Tosca Mining Corp.

Consolidated Financial Statements

Year Ended November 30, 2012

Expressed in Canadian Dollars

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Tosca Mining Corp.

We have audited the accompanying consolidated financial statements of Tosca Mining Corp., which comprise the consolidated statements of financial position as at November 30, 2012, November 30, 2011 and December 1, 2010 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended November 30, 2012 and November 30, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Tosca Mining Corp. as at November 30, 2012, November 30, 2011 and December 1, 2010, and its financial performance and its cash flows for the years ended November 30, 2012 and November 30, 2011 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Tosca Mining Corp. to continue as a going concern.

Vancouver, Canada

Chartered Accountants

March 19, 2013

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

As at	Notes	November 30, 2012	November 30, 2011 (Note 15)	December 1, 2010 (Note 15)
ASSETS				
Current assets				
Cash	3	$ 100,010	$ 1,854,211	$ 732,511
Receivables	4	12,009	14,803	9,937
Prepaid expenses		25,813	86,723	5,000
		137,832	1,955,737	747,448
Non-current assets				
Equipment	5	8,194	11,371	1,799
Exploration and evaluation assets	6	-	3,153,936	-
		8,194	3,165,307	1,799
TOTAL ASSETS		**$ 146,026**	**$ 5,121,044**	**$ 749,247**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	7	$ 35,586	$ 114,453	$ 24,759
SHAREHOLDERS' EQUITY				
Share capital	8	6,873,953	6,813,953	1,533,053
Subscriptions received	8	-	-	138,750
Share-based payment reserve	9	1,195,790	1,072,690	113,516
Deficit		(7,959,303)	(2,880,052)	(1,060,831)
TOTAL EQUITY		**110,440**	**5,006,591**	**724,488**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 146,026**	**$ 5,121,044**	**$ 749,247**

Nature of operations and going concern (Note 1)

Approved and authorized by the Board on March 19, 2013

Director *"Ron Shenton"* **Director** *"Brian Roberts"*

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

	Notes	Years Ended November 30, 2012	November 30, 2011 (Note 15)
Expenses			
Amortization	5	$ 4,469	$ 3,407
Consulting		173,047	169,450
Investor relations		128,418	205,691
Legal and audit		78,020	89,335
Management fees		211,000	255,500
Office and general		40,816	54,333
Stock-based compensation	8	123,100	749,199
Transfer agent and filing fees		35,364	80,625
Travel and promotion		52,691	98,670
		846,925	1,706,210
Other items			
Interest income		(4,347)	(25,407)
Write off of mineral and exploration assets	6	4,204,974	277,862
BCMETC recovery		-	(65,884)
Foreign exchange (gain) loss		31,699	(73,560)
		4,232,326	113,011
Loss and comprehensive loss for the year		**$ 5,079,251**	**$ 1,819,221**
Loss per share – basic and diluted	8	**$ (0.14)**	**$ (0.06)**
Weighted average number of common shares outstanding		**36,882,860**	**31,386,688**

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

		Share capital									
	Notes	Number of shares		Amount		Share-based payment reserve		Subscriptions received		Deficit		Total
Balance at December 1, 2010	15	**17,055,000**	**$**	**1,533,053**	**$**	**113,516**	**$**	**138,750**	**$**	**(1,060,831)**	**$**	**724,488**
Comprehensive loss:												
Loss for the year		-		-		-		-		(1,819,221)		(1,819,221)
Transactions with owners, in their capacity as owners, and other transfers:												
Shares issued for cash – private placement		15,024,499		5,258,575		-		-		-		5,258,575
Share issue costs		-		(698,050)		213,100		-		-		(484,950)
Shares issued for cash – option exercise		50,000		5,000		-		-		-		5,000
Shares issued for cash – warrant exercise		4,055,000		608,250		-		(138,750)		-		469,500
Fair value of share options allocated to shares issued on exercise		-		3,125		(3,125)		-		-		-
Fair value of shares issued on Property option payment		400,000		104,000		-		-		-		104,000
Stock- based compensation		-		-		749,199		-		-		749,199
Total transactions with owners and other transfers		19,529,499		5,280,900		959,174		(138,750)		-		6,101,324
Balance at November 30, 2011	**15**	**36,584,499**	**$**	**6,813,953**	**$**	**1,072,690**	**$**	**-**	**$**	**(2,880,052)**	**$**	**5,006,591**
Comprehensive loss:												
Loss for the year		-		-		-		-		(5,079,251)		(5,079,251)
Transactions with owners, in their capacity as owners, and other transfers:												
Fair value of shares issued on Property option payment		600,000		60,000		-		-		-		60,000
Stock-based compensation		-		-		123,100		-		-		123,100
Total transactions with owners and other transfers		600,000		60,000		123,100		-		-		183,100
Balance at November 30, 2012		**37,184,499**	**$**	**6,873,953**	**$**	**1,195,790**	**$**	**-**	**$**	**(7,959,303)**	**$**	**110,440**

