

**TAWSHO MINING INC.**  
**(A Development Stage Company)**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**FOR THE SECOND QUARTER ENDED JUNE 30, 2009**

**(Form 51-102F1)**

**MANAGEMENT DISCUSSION AND ANALYSIS**  
**SECOND QUARTER REPORT**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2009**

The following Management Discussion and Analysis (“**MD&A**”) is a supplement to the interim unaudited financial statements as at June 30, 2009 which can be viewed under Tawsho Mining Inc. (the “**Corporation**” or “**Tawsho**”), on [www.sedar.com](http://www.sedar.com). This MD&A should be read in conjunction with the December 31, 2008 and 2007 audited annual financial statements of Tawsho and Jardincap’s Management Proxy Circular dated April 15, 2008 also available on [www.sedar.com](http://www.sedar.com).

On May 31, 2008, one of the predecessor companies to the current Tawsho Mining Inc. (“**Tawsho (prior)**”) and the other predecessor company to Tawsho, a public company, Jardincap Inc. (“**Jardincap**”), amalgamated. For accounting purposes and because of its approximately 96% diluted interest, the Corporation’s operations are considered a continuation of Tawsho (prior)’s operations. Tawsho was listed on the TSX Venture Exchange (“**TSX-V**”) on July 28, 2008, as Tawsho Mining Inc. under the symbol TAW.

**1. FORWARD-LOOKING STATEMENTS**

Forward-looking statements provide an opinion as to the effect of certain events and trends on the business. Certain statements contained in this MD&A constitute forward looking statements. The use of any words such as “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe” and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Corporation’s expectations as of June 30, 2009
- Readers are cautioned not to place undue reliance on these statements as the Corporation’s actual results, performance, or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Corporation’s business, or if the Corporation’s estimates or assumptions prove inaccurate. Therefore, the Corporation cannot provide any assurance that forward-looking statements will materialize
- The Corporation assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason except as required by law.

For a description of material factors that could cause the Corporation’s actual results to differ materially from the forward looking statements in this MD&A, please see “Risks and Uncertainties” below.

**2. DATE**

This MD&A for the six months (“**Second Quarter**”) ended June 30, 2009 was completed on August 20, 2009. Important activities and events after June 30, 2009 are also noted.

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**3. DESCRIPTION OF BUSINESS**

The Corporation was created under Articles of Amalgamation in the Province of Ontario, Canada on May 31, 2008. Prior to amalgamation, Tawsho (prior) was incorporated under the laws of the Province of Ontario on November 28, 2006. The Corporation, a mining exploration and development company, holds mining exploration permits on a property (the Chevrier Property) located in Quebec and is engaged in the acquisition, exploration and development of properties for the mining of precious and base metals.

The Corporation has no income or royalties from production or from production-related activities and none were anticipated for the six months ended June 30, 2009.

The Chevrier Property is at the exploration stage.

**4. EXPLORATION ACTIVITIES**

The Chevrier Property, situated in north-western Quebec in the Chibougamau mining camp, is composed of 557 contiguous claims covering approximately 95 km<sup>2</sup>. Since the mid 1980's, the property has been the site of at least three drilling programs. In 1984 and 1985 Ressources Diana Ltee carried out a geophysical survey and drilled 34 holes on the "East" showing, the "West" showing and several other geophysical anomalies in the Diana block of claims. Corporation Falconbridge Copper Exploration drilled the property under 19 development licenses, subject to an agreement with Ressources Diana Ltee.

In 1987, Minnova (earlier operating under the name of Corporation Falconbridge Copper, which was purchased by Metall Mining and subsequently changed its name to INMET) became the owner of most (or all) of the claims of the properties. This company owned the properties between 1987 and 1994 and carried out the first extensive exploration programs of geological and geophysical surveys and diamond drilling. Minnova discovered the Chevrier zone in 1988 and the Chevrier Sud zone in 1992.

