Q3 2010 Interim Report
For the Nine Months Ended
September 30, 2010

Summary of Financial and Operating Results

	Nine Months Ended September 30 2010	2009
Financial (thousands except per share amounts)		
Revenue net of royalties	**$ 2,107**	$ 1,342
Cash flow from operations *	**$ 340**	$ 144
per share, diluted	**$ 0.01**	$ -
Loss for the period	**$ (564)**	$ (182)
per share, diluted	**$ (0.01)**	$ (0.01)
Property, plant and equipment - additions	**$ 1,713**	$ 505
Net Debt*	**$ 4,167**	$ 3,224
Total shares outstanding at period end	**54,852**	34,768
Operations		
Production		
Oil & NGL (Bbl/d)	**114**	99
Gas (Mcf/d)	**176**	190
BOE/d (6 Mcf = 1 Bbl)	**143**	131
Product Prices		
Oil ($/Bbl)	**$ 62.00**	$ 50.39
Gas ($/Mcf)	**$ 4.10**	$ 3.92

* Non-GAAP Measure. Please see "Non -GAAP Measurements"

PRESIDENT'S MESSAGE

To The Shareholders

Drilling operations on Tuscany's fourth and fifth horizontal Dina wells on the Evesham property commenced on November 24, 2010. Tuscany plans to have the wells on production by year end. An analysis of analogous oil pools to the north of Evesham indicates that well spacing of 50 metres may significantly increase the eventual reserves recovered from the pool. Therefore the next two wells will be drilled on 50 metre spacing. Up to 8 additional wells are planned to be drilled in 2011. Three existing wells in the pool produced an average of 130 Bbls/d (77 Bbls/d net to Tuscany) in Q3 2010. Tuscany has a 60% interest in the Evesham property.

On November 16, 2010 Tuscany closed a $1.2 million flow through share financing in order to fund the drilling of the two wells.

Operations

The Company reported significantly improved revenues and cash flows for the nine months ended September 30, 2010 compared with the same period in 2009. Tuscany's production increased to 143 BOE/d in the first nine months of 2010 from 131 BOE/d for the nine months ended September 30, 2009, as declining gas production was offset by higher oil production. Higher oil prices resulted in a 35% increase in production revenue for the period.

The recompletion of an existing Dina well into a water disposal well together with the construction of disposal facilities and a pipeline from the oil battery enabled water disposal to commence in January 2010. This facility has substantially reduce the Company's operating costs in this area and enhanced the profitability of this project.

During the quarter, Tuscany drilled a vertical Shaunavon oil well, 191/13-19-007-18W3M, located in the Chambery field, Saskatchewan. Based on Tuscany's analysis, the open hole logs indicate potential oil pay in two zones. Tuscany has a 35% interest in the section. The operator is applying to the Saskatchewan Government to commingle the Upper Shaunavon and Lower Shaunavon zones and anticipates bringing the well on production before the end of the year. The company plans to eventually develop the section with Horizontal wells.

Financial

Revenue for the first nine months of 2010 totaled $2,105,000 compared with $1,342,000 in the same period of 2009. The Company reported cash flow from operations of $339,000 for the period, compared with $144,000 in the nine months ended September 30, 2009. Tuscany reported a loss of $565,000 for the period versus a loss of $182,000 for the same period in 2009.

Capital expenditures for the nine months ended September 30, 2010 totaled $1.7 Million compared with $505,000 during the same period in 2009.

At September 30, 2010 Tuscany had a net debt of $4.2 million.

The following map shows Tuscany's Evesham Dina property with existing wells and proposed drilling locations:

Business Outlook

Oil prices remained very strong during Q3 2010 compared with the extreme weakness in the second half of 2009. Tuscany is primarily an oil producer and plans to continue the development of its heavy oil property at Evesham, Saskatchewan, drilling a further two development wells on the property over the balance of 2010.

In addition, to maximize the Company's exposure to new prospects while minimizing the overhead expenditures, the Company has entered into a Joint venture with two related public companies, Diaz Resources Ltd and Sharon Energy Ltd. Tuscany will share overhead costs with these partners and participate for a 30% interest in all new prospects developed by the group.

The Company, with a solid production base, excellent relatively low risk exploration and development projects and a smaller, compact management team is ideally suited to grow in the current economic environment.

November 25, 2010

Signed "Robert W. Lamond"	*Signed "John G. F. McLeod"*
President and CEO	Vice President and COO

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

The following management's discussion and analysis of financial condition should be read in conjunction with Tuscany's unaudited financial statements and notes thereto for the three and nine months ended September 30, 2010 and the audited financial statements and notes thereto for the year ended December 31, 2009. Additional information relating to Tuscany can be found on the Company's website at www.tuscanyenergy.com or SEDAR website at www.sedar.com. All dollar amounts are in Canadian dollars unless otherwise stated. This MD&A has been prepared as at November 25, 2010.

The "Summary of Financial and Operating Results" on page 1 of this report is included in this MD&A by reference.

Basis of Presentation

The financial data presented herein has been prepared in accordance with accounting principles generally accepted in Canada. All dollar amounts are in Canadian dollars unless otherwise indicated.

Non-GAAP Measurements – The Management's Discussion and Analysis contains the term "cash flow from operations" and "operating netback", which should not be considered an alternative to, or more meaningful as an indicator of the Company's performance than cash flow from operating activities, or earnings as determined in accordance with accounting principles generally accepted in Canada. Tuscany's determination of "cash flow from operations" and "operating netback" may not be particularly comparable to that reported by other companies especially those in other industries. Management uses "cash flow from operations" as a measure of operating performance as the measure is not exposed to non-cash working capital movements, which for a small company, could be material and misleading. The reconciliation of "cash flow from operating activities" and "cash flow from operations" is as follows:

Cash flow from operations *(in thousands dollars)*	**Three Months Ended September 30**		**Nine Months Ended September 30**	
	2010	**2009**	**2010**	**2009**
Cash provided by (used in)- operating activities	$ (92)	$ 53	$ (57)	$ 267
Change in non-cash working capital - fom operations	(149)	66	(397)	122
Cash flow from operations	$ 57	$ (13)	$ 340	$ 145

The Company also presents "net debt", calculated as the excess of current liabilities and long term debt over current assets. The Company also presents "annualized cash flow from operations" which equals four times the current period and comparative period quarterly "cash flow from operations".

Net Debt *(in thousands dollars)*	**September 30 2010**	**2009**
Current Assets	$ 545	$ 332
Current Liabilities	4,712	3,556
Net Debt	$ (4,167)	$ (3,224)

The term "operating netback" is calculated as the total sales revenue for the period less royalties, operating expenses and workover costs. "Operating netback" per BOE is calculated by dividing "Operating netback" for the period by the BOE sales for the period. These represent cash margin calculations for each BOE sold.

