

**TOSCA MINING CORP.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For The Three Months Ended February 29, 2012

**1.1 DATE**

This management discussion and analysis ("MD&A") prepared as of May 24, 2012, reviews and summarizes the activities of Tosca Mining Corp. ("Tosca" or the "Company") and compares the financial results for the period ended February 29, 2012, with those of the comparable 2011 quarter period ended February 28, 2011. This information is intended to supplement the unaudited condensed consolidated interim financial statements for the three month period ended February 29, 2012 and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Since prior year quarter financial information was prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"), where significant differences occur in presentation between the two systems, relevant notes are included in this document.

The MD&A should also be read in conjunction with the Company's audited consolidated financial statements for the year ended November 30, 2011 and related notes attached thereto, which were prepared in accordance with GAAP and is referenced in the February 29, 2012 interim financial statements. All amounts are stated in Canadian dollars unless otherwise indicated. The effective date of this report is May 24, 2012.

Additional information relating to the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com) and also on the Company's website at [www.toscamining.com](http://www.toscamining.com)

**Forward Looking Statements and Risks Notice**

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Company, including but not limited to statements with respect to the Company's plans or future financial or operating performance, the estimation of mineral reserves and resources, conclusions of economic assessments of projects, requirements for additional capital, sources and timing of additional financing, realization of unused tax benefits and future outcome of legal and tax matters.

The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect", "budget", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Issuer to differ materially from those expressed in, or implied by, these statements. These uncertainties are factors that include but are not limited to risks related to international operations; risks related to general economic conditions and credit availability, uncertainty related to the resolution of legal disputes and lawsuits; actual results of current exploration activities, unanticipated reclamation expenses; fluctuations in prices of gold; fluctuations in foreign currency exchange rates, increases in market prices of mining consumables, possible variations in mineral resources, grade or recovery rates; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of

the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, changes in national and local government regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which the Company operates.

The Company's management reviews periodically information reflected in forward-looking statements. The Company has and continues to disclose in its Management Discussion and Analysis and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking statements and to the validity of the statements themselves, in the period the changes occur.

Historical results of operations and trends that may be inferred from the above discussions and analysis may not necessarily indicate future results from operations.

## **1.2 OVERALL PERFORMANCE**

Tosca Mining Corp. as at February 29, 2012 is a Tier 2 Issuer as defined by Policy 2.4 of the TSX Venture Exchange (the "Exchange") The Company's common shares also trade on the US OTC QX Exchange under the symbol TSMNF and on the European Frankfurt Exchange under the symbol TQ4.

On February 22, 2011, the Company signed a letter of intent to acquire a 100% interest in an advanced stage copper-molybdenum project known as "Red Hills", located in Presidio County, Texas. The property is subject to a 2% NSR. The agreement involves cash payments to the sellers in the amount of US \$10,900,000, and the issuance of 2,100,000 common shares over a five year period, while earning increasing equity interest. As of February 29, 2012, US \$575,000 has been paid towards the first and second year commitment and 400,000 common shares were issued with a fair value of \$104,000. A NI 43-101 Technical Report was filed on behalf of the Company for the project and approved by the TSX Venture Exchange. A copy of the final document was filed on Sedar on November 16, 2011.

Subsequent to the date of this report, on May 1, 2012, the Company announced that it had re-negotiated its 5 year option agreement to purchase the Red Hills project. Under the renegotiated terms, Tosca has reduced its annual option payment to the vendors down from \$800,000 US to \$300,000 US in 2012 and each of the subsequent two years. This defers \$1,500,000 US in payments until, May 01, 2015, or a production decision whichever comes first, which will trigger a final payment of \$2,400,000. As part of the new terms, Tosca will increase the number of shares issued to the vendors from 2,100,000 to 2,800,000 over the length of the option agreement in annual increments of 600,000 shares. As at May 24, 2012, the Company has paid a further \$475,000US towards year two of the revised option agreement for the property.

The principal business of the Company during 2011 was to undertake engineering, metallurgical and assay activities related to the drill core results from the 31 hole 2011 drill program undertaken at the Red Hills property. During the year, senior management reviewed a number of additional potential mineral property acquisitions and a number were, and are, in various stages of negotiations regarding potential agreements. During this first quarter, there have been no on-site activities undertaken and all work has been related to analysis of the 2011 drill program results, from which the NI 43-101 report was completed. In addition, work has been ongoing with Golders Engineering and M3 related to the PEA document, now in process.

