

TAWSHO MINING INC.
(A Development Stage Company)

Interim Financial Statements

Unaudited – prepared by management

First quarter

For the three months ended March 31, 2010

(The Corporation's Auditors have not reviewed the financial statements for the period ended March 31, 2010)

Tawsho Mining Inc.
(A Development Stage Company)
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TAWSHO MINING INC.
(A Development Stage Company)
INTERIM UNAUDITED BALANCE SHEETS

	March 31, 2010	December 31, 2009
ASSETS		
Current		
Cash and cash equivalents	632,352	633,337
Term deposits	2,388,498	2,573,509
Goods and services tax and Quebec sales tax receivable	165,747	152,401
Mining tax credits receivable (Note 4)	250,872	250,676
Prepaid expenses	2,342	8,258
	3,439,811	3,618,181
Equipment (Note 3)	1,605	1,700
Mining Assets (Note 4)		
Interests in mining properties and deferred exploration expenditures	3,618,220	3,545,337
	7,059,636	7,165,218
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 8)	87,045	96,120
Future income tax payable	371,400	386,500
	458,445	482,620
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	6,982,872	6,982,872
Warrants (Note 6)	214,895	214,895
Contributed Surplus (Note 7)	1,232,961	1,218,475
Deficit	(1,829,537)	(1,733,644)
	6,601,191	6,682,598
	7,059,636	7,165,218

The accompanying notes are an integral part of these unaudited interim financial statements

Going concern (Note 1)
 Related party transactions (Note 8)
 Contingencies (Note 11)
 Subsequent events (Note 12)

Approved on behalf of the Board:

Joseph Feldman, Director

Vance White, Director

TAWSHO MINING INC.
(A Development Stage Company)
INTERIM UNAUDITED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT

	FOR THE 3 MONTHS ENDED	
	March 31,	March 31,
	2010	2009
REVENUE		
Interest	1,723	6,024
Professional fees (Note 8)	69,718	39,456
Office and general	12,919	2,112
Management fees (Note 8)	6,500	6,143
Share transfer, listing and filing fees	11,380	9,090
Stock-based compensation (Note 5)	12,104	11,023
Property write-downs	-	628
Amortization	95	79
TOTAL EXPENSES	112,716	68,531
NET (LOSS) BEFORE INCOME TAXES	(110,993)	(62,507)
Future income tax recovery	15,100	325,000
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	(95,893)	262,493
DEFICIT, beginning of period	(1,733,644)	(944,982)
SHARE ISSUE COSTS	-	(582,495)
DEFICIT, end of period	(1,829,537)	(1,264,984)
EARNINGS PER COMMON SHARE:		
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	22,562,249	22,562,249
NET INCOME (LOSS) PER COMMON SHARE, basic and diluted	(0.0043)	0.0116

The accompanying notes are an integral part of these unaudited interim financial statements

TAWSHO MINING INC.
(A Development Stage Company)
INTERIM UNAUDITED STATEMENTS OF CASH FLOWS

FOR THE 3 MONTHS ENDED

	March 31, 2010	March 31, 2009
CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Net income (loss) and comprehensive income (loss) for the period	(95,893)	262,493
Adjustments for non-cash items:		
Stock-based compensation (Note 5)	12,104	11,023
Amortization	95	79
Property write-downs	-	628
Future income tax	(15,100)	(325,000)
Changes in non-cash working capital balances:		
Goods and services tax and Quebec sales tax receivable	(13,346)	(39,840)
Prepaid expenses	5,916	1,175
Accounts payable and accrued liabilities	14,369	20,994
	(91,855)	(68,448)
CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES		
Share issue costs	-	(2,495)
	-	(2,495)
CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES		
Interests in mining properties and deferred exploration expenditures	(94,141)	(5,051)
Investment in term deposits	185,011	
Cash reserved for exploration	-	161,027
	90,870	155,976
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(985)	85,033
CASH AND CASH EQUIVALENTS, beginning of period	633,337	2,593,837
CASH AND CASH EQUIVALENTS, end of period	632,352	2,678,870
<i>See accompanying notes to unaudited interim financial statements</i>		
SUPPLEMENTAL INFORMATION		
Non-cash transactions:		
Interests in mining properties and deferred exploration expenditures	-	698,962
Stock-based compensation included in Mining Assets	2,382	2,589
Tax effect of renunciation of exploration expenditures	-	(580,000)
Income taxes paid	-	-
Interest paid	-	-
Change in accrued deferred exploration expenditures	(29,101)	404,094
Change in accrued mining tax credits receivable	(196)	208,363
Change in future income tax payable	(15,100)	(325,000)
Cash and cash equivalents consist of:		
Cash	\$ 1,876	\$ 6,774
Money market funds	630,476	2,672,096
	632,352	2,678,870