In 1995, GeoNova Explorations Inc. ("GeoNova") became the owner of the properties and continued exploration and study work until 2002. GeoNova carried out diamond drilling campaigns in 1996, 1997, and 2002 and prepared resource estimates and preliminary mining studies. Previous work has not been able to establish a readily economic deposit and the property has been a source of interest for several years. Recent technological developments in exploration, the increase in the price of gold and sustained interest in local geological formations are now favourable for a renewed attempt at developing the potential of this property.

The Chevrier Property was acquired from GeoNova (a subsidiary of Campbell Mines) in November 2007 for \$1.4 million.

From November 2007 to the date of this MD&A, Tawsho has undertaken the following:

- Preparation of a report on the previous work done on the Chevrier Property compiled by SNC-Lavalin Inc. of Montreal, containing recommendations of actions to be taken in order for a National Instrument 43-101 *Standards of Disclosure for Mineral Project* compliant report to be produced (available on the Corporation's web site)
- A geological review of the property and the area
- An aeromagnetic survey (2,792 km line survey)
- Ground Time Domain EM survey
- Resource modeling
- Target identification
- Additional claims obtained during Q3 2008
- A 21 hole drill program has been completed to date and assay results have been released
- Permit application for an initial bulk sample is underway
- Cost estimates for bulk sample and ore treatment
- 2009 (second half) program has been prepared and will be submitted to Directors for Board approval

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**4. EXPLORATION ACTIVITIES (continued)**

During the six-month period ended June 30, 2009, Tawsho continued its drilling and exploration program on the Chevrier property. Infill drilling was completed on the Chevrier Zone and partially completed on Chevrier South zone. The Corporation is pleased with the results (see the press release dated 29 April 2009 for drill result highlights and the website [www.tawshomining.com](http://www.tawshomining.com) for a complete summary of Tawsho's drill results) and is currently compiling the recent data with the historic work of previous operators. In addition, the Corporation is commissioning a structural study of the Chevrier zone to aid in resource modeling and drill targeting. Furthermore, the permit application for a 5,000 tonne bulk sample has been presented to the authorities and the Corporation expects to proceed with the bulk sample.

Scientific and technical information disclosed herein has been prepared under the supervision of Francoise Gagnon, Eng., who is the Qualified Person within the meaning of National Instrument 43-101.

**5. MINING PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES**

	<b>December 31, 2008</b>	<b>Additions (Writedowns)</b>	<b>June 30, 2009</b>
Acquisition	1,484,995	7,513	1,492,508
Drilling	1,378,606	610,375	1,988,981
Sampling	44,748	48,334	93,082
Geological and geophysical	293,834	76,086	369,920
Line cutting	26,261		26,261
Environmental	57,834	229	58,063
Management and administration	43,296	2418	45,714
Travel and transport	10,515		10,515
Mining tax credits	(655,290)		(655,290)
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Total	2,684,799	744,955	3,429,754
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**6. RESTATED FINANCIAL STATEMENTS**

The Corporation has restated its previously published unaudited interim financial statements for the three quarterly periods ended March 31, 2008, June 30, 2008 and September 30, 2008. Please refer to the interim unaudited financial statements for the six-month period ended June 30, 2009 for the restated quarterly financial statements and the impact of the restatement on each quarter.

**7. FLOW-THROUGH RESERVE**

At June 30, 2009, funds reserved for flow-through activities were as follows:

Tawsho has budgeted and is committed to spending the balance of these funds before December 31, 2009.

<b>Flow-Through Reserve Funds</b>	<b>CEE</b>	<b>CEE (Qc)</b>	<b>Total</b>
Balance as at December 31, 2008	\$ 1,397,180	\$ -	1,397,180
Eligible CEE incurred during six months ended June 30, 2009	(493,466)		(493,466)
Balance as at June 30, 2009	\$ 903,714	\$ -	\$ 903,714

