TOSCA MINING CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED
MAY 31, 2011

INTRODUCTION

The following discussion of performance and financial condition of Tosca Mining Corp. ("Tosca" or the "Company") should be read in conjunction with the Company's unaudited financial statements and notes thereto for the three month period ended May 31, 2011 and also the audited financial statements and notes thereto for the year ended November 30, 2010. The Company's financial statements are prepared in accordance with Canadian GAAP. The Company's reporting currency is Canadian dollars unless otherwise stated. Note that additional information relating to the Company is available on SEDAR at www.sedar.com.

The date of this Management Discussion and Analysis is July 29, 2011.

FORWARD LOOKING STATEMENTS

This document contains statements about expected or anticipated future events and financial results that are forward-looking in nature and, as a result, are subject to certain risks and uncertainties, such as general economic, market and business conditions, the regulatory process and actions, technical issues, new legislation, competitive and general economic factors and conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events, and the Company's capability to execute and implement its future plans. Actual results may differ materially from those projected by management. Although the Company has attempted to identify important factors that could cause the actual events or results to differ materially from those described in forward-looking statements, readers are cautioned that the foregoing list of risks and factors is not exhaustive and there may be other factors that cause events or results not to be anticipated, estimated or intended.

Forward-looking statements are based on management's estimates, beliefs and opinions on the date the statements are made. Although the Company believes that the expectations represented by such forward-looking statements and the assumptions of the Company upon which they are based are reasonable, there can be no assurance that such expectations will prove to be correct. The Company assumes no obligation except as outlined by regulatory requirements to update forward-looking statements if circumstances of management's estimates, beliefs, or opinions should change. Additional information on these and other potential factors that could affect the Company's financial results are detailed in documents filed from time to time with the British Columbia Securities Commission. Accordingly, readers should not place undue reliance on forward-looking statements. For such statements, we claim the safe harbour for forward-looking statements within the meaning of the Private Securities Legislation Reform Act of 1995.

OVERVIEW

Tosca Mining Corp. as at May 31, 2011 is a Tier 2 Issuer as defined by Policy 2.4 of the TSX Venture Exchange (the "Exchange") The Company's common shares also trade on the US OTC QX Exchange under the symbol TSMNF and on the European Frankfurt Exchange under the symbol TQ4.

On August 21, 2009, the Company entered into a Mineral Property Working Option Agreement ("MPWOA") which would earn, subject to conditions, a 60% interest in certain mineral claims known as the Swift Katie property located in the Nelson Mining District, British Columbia from Valterra Resource

Corporation ("Valterra"). Shortly after the start of the 2010 fiscal year, the Company received approval from the TSX Venture Exchange for the Company's Qualifying Transaction and for a private placement consisting of 9,500,000 units at $0.10 per unit for gross proceeds of $950,000. On December 3, 2009 the Company began trading on the TSX Venture Exchange under the symbol "TSQ" as a Tier 2 Mining Issuer.

Following the Completion of the Qualifying Transaction, current Directors and Officers, Don Huston, Donald Myers, Amanda B. Chow, Ian McKinnon, Nancy Ackerfeldt and Shannon May resigned as Directors and Officers of the Company and Ron Shenton, Brian Roberts, Luca Riccio and Sadek el-Alfy were appointed as Directors of the Company. James Pettit remained a Director until his resignation in April 2011 at which time Dr. David Stone was appointed as a replacement director. Ron Shenton was appointed President and Chief Executive Officer of the Company and Brian Roberts was appointed Secretary and Chief Financial Officer of the Company.

During the 2010 fiscal year, the Company actively explored the Swift Katie property and also continued to search for other advanced stage mineral projects in both North and South America.

On December 29, 2010, the Company elected to abandon the Swift Katie property and wrote off $231,361 in deferred exploration costs and $45,000 in acquisition costs.

On January 5, 2011 the Company announced that it had entered into an option agreement to purchase up to a 100% equity interest in the Secret Pass Gold property, located in Mojave County, northern Arizona. The property consists of 81 BLM claims totaling 1,620 acres (656 hectares) and one contiguous State Prospecting Permit totaling 525 acres (212 hectares). Secret Pass is located approximately 90 km southeast of Las Vegas, Nevada; 24 km west of Kingman, Arizona; and 16 km north of Oatman, a two million ounce gold camp developed in Tertiary epithermal veins.