Tawsho Mining Inc.
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Notes to the Unaudited Interim Financial Statements
March 31, 2010

1. NATURE OF OPERATIONS AND GOING CONCERN

Tawsho Mining Inc. (the “**Corporation**”) was created under Articles of Amalgamation in the Province of Ontario, Canada, on May 31, 2008. On that date, the prior Tawsho Mining Inc. (“**Tawsho (prior)**”) and a public company Jardincap Inc. (“**Jardincap**”) amalgamated. For accounting purposes, the Corporation’s operations are considered a continuation of Tawsho (prior)’s operations and the resultant successor of the amalgamated companies. Prior to amalgamation, Tawsho (prior) was incorporated in Ontario on November 28, 2006. On May 31, 2008, the Corporation amalgamated with Jardincap and effectively created a publicly listed company on the TSX Venture Exchange (“**TSX-V**”), that continues to operate as Tawsho Mining Inc.

On July 28, 2008, the amalgamated Corporation was relisted for trading on the TSX-V under the symbol TAW. The Corporation, which is in the development stage, with mineral property interests located in Québec, is engaged in the acquisition, exploration and development of properties for the mining of precious and base metals. The Corporation is accounted for as a development stage company in accordance with accounting guideline “AcG -11” of the Canadian Institute of Chartered Accountants (“**CICA**”) Handbook. The Corporation is in the process of exploring its mining properties for mineral resources and has not determined whether the properties contain economically recoverable reserves.

Going concern

These unaudited interim 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. The Corporation incurred recurring net losses of \$95,893 for the three-month period ended March 31, 2010. The Corporation has a deficit of \$1,829,537 at March 31, 2010. Management continues to actively pursue additional financing and strives to obtain and thereafter maintain profitable operations to support the validity of the “going concern” assumption. These unaudited interim 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. Such adjustments could be material.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Corporation to raise alternative financing, if necessary, or alternatively upon the Corporation’s ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Corporation has taken steps to verify title to its property interests in accordance with industry standards for the current stage of exploration and development of such properties, these procedures do not guarantee the Corporation’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements.

The accompanying unaudited interim financial statements are prepared in accordance with Canadian generally accepted accounting principles (“**GAAP**”). They do not include all of the information and disclosures required by Canadian GAAP for annual financial statements. The preparation of these interim financial statements is based on accounting principles and practices consistent with those used in the preparation of the annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Operating results for the period ended March 31, 2010 are not necessarily indicative of the results that may be expected for the full year ended December 31, 2010. The balance sheet at December 31, 2009 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for complete financial statements. For further information, see the financial statements including the notes thereto for the year ended December 31, 2009.

Tawsho Mining Inc.
(A Development Stage Company)
Notes to the Unaudited Interim Financial Statements
March 31, 2010

2. CHANGES IN ACCOUNTING POLICIES

Future Accounting Changes

- (a) International Financial Reporting Standards (“IFRS”)
 In February 2008, the Accounting Standards Board (“AcSB”) confirmed that January 1, 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for the interim and annual financial statements relating to fiscal years beginning on January 1, 2011. The adoption date of January 1, 2011 will require the restatement, for comparative purposes, of amounts reported by the Corporation for its year ended December 31, 2010, and of the opening balance sheet as at January 1, 2010. Management is currently assessing the impact of adoption of IFRS.
- (b) Consolidations and Non-controlling Interests
 In January 2009, the CICA issued Section 1601, “Consolidated Financial Statements” and Section 1602 “Non-controlling Interests” to replace Section 1600, ‘Consolidated Financial Statements’. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards of accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. Section 1602 is equivalent to the corresponding provisions of the International Financial Reporting Standard IAS 27, ‘Consolidated and Separate Financial Statements.’ These standards are effective for interim and annual financial statements beginning on or after January 1, 2011, which for the Corporation is January 1, 2011. The Corporation has not yet determined the impact of the adoption of these sections on its financial statements.
- (c) Business Combinations
 In January 2009, the CICA issued Section 1582, “Business Combinations”. This section is effective January 1, 2011 and applies prospectively to business combinations for which the acquisition date is on or after the first annual reporting period of the Corporation beginning on or after January 1, 2011, which for the Corporation is January 1, 2011. Early adoption is permitted. This section replaces Section 1581, “Business Combinations” and harmonizes the Canadian standards with international financial reporting standards (“IFRS”). The Corporation has not yet determined the impact of the adoption of this section on its financial statements.