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

	Years Ended	
	November 30, 2012	**November 30, 2011 (Note 15)**
Operating activities		
Comprehensive loss for the year	$ (5,079,251)	$ (1,819,221)
Adjustments for non-cash items:		
Amortization	4,469	3,407
Stock-based compensation	123,100	749,199
Write off mineral and exploration assets	4,204,974	277,862
Changes in non-cash working capital items:		
Receivables	2,794	(4,866)
Prepaid expenses	60,910	(81,723)
Accounts payable and accrued liabilities	(8,038)	13,265
Net cash flows used in operating activities	(691,042)	(862,077)
Investing activities		
Expenditures on exploration and evaluation assets	(1,061,867)	(3,251,369)
Expenditures on property, plant and equipment	(1,292)	(12,979)
Net cash flows used in investing activities	(1,063,159)	(3,264,348)
Financing activities		
Proceeds on issuance of common shares	-	5,733,075
Share issuance costs	-	(484,950)
Net cash flows from financing activities	-	5,248,125
Changes in cash during the year	(1,754,201)	1,121,700
Cash, beginning	1,854,211	732,511
Cash, ending	**$ 100,010**	**$ 1,854,211**

Supplemental disclosure with respect to cash flows (Note 12)

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

These consolidated financial statements have been prepared on the assumption that the Company and its subsidiarywill 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 November 30, 2012 the Company had written off its only exploration and evaluation asset to zero. The Company's continuation as a going concern is dependent upon the successful results from 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. These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern. Management intends to finance operating costs over the next twelve months using the existing cash , exercise of stock optionsand or private placement of common shares.

2. Significant accounting policies and basis of preparation

Statement of compliance and conversion to International Financial Reporting Standards

The consolidated financial statements of the Company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These are the Company's first set of annual financial statements prepared in accordance with IFRS. The disclosures concerning the transition from pre-changeover Canadian Generally Accepted Accounting Principles ("GAAP") to IFRS are provided in Note 15.

Basis of preparation

The consolidatedfinancial 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.

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.

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

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.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project.

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes. With respect to the recognition of deferred tax assets, the Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

Stock-based compensation is subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuationmodel requires the input of highly subjective assumptions including the expected share price volatility.Because the Company's warrants have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

Foreign exchange

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are presented in Canadian dollars, which is the Company and subsidiaries' functional currency. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

The Company uses the Canadian dollar functional currency to record transactions in currencies other than the Canadian dollar at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of loss and comprehensive loss.

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

Exploration and evaluation assets

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.

Stock-based compensation

The Company operates an employee and a non-employee stock option plan. Stock-based compensation to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Stock-based compensation 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

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

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

Financial instruments (cont'd)

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss and comprehensive loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of loss and comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of statement of loss and comprehensive loss.

Other financial liabilities: This category includes promissory notes, amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

The Company has implemented the following classifications for its financial instruments:

a) Cash has been classified as fair value through profit or loss.

b) Receivables have been classified as loans and receivables and measured at amortized cost.

c) Accounts payable and accrued liabilities have been classified as other financial liabilities and are measured at amortized cost.