Previous work on the Secret Pass property was carried out by Santa Fe Pacific Gold Corporation between 1981 and 1986 and by Fisher-Watt/International Prospector between 1987 and 1991. Historical drilling by those two Companies encountered broad zones of shearing and alteration containing variable amounts of gold-bearing quartz stockworks. In addition to the two zones with identified gold mineralization, previous regional geochemical and geophysical work on the Secret Pass property outlined several follow-up targets. However, due to declining gold prices through the 1990's, no further work was undertaken on this property.

The total purchase price of the Secret Pass property is US$ 6,100,000 payable in escalating installments over a five year period. First year payments total US$100,000 (paid) and a further payment of US$750,000 is due on February 5, 2012. In addition, for every 100,000 ounces of gold reserves attributed to the property in a NI 43-101 compliant report, the Company shall issue 500,000 of its common shares to the Seller up to a maximum of 2,500,000 shares. The property is subject to a 2% NSR.

As a component of the required due diligence, the Company undertook a full review and compilation of all historical exploration and drilling data on Secret Pass, and retained Mine Development Associates of Reno, Nevada to prepare an NI 43-101 compliant Technical Report which was filed on April 8, 2011.

On February 22, 2011, the Company signed a letter of intent to acquire a 100% interest in an advanced stage copper-molybdenum project known as "Red Hills", located in Presidio County, Texas. The property is subject to a 2% NSR. The agreement involves cash payments to the sellers in the amount of US $10,900,000, and the issuance of 2,100,000 common shares over a five year period, while earning increasing equity interest. The first year commitment is US$575,000 and 400,000 shares until May 01, 2012. As of May 31, 2011, an amount of US$100,000 was paid as a deposit towards the first year commitment of US$575,000. In addition, a $175,000 payment was made which covered a drilling lease payment for 2011. This amount is also included in the annual payment requirement of $575,000 US. As of

May 31, 2011 approval was not yet received from the TSX Exchange regarding this transaction due to a delay in submission of all required documents, share certificates and land title opinions by the vendors. Subsequent to May 31, a form NI 43-101 Technical Report was filed on behalf of the Company and approval was formally requested from the TSX Venture Exchange. In addition, in July 2011, the property vendors did provide all required and missing documentation.

As a component of the planned exploration program at the property, the Company established a wholly owned Texas subsidiary, Red Hills Mining Corp in April 2011 and commenced a drilling program designed to prove up prior drilling results and provide required details for NI 43-101 compliant Technical Report and subsequent feasibility studies. The drilling contractor, Ruen Drilling from Idaho, completed the initial 17 hole drill program in early July and was awarded a further 11 hole drill program for completion by the end of July.

On March 3, 2011, the Company reported that Dr. Sadek E. El-Alfy PhD, (Mining), BSC (Eng.) had been appointed Chairman and CEO of the Company. Dr. El-Alfy replaces Ron Shenton as CEO and Mr. Shenton will continue to act as President of the Company. Dr. Sadek El-Alfy is a professional Mining Engineer with 35years experience in underground as well as open pit mining operations on several continents. More recently he was COO at Creston Moly Corp. where he was instrumental in preparing the Pre-Feasibility and Environmental Impact Studies for a large scale moly deposit in Northern Mexico. Prior to that he was Vice President of Mining Operations for Crystallex International Corporation over a period of 12 years during which he was also responsible for the completion of Feasibility Studies and Environmental Impact Studies for major mining projects in two South American countries. Prior to his involvement in South American operations, Dr. El-Alfy was in charge of Mining and Concentrating operations at several locations in Canada including General Manager of the Mining and Concentrating facilities in Labrador for The Iron Ore Company of Canada, and General Manager of the Pamour Group of mines in Timmins, Ontario. Dr. El-Alfy is fluent in English, French and Spanish.

On March 30, 2011, the Company announced the closing of a private placement transaction and issued 15,024,499 common shares for net proceeds of $4,814,988.

On April 12, 2011, the Company announced the appointment of Dr. David Stone, MBA, P.Eng. as a director. Dr. Stone has over 30 years of providing engineering and financial consulting experience to underground and surface metal mines worldwide. He has managed and led multidisciplinary project teams through pre-feasibility and feasibility level evaluations of development-stage projects, and has contributed to the engineering, design and construction of several mines.