**8. RESULTS OF OPERATIONS BY QUARTER**

	<b>March 31, 2008 (restated)</b>	<b>June 30, 2008 (restated)</b>	<b>September 30, 2008 (restated)</b>	<b>December 31, 2008</b>	<b>March 31, 2009 (restated)</b>	<b>June 30, 2009</b>
Total Assets	4,500,621	5,156,825	8,008,553	7,475,845	7,849,542	7,352,145
Working Capital	2,286,156	2,928,938	4,975,460	4,703,096	4,032,317	3,741,162
Shareholders' Equity	4,166,167	5,052,093	7,475,128	7,389,479	6,758,088	6,592,342
Revenues	22,105	15,375	26,575	18,539	6,024	362
Net Income (Loss)	(12,578)	90,031	(560,551)	(101,309)	(228,253)	(165,746)
Net Earnings (loss) per share, basic and diluted	0.0070	0.0050	0.0256	(0.0280)	(0.0101)	(0.0073)

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**8. RESULTS OF OPERATIONS BY QUARTER (continued)**

**Three months ended June 30, 2009 vs. Three months ended June 30, 2008**

The Corporation reported net loss of \$165,746 or \$0.0073 loss per share in the Second Quarter of 2009 compared to an income of \$90,031 or \$0.005 income per share in the Second Quarter of 2008. The Corporation's only source of revenue for the Second Quarter of 2009 was interest income of \$362 compared to \$15,375 in the Second Quarter of 2008. The main reason for the decrease in interest income was a decline in interest rates from 3.37% in the Second Quarter of 2008 to 0.55% in the Second Quarter of 2009.

Operating expenses increased from \$60,252 in the Second Quarter of 2008 to \$166,108 in the Second Quarter of 2009 primarily due to an increase in professional fees, office and general and management fees. The increase in professional fees from \$27,799 in 2008 to \$51,527 in 2009 is due to increased audit and legal fees. The increase in legal fees is due to the costs associated with the amalgamation with Jardincap.

The increase in office and general from \$21,754 in 2008 to \$80,579 in 2009 is due to an increase in travel, rent and accounting fees as a result of an increase in business activity.

Furthermore, during the Second Quarter of 2009, the corporation incurred \$121,198 in development and exploration costs (discussed above in "Exploration Activities") compared to \$451,179 in the Second Quarter of 2008. These expenses are capitalized for accounting purposes. During the Second Quarter of 2009, the Corporation also paid \$4,290 in costs related to mining claims and the maintenance thereof (\$26,041 in the Second Quarter of 2008).

**Six months ended June 30, 2009 vs. Six months ended June 30, 2008**

The Corporation reported net loss of \$228,253 or \$0.0101 loss per share in 2009 compared to an income of \$77,453 or \$0.0044 income per share.

The Corporation's only source of revenue in 2009 was interest income of \$6,385 compared to \$37,480 in 2008. The main reason for the decrease in interest income was a decline in interest rates.

Operating expenses increased from \$94,935 in 2008 to \$234,638 in 2009 primarily due to the increase in office and general, management fees and management wages. The increase in office and general is due to an increase in accounting fees, insurance, and rent due to an increase in business activity.

The Corporation incurred share issue costs of \$582,495 in 2009 compared to \$189,293 in 2008.

Furthermore, in 2009, the Corporation incurred \$738,070 in development and exploration costs (discussed above in "Exploration Activities") compared to \$779,456 in 2008. These expenses are capitalized for accounting purposes. In 2009, the Corporation also paid \$7,513 in costs related to mining claims and the maintenance thereof (\$34,509 in 2008).

Generally, the Second Quarter went as expected and the exploration program was executed as planned and on budget.

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**9. LIQUIDITY AND CAPITAL RESOURCES**

The interim unaudited financial statements have been prepared on a going concern basis which assumes that the Corporation can realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Corporation's continued operation is dependent upon its ability to obtain the financing necessary to provide adequate working capital for the foreseeable future.

	June 30, 2009	June 30, 2008 (restated)	December 31, 2008
Working Capital	3,741,162	2,928,937	4,703,096
<b>Deficit</b>	<b>1,755,730</b>	<b>113,761</b>	<b>944,982</b>

Total assets decreased to \$7,352,145 at June 30, 2009 from \$7,475,845 at December 31, 2008. The Corporation had a working capital surplus of \$3,741,162 at June 30, 2009 compared to \$4,703,096 at December 31, 2008.

Cash and short-term investments decreased 18% during the Second Quarter from \$3,991,017 in 2008 to \$3,272,080 in 2009.