BOE Presentation – The term barrels of oil equivalent (BOE) may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All BOE conversions in this report are derived by converting gas to oil in the ratio of six Mcf of gas to one Bbl of oil.

Forward-looking Statements – Certain of the statements contained herein including, without limitation, financial and business prospects and financial outlook, reserve and production estimates, drilling and re-completion plans, timing of drilling, completion and tie in of wells and capital expenditures and the timing thereof may be forward looking statements. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue" and similar expressions may be used to identify these forward looking statements. These statements reflect management's beliefs at the date of the report and are based on information available to management at that time. Forward looking statements involve significant risk and uncertainties.

A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements including, but not limited to, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources and the risk factors outlined elsewhere herein. The recovery and reserve estimates of Tuscany's reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect Tuscany's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com) or at Tuscany's website www.tuscanyenergy.com. Although the forward looking statements contained herein are based upon what management believes to be reasonable assumptions, including but not limited to assumptions as to the price of oil and natural gas, interest rates, exchange rates and the regulatory and legal environment in which Tuscany operates, the producibility of Tuscany's reserves, the capital expenditures program and future operations and other matters, management cannot assure that actual results will be consistent with these forward looking statements. Investors should not place undue reliance on forward looking statements. These forward looking statements are made as of the date hereof and the Company assumes no obligation to update or review them to reflect new events or circumstances except as required by applicable securities laws.

Forward looking statements and other information contained herein concerning the oil and gas industry and the Company's general expectations concerning this industry are based on estimates prepared by management using data from publicly available industry sources as well as from reserve reports, market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market conditions, market shares and performance characteristics. While the Company is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

(Data disclosed herein is unaudited)

Selected Quarterly Information

($ Thousands, except production and per share amounts)	2010			2009				2008
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Production (BOEd)	**153**	124	151	89	103	127	164	197
Price ($/BOE)	**50.19**	53.45	56.05	54.35	50.42	44.47	38.74	46.01
Total revenue, net of royalty	**698**	646	762	390	418	469	455	745
Cash flow (deficiency)								
from operations	**57**	2	231	(289)	(13)	85	73	143
Per share - basic and diluted	**0.00**	0.00	0.00	(0.01)	0.00	0.00	0.00	0.00
Net earnings (Loss)	**(348)**	(134)	(131)	(81)	72	(108)	(146)	(136)
Per share - basic and diluted	**(0.01)**	0.00	0.00	0.00	0.00	0.00	(0.00)	(0.00)
General and Administrative cost	**192**	225	98	163	110	93	78	283
Net capital expenditures	**645**	624	433	931	171	89	86	1,216
Total assets	**11,209**	11,121	10,619	10,476	9,174	8,767	8,879	9,333
Net debt	**(4,167)**	(3,550)	(2,971)	(2,733)	(3,224)	(3,040)	(3,035)	(2,805)

Over the past two years Tuscany's production volumes declined from a high of 197 BOE/d in Q4 2008 to a low of 89 BOE/d in Q4 2009 before rebounding to 153 BOE/d in Q3 2010. The company spent the greater part of 2009 conserving cash flow in the face of weak commodity prices and a global economic crisis. In late 2009, Tuscany raised $521,000 through a rights offering. The Company then merged with Goldmark Minerals Ltd, which provided the Company with a further $1.4 million.

With this additional working capital the Company was able to drill its second horizontal well into the Evesham Dina formation. In Q2 2010 Tuscany drilled the third horizontal well at Evesham. The initial production volumes, averaging 110 Bbls/day are the best rates experienced on the property to date. Increased production from the new Evesham wells was offset by reductions in oil and gas production from the Company's Wildwood well and oil production from the Evesham, Sparky wells.

Results of Operations

Sales and Prices	Three Months Ended September 30 2010	2009	Nine Months Ended September 30 2010	2009
Average daily Sales				
Gas (Mcf/d)	**208**	147	**176**	190
Oil (Bbl/d)	**117**	77	**113**	98
NGL (Bbl/d)	**1**	1	**1**	1
BOEd	**153**	103	**143**	131
Average price				
Gas ($/Mcf)	**$ 3.55**	$ 2.99	**$ 4.10**	$ 3.92
Oil ($/Bbl)	**$ 58.67**	$ 61.18	**$ 62.00**	$ 50.39
$/BOE	**$ 50.19**	$ 50.42	**$ 54.32**	$ 43.73

Oil & Gas Sales

During Q3 2010, Tuscany's oil sales increased by 40 Bbls/d over the same period in 2009 and by 15 Bbls/d over Q2 2010. Sales from the Evesham horizontal wells averaged 77 Bbls/d net to the Company, an increase of 60 Bbls/d from Q3 2009. As a result the Evesham oil sales from horizontal wells for the nine months ended September 30, 2010 increased by 34 Bbls/d in 2010 over the same period in 2009. Production from the Wildwood, Alberta well continued to experience significant production declines. Gas sales increased by 61 Mcf/d, as the company conducted workover operations on Sparky wells in the Evesham and Macklin areas. This increased gas sales partly offset a decline in natural gas sales, mainly in the Wildwood area, during the first six months of 2010 and resulted in a decrease of 14 Mcf/d in average natural gas sales for the nine months ended September 30, 2010.

Tuscany continued to focus exploration and development on oil and oil sales increased by 50 BOE/d to 153 BOE/d compared with 103 BOE/d in Q3 2009. The initial oil production volumes from the third Dina horizontal well, placed on production in July 2010, added to Tuscany's sales.

Sales by Area	Three Months Ended September 30 2010	2009	Nine Months Ended September 30 2010	2009
Oil and NGL (Bbls/d)				
Evesham Dina	77	17	53	19
Evesham Sparky	21	32	37	43
Macklin	14	15	16	15
Wildwood	6	14	8	23
	118	78	114	99
Gas (Mcf/d)				
Evesham Sparky	108	101	102	94
Macklin	82	-	45	16
Wildwood	7	29	14	65
Other	11	17	15	15
	208	147	176	190
Total BOE/d	153	103	143	131

Selling Prices

For the nine months ended September 30, 2010 Tuscany received an average of $54.32 per BOE, an increase from $43.73/BOE received during the same period in 2009.

During Q3 2010, oil prices decreased and the Company received an average of $58.67 per Bbl for oil and liquids compared with $61.18 a year earlier. Gas prices increased to $3.55/Mcf from $2.99 in Q3 2009. The Company is not significantly affected by low gas prices as currently more than 80% of its production comes from oil and NGLs.