Dr. Stone’s expertise includes scoping and feasibility studies for open pit and underground projects, extensive international knowledge of current mining best practices, environmental permitting, mine planning and production scheduling, capital and operating costs, equipment selection, and financial analyses. He received his BA Sc. in Geological Engineering from the University of British Columbia and went on to complete a PhD in civil engineering at Queen's University in Kingston where he also returned to complete an MBA. He is a licensed professional engineer in numerous Canadian and United States jurisdictions.

On the same date, the Company accepted the resignation of James Pettit as a director of the Company.

On April 20, 2011 the Company obtained a listing for its common shares on the US OTC QX exchange under the symbol TSMNF.

PERFORMANCE SUMMARY FOR THE QUARTER ENDED FEBRUARY 18, 2011

For the quarter ended May 31, 2011, the Company incurred a net loss of $1,174,252 ($.04 loss per share) compared to a net loss of $121,931 ($.01 loss per share) for the previous year's similar quarter. As at May 31, 2011, the Company had cash of $4,341,459 for use to meet its operating and capital commitments for at least the next 12 months.

Exploration and Development

The principal business of the Company during the quarter was to undertake due diligence activities related to its planned option agreements regarding the Secret Pass property in Arizona and the Red Hills property in Presidio County, Texas. In addition, the Company signed a formal option agreement for the Red Hills project and in late April, commenced a drilling and exploration program at the property. During the quarter, we spent a total of $260,115 on the acquisition costs related to Secret Pass and Red Hills and a further $617,808 in property exploration costs which were deferred. Mine Development Associates of Reno, Nevada was retained to conduct portions of the property diligence on the Secret Pass property on our behalf as well as to prepare an NI 43-101 compliant Technical Report which was filed with the TSX on April 8, 2011.

During the prior year and during the quarter, senior management reviewed a number of other potential mineral property acquisitions and a number were, and are, in various stages of negotiations regarding potential agreements.

SUMMARY OF QUARTERLY RESULTS

This financial data has been prepared in accordance with Canadian generally accepted accounting principles and all figures are stated in Canadian dollars.

Financial results:	May 31, 2011	February 28, 2011	November 30, 2010	August 31, 2010
Quarter	2nd (3 months)	1st (3 months)	4th (3 months)	3rd (3 months)
Net loss for the period	(1,174,252)	(357,130)	(660,551)	(80,683)
Basic/Diluted loss per share	0.04	0.02	0.05	0.01

Balance sheet data:				
Cash	4,341,459	863,365	732,511	317,326
Total assets	5,775,662	1,150,887	749,247	736,683
Shareholders' Equity	5,439,893	983,426	724,488	712,384

Financial results:	May 31, 2010	February 28, 2010	November 30, 2009	August 31, 2009
Quarter	2nd (3 months)	1st (3 months)	4th (3 months)	3rd (3 months)
Net loss for the period	(121,931)	(229,344)	(78,262)	(14,810)
Basic/Diluted loss per share	0.01	0.04	0.04	0.01

Balance sheet data:				
Cash	575,538	730,146	669,139	127,946
Total assets	680,126	799,472	768,012	134,076
Shareholders' Equity	649,087	770,998	695,940	127,568

RESULTS OF OPERATIONS FOR THE QUARTERS ENDED MAY 31, 2011 AND 2010

The review of the results of operations for the quarter ended May 31, 2011 should be read in conjunction with the Company's financial statements and related notes for the comparable quarter ended May 31, 2010 and the annual audited statements for the year period ended November 30, 2010.

For the quarter ended May 31, 2011, the Company incurred a net loss of $1,174,252 ($.04 loss per share) compared to a net loss of $121,931 ($.01 loss per share) for the quarter ended May 31, 2010. As at May 31, 2011, the Company had cash of $4,341,459.

The increase of $1,052,321 in net loss is mainly due to increased management stock based compensation of $602,631 as compared to $nil in the prior year's comparable quarter, general corporate consulting fees of $207,459 compared to $nil in the prior year's comparable period, an increase from $7,434 to $$31,199 in legal fees, an increase from $45,817 to $94,000 in management fees during the quarter, increased administration, and printing and office costs from $14,967 to $20,670. In addition, during the quarter we incurred a total of $28,362 in advertising and promotion costs as compared to $nil in the comparable 2010 quarter, shareholder communications increased from $351 to $65,624 and transfer agent and filing fees increased from $3,657 to $71,581, primarily related to costs associated with the listing the Company obtained on the US OTC QX exchange.

