Tosca Mining Corp.

Condensed Consolidated Interim Financial Statements

Three Months Ended February 29, 2012

Expressed in Canadian Dollars

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

/s/ Ron Shenton

“Ron Shenton”

President and Director

Tosca Mining Corp.
Consolidated statements of financial position
(Expressed in Canadian dollars – unaudited)

	Notes	February 29, 2012	November 30, 2011 (Note 13)	December 1, 2010 (Note 13)
ASSETS				
Current assets				
Cash and cash equivalents	3	$ 1,300,647	$ 1,854,211	$ 732,511
Recoverable taxes	4	31,133	14,803	9,937
Prepaid expenses		92,324	86,723	5,000
		1,424,104	1,955,737	747,448
Non-current assets				
Property, plant and equipment	5	10,907	11,371	1,799
Mineral Property Interests	6	691,775	691,775	-
Exploration and evaluation assets	6	2,686,219	2,462,161	-
		3,388,901	3,165,307	1,799
TOTAL ASSETS		**$ 4,813,005**	**$ 5,121,044**	**$ 749,247**
LIABILITIES				
Current liabilities				
Trade payables and accrued liabilities	7	$ 43,187	$ 114,453	$ 24,759
SHAREHOLDERS' EQUITY				
Share capital	8	6,813,953	6,813,953	1,533,053
Subscriptions received		-	-	138,750
Share-based payment reserve	9	1,072,690	1,072,690	113,516
Deficit		(3,116,825)	(2,880,052)	(1,060,831)
TOTAL EQUITY		**4,769,818**	**5,006,591**	**724,488**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 4,813,005**	**$ 5,121,044**	**$ 749,247**

Tosca Mining Corp.
Consolidated statements of comprehensive loss
(Expressed in Canadian dollars – unaudited)

	Notes	Three month periods ended February 29, 2012	February 28, 2011 (Note 13)
Expenses			
Amortization		$ 1,105	$ 317
Consulting		39,359	127,188
Investor relations		45,424	7,407
Legal and audit		9,754	4,000
Management fees		64,000	55,000
Office and general		12,385	16,494
Stock-based compensation		-	146,568
Transfer agent and filing fees		25,225	1,623
Travel and promotion		25,985	-
		223,237	358,597
Other items			
Interest income		(2,522)	(1,467)
Foreign exchange (gain) loss		16,058	-
		13,536	(1,467)
Loss and comprehensive loss for the period		**$ 236,773**	**$ 357,130**
Loss per share – basic and diluted	8	**$ (0.01)**	**$ (0.02)**

Tosca Mining Corp.
Consolidated statements of changes in shareholders' equity
(Expressed in Canadian dollars – unaudited)

		Share capital					
	Notes	Number of shares	Amount	Share-based payment reserve	Subscriptions received	Deficit	Total
Balance at November 30, 2010	13	**17,055,000**	**$ 1,533,053**	**$ 113,516**	**$ 138,750**	**$ (1,060,831)**	**$ 724,488**
Comprehensive loss:							
Loss for the period		-	-	-	-	(357,130)	(357,130)
Transactions with owners, in their capacity as owners, and other transfers:							
Shares issued for cash – private placement		-	-	-	-	-	-
Share issue costs		-	-	-	-	-	-
Shares issued for cash – option exercise		-	-	-	-	-	-
Shares issued for cash – warrant exercise		4,055,000	608,250	-	(138,750)	-	469,500
Fair value of share options allocated to shares issued on exercise		-	-	-	-	-	-
Fair value of warrants allocated to shares issued on exercise		-	-	-	-	-	-
Stock based compensation		-	-	146,568	-	-	146,568
Total transactions with owners and other transfers		4,055,000	608,250	146,568	(138,750)	-	616,068
Balance at February 28, 2011		**21,110,000**	**$ 2,141,303**	**$ 260,084**	**$ -**	**$ (1,417,961)**	**$ 983,426**
Balance at November 30, 2011	13	**36,584,499**	**$ 6,813,953**	**$ 1,072,690**	**$ -**	**$ (2,880,052)**	**$ 5,006,591**
Comprehensive loss:							
Loss for the period		-	-	-	-	(236,773)	(236,773)
Transactions with owners, in their capacity as owners, and other transfers:							
Shares issued for cash – private placement		-	-	-	-	-	-
Share issue costs		-	-	-	-	-	-
Shares issued for cash – option exercise		-	-	-	-	-	-
Shares issued for cash – warrant exercise		-	-	-	-	-	-
Fair value of share options allocated to shares issued on exercise		-	-	-	-	-	-
Fair value of warrants allocated to shares issued on exercise		-	-	-	-	-	-
Stock-based compensation		-	-	-	-	-	-
Total transactions with owners and other transfers		-	-	-	-	-	-
Balance at February 29, 2012		**36,584,499**	**$ 6,813,953**	**$ 1,072,690**	**$ 1,072,690**	**$ (3,116,825)**	**$ 4,769,818**

