,345) generated on the sale of 3,428 ounces (2009 - 3,662 ounces) of gold equivalent, for an average of \$1,244 (2009 - \$1,077) net revenue per ounce (net of royalty and treatment charges).

The cost of operations for the six months ended November 30, 2010 and 2009 comprise the following:

	2010 \$	2009 \$
Mine costs	1,235,408	1,268,991
Mill costs	1,296,911	1,970,415
Service department costs	1,148,200	1,045,934
	<u>3,680,519</u>	<u>4,285,340</u>

The service department costs include activities which provide services to both mine and mill departments. Cost of sales for the six months ended November 30, 2010 averaged \$1,074 per ounce of gold equivalent, compared to \$1,170 per ounce for the same period ended November 30, 2009.

General and administrative expenses for the six months ended November 30, 2010 and 2009 are as follows:

	2010 \$	2009 \$
Accounting and administrative	43,240	52,655
Audit	57,470	96,355
Consulting	88,250	193,386
Corporate development	-	2,073
Insurance	10,400	11,500
Investor relations	24,194	30,000
Legal	978	926
Office	68,500	71,244
Regulatory fees	5,571	6,979
Salaries and benefits	179,389	219,123
Shareholder costs	3,302	3,895
Transfer agent fees	2,425	3,483
Travel	32,682	36,834
Recovery of expenses recorded in prior periods	-	(19,227)
	<u>516,401</u>	<u>709,226</u>

General and administrative expenses of \$516,401 were reported for the 2010 period, a decrease of \$192,825, from \$709,226 in the 2009 period. Specific expenses of note during the 2010 period are as follows:

- accounting and administrative fees of \$43,240 (2009 - \$52,655) charged by Chase Management Ltd. (“Chase”) a private corporation owned by Mr. Nick DeMare, a director of the Company;

- consulting fees totalling \$88,250 (2009 - \$193,386) were paid of which \$36,349 (2009 - \$152,580) were paid to current and former directors and officers and \$33,595 (2009 - \$48,055) was paid for consultants in Mexico;
- travel expenses of \$32,682 (2009 - \$36,834) for ongoing mine site visits to Mexico;
- incurred \$10,400 (2009 - \$11,500) for director and officers' liability insurance;
- office expenses of \$68,500 (2009 - \$71,244) were incurred, of which \$62,372 (2009 - \$64,612) was for costs associated with the mining office in Mexico;
- salaries and benefits expense of \$179,389 (2009 - \$219,123) was paid for the administrative staff in Mexico; and
- audit fees of \$57,470 (2009 - \$96,355) for the audit of the Company's year-end financial statements. The change between the 2009 and 2010 period was due to the timing of billings of the audit fee.

During the 2010 period the Company recorded stock-based compensation expense of \$19,500 (2009 - \$29,619) on the granting and vesting of stock options.

Interest income is generated from cash held with the Company's financial institution. During the 2010 period the Company reported interest and other income of \$4,856 as compared to \$1,091 during the 2009 period. The increase was due to slightly higher interest rates and higher cash balances during the 2010 period.

During the 2010 period the Company incurred a total of \$1,842,384 (2009 - \$1,606,146) for additions to mineral property interests, of which \$62,469 (2009 - \$65,322) was attributed to acquisition and deferred exploration activities on the Santa Fe Property and \$1,779,915 (2009 - \$1,540,824) for deferred exploration and development activities on the Mina Real Project. Exploration, development and production activities conducted during the 2010 period are described in "Exploration Projects" in this MD&A.

During the 2010 period the Company incurred a total of \$1,514,844 (2009 - \$204,611) for additions to property, plant and equipment of which \$8,094 (2009 - \$nil) was for the purchase of land and \$1,506,750 (2009 - \$204,611) was for the purchase of plant and equipment for the upgrade of the mine laboratory and modifications of the mill.

Financial Condition / Capital Resources

As at November 30, 2010, the Company had a working capital deficit of \$550,715. The Company will require additional financing to conduct anticipated exploration programs and meet anticipated corporate administration costs for the upcoming twelve month period. In addition, exploration activities may change due to ongoing results and recommendations, or the Company may acquire additional properties, which may entail additional significant funding or exploration commitments. The Company has relied solely on equity financing to raise the requisite financial resources. Additional capital may be sought from existing share holders and creditors and from the sale of additional common shares or other equity or debt instruments. While it has been successful in the past, there can be no assurance that the Company will be successful in raising future financing should the need arise.