Summary of operating net back *(in thousands of dollars except per BOE information)*	**Three Months Ended September 30**		**Nine Months Ended September 30**	
	2010	**2009**	**2010**	**2009**
Oil and NGLs	**$ 637**	$ 437	**$ 1,924**	$ 1,358
Natural Gas	**54**	41	**183**	203
Oil & Gas sales revenue	**691**	478	**2,107**	1,561
Processing revenue	**54**		**113**	-
Total Revenue	**745**	478	**2,220**	1,561
Royalties	**(47)**	(60)	**(115)**	(220)
Operating-Water Disposal facility	**(8)**	-	**(48)**	-
Workovers and repairs	**(136)**	(20)	**(336)**	(117)
Operating expenses producing wells	**(246)**	(264)	**(718)**	(719)
Operating net back	**$ 308**	$ 134	**$ 1,003**	$ 505
$/ BOE				
Oil & Gas sales revenue	**$ 50.19**	$ 50.42	**$ 54.32**	$ 43.73
Processing revenue	**3.84**	-	**2.89**	-
Royalties	**(3.34)**	(6.33)	**(2.95)**	(6.15)
Operating-Water Disposal facility	**(0.57)**	-	**(1.23)**	-
Workovers	**(9.66)**	(2.11)	**(8.61)**	(3.27)
Operating expenses producing wells	**(17.48)**	(27.86)	**(18.39)**	(20.10)
Operating net back	**$ 22.98**	$ 14.12	**$ 26.03**	$ 14.21

Operating Netback

Revenue

Total revenue increased by 42 % to $2.2 million for the nine months ended September 30, 2010, compared with $1.6 million for the same period in 2009. This increase is attributed to a 23 % increase in oil price and a 9 % increase in sales volumes. Sales revenue per BOE increased to $54.32 for the first nine months of 2010 from $43.73 for the same period in 2009. The revenue from the new water disposal facility added $2.89 per BOE to Tuscany's netback in 2010.

Sales revenue for Q3 2010 increased by 45 % to $691,000 as a result of increased sales volumes. Sales per BOE for Q3 2010 were $50.19 compared with $50.40 in Q3 2009. Water disposal revenue added $3.84 per BOE in Q3 2010.

Royalty Expense

The Company's average royalty rate through the nine months ended September 30, 2010 was 5.5% or $2.95 per BOE. By comparison, to the same period in 2009 the Company incurred an average royalty rate of 14% or $6.15 per BOE. This decrease is mostly attributable to low royalty rates on oil production from new horizontal wells drilled in Saskatchewan. Horizontal oil wells only pay a 2.5% royalty on the first 37,000 Bbls of production. In addition, the company received a $35,000 Gas Cost Allowance credit which further reduced the royalties in the second quarter of 2010.

Royalties in Q3 2010 were $3.34 per BOE or 7 % of revenues compared with $6.33 or 13 % in Q3 2009.

Operating Expense

Tuscany's operating expense for producing wells was $718,000 or $18.39 per BOE for the nine months ended September 30, 2010 compared with $719,000 or $20.10 per BOE for the same period in 2009. Additional workovers on the Company's Sparky wells cost $336,000, or $8.61 per BOE for the first nine months of 2010 compared with $117,000 or $3.27 per BOE in 2009. The cost of operating the new water disposal facility was $46,000, or $1.23 per BOE for the nine months ended September 30, 2010.

Well operating expenses for Q3 2010 totaled $246,000 or $17.48 per BOE, compared to $264,000 or $27.86 per BOE in Q3 2009. This reflects the reduced cost of water disposal in the Evesham area. Workovers on the Sparky wells added $136,000 compared to $20,000 in Q3 2009. As Tuscany develops its Dina pool the operating cost per BOE will decline as this new production is not as high cost as the older Sparky wells.

As a result operating netback for the nine months ended September 30, 2010 Increased to $1.0 million or $26.03 per BOE from $0.5 million or $14.21 per BOE in 2009 and in Q3 2010 increased to $308,000 or $22.98 per BOE from $134,000 or $14.12 per BOE in Q3 2009.

General and Administrative Expenses *(in thousands of dollars except per BOE information)*	**Three Months Ended September 30**		**Nine Months Ended September 30**	
	2010	**2009**	**2010**	**2009**
Gross expenses	**$ 250**	$ 110	**$ 624**	$ 281
Capitalized overhead	**(58)**	-	**(108)**	-
Stock based compensation costs	**120**	40	**150**	48
Total overhead	**312**	150	**666**	329
Per BOE	**$ 22.17**	$ 15.83	**$ 17.06**	$ 9.20

Tuscany entered into an agreement, effective April 1 2010, to share operating and overhead costs with two related companies in order to increase its exposure to new exploration and development opportunities as efficiently as possible and thereby increase the company's growth potential. As a result of the new agreement and Tuscany's increased level of activity during 2010, general and administrative expenses for Q3 2010 increased to $250,000, $624,000 for the nine months ended September 30, 2010, before the capitalization of $58,000, $108,000 for the nine months, of costs directly related to the exploration and development program. General and administration costs of $192,000 were expensed for Q3 2010, $666,000 for the nine months, compared with $110,000 in Q3 2009 and $329,000 for the first nine months of 2009. Tuscany also incurred $ 150,000 of stock based compensation costs in 2010 which is the value of employee options issued in the period.

Financing Charges

Interest Expense *(in thousands of dollars)*	Three Months Ended September 30 2010	2009	Nine Months Ended September 30 2010	2009
Average bank debt	**$ 3,494**	$ 2,967	**$ 2,525**	$ 2,306
Bank Interest (less: Income Tax Penalties)	**$ 60**	$ 36	**$ 117**	$ 80
Interest on flow through shares	**-**	-	**29**	-
Average interest rate	**6.9%**	4.9%	**3.5%**	4.6%

Interest expense for Q3 2010 increased to $60,000 from $36,000 incurred in Q3 2009 primarily due to increased capital spending in the quarter which required the company to draw on its bank line. The company also incurred an interest charge of $29,000 during the second quarter of 2010 on unexpended flow through share obligations incurred in prior years.