Tosca Mining Corp.
Consolidated statements of cash flows
(Expressed in Canadian dollars – unaudited)

	Three month periods ended	
	February 29, 2012	**February 28, 2011 (Note 13)**
Operating activities		
Comprehensive loss for the period	$ (236,773)	$ (357,130)
Adjustments for non-cash items:		
Amortization	1,105	317
Stock-based compensation	-	146,568
Deduct interest income relating to investing activities	(2,522)	(1,467)
Changes in non-cash working capital items:		
Recoverable taxes	(16,330)	(26,421)
Prepaid expenses	(5,601)	(4,911)
Trade payables and accrued liabilities	(71,266)	135,644
Net cash flows used in operating activities	(331,387)	(107,400)
Investing activities		
Expenditures on deferred exploration costs	(224,058)	(229,745)
Expenditures on property, plant and equipment	(641)	(2,968)
Interest income	2,522	1,467
Net cash flows used in investing activities	(222,177)	(231,246)
Financing activities		
Proceeds on issuance of common shares	-	469,500
Net cash flows from financing activities	-	469,500
Increase in cash and cash equivalents	(553,564)	130,854
Cash and cash equivalents, beginning	1,854,211	732,511
Cash and cash equivalents, ending	**$ 1,300,647**	**$ 863,365**

1. Nature and continuance of operations

Tosca Mining Corp. is a publicly listed exploration company incorporated in Canada under the *British Columbia Corporations Act* on May 12, 2006. The Company together with its subsidiary, Red Hills Mining Corp. (collectively referred to as the "Company") is principally engaged in acquisition and exploration of resource properties. Upon completion of its qualifying transaction the Company was classified as a Tier II mining company, effective December 2, 2009, and trades on the TSX Venture Exchange under the symbol TSQ.

The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, necessary financings, or generate profitable operations in the future.

The head office, principal address and records office of the Company are located at 409 Granville Street, Suite 400, Vancouver, British Columbia, Canada, V6E 1T2.

These unaudited condensed consolidated interim financial statements have been prepared on the assumption that the Company and its subsidiary will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at February 29, 2012 the Company had not advanced its property to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months using the existing cash , exercise of share purchase warrants and or private placement of common shares.

2. Significant accounting policies and basis of preparation

The financial statements were authorized for issue on May 24, 2012 by the directors of the Company.

Statement of compliance and conversion to International Financial Reporting Standards

The consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Therefore, these financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended November 30, 2011. However, this interim financial report, being the first IFRS financial report, provides selected significant disclosures that are required in the annual financial statements under IFRS. The disclosures concerning the transition from Canadian Generally Accepted Accounting Principles ("Canadian GAAP") to IFRS are provided in Note 13.

Basis of preparation

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

2. Significant accounting policies and basis of preparation (cont'd)

Consolidation

The consolidated financial statements include the accounts of the Company and and its wholly owned subsidiary, Red Hills Mining Corp.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the determination of the useful lives of property, plant and equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and stock-based compensation and other equity-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, qualifying expenditures for refundable and non-refundable tax credits, timing of receipt of refundable tax credits, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

2. Significant accounting policies and basis of preparation (cont'd)

Share-based payments

The Company operates an employee and a non-employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Financial 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.

2. Significant accounting policies and basis of preparation (cont'd)

Financial instruments (cont'd)

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 an impairment has arisen.