The Company has no source of revenue other than minimal amounts of interest earned on term deposits. It is likely the Company will operate at a loss unless and until it is able to put a mineral property into production. The Company will require additional financing in order to fund planned exploration expenditures and cover its general and administrative costs. The Company's ability to arrange such

financing in the future will depend in part upon prevailing capital market conditions, as well as the Company's business success. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from treasury, control of the Company may change and shareholders may suffer additional dilution. If adequate funds are not available on acceptable terms, the Company may not be able to operate its business at its maximum potential, to expand, to take advantage of other opportunities, or otherwise remain in business.

The Company relies on equity financings to fund its operations. During the three month period ended February 29, 2012, the Company issued no new common shares through sales or share purchase warrant exercises. At February 29, 2012, the Company's working capital was \$1,380,917.

### **Mineral Property-Red Hills, Presidio, Texas**

The Red Hills project consists of a large molybdenum porphyry system overlain by a copper (chalcocite) enrichment blanket developed below the oxide-sulphide transition zone. Eighty eight holes were drilled on the property between 1955 and 1972. This work led to the identification of a non-43-101 compliant resource of 17 million tons grading 0.35 Cu% with associated moly mineralization in the shallow copper blanket. The previous activity also led to the discovery of a linear trend of high grade copper mineralization defined by three vertical holes which included 33.55 metres of 9.09 % Cu. Based on historic drilling, the molybdenum mineralization occurs within a horseshoe shaped area measuring 1,000 m x 200 m and is open in two directions and at depth. Although many of the holes drilled in the molybdenum system were stopped in mineralization at shallow depths, the deeper holes were mineralized throughout (e.g. hole Duval 07: 642 meters @ 0.076% Mo).

As a component of the planned exploration program at the property, the Company established a wholly owned Texas subsidiary, Red Hills Mining Corp in April 2011 and commenced a drilling program designed to prove up prior drilling results and provide required details for NI 43-101 compliant Technical Report and subsequent feasibility studies. The drilling contractor, Ruen Drilling from Idaho, completed a 31 hole drill program on July 31, 2011.

The primary scope of the 2011 drill program was to verify results from historic diamond and rotary drill intercepts from the shallow copper blanket and to test for continuity and grade of the large molybdenum ("moly") system located below. Prior to yearend 2011, the Company had received all of its assay results. Four of the holes (TMC-02 to TMC-05) tested the high grade copper zone located outside of the copper blanket. Five of the first 17 holes were drilled through the copper blanket to depths of more than 1,000' to test the moly system.

The 2011 drill program also aimed at expanding the database of the copper blanket, thus allowing for a better understanding of the historic resource and the collection of representative samples for metallurgical testing. Two holes were drilled to explore for deep moly mineralization. The goal of the Company was to establish a NI-43-101 compliant resource on the shallow copper blanket, and to test metallurgical recoveries of copper and moly by year end 2011. A formal NI 43-101 resource report was received by the Company from Mine Development Associates ("MDA") on February 17, 2012 and filed on Sedar on February 21, 2012. This report forms the foundation for a Preliminary Economic Assessment ("PEA") of the copper blanket expected to be completed during second/third quarter 2012.

The results of Tosca's drilling to date generally validate historic holes previously drilled to define the copper-molybdenum cap. In addition, Tosca's holes drilled to date to test the underlying molybdenum system show strong continuity and good molybdenum grades over wide intervals.

The MDA report also summarizes the results of a metallurgical study completed by METCON Research in Tucson, Arizona. The mineralization of interest at Red Hills occurs within a porphyry molybdenum deposit and near surface copper enrichment zone (“copper blanket”) that covers an area about 4,000 ft. (1220 m) by 3,000 ft. (915 m). The porphyry molybdenum mineralization has a depth-extent of over 2,000 ft. (610 m) though the mineralization is not well-defined past a depth of 1,000 ft. (305 m). Both copper and molybdenum mineralization are open to the south under post-mineralization cover.