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

Financial instruments (cont'd)

Financial liabilities (cont'd)

Disclosures are required about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level2 – 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.

See Note 13 for relevant disclosures.

Impairment of assets

The carrying amount of the Company's long-lived assets (which include 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.

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)

Deferredtax:

Deferred tax is provided using the statement of financial position 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 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 tax asset to be utilized.

Deferred 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 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 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 accounts payable 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.

Provision for environmental rehabilitation

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 rehabilitation asset will be depreciated on the same basis as other mining assets.

The Company's estimates of reclamation 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 rehabilitation 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.

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

The costs of rehabilitation projects that were included in the provisionare 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 November 30, 2012,November 30, 2011 and December 1, 2010, the Company had no material rehabilitation and environmental obligations.

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

Equipment

Equipment are stated at historical cost less accumulated amortization 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.

Amortization is calculated on a declining balance method to write off the cost of the assets to their residual values over their estimated useful lives. The amortization rates applicable to each category of equipment are as follows:

Class of equipment	**Amortization rate**
Computer equipment	30% declining balance
Office equipment	20% declining balance
Vehicles	30% declining balance

***Impairmen*t**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

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

Net loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the period. Dilutive earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. In periods where a net loss is incurred, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive and basic and diluted loss per common share is the same. In a profit year, under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average price during the year.

New accounting standards not yet adopted

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 financial statements.

New standard IFRS 10 "Consolidated Financial Statements"

This new standard will replace IAS 27 "Consolidated and Separate Financial Statements", and SIC-12 "Consolidation – Special Purpose Entities". Concurrent with IFRS 10, the IASB issued IFRS 11 "Joint Ventures"; IFRS 12 "Disclosures of Involvement with Other Entities"; IAS 27 "Separate Financial Statements", which has been amended for the issuance of IFRS 10 but retains the current guidance for separate financial statements; and IAS 28 "Investments in Associates and Joint Ventures", which has been amended for conforming changes based on the issuance of IFRS 10 and IFRS 11.

IFRS 10 uses control as the single basis for consolidation, irrespective of the nature of the investee, eliminating the risks and rewards approach included in SIC-12, and requires continuous assessment of control over an investee. The above consolidation standards are effective for annual periods beginning on or after January 1, 2013.

IFRS 11 - Joint Arrangements

IFRS 11 establishes principles for financial reporting by parties to a joint arrangement and supersedes IAS 31: Interests in Joint Ventures and SIC 13: Jointly Controlled Entities - Non- Monetary Contributions by Venturers. This new standard is effective January 1, 2013 with earlier application permitted.

IFRS 12 - Disclosure of Interests in Other Entities

IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. This new standard is effective January 1, 2013 with earlier application permitted.

New standard IFRS 13 "Fair value measurement"

This new standard replaces the fair value measurement guidance currently included in various other IFRS standards with a single definition of fair value and extensive application guidance. IFRS 13 provides guidance on how to measure fair value and does not introduce new requirements for when fair value is required or permitted. It also establishes disclosure requirements to provide users of the financial statements with more information about fair value measurements. IFRS 13 is effect for annual periods beginning on or after January 1, 2013.

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

New accounting standards not yet adopted (cont'd)

IAS 1 - Presentation of Financial Statements

The IASB issued amendments in June 2011 to IAS 1, to: (a) require companies to group together items within other comprehensive income (loss) ("OCI") that may be reclassified to the statement of loss; and (b) require tax associated with items presented before tax to be shown separately for each of the two groups of OCI items (without changing the option to present items of OCI either before tax or net of tax). The amendments also reaffirm existing requirements that items in OCI and income or loss should be presented as either a single statement or two separate statements. The amended standard is effective for annual periods beginning on or after July 1, 2012.

IAS 12 - Income Taxes

IAS 12 addresses the recovery of underlying assets. This amendment is effective January 1, 2012 with earlier application permitted.