3. EQUIPMENT

	March 31, 2010			December 31, 2009		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Telephone	1,760	556	1,204	1,760	493	1,267
Computer	509	108	401	509	76	433
	<u>2,269</u>	<u>664</u>	<u>1,605</u>	<u>2,269</u>	<u>569</u>	<u>1,700</u>

Amortization expense for the period ended March 31, 2010 amounted to \$95 (Q1 – 2009: \$79).

4. MINING ASSETS

Chevrier Property

The Chevrier Property consists of 557 contiguous mining claims where the Corporation has a 100% interest in 515 of them, all located in the townships of Queylus, Haury, Fancamp and La Dauversiere in the Province of Québec. Some of these claims are subject to royalties ranging from 7.5% - 10% on net profits of production and to 0.5% royalty of the net smelter returns.

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4. MINING ASSETS (continued)

	NON-PRODUCING PROPERTIES		
	Chevrier Quebec	Whisker Valley Newfoundland	TOTAL
	(\$)	(\$)	(\$)
Balance, December 31, 2009	3,545,337	-	3,545,337
PROPERTY ACQUISITION COSTS			
Due diligence	-	8,000	8,000
DEFERRED EXPLORATION COSTS			
Drilling	10,413	-	10,413
Sampling	2,174	-	2,174
Geological and geophysical	49,400	-	49,400
Permitting	2,896	-	2,896
Balance, March 31, 2010	3,610,220	8,000	3,618,220

The Corporation has accrued approximately \$250,872 (2009 - \$250,676) in government assistance receivable related to eligible expenditures in the province of Québec as at March 31, 2010. The Corporation receives this assistance in the form of refundable tax credits from the Québec Provincial Government and mining duties returns from Québec Ministry of Natural Resources. During the period ended March 31, 2010, \$nil (Q1 – 2009: \$208,363) in government assistance was received.

5. SHARE CAPITAL

Authorized

Unlimited Common shares
 Unlimited Preferred shares

Issued

Common shares

	\$	#
Outstanding common shares at December 31, 2009 and March 31, 2010	<u>22,562,249</u>	<u>6,982,872</u>

Stock Options

The shareholders of the Corporation approved the Corporation's existing stock option plan, ("the Plan"), to be administered by the directors of the Corporation. Under the Plan, the Corporation may grant to directors, officers, employees and consultants options to purchase shares of the Corporation. The Plan provides for the issuance of stock options to acquire up to 10% of the Corporation's issued and outstanding capital. The plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Corporations' issued and outstanding share capital increases. Options granted under the Plan will be for a term not to exceed 5 years. The plan provides that, it is solely within the discretion of the board to determine who should receive stock options, the amounts of stock options to be granted and the vesting period of the options.

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5. SHARE CAPITAL (continued)
Stock Options (continued)

In no case (calculated at the time of grant) shall the plan result in:

- The number of options granted in a 12-month period to any one consultant exceeding 2% of the issued shares of the Corporation;
- The aggregate number of options granted in a 12-month period to any one individual exceeding 5% of the outstanding shares of the Corporation;
- The number of options granted in any 12-month period to employees or consultants undertaking investor relations activities exceeding in aggregate 2% of the issued shares of the Corporation;

Summary of stock option activity for the period ended March 31, 2010:

	March 31, 2010		December 31, 2009	
	Number of options	Weighted average exercise price (\$)	Number of options	Weighted average exercise price (\$)
Balance, beginning of period	1,545,000	0.88	1,423,606	0.98
Granted	300,000	0.20	430,000	0.20
Expired	-	-	(108,606)	0.70
Forfeited	-	-	(200,000)	0.20
Balance, end of year	1,845,000	0.77	1,545,000	0.88