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

Impairment of assets

The carrying amount of the Company's long-lived assets (which include property, plant and equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are included in the determination of net loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Income taxes

<u>Current income tax:</u>

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the Canadian taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Significant accounting policies and basis of preparation (cont'd)

Income taxes (cont'd)

Deferred income tax:

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Flow-through shares:

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through tax liability") and included in trade payables and accrued liabilities. Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through tax liability will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

(Expressed in Canadian dollars - unaudited)

2. Significant accounting policies and basis of preparation (cont'd)

Restoration and environmental obligations (cont'd)

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

At February 29, 2012 and November 30, 2011, the Company had no material restoration and environmental obligations.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of income and comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation and amortization are calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The depreciation and amortization rates applicable to each category of property, plant and equipment are as follows:

Class of property, plant and equipment	**Depreciation rate**
Motor vehicles	30% declining balance
Computer equipment	30% declining balance
Office equipment	20% declining balance

Amendments to IFRS 7 "Financial Instruments: Disclosures"

This amendment increases the disclosure required regarding the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period. This amendment is effective for annual periods beginning on or after July 1, 2011

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". This new standard is effective for annual periods beginning on or after January 1, 2013.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the consolidated financial statements.

3. Cash and cash equivalents

The components of cash and cash equivalents are as follows:

		February 29, 2012		**November 30, 2011**
Cash at bank	$	290,751	$	341,551
Guaranteed investment certificates		1,009,896		1,512,660
	$	1,300,647	$	1,854,211

(Expressed in Canadian dollars - unaudited)

4. Accounts receivable

	February 29, 2012	November 30, 2011
Recoverable taxes	$ 31,133	$ 14,803
	$ 31,133	$ 14,803

5. Property, plant and equipment

	Motor vehicles	Computer equipment	Office equipment	Total
Cost:				
At November 30, 2011	$ 8,410	$ 3,318	$ 3,546	$ 15,274
Additions	-	641	-	641
Disposals	-	-	-	-
At February 29, 2012	8,410	3,959	3,546	15,915
Depreciation:				
At November 30, 2011	1,892	1,069	942	3,903
Charge for the period	631	297	177	1,105
Eliminated on disposal	-	-	-	-
At February 29, 2012	2,523	1,366	1,119	5,008
Net book value:				
At November 30, 2011	6,518	2,249	2,604	11,371
At February 29, 2012	**$ 5,887**	**$ 2,593**	**$ 2,427**	**$ 10,907**

	Motor vehicles	Computer equipment	Office equipment	Total
Cost:				
At December 1, 2010	$ -	$ 350	$ 1,945	$ 2,295
Additions	8,410	2,968	1,601	12,979
Disposals	-	-	-	-
At November 30, 2011	8,410	3,318	3,546	15,274
Depreciation:				
At December 1, 2010	-	105	391	496
Charge for the period	1,892	964	551	3,407
At November 30, 2011	1,892	1,069	942	3,903
Net book value:				
At December 1, 2010	-	245	1,554	1,799
At November 30, 2011	**$ 6,518**	**$ 2,249**	**$ 2,604**	**$ 11,371**

6. Exploration and evaluation assets

Red Hills, Texas, USA

During the year ended November 30, 2011, the Company signed an option to purchase 100% interest in the Red Hills advanced stage moly-copper project located in Presidio County, Texas.The property is subject to a 2% NSR. In addition there is a 1% NSR on any contiguous claims acquired by the Company.

The agreement involves cash payments to the vendors in the amount of US$ 10,900,000, and the issuance of 2,100,000 common shares over a five year period. The first year commitment is US$575,000 and 400,000 shares until May 1, 2012. As at February 29, 2012, the Company paid the first year commitment of US$575,000 and 400,000 common shares were issued with a fair value of $104,000.

In addition, there is an annual sublease of US$175,000 for a period of five years.

(Expressed in Canadian dollars - unaudited)

6. Exploration and evaluation assets (cont'd)

The following is a description of the Company's deferred exploration costs for Red Hills:

	Balance, November 30, 2010	Expenditures	Balance, November 30, 2011	**Expenditures**	**Balance, February 29, 2012**
Assays and testing	$ -	**$ 139,888**	**$ 139,888**	**$ -**	**$ 139,888**
Camp	-	**32,586**	**32,586**	**2,390**	**34,976**
Drilling	-	**1,322,753**	**1,322,753**	**918**	**1,323,671**
Exploration advance	-	**60,162**	**60,162**	**-**	**60,162**
Geological and geophysical services	-	**424,515**	**424,515**	**127,323**	**551,838**
Metallurgy	-	**103,454**	**103,454**	**-**	**103,454**
Project management and professional services	-	295,861	295,861	26,641	322,502
Survey and mapping	-	**19,949**	**19,949**	**63,001**	**82,950**
Transportation	-	**62,993**	**62,993**	**3,785**	**66,778**
	$ -	**$ 2,462,161**	**$ 2,462,161**	**$ 224,058**	**$ 2,686,219**

(Expressed in Canadian dollars - unaudited)

7. Trade payables and accrued liabilities

	February 29, 2012	November 30, 2011
Trade payables	$ 18,187	$ 89,453
Accrued liabilities	25,000	25,000
	$ 43,187	$ 114,453

8. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At February 29, 2012 there were 36,584,499 issued and fully paid common shares (November 30, 2011 – 36,584,499).