At June 30, 2009, the Corporation had mining assets with a total book value of \$3,429,754 (2008 - \$2,684,799). Management has considered the carrying value of its mining assets and has determined that, primarily because of the good location of its properties in close proximity to major gold deposits and the availability of financing, no impairment provision is considered necessary. The balance sheet values may not represent those which could be obtained if the properties were to be offered for sale at this time.

At June 30, 2009, the Corporation recorded a deficit of \$1,755,730 compared to \$944,982 at December 31, 2008. Included in the deficit at June 30, 2009 are share issue costs of \$582,495 (June 30, 2008 - \$189,293), of which \$2,495 were actually incurred and the remaining \$580,000 (2008 - \$nil) represents the estimated future tax effect of the renunciation of exploration expenditures in favour of flow-through shareholders.

**10. RELATED PARTY TRANSACTIONS**

Related party transactions are in the normal course of business and are measured at the exchange amounts, being the amount of consideration established and agreed to by the related parties.

- a. Included in management fees is an amount of \$12,565 (2008 - \$nil) paid to a Corporation wholly owned by a director and \$13,024 (2008 - \$nil) paid to a Corporation wholly owned by a relative of a director
- b. Management wages totaling \$32,415 (2008 - \$nil) were paid to an officer
- c. Included in deferred mining exploration costs are amounts totaling \$1,602 (2008 - \$nil) paid to an officer

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**11. SIGNIFICANT ACCOUNTING POLICIES**

The Corporation's significant accounting policies are described in Note 3 of the interim unaudited financial statements for the period ended June 30, 2009. Management considers the following to be the most critical in understanding the judgments involved in preparing the Corporation's financial statements and the uncertainties that could impact its results of operations and future cash flows.

**Going concern**

These interim unaudited financial statements have been prepared in accordance with the assumption that the Corporation will continue as a going concern, which is dependent upon its ability to continue to raise financing and to commence profitable operations in the future. Management continues to actively pursue additional financing and strive to obtain and thereafter maintain profitable operations to support the validity of the "going concern" assumption. These interim unaudited financial statements do not purport to give effect to adjustments, if any, that may be necessary should the Corporation be unable to continue and, therefore, be required to realize its assets and discharge its liabilities in other than the ordinary course of business.

**Mining assets**

The Corporation records its mining assets, comprised of wholly-owned mining properties, undivided interest in properties and deferred exploration expenses, at cost less certain recoveries. Exploration expenses are capitalized on the basis of specific mining property blocks or areas of geological interest until the mining assets to which they relate are placed into production, sold or allowed to lapse. Management reviews the carrying values of mining assets on a regular basis to determine whether any write-downs are necessary.

These costs will be amortized over the estimated useful life of mining assets following commencement of production or written off if the mining assets or projects are sold or allowed to lapse. General exploration expenditures not related to specific mining assets are expensed as incurred.

The recoverability of amounts recorded under mining properties and deferred exploration expenses is dependent upon the discovery of economically recoverable reserves, the ability of the Corporation to obtain the financing needed to complete development, any future profitable production or proceeds from the disposal of these assets. The amounts shown for mining properties and deferred exploration expenses are costs, net of write-offs and tax refunds and do not necessarily indicate present or future values.

**Flow-through financing**

Canadian tax legislation permits the Corporation to issue securities referred to as flow-through shares whereby the Corporation assigns the tax deductions arising from the related resource expenditures to the investors. When resource expenditures are renounced in favour of the investors and the Corporation has reasonable assurance that the expenditures will be made, a future income tax liability is recognized and equity is reduced by decreasing retained earnings.

If the corporation has sufficient unused tax loss carry forwards to offset all or part of this future income tax liability and no future income tax assets have been previously recognized for these carry forwards, a portion of such unrecognized losses is recorded as income up to the amount of the future income liability that was previously recognized on the renounced expenses.

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**11. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Capital management**

The Corporation's objective in managing capital is to ensure sufficient liquidity to support the acquisition, development and exploration of mining properties and maintain the necessary corporate and administrative functions to facilitate these activities. The Corporation defines capital that it manages as the aggregate of its shareholders' equity, which consists of issued shares, contributed surplus, warrants outstanding and retained earnings.