Deferred exploration costs during the quarter were $617,808 as compared to $35,239 in the comparable 2010 quarter. Mineral property acquisition costs were $260,115 during the quarter as compared to $nil in the prior year's comparable quarter.

During the quarter, cash flows from operating activities resulted in net cash used in the current quarter of $662,058 as compared to $119,369 in the 2010 quarter. Principal reasons for the difference were an increase in the corporate loss to $1,174,252 in the current quarter as compared to $121,931 in the prior year quarter:, an increase in stock based compensation from $nil to $602,631, an increase in prepaid expenses during the quarter ended May 31, 2011 of $245,065 as compared to a decrease of $5,000 in the comparable 2010 quarter and an increase in accounts payable and accrued liabilities from $2,585 to $168,308.

Cash outflows from investing activities were $887,936 in the current quarter as compared to $35,329 in the 2010 quarter- principally due to deferred exploration costs during the quarter of $617,808 as compared to $35,239 in the 2010 comparable quarter; expenditures of $260,115 for mineral property acquisition costs as compared to $nil in the 2010 period, and $10,013 spent on equipment during the quarter.

Cash flows from financing activities were $5,028,088 in the current quarter as compared to $nil in the 2010 quarter due to the private placement financing which closed on March 30,2011.

The resultant change in cash position during the quarter ended May 31, 2011 was an increase of $3,478,094 as compared to a decrease of $154,608 at the end of the comparable 2010 quarter.

Quarterly Revenue

Currently, the Company does not generate any operating income. The Company’s sole source of income is interest income earned on its cash. Interest income of $2,597 was earned during the quarter ended May 31, 2011 (February 28, 2010- $nil). As at May 31, 2011, the Company had 36,134,499 common shares issued and outstanding; 3,610,000 incentive stock options and 15,906,891 share purchase warrants currently exercisable.

FINANCIAL CONDITIONS, LIQUIDITY AND CAPITAL RESOURCES

Liquidity

The Company does not derive any revenues from operations at this time. Since inception, the Company’s activities have been funded through equity financings and management expect that it will continue to be able to utilize this source of financing until it ultimately develops cash flow from operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of finance cannot be obtained, then the Company will be forced to curtail its activities to a level for which funding is available and can be obtained.

At May 31, 2011, the Company had working capital of $4,311,735 (November 30, 2010 - $722,689) which included cash of $4,341,459 (November 30, 2010 - $732,511). The addition of cash was a result of receipt of $5,497,588 in net proceeds from a private placement transaction which closed on March 30, 2011 and the exercise of share purchase warrants. With the addition of these proceeds, management believes it has sufficient working capital with which to proceed with recommended work programs on its planned properties as well as cover all needed working capital requirements.

Financing Activities

On March 3, 2011, the Company announced a non-brokered private placement of up to 14.3 million units at a price of $.35 per unit to raise gross proceeds of up to $5.0-million. Each unit consists of one common share and one non-transferable share purchase warrant, with each warrant to entitle the holder to purchase one common share for a period of one year at a price of 45 cents per share. On March 28, 2011, the Company completed the non-brokered private placement for 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 share purchase warrant. Each share purchase warrant can be converted into one common share at an exercise price of $0.45 until March 28, 2012.

In connection with the closing of this private placement, the Company paid finder's fees consisting of $203,442 in cash and issued 882,392 finder's share purchase warrants with a fair value of $213,100. Each share purchase warrant can be converted into one common share at an exercise price of $0.45 until March 28, 2012.

Capital Resources

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the exploration and development of mineral property interests. Capital is comprised of the Company's shareholders' equity. As at May 31, 2011, the Company's shareholders' equity was $5,439,893 (November 30, 2010 - $724,488). The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Interest in Mineral properties

During the six months ended May 31, 2011, the Company signed an option to purchase up to 100% equity interest in the Secret Pass Gold Property, located in Mojave County, northern Arizona. The property is subject to a 2% NSR. The total purchase price of the Secret Pass property is US$ 6,100,000 payable in escalating installments over a five year period. First year payments will total US$100,000 and a further payment of US$750,000 is due on February 5, 2012. In addition, for every 100,000 ounces of gold reserves attributed to the property in a NI 43-101compliant report, the Company shall issue 500,000 of its common shares to the Seller up to a maximum 2,500,000 shares. As of May 31, 2011, the Company had paid the entire first year commitment of US$100,000.