Depletion, Depreciation & Accretion *(in thousands dollars except per BOE information)*	Three Months Ended September 30 2010	2009	Nine Months Ended September 30 2010	2009
Depletion and depreciation	**$ 346**	$ 210	**$ 953**	$ 700
Property, plant & equipment impairment	**-**	-	**-**	-
ARO accretion	**12**	13	**35**	38
Total	**$ 358**	$ 223	**$ 988**	$ 738
per BOE	**$ 25.43**	$ 23.64	**$ 25.31**	$ 20.67

Depletion and depreciation charges calculated on a unit of production basis are based on total proved reserves and include the additional cost to develop the reserves. In Q3 2010, depletion, depreciation and accretion expense increased to $358,000 from $223,000 in Q3 2009.Depletion, depreciation and accretion expense increased in a similar magnitude for the nine months ended in 2010 over 2009 On a per unit basis, depletion, depreciation and accretion expense increased during 2010 partly a result of the capital investment required to bring proven Dina reserves to production.

Accretion represents the time value of the Company's asset retirement obligation. Until the costs are incurred it will continue to increase with time, which will increase Tuscany's current estimates of discounted future asset retirement obligations.

Capital Expenditures *(in thousands of dollars)*	Three Months Ended September 30 2010	2009	Nine Months Ended September 30 2010	2009
Land	**$ 150**	$ 20	**$ 209**	$ 103
Geological and geophysical	**$ 60**	25	**124**	68
Drilling and completions	**$ 196**	86	**661**	161
Equipment, facilities and pipelines	**$ 240**	39	**709**	173
ARO	**$ -**	-	**11**	(159)
Total	**$ 646**	$ 170	**$ 1,714**	$ 346

The Company drilled and completed the third Dina horizontal well on the Evesham property in June 2010. Tuscany has also been active with its joint venture partners in acquiring additional oil prospects in Alberta and Saskatchewan. The Company drilled a vertical oil well on the Chambery, Saskatchewan prospect. The well is being completed in the Upper and Lower Shaunavon zones and is anticipated to be on production by the end of Q4 2010. Tuscany incurred net $1.7Million in capital expenditures during the nine months ended September 30, 2010.

Income Taxes

At September 30, 2010, the Company had approximately $13 million of tax deductions available to reduce future taxable income. Tuscany's tax pools exceed the carrying value of its assets and therefore Tuscany had a future tax asset of $1,038,000. This represents the estimated future value of the excess of the tax deductions over the net book value of the assets.

Capital Disclosures

Tuscany's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

- To provide an adequate return to shareholders by investing in oil and gas activities commensurate with the level of risk deemed acceptable, by management.

Tuscany targets the level of capital in proportion to its risk of achieving sufficient annualized operating cash flows to maintain its debt repayability ratio to less than twenty-four months cash flow. The Company plans to make adjustments to capital and planned expenditures in light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure Tuscany may issue new shares, sell assets or increase its debt.

The ratio of net current debt to annualized cash flow from operations is the primary ratio of capital that Tuscany uses. Net current debt repayability is a calculation to determine the number of months required to repay net debt from recent historic cash flow from operations.

The ratio is calculated as follows:

As at	September 30	
($000)	**2010**	2009
Current assets	**$ 545**	$ 332
Current liabilities	**(876)**	(590)
Bank debt	**(3,836)**	(2,967)
	$ (4,167)	$ (3,225)
Annualized cash flow from operations	**$ 228**	$ (53)
Months estimated to repay debt	**219**	**N/A**

Cash flow has improved considerably from the third quarter of the previous year. The Company has reduced its debt repayability; however it remains too far above its target level of 24 months. Management's plan for the future is to match overall capital spending and commitments with anticipated operating cash flows. Higher cash flows are anticipated in the future with increased production and reduced water handling cost, which will bring this ratio further into line with Tuscany's target.

The Company's credit facility imposes a capital restriction that the Company's debt to equity ratio cannot exceed 2:1 and the Company's net debt cannot exceed its credit facility. The Company failed to satisfy this loan covenant at the end of the quarter. The financial institution has waived the covenant requirement for the quarter.

Liquidity and Capital Resources

The Company's Q3 2010 operations and capital expenditures were funded from a combination of cash flow and an increase in net debt. Tuscany's operating demand loan, which was increased to $4.0 million in Q2 2010, provides for the line of credit to increase to $4.6 million by the end of the year under certain circumstances including production levels at year end being comparable to forecast in the McDaniel report. At September 30, 2010, $160,000 of the line remained unused.

On November 16, 2010 Tuscany closed a private equity placement issuing 8 million common shares at $0.15 per share for an aggregate consideration of $1.2 million. The shares are issued on a flow through basis and Tuscany has committed to incur and renounce $1.2 million of eligible expenditures prior to December 31, 2011.

On November 25, 2010 Tuscany had 62,801,825 common shares outstanding and options to purchase a further 4,395,000 common shares.

Business Risks

The Company is engaged in the exploration, development, production and acquisition of crude oil and natural gas. Tuscany's business is inherently risky and there is no assurance that hydrocarbon reserves will be discovered and economically produced.

Financial risks associated with the petroleum industry include fluctuations in commodity prices, interest rates and currency exchange rates. Operational risks include competition, environmental factors, reservoir performance uncertainties, a complex regulatory environment and safety concerns.

Natural gas and crude oil prices weakened during the second quarter of 2010. Gas prices have remained weak since that date however oil prices have recovered somewhat. This will cause the Company to have poor results in 2010.

The Company minimizes its business risks by focusing on a select group of properties. This enables Tuscany to have more control over the timing, direction and costs related to exploration and development opportunities. The geological focus is on areas in which the prospects are well understood by management. Technological tools are regularly used to reduce risk and increase the probability of success. The Company closely follows all government regulations and has an up-to-date emergency response plan that has been communicated to all field operations by management. Tuscany also carries insurance coverage to protect itself against potential losses.

The Company is exposed to commodity price and market risk for its principal products of petroleum and natural gas. Commodity prices are influenced by a wide variety of factors of which most are beyond the control of Tuscany.

Contractual Obligations and Commitment

In the normal course of business, Tuscany may be obligated to make future payments. These obligations represent contracts and other commitments that are known and non-cancelable. Tuscany currently has no such commitments.

The Company has asset retirement obligations with respect to the abandonment and reclamation of wells and facilities owned by the Company. Tuscany includes the present value of the estimated liabilities for such costs on its balance sheet. The total estimated undiscounted cost of these liabilities at September 30, 2010, was $1.1 million (2009 – $1.0 million).

The company is committed to renounce $1.2 million in expenditures qualifying as Canadian Exploration Expenditures before December 31, 2010 and to spend the funds prior to December 31, 2011.

Off Balance Sheet Arrangements

Tuscany does not currently utilize any off balance sheet arrangements with unconsolidated entities to enhance liquidity and capital resource positions or for any other purpose.