The Corporation manages its capital structure and makes adjustments to it in light of general economic conditions and the risk characteristics of the underlying assets and the Corporation's working capital requirements. In order to maintain or adjust the capital structure, the Corporation, upon approval from its Board of Directors, may issue shares, repurchase shares and pay dividends. The Board of Directors reviews and approves any material transactions not in the ordinary course of business which may include various acquisition proposals, as well as capital and operating budgets. The Corporation is not subject to externally imposed capital requirements.

**12. RISKS AND UNCERTAINTIES**

The business of Tawsho and an investment in securities of Tawsho should be considered speculative due to the nature of Tawsho's business, Tawsho's early stage of development and certain other factors. A prospective shareholder should consider carefully the following factors;

**Exploration and Mining Risks**

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires power outages, labour disruptions, flooding, cave-ins, landslides, and the ability to obtain suitable adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. Tawsho will rely upon its management, consultants, and others for exploration and development expertise. Substantial expenditures are required to establish mineral resources and reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineral deposit, no assurance can be given that minerals will be discovered in sufficient quantities or having sufficient grade to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing gold and other mineral properties are affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, cost of processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Tawsho has no production mines at this time.

**Financing Risks**

Tawsho has limited financial resources, has no source of operating cash flow, and has no assurance that additional funding will be available to it for further exploration and development of its mineral property interests beyond its current programs. Currently, the only sources of financing for Tawsho's activities is through cash on hand, further sale of its equity securities or optioning or joint venturing of those properties in which it has an interest, and there can be no assurance it will be able to raise funds in such manner at any given time. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration and development of its properties, with the possible loss of the properties, or the inability to acquire any additional mineral properties.

**Uninsurable Risks**

In the course of exploration, development and production of mineral properties, certain risks and, in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding, and earthquakes, may occur. It is not always possible to fully insure against such risks and Tawsho may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of Tawsho.

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**12. RISKS AND UNCERTAINTIES (continued)**

**No Assurance of Titles or Boundaries**

Tawsho cannot guarantee title to its properties. Other parties may dispute title to any of its properties and any of it may be subject to prior unregistered agreements or transfers or land claims by aboriginal, native, or indigenous peoples, and title may be affected by undetected encumbrances or defects or governmental actions.

**Regulatory Requirements and Special Interests**

Tawsho's Chevrier Property is located in the Province of Quebec. Mineral exploration and mining activities in Quebec are affected by government regulations relating to resource and mining industry. Any changes in regulations or shifts in political conditions are beyond the control of Tawsho and may adversely affect its business. Future operations may be affected in varying degrees by government regulations with respect to restrictions on access to the mineral rights, production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety. The effect of all of these factors cannot be accurately predicted. There can be no assurance that the present government, or any successor governments, can sustain the timely access to minerals envisaged in the mining legislation of Quebec, notwithstanding the potential compliance of Tawsho.

**Permits and Licenses**

The operations of Tawsho may require licenses and permits from various governmental authorities. There can be no assurance that Tawsho will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development of its properties.

**Gold prices**

Even if Tawsho's exploration programs are successful, factors beyond the control of Tawsho may affect the marketability of any gold discovered. Gold prices have historically fluctuated widely, particularly in recent years, and are affected by factors beyond Tawsho's control, including inflation, international economic and political trends, currency exchange fluctuations, interest rates, global and regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot be predicted and can render any deposit which is outlined uneconomic to exploit.

**Competition**

The mineral industry is intensely competitive in all its phases. Tawsho will compete with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral claims, leases and other mineral interests.

**Environmental Regulations**

Tawsho's proposed operations, including but not limited to exploration, will be subject to environmental laws, regulations and rules promulgated by government authorities from time to time. Environmental legislation is changing frequently and provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. Environmental legislation is evolving in a manner which means stricter standards and enforcement, and fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce or eliminate the profitability of operations or make deposits uneconomic to develop.