The resource estimate is based on a database of 121 drill holes totaling 60,131 feet (18,328 m) which includes 53,947 feet (16,443 m) of diamond drilling. The copper and molybdenum resources were modeled and estimated by evaluating the drill data statistically, utilizing the geologic interpretations developed by Tosca and MDA to interpret mineral domains on 29 cross sections spaced at 100 ft. (30.5 m) intervals, resolving the mineral domain interpretations on longitudinal sections spaced at 20 ft. (6.1 m) intervals, analyzing the modeled mineralization statistically to establish estimation parameters, and interpolating grades into a three-dimensional block model. Lithology, oxidation, and copper-molybdenum mineral domains models were created for the Red Hills project. The modeling of the Red Hills Resources was performed using Gemcom Surpac® mining software.

In consideration of the depth limits of any potential open pit mining, the Red Hills resource was constrained to a bottom elevation of 2,800 ft. (853 m) approximately 1,200 ft. (366 m) below the general surface.

Because of the requirement that the resource exists “in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction,” MDA reported the resources at a cut-off grade (0.025% MoEq) as that is reasonable for deposits mined by open-pit methods. In determining a reasonable cut-off grade, MDA considered metal prices, extraction costs, and metallurgical recoveries. The diluted resources have been reported at additional cut-offs in order to provide a grade distribution. The copper resource is fully contained within the near-surface copper blanket, and there is a significant tonnage of molybdenum-only material in the resource. The lower copper grades within the Red Hills resource result from the “spreading” of the copper over the full resource. If the copper mineralization is evaluated from a copper-only standpoint, the copper resource at a 0.15% Cu cut-off grade (comparable to 0.027% MoEq cut-off grade) contains an Indicated Resource of 8 million tons of 0.35% Cu (56.4 million lbs. Cu) and an Inferred Resource of 12.7 million tons of 0.25% Cu (63.4 million lbs. Cu).

In addition to the molybdenum/copper mineralization, multi-element analyses of Tosca’s drill samples show elevated rhenium levels associated with molybdenite mineralization. Rhenium concentrations of 0.5 to >1.0 part per million were encountered over vertical intervals of up to 500 feet (152 m) throughout the mineralized porphyry.

### **Metallurgical testing**

METCON conducted a froth flotation study on seven composite core samples from Tosca’s 2011 drilling at Red Hills, using assay rejects. The froth flotation study was conducted at a grind size of approximately 80 percent passing 74 microns, a pulp density of 25 percent solids, and pulp pH at 11. Head assays of composites 1 to 5 contained significant copper concentrations (0.16% to 0.78% Cu). Copper recoveries from those five samples ranged from 52.26% to 85.61 % (average: 66.2 %). Composites 6 and 7 did not contain detectable copper in head assays.

Head assays of Composites 2 to 7 contained significant molybdenum concentrations (438 ppm to 963 ppm Mo). Molybdenum recoveries from those composites ranged from 81.41% to 93.23 % (average: 88.8%).

A complete copy of NI 43-101 Resource Report for Red Hills is available on SEDAR and is also filed on the OTC-QX website.

### 1.3 SELECTED ANNUAL INFORMATION

<u>For the Year ended</u>	<u>Nov. 30, 2011</u>	<u>Nov. 30, 2010</u>	<u>Nov. 30, 2009</u>
Total Revenues (interest)	\$25,407	\$1,445	\$22
Income or loss before discontinued operations and extraordinary items	<1,706,210>	<521,616>	<78,284>
Net Loss in total	<1,819,221>	<904,792>	<78,262>
--Basic and diluted loss per share	<0.06>	<0.06>	<0.04>
Total Assets	5,121,044	749,247	768,012
Total Long term Financial Liabilities	0	0	0
Cash Dividends declared	0	0	0

Note: The Company is an exploration company, and unless otherwise noted, the loss for the year represents the general and administrative expenses, which include the estimated fair value of the stock options granted by the Company.

### 1.4 RESULTS FROM OPERATIONS

The Company has been and is still in the stages of exploring and developing its Red Hills, Texas property. To date, the Company has not earned any revenues from this project.