Application of Critical Accounting Estimates

Tuscany's financial statements have been prepared in accordance with generally accepted accounting principles in Canada. The significant accounting policies used by Tuscany are disclosed in Note 1 to the Financial Statements. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The following discusses such accounting policies and is included in Management's Discussion and Analysis to aid the reader in assessing the critical accounting policies and practices of the Company and the likelihood of materially different results being reported.

Tuscany's management reviews its estimates regularly. The emergence of new information and changed circumstances may result in actual results or changes to estimated amounts that differ materially from current estimates.

The following assessment of significant accounting policies is not meant to be exhaustive. The Company might realize different results from the application of new accounting standards promulgated, from time to time, by various rule-making bodies.

Proved Oil and Gas Reserves

Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

The estimated quantities of proved crude oil, natural gas liquids including condensate and natural gas that geological and engineering data demonstrate with reasonable certainty can be recovered in future years from known reservoirs under existing economic and operating conditions, i.e. prices and costs as of the date the estimate is made.

Reserves are considered proved if they can be produced economically as demonstrated by either actual production or conclusive formation tests.

The oil and gas reserve estimates are made using all available geological and reservoir data as well as historical production data. Estimates are reviewed and revised as appropriate. Revisions occur as a result of changes in prices, costs, fiscal regimes, reservoir performance or a change in the Company's plans. The effect of changes in proved oil and gas reserves on the financial results and position of the Company is described under the heading "Full Cost Accounting for Oil and Gas Activities."

Full Cost Accounting for Oil and Gas Activities

Depletion Expense

The Company uses the full cost method of accounting for exploration and development activities. In accordance with this method of accounting, all cost associated with exploration and development are capitalized whether successful or not. The aggregate of net capitalized costs and estimated future development costs less estimated salvage values is amortized using the unit of production method based on estimated proved oil and gas reserves.

An increase in estimated proved oil and gas reserves would result in a corresponding reduction in depletion expense. A decrease in estimated future development costs would result in a corresponding reduction in depletion expense.

Withheld Costs

Certain costs related to unproved properties and major development projects may be excluded from costs subject to depletion until proved reserves have been determined or their value is impaired. These properties are reviewed quarterly and any impairment is transferred to the costs being depleted.

Impairment of Long-Lived Assets

The Company is required to review the carrying value of all property, plant and equipment, including the carrying value of oil and gas assets, for potential impairment. Impairment is indicated if the carrying value of the long-lived asset or oil and gas cost center is not recoverable by the future undiscounted cash flows. If impairment is indicated, the amount by which the carrying value exceeds the estimated fair value of the long-lived asset is charged to earnings. Fair value is the aggregate of the present value of estimated cash flows from proved plus probable reserves, using a discounted of 5% per year.

Asset Retirement Obligations

The Company is required to provide for future removal and site restoration costs. The Company must estimate these costs in accordance with existing laws, contracts or other policies. These estimated costs are charged to earnings and the appropriate liability account over the expected service life of the asset.

When the future removal and site restoration costs cannot be reasonably determined, a contingent liability may exist. Contingent liabilities are charged to earnings when management is able to determine the amount and the likelihood of the future obligation.

Legal, Environmental Remediation and Other Contingent Matters

The Company is required to both determine whether a loss is probable based on judgment and interpretation of laws and regulations and determine that the loss can reasonably be estimated. When the loss is determined it is charged to earnings.

The Company's management must continually monitor known and potential contingent matters and make appropriate provisions by charges to earnings when warranted by circumstance.

Income Tax Accounting

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ significantly from that estimated and recorded by management.

International Financial Reporting Standards (IFRS) Conversion

During 2009, the CICA Accounting Standards Board ("ACSB") confirmed the changeover to IFRS from Canadian GAAP will be required for publicly accountable enterprises interim and annual financial statements effective for fiscal years beginning on or after January 1, 2011. The changeover to IFRS represents a change due to new accounting standards. The transition from current Canadian GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and operations.

In July 2009, the International Accounting Standards Board issued Additional Exemptions for First-time Adopters (Amendments to IFRS-1) which gives the option to companies using the full cost method of accounting to carry forward the amount determined under Canadian GAAP as the deemed cost under IFRS. This exemption will significantly reduce property, plant and equipment adjustments which would have resulted from the retroactive adoption of IFRS.

To date, the CFO, the primary sponsor for the project, has prepared a summary level changeover plan for IFRS conversion that has been presented to the Audit Committee of the Board of Directors. Hallmarks of the changeover plan include, initial definition of the tasks required for conversion, a timeline for the completion of the tasks, an estimate of the effort and duration associated with the conversion, prioritization of tasks, and the assignment of key personnel within the organization.

The conversion plan has been divided into three distinct phases and management is currently in phase two and three while preparing its opening January 1, 2010, IFRS balances for review by the Company's auditor during Q4 2010. To date, differences have been identified in the Company's balance sheet as at January 1, 2010, between Canadian GAAP and IFRS. The Company has been collecting dual reporting data during the year as its accounting systems were modified in the prior year to support IFRS data requirements.

Phase One:

Identification of a project work plan that outlines potential conversion issues unique to our industry. This phase assigns ownership responsibility for each of those issues, estimates the time, duration and costs associated with each major deliverable within the plan, and presents an overall project timeline and in- progress reporting from key deliverable owners and assigned employees.

Phase Two:

Identification of the significant accounting policies that relate to each of the major conversion items within the firm. This phase identifies the changes to the accounting policies that will be required with IFRS, and adjusts the plan identified in Phase One accordingly.

Phase Three:

Management of dual reporting under Canadian GAAP and IFRS as required. This phase determines the mapping between the different accounts identified in our chart of accounts and applies this mapping to generate the IFRS reporting. Dual reporting capability is required as of January 1, 2010, so that the Company can prepare comparative information for IFRS reporting which will begin the first quarter of 2011.

Related Party Transactions

At September 30, 2010, Humboldt Capital Corporation ("Humboldt") and certain of its officers and directors owned 42% of the outstanding shares of Tuscany. Humboldt's business includes the ownership, acquisition and sale of securities in other companies and Humboldt owns significant interests in companies in the oil and gas sector, which compete with Tuscany and operate jointly with Tuscany, from time to time, in certain areas. These include Diaz Resources Ltd ("Diaz"), Sharon Energy Ltd. ("Sharon"), and Paris Energy Inc. ("Paris") which also have certain common officers and directors.

The following table sets forth the respective ownership of Humboldt and insiders in Tuscany and the companies that may be considered related parties.