**Conflicts of Interest**

Tawsho and its directors and officers may serve as directors or officers of other companies which may compete for mineral exploration projects with Tawsho. In addition, corporate opportunities giving rise to potential conflicts of interest may occur from time to time. In the event that such a conflict of interest arises, a director which has such a conflict is required to disclose it to the Board of Directors and to abstain from voting with respect to such matter. The directors of Tawsho are required to act honestly, in good faith and in the best interests of Tawsho. Conflicts of interest will be subject to the provisions of the Ontario Business Corporations Act.

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**12. RISKS AND UNCERTAINTIES (continued)**

**Dependence on Key Personnel**

The business of mineral exploration involves a substantial degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Shareholders must rely on the ability, expertise, judgment, direction and integrity of the management of Tawsho. Tawsho's success will depend on the services of a number of key personnel, including its executive officers and other key employees, the loss of any one of whom could have an adverse effect on its operations and business prospects. Tawsho's future performance is partially dependent on the services of Raymond Savoic, CEO, and Zoran Arandjelovic, Chairman. Given Tawsho's stage of development, the Corporation is less dependent on retaining highly qualified technical personnel since these services can be provided by external consultants.

**Dividends**

All of Tawsho's available funds will be invested to finance its activities and therefore shareholders cannot expect to receive a dividend on Tawsho's common shares in the foreseeable future.

**13. OFF – BALANCE SHEET ARRANGEMENTS**

There are no off-balance sheet arrangements.

**14. DISCLOSURE OF OUTSTANDING SHARE CAPITAL**

The Corporation is authorized to issue an unlimited number of class A and class B common shares.

As at June 30, 2009 and August 20, 2009, 22,562,249 of class A commons shares were issued. There were no class B common shares issued at June 30, 2009. Each class A common share entitles the holder to one vote. Each class B common share entitles the holder to 100 votes. Class A and Class B common shares rank equally for dividends and for all distributions upon dissolution or wind up.

At June 30, 2009 and August 20, 2009, the Corporation had 676,250 share purchase warrants outstanding and 1,681,852 share options issued pursuant to the Corporation's Stock Option Plan. The share purchase warrants have an expiry date of May 29, 2010 and July 18, 2010.

At June 30, 2009, outstanding warrants were as follows:

Subscription Rights to Common Shares	Exercise Price	Expiry Date
426,250	\$ 1.25	May 29, 2010
250,000	\$ 1.25	July 18, 2010

As at June 30, 2009, these warrants had a weighted average exercise price of \$1.25 and a weighted average contractual life of 12 months.

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**15. INDUSTRY TRENDS AND OUTLOOK**

The downturn in worldwide financial markets has forced many mining companies, large and small, to refocus their priorities and pare down their portfolio of mining assets. Tawsho is well financed and is in a relatively good position. The Corporation is committed to advancing the Chevrier Project. Work to compile actual and historical data has been undertaken and the drilling program is currently being evaluated. Since the analysis and interpretation of the parameters of the deposits show that mineralization is structurally controlled, Tawsho has undertaken a structural study to assist in the interpretation of drilling results and in targeting of future holes.

The main objective of the Corporation is to increase shareholder value through acquisition, exploration and development success. In spite of difficult market conditions, the directors of Tawsho are confident that this objective will be met.

**16. SUBSEQUENT EVENTS**

*Termination of stock options*

As of July 9, 2009, Mr. Tim Searcy, who was the President of Tawsho, is no longer with the Corporation. As a result, 200,000 stock options with an expiry date of February 25, 2014 granted to Mr. Searcy were terminated on that day in accordance with the Corporation's Stock Option Plan.

*New shares issued*

Subsequent to June 30, 2009, 50,000 stock options were issued to an employee. 25,000 of these stock options will vest on July 31, 2010 and the remaining 25,000 will vest on July 31, 2011. The stock options have an exercise price of \$0.20 and an expiry date of July 31, 2014.

**17. ADDITIONAL INFORMATION**

Additional information about the Corporation is available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.tawshominig.com](http://www.tawshominig.com).

**18. QUALIFIED PERSON**

Francoise Gagnon, Eng., is the Corporation's Qualified Person for the purposes of National Instrument 43-101 and has approved the technical disclosures in this MD&A.

August 20, 2009