Summary of stock option activity for the period ended March 31, 2010:

As at March 31, 2010, the following stock options were outstanding:

Date of expiry	No. of exercisable options	No. of outstanding options	Exercise price (\$)	Grant date fair value of options granted (\$)
31-Jul-13	1,115,000	1,215,000	1.00	522,450
15-Aug-13	66,667	100,000	1.00	43,000
25-Feb-14	50,000	100,000	0.20	13,000
31-Jul-14	-	50,000	0.20	3,000
05-Nov-14	80,000	80,000	0.185	13,600
01-Feb-15	-	300,000	0.20	51,000
	1,311,667	1,845,000		646,050

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5. SHARE CAPITAL (continued)
Stock Options (continued)

During the three months ended March 31, 2010, 300,000 stock options (Q1 – 2009: 300,000) were granted to a director of the Corporation for consulting services with a weighted-average grant date fair value of \$0.17 per option (Q1 – 2009: \$0.13). The options have an exercise price of \$0.20 and will vest 100,000 each on the first, second and third anniversaries of the grant. The fair value of stock-based compensation relating to these options and others that vested during the period charged to contributed surplus for the period ended March 31, 2010 was \$14,486 (Q1 – 2009: \$13,611). The value of stock-based compensation relating to non-employees in the amount of \$2,382 (Q1 – 2009: \$2,589) was recorded as Mining Assets.

The fair value of these options was estimated on the date of the grant using Black Scholes option pricing model using the following assumptions:

	<u>Q1 - 2010</u>	<u>Q1 - 2009</u>
Expected dividend yield	0%	0%
Expected volatility	150%	100%
Risk - free interest rate	2.5%	1.5%
Expected average life	4 years	2.5 years

The weighted-average fair value of options exercisable as at March 31, 2010 is \$0.40 (Q1 – 2009: \$0.43). The weighted average exercise price of stock options exercisable as at March 31, 2010 is \$0.92 (Q1 – 2009: \$0.97).

6. WARRANTS

The warrants issued by the Corporation are subscription rights to common shares.

	<u>#</u>	<u>\$</u>
Outstanding warrants at December 31, 2009 and March 31, 2010	676,250	214,895

The fair value of these warrants was estimated on the date of grant using the Black – Scholes option pricing model, with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 70%; (iii) risk-free interest rate of 3% and (iv) expected life of 2 years.

	<u>Price</u>	<u>#</u>	<u>\$</u>
Expiring:			
May 29, 2010	\$ 1.25	426,250	136,400
July 18, 2010	\$ 1.25	250,000	78,495
Outstanding warrants at December 31, 2009 and March 31, 2010		676,250	214,895

7. CONTRIBUTED SURPLUS

	<u>March 31,</u>	<u>December 31,</u>
	<u>2010</u>	<u>2009</u>
Balance, beginning of period	\$ 1,218,475	\$ 526,964
Stock-based compensation (Note 5)	14,486	81,781
Expiry of warrants, reallocation of valuation	-	609,730
Balance, end of period	\$ 1,232,961	\$ 1,218,475

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8. RELATED PARTY TRANSACTIONS

An amount of \$2,183 (2009: \$2,142), payable to the corporation wholly owned by a spouse of a director for bookkeeping services is included in accounts payable and accrued liabilities at March 31, 2010. Also included in accounts payable and accrued liabilities is \$7,438 (2009: \$7,438) payable to a company wholly owned by the corporation's shareholder for services of an officer. These balances are unsecured, non-interest bearing with no fixed terms of repayment. During the year, the following transactions occurred:

- a) Included in professional fees is an amount of \$10,000 (Q1 – 2009: \$nil) paid to the president of the Corporation for consulting services
- b) Included in professional fees is an amount of \$21,250 (Q1 – 2009: \$nil) paid to a company wholly owned by the corporation's shareholder for services of an officer
- c) Included in management fees is an amount of \$6,500 (Q1 – 2009: \$6,143) paid to a company wholly owned by a spouse of a director
- d) Included in management fees is an amount of \$nil (Q1 – 2009: \$3,000) paid to a company wholly owned by a director
- e) Included in management fees is an amount of \$nil (Q1 – 2009: \$6,090) paid to an officer
- f) Included in mining assets is an amount of \$nil (2009: \$1,602) paid to an officer

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

9. FINANCIAL INSTRUMENTS

Fair value

Canadian generally accepted accounting principles require that the Corporation disclose information about the fair value of its financial assets and liabilities. Fair value estimates of financial assets and liabilities are made at the balance sheet date, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The carrying amounts of cash and cash equivalents, cash reserved for exploration, mining and commodity tax credits receivable and accounts payable and accrued liabilities approximate fair value because of the limited term of these instruments.