	September 30, 2010	September 30, 2009
Tuscany	42.3%	43.7%
Diaz	37.2%	41.4%
Sharon	29.1%	26.8%
Paris	21.3%	20.9%

Tuscany, Diaz and Sharon have agreed to jointly conduct exploration and development activities, oil and gas operations and general and administration functions and share the cost of such operations equitably. While this agreement has been in place for some time, the companies recently undertook a review of the allocation of overhead. Because of the consolidation of administrative and operational resources during the period, and due to an increase in exploration and development activity on the part of Tuscany, management fees charged to Tuscany increased in the second quarter. In addition, $108,000 in management fees charged to Tuscany by Diaz Resources Ltd. in the period related to Exploration and Development and were therefore capitalized. By comparison, no overhead was capitalized in the prior period because of the lower level of exploration and development being carried out by Tuscany.

During the nine months ended September 30, 2010, the Company shared certain overhead costs with the related companies as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2010	2009	2010	2009
Diaz Resources Ltd.	173,200	76,443	388,700	76,443
Paris Energy Inc.	11,607	25,833	74,538	114,856

The following balances were outstanding at the end of the period.

	September 30, 2010	September 30, 2009
Diaz Resources Ltd.	96,085	-
Paris Energy Inc.	63,552	-

These transactions were conducted in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Corporate Outlook

Oil prices remained very strong during Q3 2010 compared with the extreme weakness in the second half of 2009. Tuscany is primarily an oil producer and plans to continue the development of its heavy oil property at Evesham, Saskatchewan, drilling a further two development wells on the property over the balance of 2010.

In addition, to maximize the Company's exposure to new prospects while minimizing the overhead expenditures, the Company has entered into a Joint venture with two related public companies, Diaz Resources Ltd and Sharon Energy Ltd. Tuscany will share overhead costs with these partners and participate for a 30% interest in all new prospects developed by the group.

The Company, with a solid production base, excellent relatively low risk exploration and development projects and a smaller, compact management team is ideally suited to grow in the current economic environment.

CONSOLIDATED BALANCE SHEETS

As at *(Unaudited)*	September 30 2010	December 31 2009
ASSETS		
Current Assets		
Cash	**$ 10,585**	$ 109,475
Accounts Receivable	**526,887**	694,031
Prepaid Expenses and deposits	**7,598**	2,086
	545,070	805,592
Property, plant and equipment (Note 3)	**15,434,970**	13,722,321
Accumulated depletion and depreciation	**(5,808,570)**	(4,855,756)
Property, plant and equipment (Note 3)	**9,626,400**	8,866,565
Future tax asset	**1,037,771**	803,688
Total Assets	**$ 11,209,241**	$ 10,475,845
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 875,974**	$ 1,738,843
Bank debt (Note 2)	**3,836,148**	1,800,000
	4,712,122	3,538,843
Other Liabilities		
Asset retirement obligation (Note 5)	**632,723**	586,737
Total Other Liabilities	**632,723**	586,737
	5,344,845	4,125,580
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	**6,823,926**	6,877,686
Contributed surplus (Note 4)	**523,979**	392,368
Deficit	**(1,483,509)**	(919,789)
	5,864,396	6,350,265
Total Liabilities and Shareholders' Equity	**$ 11,209,241**	$ 10,475,845

Approved by the Board:

(Signed) *"John G.F. McLeod"*, Director　　　(Signed) "C.A. Teare", Director

John G.F. McLeod, Director　　　Charles A. Teare, Director

CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME (LOSS) AND DEFICIT

(Unaudited)	Three Months Ended September 30 2010	Three Months Ended September 30 2009	Nine Months Ended September 30 2010	Nine Months Ended September 30 2009
Revenue				
Petroleum and natural gas sales	**$ 690,041**	$ 477,816	**$ 2,106,691**	$ 1,561,367
Processing income	**54,689**	-	**113,231**	$ -
Royalties	**(47,016)**	(60,272)	**(114,750)**	$ (219,685)
Interest income	**1,305**	-	**1,418**	-
	699,019	417,544	**2,106,590**	1,341,682
Expenses				
Operating and transportation	**389,703**	284,168	**1,102,012**	835,728
General and administrative	**192,229**	110,050	**515,589**	281,348
Interest	**59,898**	36,494	**146,117**	80,174
Foreign Exchange loss (gain)	**216**	-	**3,139**	-
Depletion, depreciation and accretion	**357,774**	222,919	**988,020**	737,796
Stock based compensation (Note 4)	**119,684**	40,348	**149,517**	48,308
	1,119,504	693,979	**2,904,394**	1,983,354
Loss before income tax	**(420,485)**	(276,435)	**(797,804)**	(641,672)
Income tax				
Current expense (recovery)	**-**	-		
Future tax expense (recovery)	**(72,412)**	(348,199)	**(234,084)**	(459,700)
Total income tax	**(72,412)**	(348,199)	**(234,084)**	(459,700)
Earnings (Loss) and Comprehensive Income (Loss) for the period	**(348,073)**	71,764	**(563,720)**	(181,972)
Deficit, beginning of period	**(1,135,436)**	(910,307)	**(919,789)**	(656,571)
Deficit, end of period	**$ (1,483,509)**	$ (838,543)	**$ (1,483,509)**	$ (838,543)
Loss per share, basic and diluted	**$ (0.01)**	$ 0.00	**$ (0.01)**	$ (0.01)

Consolidated STATEMENTS OF CASH FLOWS

(Unaudited)	Three Months Ended September 30 2010	2009	Nine Months Ended September 30 2010	2009
Cash provided by (used for):				
Operating Activities				
Loss for the period	**$ (348,073)**	$ 71,764	**$ (563,720)**	$ (181,972)
Non-cash items:				
Depletion and depreciation	**346,039**	210,216	**952,816**	699,686
Accretion	**11,735**	12,703	**35,204**	38,110
Stock based compensation (Note 4)	**119,684**	40,348	**149,517**	48,308
Future tax expense (recovery)	**(72,412)**	(348,199)	**(234,084)**	(459,700)
	56,973	(13,168)	**339,733**	144,432
Change in non-cash working capital (Note 7)	**(148,960)**	65,725	**(396,549)**	122,107
Cash provided by (used for) operating activities	**(91,987)**	52,557	**(56,816)**	266,539
Investing Activities				
Property, plant & equipment - additions	**(645,349)**	(171,195)	**(1,701,867)**	(505,458)
Change in non-cash working capital (Note 7)	**(105,315)**	(133,004)	**(304,689)**	(1,029,566)
	(750,664)	(304,199)	**(2,006,556)**	(1,535,024)
Financing Activities				
Bank loan advance	**860,988**	251,642	**2,036,148**	1,321,642
Common Shares				
Repurchased for cancellation	**(28,800)**	-	**(71,666)**	(58,281)
	832,188	251,642	**1,964,482**	1,263,361
Increase (decrease) in cash	**(10,463)**	-	**(98,890)**	(5,124)
Cash, beginning of period	**21,048**	-	**109,475**	5,124
Cash, end of period	**$ 10,585**	$ -	**$ 10,585**	$ -

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2010 (unaudited)

1. Accounting Policies

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Goldmark Minerals Ltd and Goldmark Minerals Alaska Inc. since the date of acquisition on October 7, 2009.