Share issuances

There were no share issuances during the three months ended February 29, 2012.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three month period ended February 29, 2012 was based on the loss attributable to common shareholders of $236,773 (February 28, 2011 - $357,130) and the weighted average number of common shares outstanding of 36,584,499 (February 28, 2011 – 21,026,000).

Diluted loss per share did not include the effect of 3,560,000 stock options as the effect would be anti-dilutive.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company’s issued and outstanding common shares. Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all investor relations and technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee’s position with the Company or 30 days following cessation of an optionee conducting investor relations activities’ position.

If no vesting schedule is specified at the time of grant, the options will vest 25% each anniversary of the date of grant.

(Expressed in Canadian dollars - unaudited)

8. Share capital

Stock options (cont'd)

The changes in options during the three month period ended February 29, 2012 and the year ended November 30, 2011 are as follows:

	February 29, 2012			November 30, 2011		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Options outstanding, beginning of period	3,560,000	$	0.30	1,350,000	$	0.10
Options granted	-		-	2,260,000		0.42
Options exercised	-		-	(50,000)		0.10
Options expired	-		-	-		-
Options forfeited	-		-	-		-
Options outstanding, end of period	3,560,000	$	0.30	3,560,000	$	0.30
Options exercisable, end of period	3,560,000	$	0.30	3,560,000	$	0.30

Details of options outstanding as at February 29, 2012 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding
$0.10	0.28 years	1,300,000
$0.27	0.39 years	760,000
$0.50	1.72 years	1,500,000
$0.30	2.39 years	3,560,000

The weighted average grant date fair value of options granted during the three month period ended February 29, 2012 was $Nil (year ended November 30, 2011 - $0.33). The fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

	Three month period ended February 29, 2012	Year ended November 30, 2011
Expected life of options	-	3 - 5 years
Annualized volatility	-	97%
Risk-free interest rate	-	2.48%
Dividend rate	-	0%

(Expressed in Canadian dollars - unaudited)

8. Share capital (cont'd)

Share purchase warrants

The changes in share purchase warrants during the three month period ended February 29, 2012 and the year ended November 30, 2011 are as follows:

	February 29, 2012			November 30, 2011		
	Number of warrants		Weighted average exercise price	Number of warrants		Weighted average exercise price
Outstanding, beginning of period	15,906,841	$	0.45	-	$	-
Issued	-		-	15,906,841		0.45
Exercised	-		-	-		-
Expired	-		-	-		-
Outstanding, end of period	15,906,841	$	0.45	15,906,841	$	0.45

Details of share purchase warrants outstanding as at February 29, 2012 are as follows:

Weighted average exercise price	Expiry Date	Number of warrants outstanding
$0.45	March 28, 2012	15,906,841
$0.45		

9. Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and the fair value recorded for warrants issued until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

10. Related party balances and transactions

Related party balances

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

		February 29, 2012		November 30, 2011
Companies controlled by directors of the Company	$	-	$	24,175

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

(Expressed in Canadian dollars - unaudited)

10. Related party balances and transactions (cont'd)

Related party transactions

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

11. Financial risk management

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:

	Within one year	**Between one and five years**	**More than five years**
Trade payable	$ 18,187	$ -	$ -
	$ 18,187	$ -	$ -

11. Financial risk management (cont'd)

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.

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 March 31, 2011.

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

(Expressed in Canadian dollars - unaudited)

11. Financial risk management (cont'd)

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	February 29, 2012	November 30, 2011
Cash and cash equivalents	$ 1,300,647	$ 1,854,211
Loans and receivables:		
Recoverable taxes	31,133	14,803
	$ 1,331,780	$ 1,869,014

Financial liabilities included in the statement of financial position are as follows:

	February 29, 2012	November 30, 2011
Non-derivative financial liabilities:		
Trade payables	$ 18,187	$ 89,453
	$ 18,187	$ 89,453

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Group's financial assets measured at fair value as at February 29, 2012 and November 30, 2011:

	As at February 29, 2012		
	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 1,300,647	$ -	$ -

	As at November 30, 2011		
	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 1,854,211	$ -	$ -

12. Segmented information

Operating segments

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

Geographic segments

The Company's non-current assets are located in the United States.