During the six months ended May 31, 2011, the Company signed an option to purchase 100% interest in the Red Hills advanced stage copper-molybdenum project located in Presidio County, Texas. The property is subject to a 2% NSR. The agreement involves cash payments to the sellers in the amount of US$ 10,900,000, and the issuance of 2,100,000 common shares over a five year period, while earning an equity interest. The first year commitment is US$575,000 and 400,000 shares until May 01, 2012.

	May 31, 2011	November 30, 2010
Acquisition costs:		
Balance, beginning of period	$ -	$ -
Additions	410,455	153,000
Write-off	-	(153,000)
Balance, end of period	410,455	-
Exploration costs:		
Balance, beginning of period	-	17,155
Assay	2,961	15,770
Camp	6,060	4,300
Claim Staking	18,180	-
Drilling	343,845	104,028
Geological and geophysical services	254,381	81,324
Project management and professional services	38,608	3,308
Survey and mapping	3,874	-
Transportation	36,364	10,883
BC METC	-	(5,147)
Incurred during period	704,273	214,466
Total exploration costs	704,273	231,621
Write-off	-	(231,621)
Balance, end of period	704,273	-
Total costs	$ 1,114,728	$ -

SHARE CAPITAL, OPTIONS, AND WARRANTS

During the six months ended May 31, 2011, the Company:

a) Issued 4,055,000 common shares for the exercise of share purchase warrants for cash proceeds of $608,250.

b) Issued 15,024,499 common shares for a private placement for net cash proceeds of $4,814,988.

An analysis of the Company's share balance is included in the following table:

	Number of Shares		Capital Stock		Contributed Surplus
Authorized					
Unlimited common shares, without par value					
Issued					
Balance, November 30, 2010	17,055,000	$	1,533,053	$	113,516
For cash - private placement	15,024,499		5,258,575		-
Share issuance costs	-		(443,587)		-
For mineral property interests	-		-		-
For the exercise of share purchase warrants	4,055,000		608,250		-
Stock-based compensation	-		-		962,299
Balance, May 31, 2011	36,134,499	$	6,956,291	$	1,075,815

Shares held in escrow

The escrow agreement provides for the release of shares from escrow on the basis of 10% upon completion of the Qualifying Transaction and the remaining escrow shares will be released in 6 equal tranches (15%) every six months thereafter. In addition, on January 15, 2010, the Exchange approved the early release of 180,000 escrow shares held by original directors and officers who are no longer part of the post-Qualifying Transaction management team. Including the 10% release upon completion of the Qualifying Transaction, a total of 1,016,000 shares have now been released from escrow and a total of 1,224,000 shares remain in the escrow pool.

Stock options and warrants

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less an applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of five years and vest at the discretion of the board of directors.

Share purchase warrant and incentive stock option transactions are summarized as follows:

	Share Purchase Warrants			Stock Options		
	Number		Weighted Average Exercise Price	Number		Weighted Average Exercise Price
Outstanding, November 30, 2010	6,945,000	$	0.15	1,350,000	$	0.10
Granted	15,906,891		0.45	2,260,000		0.42
Cancelled	(2,890,000)		0.15	-		-
Exercised	(4,055,000)		0.15	-		-
Outstanding, May 31, 2011	15,906,891	$	0.45	3,610,000	$	0.30
Number currently exercisable	15,906,891	$	0.45	3,610,000	$	0.30

The following share purchase warrants were outstanding at May 31, 2011:

Number of Shares	Exercise Price	Expiry Date
15,906,891	$ 0.45	March 28, 2012

The following incentive stock options were outstanding at May 31, 2011:

Number of Shares	Exercise Price	Expiry Date
1,350,000	$ 0.10	December 2, 2012
760,000	$ 0.27	December 29, 2013
1,500,000	$ 0.50	March 31, 2016
3,610,000		

Stock-based compensation

During the six months ended May 31, 2011, the Company granted a total of 2,260,000 stock options to directors and consultants. Each stock option is exercisable into one common share at an average price of $0.42 per share on or before March 31, 2016. The stock options were determined to have a fair value of $749,199 and were recognized in the statement of operations, comprehensive loss and deficit. Management determined the fair value using the Black-Scholes option pricing model with the assumptions as noted below.