The Company's principal business activity is the exploration, development and operation of oil and natural gas properties in Canada.

These financial statements have been prepared in accordance with Canadian Generally accepted accounting principles ("GAAP") on a Going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business.

Certain information and disclosures normally required to be included in the notes to the annual financial statements have been condensed or omitted for this interim report. The reader should refer to the annual consolidated financial statements of Tuscany at December 31, 2009

Management made the necessary estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses in the preparation of the financial statements. Accordingly, actual results may differ from estimated amounts but management does not believe such differences will materially affect Tuscany's financial position or results of operations.

Property, Plant and Equipment

The Company follows the full cost method of accounting for petroleum and natural gas operations. Under this method, all costs of exploration for and development of petroleum and natural gas reserves are capitalized by cost centre. Costs include lease acquisition costs, geological and geophysical expense, carrying charges on non-producing properties, costs of drilling both productive and non-productive wells and overhead charges directly related to exploration activities.

Proceeds on disposal of properties are normally applied as a reduction of the capitalized costs without recognition of a gain or loss, except where such a disposal would alter the depletion and depreciation rate by 20% or more.

Depletion and depreciation of capitalized costs are provided by using the unit of production method based on the Company's total estimated gross proven reserves, as determined by independent engineers. Natural gas reserves and production are converted to equivalent barrels of oil based on the relevant energy content. In determining the depletion base, the Company includes future costs to be incurred in developing proven reserves and excludes the costs of unproven land.

Depreciation is provided on furniture and fixtures at annual rates of 20%, and computer equipment at an annual rate of 30%, each on a declining balance basis.

An impairment loss is recognized in net earnings when the carrying amount of a cost centre is not recoverable and the carrying amount of the cost centre exceeds its fair value. The carrying amount of the cost centre is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows from proved reserves. If the sum of the cash flows is less than carrying amount, the impairment loss is limited to the amount by which the carrying amount exceeds the sum of:

• the fair value of proved and probable reserves, where fair value is determined to be the present value of estimated future cash flow from Proved and Probable reserves discounted at the risk free interest rate; and

• the costs of unproved properties that have been subject to a separate impairment test and contain no probable reserves.

In determining the depletion and depreciation provisions for crude oil and natural gas assets, the Company includes any excess of the net book value of those crude oil and natural gas assets over the fair value.

Asset Retirement Obligation

The Company recognizes the fair value of an Asset Retirement Obligation (“ARO”) as a liability in the period in which it is incurred if a reasonable estimate of fair value can be made. The present value of the estimated ARO is capitalized as part of the net capitalized asset base and the depletion of the capitalized asset retirement cost is determined on a basis consistent with depletion of the Company’s other assets. With time, accretion will increase the carrying amount of the obligation. Accretion is expensed.

Cash and Cash Equivalents

Cash includes cash and cash-like short-term investments with a term to maturity of three months or less.

Joint Ventures

The Company’s activities are conducted jointly with others. These financial statements reflect the Company’s proportionate interest in such activities.

Share Based Compensation Plan

The Company has a stock based compensation plan, which is described in Note 5. The Company has adopted the fair value method for accounting for stock based compensation. Using the fair value method, compensation costs of stock based compensation are estimated and charged to earnings over the vesting period of the option grant.

Foreign Currency Translation

Foreign currency balances are expressed in Canadian dollars on the following basis:

• Monetary assets and liabilities – at the period end rate of exchange;

• Other assets and liabilities – at historical rates of exchange; and

• Revenues and expenses – at average rates of exchange for the period, except provisions for depreciation and depletion, which are translated on the same basis as the related assets.

Flow-Through Shares

Share capital is reduced by the future tax effect of renouncing income tax cost to the purchaser of flow-through shares when the tax pools are renounced. The tax effect is calculated using the expected rate of tax.

Revenue Recognition

Revenue associated with the sale of crude oil, natural gas and natural gas liquids owned by the Company is recognized when title passes from the Company to its customers and collectability is reasonably assured.

Income Tax

Income taxes are recorded using the liability method of accounting. Future income tax assets and liabilities are recognized for temporary differences between the income tax and accounting basis of assets and liabilities and measured using the substantively enacted tax rates expected to be in effect when the timing differences are estimated to reverse. Changes in income tax rates that are substantively enacted are reflected in the accumulated future income tax balances in the period the change occurs

Use of Accounting Estimates

The amounts recorded for depletion, depreciation and amortization of petroleum and natural gas properties and equipment and the provision for asset retirement obligation are based on estimates. The ceiling test is based on estimates of proved reserves, production rates, oil and gas prices, future costs and other relevant assumptions. The Black-Scholes option pricing model is used to estimate stock option values based on estimates of the current risk free interest rate, expected life of the options and expected volatility of the underlying common share price By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ significantly from that estimated and recorded by management.

Financial Instruments

All financial instruments are required to be measured at fair value on initial recognition of the instrument, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as "held-for-trading," "available-for-sale," "held-to-maturity," "loans and receivables" or "other financial liabilities" as defined by the standard.

Earnings per share

The treasury stock method is used to determine the dilutive effect of stock options, warrants and other dilutive instruments. Under the treasury stock method, only "in the money" dilutive instruments impact the dilution calculations.

Basic earnings (loss) per share are calculated by dividing the weighted average number of the aggregate outstanding shares during the period into net earnings (loss) attributable to the shareholders.

Diluted earnings per share are calculated by dividing the diluted weighted average number of aggregate outstanding shares during the period in the net earnings for the period. Diluted loss per share is calculated by dividing the basic weighted average aggregate outstanding shares into the loss for the period as using the diluted weighted average shares would be anti-dilutive.

2. Bank Debt

The bank loan is a revolving non-reducing operating demand loan with a maximum amount available of $4,000,000. Amounts drawn under the facility bear interest at the bank's prime rate plus 2%, resulting in an effective rate of 4.5% at September 30, 2010; there is a standby fee of 0.2 percent on undrawn amounts. At September 30, 2010, the amount drawn on the operating demand loan is $3,840,000.