Contractual Obligations

The following table summarizes the Company's contractual obligations as of November 30, 2010:

	Payments Due by Period			Total \$
	Less than 1 year \$	1 to 2 years \$	Greater than 2 years \$	
Contractual Obligations				
Debt	169,402	Nil	Nil	236,540

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions.

Critical Accounting Estimates

A detailed summary of all the Company's significant accounting policies is included in Note 2 to the May 31, 2010 audited consolidated financial statements.

Changes in Accounting Policies

Future Accounting Policies

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests*. These new standards will be effective for fiscal years beginning on or after January 1, 2011.

Section 1582 replaces Section 1581, *Business Combinations*, and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3, *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace Section 1600, *Consolidated Financial Statements*. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27, *Consolidated and Separate Financial Statements*, and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

International Financial Reporting Standards

In January 2006, the Canadian Accounting Standards Board adopted a strategic plan, which includes the decision to move financial reporting for Canadian publicly accountable enterprises to a single set of globally accepted high-quality standards, namely, International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. The effective implementation date of the conversion from Canadian generally accepted accounting principles ("Canadian GAAP") to IFRS is January 1, 2011, with an effective transition date of January 1, 2010 for financial statements prepared on a comparative basis. The Company is engaged in an assessment and conversion process which includes consultation with external consulting firms and expects to be ready for the conversion to IFRS in advance of January 1, 2011. As part of the conversion process, the Company has offered IFRS specific training to senior financial reporting personnel and directors.

The Company's approach to the conversion to IFRS includes three phases.

Phase One: an initial general diagnostic of its accounting policies and Canadian GAAP relevant to its financial reporting requirements to determine the key differences and options with respect to acceptable accounting standards under IFRS, was completed in 2009.

Phase Two: an in depth analysis of the impact of those areas identified under phase one, commenced in 2010.

Phase Three: the implementation of the conversion process, through the preparation of the opening balance sheet as at May 1, 2011, will be carried out in 2011.

At this point, the Company's IT accounting and financial reporting systems are not expected to be significantly impacted. Further, the Company has in place internal and disclosure control procedures to ensure continued effectiveness during this transition period.

Based on the review undertaken under Phase One and the work completed to date under Phase Two, the Company believes that IFRS will have limited impact on its current financial position. At the same time, IFRS will likely require more extensive disclosure and analysis of balances and transactions in the notes to the financial statements. The specific accounting areas the Company has focused its analysis on are outlined below together with the more salient issues under each area.

Key Area	Canadian GAAP (as currently applied)	IFRS	Analysis and Preliminary Conclusions
Capital Assets	Capital assets are recorded at historical cost.	Capital assets can be recorded using the cost (on transition to IFRS, the then fair value can be deemed to be the cost) or revaluation models.	Capital assets will likely continue to be recorded at their historical costs due to the complexity and resources required to determine fair values on an annual basis.
	Depreciation is based on their useful lives after due estimation of their residual values.	Depreciation must be based on the useful lives of each significant component within Capital assets.	Based on an analysis of Capital assets' significant components and their useful lives, it is unlikely that changes to their useful lives and, therefore, depreciation rates and expenses, will be required.
Resource Properties	Exploration, evaluation and development costs directly relating to unproven mineral interests are deferred until the mineral interest in which they relate is placed into production, sold or abandoned	IFRS has limited guidance with respect to these costs and currently allows exploration and evaluation costs to be either capitalized or expensed.	The existing accounting policy is likely to be maintained.
Asset Retirement Obligations	Canadian GAAP limits the definition of ARO's to legal obligations.	IFRS defines ARO's as legal or constructive obligations.	The broadening of this definition is unlikely to cause a significant change in current estimates.
	ARO is calculated using a current credit-adjusted, risk-free rate for upward adjustments, and the original credit-adjusted, risk-free rate for downward revisions. The original liability is not adjusted for changes in current discount rates.	ARO is calculated using a current pre-tax discount rate (which reflects current market assessment of the time value of money and the risk specific to the liability) and is revised every reporting period to reflect changes in assumptions or discount rates.	The change in calculation of ARO and the discounting process will likely generate some changes in the value of ARO on transition.