	2011	2010
Risk-free interest rate	**1.90 - 2.77%**	1.59%
Dividend yield	**0%**	0%
Volatility factor	**95% - 100%**	101%
Expected option life	**3 - 5 Yrs.**	3 Yrs.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet financing arrangements.

RELATED PARTY TRANSACTIONS

The Company conducted the following transactions with related parties during the six months ended May 31, 2011:

a) Paid or accrued management fees of $149,000 (May 31, 2010 - $128,817) to companies controlled by directors.

b) Paid or accrued deferred exploration costs of $152,955 (May 31, 2010 - $Nil) to companies controlled by directors.

c) Incurred stock based compensation expense of $478,814 (May 31, 2010 - $71,256) to five directors.

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

RECENT ACCOUNTING PRONOUNCEMENTS

International financial reporting standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of December 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended November 30, 2011.

The Company is in the initial assessment and scoping phase of its IFRS change-over process and plans to complete a scoping and diagnostic analysis between GAAP and IFRS during the third quarter of 2011 as it pertains to the Company's activities. In this phase, the Company will identify significant differences between existing Canadian GAAP and IFRS; identify policy choices and changes required to the Company's current accounting policies; and assessing the impact of such choices and changes, including the impact of adopting IFRS 1 – *First Time Adoption of IFRS*. The Company plans on making specific accounting policy changes in consultation with the audit committee and changes will be based on improving the overall usefulness of our financial statements and comparability with our industry peers.

Upon completion of this phase, the Company will move into the implementation phase, in which it will update its significant accounting policies, adjust its accounting systems, and design tools and processes for the preparation of IFRS information, including comparative and opening balance sheet information. The Company will also design model IFRS financial statements. These tools and the model IFRS financial statements will be tested and run parallel during 2011 to ensure a smooth and accurate change-over on December 1, 2011.

To date, management has identified a number of differences between Canadian GAAP and IFRS that relate to the Company, many of which are not expected to have a material impact on the reported results and financial position of the Company. Most adjustments required on transition to IFRS will be made retrospectively against opening retained earnings as of the date of the first comparative balance sheet presented based on standards applicable at that time.

IFRS 1, "First-Time Adoption of International Financial Reporting Standards", provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. During 2011, management will meet with the Audit Committee and the Board of Directors to finalize key issues and transitional choices under IFRS 1 applicable to the Company. Set out below are the most significant areas, management has identified to date, where changes in accounting policies may have the highest potential impact on the Company's consolidated financial statements.

In the period leading up to the changeover on December 1, 2011, the AcSB has ongoing projects and intends to issue new accounting standards during the conversion period. As a result, the final impact of IFRS on the Company's consolidated financial statements can only be measured once all the IFRS accounting standards at the conversion date are known. Management will continue to review new standards, as well as the impact of the new accounting standards, between now and the conversion date to ensure all relevant changes are addressed.

Impairment of Assets

Canadian GAAP generally uses a two-step approach to impairment testing: first comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists; and then measuring any impairment by comparing asset carrying values with discounted cash flows. International Accounting Standard (IAS) 36, "Impairment of Assets" uses a one-step approach for both testing and measurement of impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use (which uses discounted future cash flows). This may result in write downs where the carrying value of assets was previously supported under Canadian GAAP on an undiscounted cash flow basis, but could not be supported on a discounted cash flow basis.

Share-Based Payments

IFRS and Canadian GAAP largely converge on the accounting treatment for share–based transactions with only a few differences. Canadian GAAP allows either accelerated or straight-line method of amortization for the fair value of stock options under graded vesting. Under IFRS, the estimate for forfeitures must be made when determining the number of equity instruments expected to vest, while under Canadian GAAP forfeitures can be recognized as they occur.

Exploration and Evaluation Assets

Under the Company's current accounting policy, acquisition costs of mineral properties, together with direct exploration and development expenses incurred thereon are capitalized. With the adoption of IFRS, the Company will have to determine its accounting policy for exploration and evaluation assets. The Company may decide to apply the International Accounting Standards Board ("IASB") Framework which requires exploration expenditures to be expensed and only allows capitalization of expenditures after the completion of a feasibility study. Alternatively, the Company may keep its existing policy. Management has yet to decide on whether or not to apply the IASB framework.