IAS 27 - Separate Financial Statements

IAS 27 contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9. This new standard is effective January 1, 2013 with earlier application permitted.

IAS 28 - Investments in Associates and Joint Ventures

IAS 28 prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This amendment is effective January 1, 2013 with earlier application permitted.

3. Cash

The components of cash are as follows:

	November 30, 2012	November 30, 2011	December 1, 2010
Cash at bank	$ 100,010	$ 341,551	$ 532,511
Guaranteed investment certificates	-	1,512,660	200,000
	$ 100,010	$ 1,854,211	$ 732,511

4. Receivables

	November 30, 2012	November 30, 2011	December 1, 2010
Accounts receivable	$ 2,100	$ -	$ -
Recoverable taxes	9,909	14,803	9,937
	$ 12,009	$ 14,803	$ 9,937

5. Equipment

	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
At November 30, 2011	8,410	3,318	3,546	15,274
Additions	-	1,292	-	1,292
At November 30, 2012	8,410	4,610	3,546	16,566
Depreciation:				
At December 1, 2010	-	105	391	496
Charge for the year	1,892	964	551	3,407
At November 30, 2011	1,892	1,069	942	3,903
Charge for the year	2,523	1,236	710	4,469
At November 30, 2012	4,415	2,305	1,652	8,372
Net book value:				
At December 1, 2010	-	245	1,554	1,799
At November 30, 2011	6,518	2,249	2,604	11,371
At November 30, 2012	**$ 3,995**	**$ 2,305**	**$ 1,894**	**$ 8,194**

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 involved cash payments to the vendors in the amount of USD $10,900,000, and the issuance of 2,100,000 common shares over a five year period.

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

During 2012, the Company 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 USD to $300,000 USD in 2012 and each of the subsequent two years. This defers $1,500,000 USD in payments until May 1, 2015 or a production decision whichever comes first, and will trigger a final payment of $2,400,000 USD. As part of the new terms, Tosca agreed to 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.

Subsequent to year end, this option was cancelled, and as a result the Company wrote off $4,204,974 in exploration and evaluation assets for the year ended November 30, 2012.

Secret Pass, Arizona, USA

During the year ended November 30, 2011, the Company abandoned the Secret Pass property and wrote off $277,862 in exploration and evaluation assets.

6. Exploration and evaluation assets (cont'd)

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

	Balance, December 1, 2010	Expenditures during 2011	Balance, November 30, 2011	Expenditures during 2012	Impairment during 2012	Balance, November 30 , 2012
Acquisition costs	$ -	$ 691,775	$ 691,775	$ 530,986	$ (1,222,761)	$ -
Assays and testing	-	139,888	139,888	3,706	(143,594)	-
Camp	-	32,586	32,586	11,093	(43,679)	-
Drilling	-	1,322,753	1,322,753	(17,230)	(1,305,523)	-
Exploration advance	-	60,162	60,162	(57,473)	(2,689)	-
Geological and geophysical services	-	424,515	424,515	393,329	(817,844)	-
Metallurgy	-	103,454	103,454	(1,999)	(103,455)	-
Project management and professional services	-	295,861	295,861	89,923	(385,784)	-
Survey and mapping	-	19,949	19,949	85,704	(105,653)	-
Transportation	-	62,993	62,993	12,999	(75,992)	-
	$ -	$ 3,153,936	$ 3,153,936	$ 1,051,038	$ (4,204,974)	$ -

6. Exploration and evaluation assets (cont'd)

The following is a description of the Company's deferred exploration costs for Secret Pass:

	Balance, December 1, 2010	Expenditures during 2011	Impairment during 2011	Balance, November 30, 2011
Acquisition costs	$ -	$ 107,728	$ (107,728)	$ -
Assays and testing	-	3,095	(3,095)	-
Claim staking	-	16,341	(16,341)	-
Geological and geophysical services	-	121,072	(121,072)	-
Project management and professional services	-	8,988	(8,988)	-
Survey and mapping	-	3,874	(3,874)	-
Transportation	-	16,764	(16,764)	-
	$ -	$ 277,862	$ (277,862)	$ -

7. Accounts payable and accrued liabilities

	November 30, 2012	November 30, 2011	December 1, 2011
Accounts payable	$ 12,586	$ 89,453	$ 6,759
Accrued liabilities	23,000	25,000	18,000
	$ 35,586	$ 114,453	$ 24,759

8. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At November 30, 2012 there were 37,184,499 issued and fully paid common shares (November 30, 2011 – 36,584,499).