13. Transition to IFRS

As result of the Accounting Standards Board of Canada's decision to adopt IFRS for publicly accountable entities for financial reporting periods beginning on or after January 1, 2011, the Company has adopted IFRS in these financial statements, making them the first interim financial statements of the Company under IFRS. The Company previously applied the available standards under previous Canadian GAAP that were issued by the Accounting Standards Board of Canada.

As required by IFRS 1 "First-time Adoption of International Financial Reporting Standards", January 1, 2010 has been considered to be the date of transition to IFRS by the Company. Therefore, the comparative figures that were previously reported under previous Canadian GAAP have been restated in accordance with IFRS.

Exemptions applied

The Company has applied the following optional transition exemptions to full retrospective application of IFRS:

- IFRS 3 "Business Combinations" has not been applied to acquisitions of subsidiaries or of interests in associates and joint ventures that occurred before January 1, 2010.
- IFRS 2 "Share-based Payment" has not been applied to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to January 1, 2010, which have been accounted for in accordance with Canadian GAAP.

Mandatory exemptions under IFRS

The IFRS 1 mandatory exception applied by the Company in the conversion from Canadian GAAP to IFRS is as follows:

- In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP unless those estimates were in error. The Company's IFRS estimates as at the Transition Date are consistent with its Canadian GAAP estimates as at that date.

(Expressed in Canadian dollars - unaudited)

13. Transition to IFRS (cont'd)

Reconciliation of assets

		As at November 30, 2011			As at December 1, 2010		
	Notes	Canadian GAAP	Effect of Transition	IFRS	Canadian GAAP	Effect of Transition	IFRS
ASSETS							
Current assets							
Cash and cash equivalents		$ 1,854,211	$ -	$ 1,854,211	$ 732,511	$ -	$ 732,511
Recoverable taxes		14,803	-	14,803	9,937	-	9,937
Prepaid expenses		86,723	-	86,723	5,000	-	5,000
		1,955,737	-	1,955,737	747,448	-	747,448
Non-current assets							
Property, plant and equipment		11,371	-	11,371	1,799	-	1,799
Mineral Property Interests		691,775	-	691,775	-	-	-
Exploration and evaluation assets		2,462,161	-	2,462,161	-	-	-
		3,165,307	-	3,165,307	1,799	-	1,799
TOTAL ASSETS		**$ 5,121,044**	**$ -**	**$ 5,121,044**	**$ 749,247**	**$ -**	**$ 749,247**

(Expressed in Canadian dollars - unaudited)

13. Transition to IFRS (cont'd)

Reconciliation of liabilities

		As at November 30, 2011			As at December 1, 2010		
	Notes	**Canadian GAAP**	**Effect of Transition**	**IFRS**	**Canadian GAAP**	**Effect of Transition**	**IFRS**
LIABILITIES							
Current liabilities							
Trade payables and accrued liabilities		$ 114,453	$ -	$ 114,453	$ 24,759	$ -	$ 24,759
SHAREHOLDERS' EQUITY							
Share capital		6,813,953	-	6,813,953	1,533,053	-	1,533,053
Subscriptions received		-	-	-	138,750	-	138,750
Contributed surplus	13 (b)	1,072,690	(1,072,690)	-	113,516	(113,516)	-
Share-based payment reserve	13 (b)	-	1,072,690	1,072,690	-	113,516	113,516
Deficit		(2,880,052)	-	(2,880,052)	(1,060,831)	-	(1,060,831)
TOTAL EQUITY		**5,006,591**	**-**	**5,006,591**	**724,488**	**-**	**724,488**
TOTAL LIABILITIES AND SHARESHOLDER'S EQUITY		**$ 5,121,044**	**$ -**	**$ 5,121,044**	**$ 749,247**	**$ -**	**$ 749,247**

(Expressed in Canadian dollars - unaudited)

13. Transition to IFRS (cont'd)

Reconciliation of loss and comprehensive loss for the three month period ended February 28, 2011