Future Income Taxes

Like Canadian GAAP, deferred income taxes under IFRS are determined using the liability method for temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, and by generally applying tax rates applicable to the Company to such temporary differences. Deferred income taxes relating to temporary differences that are in equity are recognized in equity and under IFRS subsequent adjustments thereto are backward-traced to equity. IFRS prohibits recognition where deferred income taxes arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable net earnings. The Company has not yet assessed the impact of implementing IAS 12, Income Taxes, on the financial statements.

General

As the Company elects and approves the IFRS accounting policy for each of the areas above, management will determine and disclose the impact of the IFRS adoption at the transition date on our financial statements. The International Accounting Standards Board will also continue to issue new accounting standards during the conversion period and, as a result, the final impact of IFRS on the Company's consolidated financial statements will only be measured once all the IFRS applicable accounting standards at the conversion date are known.

Based on management's assessment of the information system currently used by the Company, all information required to be reported under IFRS will be available with minimal system changes.

One of the more significant impacts identified to date of adopting IFRS is the expanded presentation and disclosures required. Disclosure requirements under IFRS generally contain more detail than those required under Canadian GAAP and, therefore, will result in more lengthy note references. The Company is continuing to assess the level of presentation and disclosures required to its consolidated financial statements.

Business combinations, non-controlling interest and consolidated financial statements

In January 2009, the CICA issued Handbook Sections 1582 "Business Combinations", 1601 "Consolidated Financial Statements" and 1602 "Non-controlling Interests" which replace CICA Handbook Sections 1581 "Business Combinations" and 1600 "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual financial statements for its fiscal year beginning July 1, 2011. Early adoption of this Section is permitted and all three Sections must be adopted concurrently.

DISCLOSURE CONTROLS AND PROCEDURES

Management has assessed the effectiveness of the Company's disclosure controls and procedures used for the financial statements and the Management Discussion and Analysis (MD&A) as at May 31, 2011. Management has concluded that the disclosure controls are effective in ensuring that all material information required to be filed has been made known to them in a timely manner. The required information was effectively recorded, processed, summarized and reported within the time period necessary to prepare the filings. The disclosure controls and procedures are effective in ensuring that information required to be disclosed pursuant to applicable securities laws are accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's President and the Chief Financial Officer are responsible for establishing and maintaining the Company's internal controls over financial reporting. These internal controls were effective as of May 31, 2011. There has been no change in the issuer's internal control over financial reporting that occurred during the issuer's first quarter that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

RISK FACTORS

Companies in the exploration stage face a variety of risks and, while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. The Company faces a variety of risk factors such as project feasibility and practically, risks related to determining the validity of mineral property title claims, commodities prices and environmental laws and regulations. Management monitors its activities and those factors that could impact them in order to manage risk and make timely decisions.

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

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is limited to amounts held in banking institutions. The Company believes these risks to be remote.

Liquidity risk

Liquidity risk includes the risk that, as a result of operational liquidity requirements, there will not be sufficient funds to settle a transaction on the due date; the Company will be forced to sell financial assets at a price less than fair value; or the Company may be unable to settle or recover any part of a financial asset. At May 31, 2011, the Company had a cash balance of $4,341,459 (November 30, 2010 - $732,511) and current liabilities of $335,769 (November 30, 2010 - $24,759).

Market risk

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

(a) Interest rate risk

The Company has cash balances and as at May 31, 2011, and had $3,700,000 in short-term guaranteed investment certificates.

(b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in a foreign currency. As at May 31, 2011, the Company had cash of US$208,729 and liabilities of US$200,951 relating to the Red Hills advanced stage copper-molybdenum project located in Presidio County, Texas.

(c) Price risk

The Company has limited exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

SUBSEQUENT EVENTS

Subsequent to May 31, 2011, the Company announced and/or undertook the following:

On July 18, 2011 the Company announced that it had completed an initial diamond drill program of 2,865 meters (9,400 feet) in 17 holes on its Red Hills Copper Molybdenum project, located in Presidio, County. Texas.