Share issuances

During the year ended November 30, 2012, the Company issued 600,000 common shares with a fair value of $60,000 in connection with the re-negotiated option agreement for the Red Hills property, refer to Note 6 for details.

During the year ended November 30, 2011, the Company issued 15,024,499 units at $0.35 per unit for gross proceeds of $5,258,575. Each unit consists of one common share and one non-transferable share purchase warrant, with each warrant entitling the holder to purchase one common share at a price of $0.45 per share for a period of one year. In connection with the closing of this private placement, the Company paid finder's fees consisting of $445,922 in cash, other issuance costs of $39,028 and issued 882,342 finder's share purchase warrants with a fair value of $213,100. The fair value of these finder's' warrants was estimated using the *Black-Scholes Option Pricing Model* with the following assumptions: risk-free interest rate of 1.70%; dividend yield 0%; volatility of 96%; and an expected life of 1 year.Each share purchase warrant can be converted into one common share at an exercise price of $0.45 until March 28, 2012.

In addition, the Company also issued 4,055,000 common shares for cash proceeds of $608,250 for the exercise of share purchase warrants, 50,000 common shares for cash proceeds of $5,000 for the exercise of stock options and 400,000 common shares for mineral property interests with a fair value of $104,000.

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.

8. Share capital

Stock options (cont'd)

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

The changes in options during the year ended November 30, 2012 and the year ended November 30, 2011 are as follows:

	November 30, 2012			November 30, 2011		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Options outstanding, beginning of year	3,560,000	$	0.30	1,350,000	$	0.10
Options granted	918,000		0.20	2,260,000		0.42
Options exercised	-		-	(50,000)		0.10
Options forfeited	(1,415,000)		0.44	-		-
Options outstanding, end of year	3,063,000	$	0.18	3,560,000	$	0.30
Options exercisable, end of year	3,063,000	$	0.18	3,560,000	$	0.30

Details of options outstanding as at November 30, 2012 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding	Expiry Dates
$0.10	0.00 years	1,300,000	December 1, 2012
$0.27	0.27 years	760,000	December 29, 2013
$0.20	0.30 years	285,000	March 31, 2016
$0.20	0.14 years	100,000	February 10, 2017
$0.23	0.86 years	618,000	February 24, 2017
$0.18	1.57 years	3,063,000	

Subsequent to year end, 1,300,000 stock options exercisable at $0.10 per common share expired unexercised.

The weighted average grant date fair value of options granted during the year ended November 30, 2012 was $0.13 (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:

	Year ended November 30, 2012	Year ended November 30, 2011
Expected life of options	5 years	4.3 years
Annualized volatility	86% - 87%	97%
Risk-free interest rate	1.09% - 1.46%	2.48%
Dividend rate	0%	0%
Forfeiture rate	0%	0%

8. Share capital (cont'd)

Share purchase warrants

The changes in share purchase warrants during the year endedNovember 30, 2012 and the year ended November 30, 2011 are as follows:

	November 30, 2012			November 30, 2011		
	Number of warrants		**Weighted average exercise price**	**Number of warrants**		**Weighted average exercise price**
Outstanding, beginning of year	15,906,841	$	0.45	6,945,000	$	0.15
Issued	-		-	15,906,841		0.45
Exercised	-		-	(4,055,000)		0.15
Expired	(15,906,841)		0.45	(2,890,000)		0.15
Outstanding, end of year	-	$	-	15,906,841	$	0.45

9. Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expenseand 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:

		November 30, 2012		**November 30, 2011**
Companies controlled by directors of the Company	$	5,600	$	24,175

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

Key management personnel compensation

Key management personnel consists of directors, former directors or companies with common directors.