Section 3862 "Financial Instruments – Disclosures" establishes a fair value hierarchy that prioritizes the methods and assumptions used to develop fair value measurements for those financial assets where fair value is recognized on the balance sheet. These have been prioritized into three levels.

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Inputs for the asset or liability that are not based on observable market data.

Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgement.

Fair Value Hierarchy and Liquidity Risk Disclosure

At March 31, 2010, the Corporation's financial instruments that are carried at fair value, consisting of cash and cash equivalents and term deposits, have been classified as Level 1 within the fair value hierarchy.

The Corporation's risk exposures and the impact of the Corporation's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous period.

Interest rate risk

The Corporation has cash and cash equivalent balances, term deposits and no interest bearing debt. The Corporation's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Corporation monitors its investments and is satisfied with the credits ratings of its banks.

Credit risk

Credit risk is the risk that a client or vendor will be unable to pay or receive any amounts owned or owing by the Corporation. Management's assessment of the Corporation's credit risk is low as it is primarily attributable to funds held in Canadian banks and goods and services tax and Québec sales tax and tax credits receivable from the Government of Canada and Québec.

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9. FINANCIAL INSTRUMENTS (continued)

Commodity price risk

The future profitability of the Corporation is indirectly related to the market price of metals, particularly gold.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they come due. There can be no assurance that the Corporation will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Any equity offering will result in dilution to the ownership interests of the Corporation's shareholders and may result in dilution to the value of such interests. The Corporation intends to fulfill all of its financial obligations as they come due.

Market risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Corporation is exposed to these risks as the ability of the Corporation to develop or market its properties and the future profitability of the Corporation is related to the market price of certain metals.

Foreign currency risk

As at March 31, 2010, the Corporation did not hold any balances in foreign currencies that would give rise to exposure to foreign exchange risk.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Corporation believes the following movements are "reasonably possible" over a twelve-month period:

- (i) The Corporation does not hold significant balances in foreign currencies that give rise to exposure to foreign exchange risk;
- (ii) Price risk is remote since the Corporation is not a producing entity
- (iii) The Corporation does not hold interest bearing debt at interest rates subject to market fluctuations to give rise to interest rate risk.

10. 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 deficit. The Corporation manages and adjusts its capital structure and makes adjustments to it in light of general economic conditions, the risk characteristics of the underlying assets and the Corporation's working capital requirements to support the acquisition and exploration of mining assets. 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 does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Corporation's management to sustain future development of the business. 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 property in which the Corporation currently has an interest is in the exploration stage; as such, the Corporation, is dependent on external financing to fund its activities. In order to carry out planned exploration and pay for administrative costs, the Corporation will spend its existing working capital and raise additional amounts as needed. The Corporation will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geological or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Corporation, is reasonable. The Corporation is not subject to externally imposed capital requirements.

There were no changes in the Corporation's approach to capital management for the period ended March 31, 2010.

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11. CONTINGENCIES

The Corporation's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Corporation conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Corporation has made, and expects to make in the future, expenditures to comply with such laws and regulations.

12. SUBSEQUENT EVENTS

In April 2010, the TSX-V approved the option agreement (the "Agreement") between the Corporation and Rhino Exploration Ltd. ("Rhino"), an arm's-length party, to acquire a 100% ownership interest of Rhino's Whisker Valley claims, located on Baie Verte Peninsula, Newfoundland. The Agreement extends over a term of 8 years and provides for periodic payments to Rhino in cash and by the issuance to them of certain shares of the Corporation on an annual basis. In addition, the Corporation is obligated to spend a certain amount of money each year on exploration activities in order to keep the Agreement in good standing.

13. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified from financial statements previously presented to conform to the current presentation.