As described in the Company's news release dated March 2, 2011, the Red Hills project consists of a large molybdenum porphyry system overlain a by a copper (chalcocite) enrichment blanket developed below the oxide-sulphide transition zone. Eighty eight holes were drilled on the property between 1955 and 1972. This work led to the identification of a non-43-101 compliant resource of 17 million tons grading 0.35 Cu% with associated moly mineralization in the shallow copper blanket. The previous activity also led to the discovery of a linear trend of high grade copper mineralization defined by three vertical holes which included 33.55 metres of 9.09 % Cu. Based on historic drilling, the molybdenum mineralization occurs within a horseshoe shaped area measuring 1,000 m x 200 m and is open in two directions and at depth. Although many of the holes drilled in the molybdenum system were stopped in mineralization at shallow depths, the deeper holes were mineralized throughout (e.g. hole Duval 07: 642 meters @ 0.076% Mo).

The preliminary results are sufficiently encouraging to warrant an immediate expansion of the drill program. A second phase, involving 1500 meters (approximately 5000 feet) of additional drilling is now underway.

The primary scope of the Phase One drill program was to verify results from historic diamond and rotary drill intercepts from the shallow copper blanket and to test for continuity and grade of the large molybdenum system located below.

To date the Company has received assay results from the first six holes (TMC-01 to TMC-06).

Four of the 17 holes (TMC-02 to TMC-05) tested the high grade copper zone located outside of the copper blanket. Five of the seventeen holes were drilled through the copper blanket to depths of more than 1,000' to test the moly system.

Hole TMC-01 (220', vertical) was drilled along the south western lobe of the copper blanket. It intersected two intervals of 0.23 % and 0.20% Cu from 75' to 130' and from 140' to 220' respectively.

Holes TMC-02 to TMC-05 were drilled to investigate the geometry of the high grade copper zone lying outside the boundaries of the copper blanket. Inclined hole TMC-03 (-60°, 167° azimuth, 248' depth) encountered strong chalcocite mineralization over a 70 feet interval (110' to 180') which averaged 6.71% Cu, including 14.16% Cu over 26 feet from 140 to 166 feet. The remaining 3 holes returned low copper values except for 10' of 0.79% Cu in hole TMC-02.

Hole TMC-06 was collared at the site of an historic diamond drill hole (DH-35) that had assayed 0.39% Cu over 50 feet from 130' to 180'. Hole TMC-06 returned 0.45% Cu over 50 feet from 135' to 185', thus validating the historic results from this site.

Phase two of the drill program is primarily aimed at expanding the database of the copper blanket, thus allowing for a better understanding of the historic resource and the collection of representative samples for metallurgical testing. Two holes will also be drilled to explore for deep moly mineralization.

The goal of the Company is to establish a NI-43-101 compliant resource on the shallow copper blanket, and to test metallurgical recoveries of copper and moly by year end. This will form the foundation for a Preliminary Economic Assessment ("PEA") of the copper blanket.

The drilling program was carried out by Ruen Drilling of Idaho, using a wire- line rig and NQ core recovery. The core boxes are transported to Marfa, Texas, where Tosca maintains a secure office/warehouse facility. The core undergoes geotechnical and geological logging by Tosca geologists. Sample intervals are designated and the core is split in half using a rock saw. Half of the core is left in the boxes and the other half is bagged and shipped to Skyline Assayers and Laboratories ("Skyline) in Tucson, Arizona to be analyzed for Cu and Mo using ICP/OES. Skyline is an ISO/17025 accredited laboratory. Skyline monitors quality control through the introduction of blanks, standards and duplicates. In addition, Tosca's employees routinely insert blanks and standards in the sample stream.

The core from the first six holes of the current drill program were logged in Marfa and sent to Skyline Labs for sampling and cutting under the supervision of M3 Engineering of Tu**cs**on, AZ, and Mine Development Associates of Reno, NV. M3 and MDA are working with Tosca in the development and implementation of the 2011 drill program and metallurgical testing programs and will be involved in the upcoming PEA.

To the shareholders of TOSCA MINING CORP.

MANAGEMENT COMMENTS

The unaudited financial statements of Tosca Mining Corp. for the period ended May 31, 2011 and all information contained in this financial report have been approved by the Company's Board of Directors.

The Company complies with its TSX Venture Exchange listing agreement. The Company maintains rigorous systems of internal accounting and administrative controls to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the assets are correctly accounted for and protected.

Vancouver, BC July 29, 2011

/s/ Ron Shenton
Ron Shenton,
President