	Year ended			
		November 30, 2012		**November 30, 2011**
Deferred exploration costs	$	275,016	$	334,564
Management fees		211,000		255,500
Stock-based compensation		34,261		478,814
	$	520,277	$	1,068,878

11. Income Taxes

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	2012	2011
Loss before income taxes	$ (5,079,251)	$ (1,819,221)
Expected income tax recovery	$ 1,524,000	$ 485,000
Permanent differences and other items	(1,266,000)	(145,000)
Unrecognized benefit of non-capital losses	(258,000)	(340,000)
Net income tax recovery	$ -	$ -

The significant components of the Company's future income tax assets are as follows:

	2012	2011
Future income tax assets:		
Non-capital loss carry forwards	$ 640,000	$ 417,000
Equipment	4,000	1,000
Financing costs	85,000	117,000
Mineral property interest	1,140,000	140,000
Unrecognized future income tax assets	$ 1,869,000	$ 675,000

The Company has non-capital losses carried forward for income tax purposes of approximately $2,500,000 which can be applied against future years' taxable income. These losses will expire through to 2032. Future tax benefits which may arise as a result of these non-capital losses have been offset by a valuation allowance and have not been recognized in these financial statements.

12. Supplemental Disclosure with Respect to Cash Flows

	November 30, 2012	November 30, 2011
Cash paid during the year for interest	$ -	$ -
Cash paid during the year for income taxes	$ -	$ -

Significant non-cash transactions during fiscal 2012 included:

a) the issuance of 600,000 common shares valued at $60,000 for an exploration and evaluation asset.

b) theexploration and evaluation asset costs incurred and impaired during the year include $5,600 in accounts payable at year end.

12. Supplemental Disclosure with Respect to Cash Flows (cont'd)

Significant non-cash transactions during fiscal 2011 included:

a) the issuance of 400,000 common shares valued at $104,000 for an exploration and evaluation asset.

b) incurring exploration and evaluation asset expenditures of $76,429 through accounts payable.

c) granting 882,342 warrants as finder's fees on private placements at a fair value of $213,100.

13. Financial risk management

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Cash is carried at fair value using a Level 1 fair value measurement. The carrying value of receivables and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

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. This risk is managed by using major banks that have a high credit quality financial institution as determined by rating agencies. The Company is not exposed to credit risk on recoverable taxes, as these are due from the Government of Canada.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at November 30, 2012, the Company had a cash balance of $100,010 (2011 - $1,854,211) to settle current liabilities of $35,586 (2011 - $114,453). To maintain liquidity, the Company is continually investigating financing opportunities. As disclosed in Note 1, there can be no assurance these efforts will be successful in the future. All of the Company's financial liabilities are subject to normal trade terms.

Marketrisk

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.

13. Financial risk management (cont'd)

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.The majority of the Company's business is conducted in the United States ("US") in Canadian dollars and United States ("US") dollars. As such, the Company is exposed to foreign currency risk in fluctuations among the Canadian dollar and the US Dollar. Fluctuations in the exchange rate among the Canadian dollar and the US dollar may have a material adverse effect on the Company's business and financial condition. Fluctuations do not have a significant impact on operating results. Commodity price risk is the risk that market values and future incomes will fluctuate because of changes in commodity prices.The Company had no forward exchange rate contracts or commodity price contracts in place as at November 30, 2012or 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 November 30, 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 November 30, 2012 and November 30, 2011.

Capital Management

The Company identifies capital as the items included in shareholders' equity. 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 year ended November 30, 2012.

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

14. Segmented information

Operating segments

The Company operates in a single reportable operating segment – the acquisition and explorationof mineral properties.