**General and Administrative** - During the three months ended February 29, 2012 (“Q1 2012”), the Company incurred a net loss of \$236,773 (\$0.01 per share) compared to a net loss of \$357,130 (\$0.02 per share) in the comparable quarter of 2011. The administrative expenses for Q1 2012 were \$223,237, down from \$358,597 from the same period of 2011. Total administrative expenses include a significant non-cash expense in the 2011 period; being \$146,568 for stock based compensation to recognize the fair value of stock options granted and vested during that period. There was no stock based compensation expense incurred in the 2012 quarter.

Excluding this item, the Q1 2012 administrative expenses were \$223,237 up from \$212,029 in Q1 2011. Investor relations expenses in Q1 2012 were \$45,424 (Q1 2011: \$7,407), an increase of \$38,017 due primarily from increased expenses incurred with European financial consultants and travel to Europe finance shows. Travel and promotion expenses in Q1 2012 were \$25,985(Q1 2011: nil), an increase of \$25,985 primarily from the increase in travel to the United States and Europe to attend investment conferences and visits to Red Hills metallurgical and engineering consultants.

Office and general expenses in Q1 2012 were \$12,385 (Q1 2011: \$16,494), a decrease of \$4,109 and attributable to a decrease in office overhead. Consulting costs were \$39,359 in Q1-2012 as compared to \$127,188 in the 2011 comparable quarter, a decrease of \$87,829 and attributed to reduction in outside consulting services that had been retained in the prior year. Transfer agent and Exchange filing fees increased from \$1,623 to \$25, 225 in the 2012 first quarter as a result of the increased filing costs associated with listing on the OTCQX Exchange in the United States. In general, there were no other areas in Q1 2012 with significant increases or decreases compared to the first three months of 2011. Excluding stock based compensation, the total general and administrative expenses for Q1 2012 were

approximately \$74,400 per month compared to \$70,700 per month in Q1 2011. During Q1 2012, the Company earned \$2,522 from interest income (Q1 2011: \$1,467), an increase of \$1,005 primarily from GIC interest earned on cash reserves. The Company had foreign exchange gains of \$16,058 (Q1-11-\$ nil) from its Red Hills project in Texas.

Exploration - During the three months ended February 29, 2012, the Company incurred exploration expenses of \$224,058 on the Red Hills property (Q1 2011: \$229,745). These expenses for Q1 2012 were approximately \$74,700 per month compared to \$76,600 per month in Q1 2011.

## 1.5 SUMMARY OF QUARTERLY RESULTS

This financial data has been prepared in accordance with Canadian generally accepted accounting principles and all figures are stated in Canadian dollars. The Company's quarterly results are summarized as follows:

	IFRS	GAAP	GAAP	GAAP
<b>Three Months Ended:</b>	<b>February 29, 2012</b>	<b>November 30, 2011</b>	<b>August 31, 2011</b>	<b>May 31, 2011</b>
Net loss for the period	(236,773)	(12,474)	(275,365)	(1,174,252)
Basic/Diluted loss per share	0.01	0.00	0.01	0.04

### **Balance sheet data:**

Cash	1,300,647	1,854,211	2,941,251	4,341,459
Total assets	4,813,005	5,121,044	5,562,499	5,775,662
Shareholders' Equity	4,769,818	5,006,591	5,273,528	5,439,893

	GAAP	GAAP	GAAP	GAAP
<b>Three Months Ended: Quarter</b>	<b>February 28, 2011 1st (3 months)</b>	<b>November 30, 2010 4th (3 months)</b>	<b>August 31, 2010 3rd (3 months)</b>	<b>May 31, 2010 2nd(3 months)</b>
Net loss for the period	(357,130)	(472,844)	(80,683)	(121,931)
Basic/Diluted loss per share	0.02	0.05	0.01	0.01

### **Balance sheet data:**

Cash	863,365	732,511	317,326	575,538
Total assets	1,150,887	749,247	736,683	680,126
Shareholders' Equity	983,426	724,488	712,384	649,087

## 1.6 LIQUIDITY

At February 29, 2012, the Company had working capital of \$1,380,917 compared to working capital of \$1,841,284 as at November 30, 2011. Accounts payable and accrued liabilities at February 29, 2012 were \$43,187. The Company's budget for administration and the exploration program for the fiscal year ending November 30, 2012 is variable from \$1.0 million to \$10.0 million dependent upon the extent of the 2012 drill program undertaken and how quickly we wish to move to a Bankable Feasibility Study position. As of the date of this report, the Company has sufficient funds for general administration costs for up to nine months and is in the process of negotiating additional equity financing arrangements. In addition, as of the

date of this report, all option and exploration payments due for the 2012 Red Hills option agreement have been made.