	Notes	Canadian GAAP	Effect of Transition	IFRS
Expenses				
Amortization		$ 317	$ -	$ 317
Consulting		127,188	-	127,188
Investor relations		7,407	-	7,407
Legal and audit		4,000	-	4,000
Management fees		55,000	-	55,000
Office and general		16,494	-	16,494
Stock-based compensation		146,568	-	146,568
Transfer agent and filing fees		1,623	-	1,623
Travel and promotion		-	-	-
		358,597	-	358,597
Other items				
Interest income		(1,467)	-	(1,467)
		(1,467)	-	(1,467)
Net loss and comprehensive loss for the period		**$ 357,130**	**$ -**	**$ 357,130**
Loss per share – basic and diluted		**$ (0.02)**	**$ -**	**$ (0.02)**

(Expressed in Canadian dollars - unaudited)

13. Transition to IFRS (cont'd)

Reconciliation of loss and comprehensive loss for the year ended November 30, 2011

	Notes	Canadian GAAP	Effect of Transition	IFRS
Expenses				
Amortization		$ 3,407	$ -	$ 3,407
Consulting		169,450	-	169,450
Investor relations		205,691	-	205,691
Legal and audit		89,335	-	89,335
Management fees		255,500	-	255,500
Office and general		54,333	-	54,333
Stock-based compensation		749,199	-	749,199
Transfer agent and filing fees		80,625	-	80,625
Travel and promotion		98,670	-	98,670
		1,706,210	-	1,706,210
Other items				
Interest income		(25,407)	-	(25,407)
BCMETC recovery		(65,884)	-	(65,884)
Foreign exchange gain		(73,560)	-	(73,560)
Write off mineral property interests		277,862	-	277,862
		113,011	-	113,011
Net loss and comprehensive loss for the period		**$ 1,819,221**	**$ -**	**$ 1,819,221**
Loss per share – basic and diluted		**$ (0.06)**	**$ -**	**$ (0.06)**

(Expressed in Canadian dollars - unaudited)

13. Transition to IFRS (cont'd)

Reconciliation of cash flows for the three month period ended February 28, 2011

	Notes	Canadian GAAP	Effect of Transition	IFRS
Operating activities				
Loss before income taxes		$ (357,130)	$ -	$ (357,130)
Adjustments for non-cash items:				
Amortization		317	-	317
Stock-based compensation		146,568	-	146,568
Deduct interest income relating to investing activity	13(c)	-	(1,467)	(1,467)
Changes in non-cash working capital items:				
Recoverable taxes		(26,421)	-	(26,421)
Prepaid expenses		(4,911)	-	(4,911)
Trade payables and accrued liabilities		135,644	-	135,644
Net cash flows from (used in) operating activities		**(105,933)**	**(1,467)**	**(107,400)**
Investing activities				
Expenditures on deferred exploration costs		(229,745)	-	(229,745)
Expenditures on property, plant and equipment		(2,968)	-	(2,968)
Interest income	13(c)	-	1,467	1,467
Net cash flows from (used in) investing activities		**(232,713)**	**1,467**	**(231,246)**
Financing activities				
Proceeds on issuance of common shares		469,500	**-**	469,500
Net cash flows from (used in) financing activities		**469,500**	-	**469,500**
Increase (decrease) in cash and cash equivalents		130,854	-	130,854
Cash and cash equivalents, beginning		732,511	-	732,511
Cash and cash equivalents, ending		**$ 863,365**	**$ -**	**$ 863,365**

13. Transition to IFRS (cont'd)

Notes to reconciliations

(a) Functional and presentation currency

IFRS requires that the functional currency of each entity in the consolidated Company be determined separately in accordance with the indicators as per IAS 21 "The Effects of Changes in Foreign Exchange Rates" and should be measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated interim financial statements are presented in Canadian dollars which is the Company's presentation currency.

(b) Reserves

Under Canadian GAAP, amounts recorded in relation to the fair value of stock options granted and warrants issued were recorded to contributed surplus. Under IFRS, these amounts have been reclassified as reserves.

(c) Interest income

Under Canadian GAAP, the Company classified interest income as operating activities. Under IFRS, interest income has been reclassified as an investing activity.

14. Subsequent events

On March 28, 2012, 15,906,841 share purchase warrants exercisable at $0.45 expired.

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 venders 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 26, 2012, the Company has paid a further $475,000US towards year two of the revised option agreement for the property.