Key Area	Canadian GAAP (as currently applied)	IFRS	Analysis and Preliminary Conclusions
Impairment of Long Lived Assets	Impairment tests of its long-term assets are considered annually based on indications of impairment.	Impairment tests of “cash generating units” are considered annually in the presence of indications of impairment.	Assets will continue to be grouped under the Company’s various mining operations.
	Impairment tests are generally done on the basis of undiscounted future cash flows.	Impairment tests are generally carried out using the discounted future cash flow.	Impairment tests using discounted values could generate a greater likelihood of write downs in the future.
	Write-downs to net realizable values under an impairment test are permanent changes in the carrying value of assets.	Write downs to net realizable values under an impairment test can be reversed if the conditions of impairment cease to exist.	Potential significant volatility in earnings could arise as a result of the difference in the treatment of write-downs.
Stock-Based Compensation	Stock-based compensation is determined using fair value models (e.g. Black-Scholes) for equity-settled awards and the intrinsic model for cash-settled awards.	Stock-based compensation is determined using fair value models for all awards. However, upon settlement, cash-settled awards are adjusted to the value actually realized (intrinsic model).	The determination of the value of stock-based compensation for share appreciation rights and deferred share units, both cash-settled awards, will change and likely be more volatile under a Black-Scholes model until the awards are settled.
Income Taxes	There is no exemption from recognizing a deferred income tax for the initial recognition of an asset or liability in a transaction that is not a business combination. The carrying amount of the asset or liability acquired is adjusted for the amount of the deferred income tax recognized.	A deferred income tax is not recognized if it arises from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction affects neither accounting profit nor taxable profit.	The Company does not expect the difference in recognition of deferred income tax to have any significant change in the future.
	All deferred income tax assets are recognized to the extent that it is “more likely than not” that the deferred income tax assets will be realized recognized.	A deferred tax asset is recognized if it is “probable” that it will be realized.	“Probable” in this context is not defined and does not necessarily mean “more likely than not”. The Company is in the final stages of quantifying the impact of this difference.

The above comments should not be considered as a complete list of changes that will result from the transition to IFRS as the Company’s analysis is still in progress and no final determinations have been made where choices of accounting policies are available. In addition, the accounting bodies responsible for issuing Canadian and IFRS accounting standards have significant ongoing projects that could impact the Company’s financial statements as at April 30, 2011 and in subsequent years, including projects regarding income taxes, financial instruments and joint venture accounting. In addition, there is an extractive industries project currently underway that will lead to more definitive guidance on the accounting for exploration and evaluation expenditures, but this is still in the discussion paper stage and may not be completed for some time. The Company is continuing to monitor the development of these projects and will assess their impact in the course of its transition process to IFRS.

Transactions with Related Parties

- (a) During the six months ended November 30, 2010 the Company was charged for various services provided by companies controlled by current and former directors and officers of the Company, as follows:

	2010 \$	2009 \$
Accounting and administration	43,240	52,655
Professional fees	<u>36,349</u>	<u>152,580</u>
	<u>79,589</u>	<u>205,235</u>

As at November 30, 2010, accounts payable and accrued liabilities include \$11,540 (2009 - \$121,029) due to these related parties. These transactions were measured at the exchanged amount which was the amount of consideration established and agreed to by the related parties.

- (b) Advances were made by directors of the Company and bear interest at a rate of 12% per annum and have no fixed terms of repayment. During the six months ended November 30, 2010 the Company recorded \$20,424 of interest expense. As at November 30, 2010 advances totalling \$343,692 and accrued interest payable of \$124,128 remained outstanding.
- (c) During the six months ended November 30, 2010 the Company recorded royalties of \$300,000 to E-Energy Ventures Inc. and Cooper Minerals Inc., companies related by way of common directors.

Risks and Uncertainties

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company is in compliance in all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The Company's activities are conducted in Mexico. Consequently, the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

Investor Relations Activities

Effective January 26, 2010 the Company has an arrangement with First Canadian Capital Corp. ("First Canadian") to provide investor relation services under which the Company will pay a monthly fee of \$5,000. The arrangement may be terminated with written ten days notice after six months. During the six months ended November 30, 2010 the Company paid a total of \$24,194 to First Canadian and has suspended services temporarily.

The Company maintains a website (www.rochesterresources.com) which is updated on a continuous basis.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value. As at January 26, 2011, there were 136,459,771 issued and outstanding common shares. In addition there were 10,452,500 stock options outstanding at exercise prices ranging from \$0.22 to \$0.90 per share and 87,459,980 warrants outstanding, with exercise prices ranging from \$0.15 to \$0.20 per share.