Tosca Mining Corp.

Condensed Interim Financial Report

For the six month period ended May 31, 2013

Expressed in Canadian Dollars

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed interim financial statements of Tosca Mining Corp. (the "Company") are the responsibility of management and the Board of Directors.

The unaudited condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheets date. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibilities for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) "Ron Shenton"

Ron Shenton

President

(signed) "Brian Roberts"

Brian Roberts

Chief Financial Officer

NOTICE TO READER

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements as at and for the six months ended May 31, 2013 and May 31, 2012 have not been reviewed by the Company's auditors.

Tosca Mining Corp.
Condensed interim statements of financial position
(Expressed in Canadian dollars - unaudited)

	Notes		May 31, 2013		November 30, 2012
ASSETS					
Current assets					
Cash	3	$	175,004	$	100,010
Receivables	4		6,948		12,009
Prepaid expenses			10,674		25,813
			192,626		137,832
Non-current assets					
Equipment	5		3,608		8,194
			3,608		8,194
TOTAL ASSETS		**$**	**196,234**	**$**	**146,026**
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	7	$	44,132	$	35,586
SHAREHOLDERS' EQUITY					
Share capital	8		7,122,194		6,873,953
Share-based payment reserve	9		1,266,990		1,195,790
Deficit			(8,237,082)		(7,959,303)
TOTAL EQUITY			**152,102**		**110,440**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**196,234**	**$**	**146,026**

Nature of operations and going concern (Note 1)

Approved and authorized by the Board on July 22, 2013

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

Tosca Mining Corp.
Condensed interim statements of loss and comprehensive loss
(Expressed in Canadian dollars - unaudited)

	Notes	Three month periods ended May 31, 2013	Three month periods ended May 31, 2012	Six month periods ended May 31, 2013	Six month periods ended May 31, 2012
Expenses					
Amortization	5	$ 263	$ 1,105	$ 592	$ 2,210
Consulting		9,000	71,844	17,000	111,203
Investor relations		5,825	58,796	15,079	104,220
Legal and audit		15,867	30,534	34,344	40,288
Management fees	10	43,586	54,000	108,457	118,000
Office and general		9,013	16,263	18,061	28,648
Share-based compensation		-	135,834	-	135,834
Transfer agent and filing fees		7,734	4,652	14,549	29,877
Travel and promotion		2,950	19,967	3,070	45,952
		94,238	392,995	211,152	616,232
Other items					
Interest income		-	(1,822)	-	(4,344)
Property impairment	6	716	-	67,680	-
Loss on sale of assets		-	-	314	-
Foreign exchange (gain) loss		(444)	(59,662)	(1,367)	(43,604)
		272	(61,484)	66,627	(47,948)
Loss and comprehensive loss for the period		**$ 94,510**	**$ 331,511**	**$ 277,779**	**$ 568,284**
Loss per share – basic and diluted	2	**$ (0.01)**	**$ (0.04)**	**$ (0.03)**	**$ (0.06)**

Tosca Mining Corp.
Condensed interim statements of changes in shareholders' equity
(Expressed in Canadian dollars - unaudited)

	Notes	Share capital		Share-based payment reserve	Subscriptions received	Deficit	Total
		Number of shares	Amount				
Balance at December 1, 2011		**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**
Comprehensive loss:							
Loss for the period		-	-	-	-	(277,779)	(277,779)
Transactions with owners, in their capacity as owners, and other transfers:							
Shares issued for cash – private placement		7,120,000	356,000	-	-	-	356,000
Share consolidation 1:4		(33,228,374)	-	-	-	-	-
Intrinsic value of warrants		-	(71,200)	71,200	-	-	-
Share issue costs		-	(36,559)	-	-	-	(36,559)
Total transactions with owners and other transfers		(26,108,374)	248,241	71,200	-	-	319,441
Balance at May 31, 2013		**11,076,125**	**$ 7,122,194**	**$ 1,266,990**	**$ -**	**$ (8,237,082)**	**$ 152,102**

Tosca Mining Corp.
Condensed interim statements of cash flows
(Expressed in Canadian dollars - unaudited)

	Three month periods ended May 31, 2013	Three month periods ended May 31, 2012	Six month periods ended May 31, 2013	Six month periods ended May 31, 2012
Operating activities				
Comprehensive loss for the period	$ (94,510)	$ (331,511)	$ (277,779)	$ (568,284)
Adjustments for non-cash items:				
Amortization	263	1,105	592	2,210
Impairment	716	-	67,680	-
Loss on sale of assets	-	-	314	-
Stock-based compensation	-	135,834	-	135,834
Deduct interest income relating to investing activities	-	(1,822)	-	(4,344)
Changes in non-cash working capital items:				
Receivables	9,183	(7,571)	5,061	(23,901)
Prepaid expenses	6,011	41,958	15,139	36,357
Payables and accrued liabilities	4,610	(14,746)	8,545	(86,012)
Net cash flows used in operating activities	(73,727)	(176,753)	(180,448)	(508,140)
Investing activities				
Mineral property acquisition costs	-	(465,395)	-	(465,395)
Expenditures on exploration and evaluation assets	(716)	(187,458)	(67,680)	(411,516)
Expenditures on property, plant and equipment	-	-	3,681	(641)
Interest income	-	1,822	-	4,344
Net cash flows used in investing activities	(716)	(651,031)	(63,999)	(873,208)
Financing activities				
Proceeds on issuance of common shares	-	-	356,000	-
Share issuance costs	-	-	(36,559)	-
Net cash flows from financing activities	-	-	319,441	-
Increase in cash and cash equivalents	(74,443)	(827,784)	74,994	(1,381,348)
Cash and cash equivalents, beginning	249,447	1,300,647	100,010	1,854,211
Cash and cash equivalents, ending	**$ 175,004**	**$ 472,863**	**$ 175,004**	**$ 472,863**

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 409 Granville Street, Suite 400, Vancouver, British Columbia, Canada, V6E 1T2.