Mineral property interest costs as at February 29, 2012 were \$691,775 which were the same at November 30, 2011.

During the quarter, cash flows from operating activities resulted in net cash used of \$331,387 as compared to \$107,400 in the comparable quarter of 2011. Principal reasons for the difference were a decrease in stock based compensation in Q1-2012 of \$146,568 as compared to the Q1-2011 quarter; a decrease in trade payables and accrued liabilities of \$206,910 in the comparable quarters; and a reduction in the corporate loss to \$236,773 in the current quarter as compared to \$357,130 in the 2011 quarter.

Cash used in investing activities for Q1 2012 was \$222,177 which is comparable to the \$231,246 spent in Q1 2011.

Cash used in financing activities was nil in the 2012 quarter as compared to cash received of \$469,500 in the comparable 2011 quarter due to exercises of warrants..

The resultant change in cash position during the quarter ended February 29, 2012 was a decrease of \$553,564 as compared to an increase of \$130,854 for the comparable quarter in 2011.

## **1.7 CAPITAL RESOURCES**

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the identification, acquisition, exploration and development of mineral property interests. Capital is comprised of the Company's shareholders' equity. As at February 29, 2012, the Company's shareholders' equity was \$4,769,818 (November 30, 2011 \$5,006,991). The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

## **1.8 OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors, except for guarantees.

## **1.9 RELATED PARTY TRANSACTIONS**

The Company conducted the following transactions with related parties during the quarter ended February 29, 2012:

### ***Related party balances***

The following amounts due to related parties are included in trade payables and accrued liabilities:

	<b>February 29,</b>	<b>November 30,</b>
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	2012	2011
Companies controlled by directors of the Company	\$ -	\$ 24,175

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

***Key management personnel compensation***

	Three month periods ended	
	February 29, 2012	February 28, 2011
Deferred exploration costs	\$ 81,127	\$ 37,500
Management fees	64,000	55,000
Stock-based compensation	-	30,858
	\$ 145,127	\$ 123,358

- a) Paid or accrued management fees of \$64,000 (February 28, 2011- \$55,000) to companies controlled by directors.
- b) Paid or accrued mineral property interest costs of \$81,127 (February 28, 2011- \$37,500) to companies controlled by directors.
- c) Incurred stock based compensation expense of \$nil (February 28, 2011 - \$30,858) to one director.

Related party transactions other than stock based compensation have been recorded at their exchange amount, which is the amount agreed to by the related parties.

**1.10 FOURTH QUARTER—N/A**

**1.11 PROPOSED TRANSACTIONS-N/A**

**1.12 CRITICAL ACCOUNTING ESTIMATES**

As at February 29, 2012, the Company’s financial statements reflect an asset “Exploration and Evaluation Assets” with a balance of \$2,686,219. The recoverability of this amount is dependent upon the discovery of economically recoverable reserves, and the ability to attain future profitable production from those reserves, or from their successful disposition. The Company has not determined if its properties contain ore reserves that are economically recoverable and that determination awaits completion of the planned Pre- Economic Assessment and Feasibility Study documents.

**1.13 CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

Effective December 1, 2011 the Company replaced Canadian generally accepted accounting principles (“GAAP”) with International Financial Reporting Standards (“IFRS”). For comparative purposes, accounts for the quarters ending February 28, 2011, May 31, 2011, August 31, 2011 and the year ending November 30, 2011 will be restated in accordance with IFRS.

**1.14 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.



Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

## **Risk Assessment**

The Company is exposed in varying degrees to a variety of financial instrument related risks as follows:

### ***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with a major bank in Canada. As all of the Company's

cash and cash equivalents are held by one bank in Canada, there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company is not exposed to credit risk on mineral tax credit receivable, as these are due from the Government of Canada.