Geographic segments

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

15. Transition to IFRS

As stated in Note 2, these financial statements are for the period covered by the Company's first annual financial statements prepared in accordance with IFRS. The accounting policies in Note 2 have been applied in preparing the financial statements for the years ended November 30, 2012 and 2011 and the opening IFRS statement of financial position on December 1, 2010, the "Transition Date".

In preparing the opening IFRS statement of financial position on the transition date and the financial statements for the year ended November 30, 2011, the Company has adjusted amounts reported previously in financial statements that were prepared in accordance with GAAP. An explanation of how the transition from GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables. The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of 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.

15. Transition to IFRS (cont'd)

Reconciliation of assets

	Notes	As at November 30, 2011			As at December 1, 2010		
		Canadian GAAP	Effect of Transition	IFRS	Canadian GAAP	Effect of Transition	IFRS
ASSETS							
Current assets							
Cash		$ 1,854,211	$ -	$ 1,854,211	$ 732,511	$ -	$ 732,511
Receivables		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							
Equipment		11,371	-	11,371	1,799	-	1,799
Exploration and evaluation assets		3,153,936	-	3,153,936	-	-	-
		3,165,307	-	3,165,307	1,799	-	1,799
TOTAL ASSETS		**$ 5,121,044**	**$ -**	**$ 5,121,044**	**$ 749,247**	**$ -**	**$ 749,247**

15. Transition to IFRS (cont'd)

Reconciliation of liabilities and shareholders' equity

		As at November 30, 2011			As atDecember 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		1,072,690	(1,072,690)	-	113,516	(113,516)	-
Share-based payment reserve		-	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 SHARESHOLDERS' EQUITY		**$ 5,121,044**	**$ -**	**$ 5,121,044**	**$ 749,247**	**$ -**	**$ 749,247**

15. 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 of exploration and evaluation assets		277,862	-	277,862
		113,011	-	113,011
Net loss and comprehensive loss for the year		**$ 1,819,221**	**$ -**	**$ 1,819,221**

15. Transition to IFRS (cont'd)

Reconciliation of cash flows for the year ended November 30, 2011

	Notes	Canadian GAAP	Effect of Transition	IFRS
Operating activities				
Loss for the year		$ (1,819,221)	$ -	$ (1,819,221)
Adjustments for non-cash items:				
Amortization		3,407	-	3,407
Stock-based compensation		749,199	-	749,199
Write off exploration and evaluation assets		277,862	-	277,862
Changes in non-cash working capital items:				
Recoverable taxes		(4,866)	-	(4,866)
Prepaid expenses		(81,723)	-	(81,723)
Trade payables and accrued liabilities		13,265	-	13,265
Net cash flows used in operating activities		**(862,077)**	**-**	**(862,077)**
Investing activities				
Expenditures on exploration and evaluation assets		(3,251,369)	-	(3,251,369)
Expenditures on equipment		(12,979)	-	(12,979)
Net cash flows used in investing activities		**(3,264,348)**	**-**	**(3,264,348)**
Financing activities				
Proceeds on issuance of common shares		5,733,075	-	5,733,075
Share issuance costs		(484,950)	-	(484,950)
Net cash flows from financing activities		**5,248,125**	-	**5,248,125**
Increase in cash		1,121,700	-	1,121,700
Cash, beginning		732,511	-	732,511
Cash, ending		**$ 1,854,211**	**$ -**	**$ 1,854,211**

16. Subsequent events

In December 2012, the Company completed a private placement by issuing 7,120,000 units at $0.05 per unit for gross proceeds of $356,000. Each unit consists of one common share and one non-transferable share purchase warrant, with each warrant entitling the holder to purchase one additional common share for a period of two years from the date of issue at a price of $0.10 in year one and $0.14 in year two.

On February 4, 2013, the Company announced that it will not be proceeding with its option agreement on the Red Hills Molybdenum/Copper project, located in Presidio County, Texas.An evaluation of the results of a draft preliminary economic assessment (PEA) under various capital and development scenarios indicated that the project was not-viable at the current price of molybdenum. For this reason, the Company decided it was not prudent to expend any further exploration or engineering funds on the project.