These condensed 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 May 31, 2013 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 options and or private placement of common shares.

2. Significant accounting policies and basis of preparation

Statement of compliance and conversion to International Financial Reporting Standards

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim financial statements do not include all of the information required for full annual financial statements.

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.

Effective May 31, 2013, the Company consolidated its common shares on a 1:4 basis, the current issued and outstanding common shares is 11,076,125. All stock options, share purchase warrants and loss per share in current and previous accounting periods have been adjusted to reflect this consolidation.

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 condensed interim 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 condensed interim 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 valuation model 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 condensed interim 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;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;
Level 3 – Inputs that are not based on observable market data.

See Note 11 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)

Deferred tax:

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 is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of rehabilitation 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 May 31, 2013 and November 30, 2012, 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

***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.

2. 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:

	May 31, 2013	November 30, 2012
Cash at bank	$ 175,004	$ 100,010
	$ 175,004	$ 100,010

4. Receivables

	May 31, 2013	November 30, 2012
Accounts receivable	$ -	$ 2,100
Recoverable taxes	6,948	9,909
	$ 6,948	$ 12,009

5. Equipment

	Motor vehicles	Computer equipment	Office equipment	Total
Cost:				
At December 1, 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
Disposal	(8,410)	-	-	(8,410)
At May 31, 2013	-	4,610	3,546	8,156
Depreciation:				
At December 1, 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
Disposal	(4,415)	-	-	(4,415)
Charge for the period	-	402	190	592
At May 31, 2013	-	2,707	1,842	4,548
Net book value:				
At December 1, 2011	6,518	2,249	2,604	11,371
At November 30, 2012	3,995	2,305	1,894	8,194
At May 31, 2013	**$ -**	**$ 1,903**	**$ 1,704**	**$ 3,607**

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.

On January 28, 2013, 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.

During the six months ended May 31, 2013, the Company wrote off an additional $67,680 in exploration and evaluation assets.

7. Accounts payable and accrued liabilities

	May 31, 2013	November 30, 2012
Accounts payable	$ 44,132	$ 12,586
Accrued liabilities	-	23,000
	$ 44,132	$ 35,586

8. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At May 31, 2013 there were 11,076,125 issued and fully paid common shares (November 30, 2012 – 9,296,125).

Share issuances

During the six months ended May 31, 2013, the Company issued 1,780,000 units at $0.20 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 common share at a price of $0.40 per share for year one and $0.56 per share for year two. In connection with the closing of this private placement, the Company paid finder's fees consisting of $31,000 in cash and $5,559 in other issuance costs. The intrinsic value of the warrants were $71,200.

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 six months ended May 31, 2013 and the year ended November 30, 2012 are as follows:

	May 31, 2013			November 30, 2012		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Options outstanding, beginning of period	765,750	$	0.72	890,000	$	1.20
Options granted	-		-	229,500		0.80
Options expired	(325,000)		0.40	-		-
Options forfeited	-		-	(353,750)		1.76
Options outstanding, end of period	440,750	$	0.96	765,750	$	0.72
Options exercisable, end of period	440,750	$	0.96	765,750	$	0.72

Details of options outstanding as at May 31, 2013 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding	Expiry Dates
$1.08	0.25 years	190,000	December 29, 2013
$0.80	0.46 years	71,250	March 31, 2016
$0.80	0.21 years	25,000	February 10, 2017
$0.92	1.31 years	154,500	February 24, 2017
$0.96	2.23 years	440,750	

Share purchase warrants

The changes in share purchase warrants during the six months ended May 31, 2013 and the year ended November 30, 2012 are as follows:

	May 31, 2013			November 30, 2012		
	Number of warrants		Weighted average exercise price	Number of warrants		Weighted average exercise price
Outstanding, beginning of year	-	$	-	3,976,710	$	1.80
Issued	1,780,000		0.40	-		-
Exercised	-		-	-		-
Expired	-		-	(3,976,710)		1.80
Outstanding, end of year	1,780,000	$	0.40	-	$	-

8. Share capital

Share purchase warrants (cont'd)

Details of share purchase warrants outstanding as at May 31, 2013 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding	Expiry Dates
$0.40	1.55 years	1,780,000	December 19, 2014

9. Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and the fair and intrinsic 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.

Refer to the Condensed interim statement of changes in shareholders' equity on page 5.

10. Related party balances and transactions

Related party balances

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

	May 31, 2013	November 30, 2012
Companies controlled by directors of the Company	$ 7,925	$ 5,600

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.

	Six months ended	
	May 31, 2013	May 31, 2012
Deferred exploration costs	$ 24,949	$ 169,505
Management fees	108,457	118,000
Rent	2,500	-
Share-based compensation	-	46,995
	$ 135,906	$ 334,500

11. 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 May 31, 2013, the Company had a cash balance of $175,004 (November 30, 2012 - $100,010) to settle current liabilities of $44,132 (November 30, 2012 - $35,586). 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.

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.

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 May 31, 2013 and November 30, 2012, the Company did not have any significant interest rate risk.

The Company had no interest rate swap or financial contracts in place as at May 31, 2013 and November 30, 2012.

11. Financial risk management (cont'd)

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 six months ended May 31, 2013.

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

12. Segmented information

Operating segments

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

Geographic segments

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