### ***Liquidity risk***

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and banking facilities.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at February 29, 2012:

	<b>Within year</b>	<b>one year</b>	<b>Between one and five years</b>	<b>More than five years</b>
Trade payable	\$	18,187	\$	-
	\$	18,187	\$	-

### ***Market risk***

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, and interest rates will affect the Company's net earnings or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

### ***Foreign currency exchange rate risk and commodity price risk***

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Commodity price risk is the risk that market values and future incomes will fluctuate because of changes in commodity prices. The Company does not have any direct exposure to foreign currency exchange rate risk or commodity price risk. The Company had no forward exchange rate contracts or commodity price contracts in place as at February 29, 2012 or during the year ended November 30, 2011.

### ***Interest rate risk***

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As at February 29, 2012 and November 30, 2011, the Company did not have any significant interest rate risk.

The Company had no interest rate swap or financial contracts in place as at February 29, 2012 and November 30, 2011.

## **1.15 OTHER**

### **Capital Management**

The Company identifies capital as share capital, cash and cash equivalents and receivables that are expected to be realized in cash. The Company raises capital through private and public share offerings and related party loans and advances. Capital is managed in a manner consistent with the risk criteria and policies provided by the board of directors and followed by management. All sources of financing and major expenditures are analyzed by management and approved by the board of directors.

The Company's primary objectives when managing capital is to safeguard and maintain the Company's financial resources for continued operations and to fund expenditure programs to further advance mineral property interests.

The Company is meeting its objective of managing capital through detailed review and due diligence on all potential acquisitions, preparing short-term and long-term cash flow analysis to maintain sufficient resources.

The Company is able to scale its expenditure programs and the use of capital to address market conditions by reducing expenditure and the scope of operations during periods of commodity pricing decline and economic downturn.

There were no changes in the Company's approach to capital management during the three months ended February 29, 2012.

The Company is not subject to any externally imposed capital requirements.

### **Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to provide assurance that all relevant information is gathered and reported to the senior management, which includes the Company's President and its Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. As of February 29, 2012, the President and the Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures as defined in *National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings*, of the Canadian Securities Administrators and have concluded that such disclosure controls and procedures are effective.

### **Internal Control over Financial Reporting**

The Company's President and the Chief Financial Officer are responsible for establishing and maintaining the Company's internal controls over financial reporting in accordance with *National Instrument 52-109*. These internal controls over financial reporting were effective as at February 29, 2012. There have been no changes in these controls during the first quarter of 2012 which have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

### **Other MD&A Required Information**

Additional information on the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com), and on the Company's website at [www.toscamining.com](http://www.toscamining.com)

At March 31, 2011, the Company had 36,584,499 common shares issued. The Company had 3,560,000 stock options outstanding, with exercise prices ranging from \$0.10 to \$.50, a weighted average exercise price of \$0.30 and a weighted average life of 2.39 years. In addition, 15,906,841 share purchase warrants

were outstanding, with a weighted average exercise price of \$0.45 and these all expired on March 28, 2012. None were exercised prior to the expiry date on March 28, 2012.

Summary of outstanding share data as of May 24, 2011:

		Price
Issued shares	36,584,499	
Options	3,560,000	\$0.30
Warrants*	-	
Fully Diluted	40,144,499	

\* 15,906,841 warrants exercisable at \$0.45 expired on March 28, 2012

### **SUBSEQUENT EVENTS**

Subsequent to February 29, 2012, the Company announced and/or undertook the following:

--On May 1, 2012, the Company announced that it had renegotiated its 5 year option agreement to purchase the Red Hills Molybdenum/Copper project located in Presidio County, Texas.

Under the renegotiated terms, Tosca has reduced its annual option payment to the vendors down from \$800,000 US to \$300,000 US in 2012 and each of the subsequent two years. This defers \$1,500,000 US in payments until, May 01, 2015, or a production decision whichever comes first, which will trigger a final payment of \$2,400,000. As part of the new terms, Tosca will increase the number of shares issued to the vendors from 2,100,000 to 2,800,000 over the length of the option agreement in annual increments of 600,000 shares.

To the shareholders of TOSCA MINING CORP.

### **MANAGEMENT COMMENTS**

The unaudited financial statements of Tosca Mining Corp. for the period ended February 29, 2012 and all information contained in this financial report have been approved by the Company's Board of Directors. The Company complies with its TSX Venture Exchange listing agreement. The Company maintains rigorous systems of internal accounting and administrative controls to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the assets are correctly accounted for and protected.

Vancouver, BC      May 24, 2012

/s/ Ron Shenton

Ron Shenton,  
President