The loan is secured by an interest over all property, a general assignment of book debts and a floating charge on all lands. The facility is subject to various affirmative financial covenants. As at September 30, 2010 the Company is in compliance with all covenants except that the Company failed to satisfy the covenant with respect to its working capital at the end of the quarter. The financial institution has waived the covenant requirement for the quarter.

3. Property, Plant and Equipment

As at	September 30 2010	December 31 2009
Petroleum and natural gas properties	$ 15,394,043	$ 13,681,394
Accumulated depletion and impairment	(5,769,215)	(4,829,608)
	9,624,828	8,851,786
Furniture, fixtures and other assets	40,927	40,927
Accumulated depreciation	(39,355)	(26,148)
	1,572	14,779
	$ 9,626,400	$ 8,866,565

At September 30, 2010, unproven property costs of $330,000 were excluded from the depletable cost base (2009 - $204,348). Administrative expenses related to exploration and development activities totaling $108,000 were capitalized as part of property, plant and equipment (2009 – $Nil).

For the calculation of depletion expense, estimated future costs to develop the proved reserves were added to property, plant and equipment. Future costs were $1,469,000 (2009 - $204,000).

4. Share Capital

Authorized

An unlimited number of common voting shares;
Unlimited number of first preferred shares; and
Unlimited number of second preferred shares.

The preferred shares may be issued from time to time in one or more series, each series consisting of a number of preferred shares as determined by the Board of Directors of the Company who may also fix the designations, rights, privileges, restrictions and conditions attaching to each series of preferred shares. There are no preferred shares issued.

Common Shares - Issued	Number of Shares		Amount
Balance, December 31, 2009	55,299,825	$	6,877,686
Repurchased for cancellation	(448,000)		(53,760)
Balance at September 30, 2010	54,851,825	$	6,823,926

Contributed Surplus		Amount (thousands)
Balance, December 31, 2009	$	392,368
Option compensation for the period		149,517
Excess of cost over paid up capital on share repurchases		(17,906)
Balance at September 30, 2010	$	523,979

Earnings (Loss) per share

The treasury stock method is used to determine the dilutive effect of stock options, warrants and other dilutive instruments. Under the treasury stock method, only "in the money" dilutive instruments impact the dilution calculations. The diluted weighted average number of shares outstanding does not include the conversion of any of the outstanding options into common shares, as the conversion would be anti-dilutive.
Basic earnings (loss) per share are calculated by dividing the weighted average number of the aggregate outstanding shares during the period into earnings (loss) attributable to the shareholders.

Diluted earnings per share are calculated by dividing the diluted weighted average aggregate outstanding shares into the earnings for the period.

Shares Outstanding	Three Months Ended September 30		Nine Months Ended September 30	
	2010	2009	2010	2009
Weighted average shares outstanding	54,930,564	34,767,836	55,081,561	34,849,616
Diluted weighted average shares outstanding	54,930,564	34,767,836	55,081,561	34,849,616

Normal Course Issuer bid

In October 2009 the Company filed and received approval to acquire and cancel up to 5% of the outstanding shares of the company over a one-year period pursuant to a normal course issuer bid. The Company acquired and cancelled the following shares under normal course issuer bids

Issuer Bid		Nine Months Ended September 30 2010		Year ended December 31 2009
Common Shares				
Shares repurchased		**448,000**		961,500
Weighted average price, per share	**$**	**0.16**	$	0.10

Stock Option Plan

The Corporation's Stock Option Plan permits the granting of options to purchase Common Shares to officers, directors, employees and other persons who provide ongoing management or consulting services to the Corporation and its subsidiaries. The Stock Option Plan currently limits the number of Common Shares that may be issued on exercise of Options to 10% of the number of outstanding Common Shares from time to time. Any increase in the issued and outstanding Common Shares will result in an increase in the available number of Common Shares issuable under the Stock Option Plan. Additionally, any exercise of options will make new grants available under the Stock Option Plan.

Options granted pursuant to the Stock Option Plan have a term not to exceed five years and vest as follows:

1/3 on grant date
1/3 on first anniversary of grant date
1/3 on second anniversary of grant date

As at September 30, 2010, there are a total of 4,395,000 options granted and outstanding under the stock option plan with a weighted average exercise price of $0.128 per share. Of these, 2,278,315 are exercisable at a weighted average exercise price of $0.128.

The following summarizes information about stock options outstanding:

Fixed Options	Nine Months Ended September 30, 2010	Weighted Average		2009	Weighted Average	
	Shares		**Exercise Price**	Shares		Exercise Price
Outstanding, beginning of period	**2,220,000**	**$**	**0.116**	220,000	$	0.260
Granted	**2,175,000**		**0.140**	2,000,000		0.100
Exercised	**-**		**-**	-		-
Expired / cancelled	**-**		**-**	-		-
Outstanding, end of period	**4,395,000**	**$**	**0.128**	2,220,000	$	0.116
Options exercisable, end of period	**2,278,315**	**$**	**0.128**	886,667	$	0.140

The Company accounts for its stock based compensation plan using the fair value method whereby compensation costs have been recognized in the financial statements for share options granted to employees and directors. The impact on compensation costs of using the fair value method increased compensation costs for the nine months ended September 30, 2010 by $150,000 (2009 - $48,000).

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model with assumptions as follows:

	Risk Free Interest Rate (%)	Expected Life (Years)	Expected Volatility	Weighted Average Future Value Per Option
2009	2.23	5.0	1.54	0.091
2010	1.79	5.0	1.40	0.124

5. Asset Retirement Obligation

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the obligation associated with the retirement of oil and gas properties:

As at		September 30 2010		December 31 2009
Asset Retirement Obligation, beginning of period	$	**586,737**	$	635,165
Liabilities incurred		**10,782**		11,442
Changes in estimates		**-**		(110,683)
Accretion expense		**35,204**		50,813
Asset Retirement Obligation, end of period	$	**632,723**	$	586,737

The total undiscounted amount of estimated cash flows required to settle the obligation is $1,079,000 (2009 - $1,030,000), which has been discounted using an average credit-adjusted risk free rate of 8%. The Company expects most of these obligations to be paid between 2012 and 2024.

6. Related Party Transactions

At September 30, 2010, Humboldt Capital Corporation ("Humboldt") and certain of its officers and directors owned 42% of the outstanding shares of Tuscany. Humboldt's business includes the ownership, acquisition and sale of securities in other companies and Humboldt owns significant interests in companies in the oil and gas sector, which compete with Tuscany and operate jointly with Tuscany, from time to time, in certain areas. These include Diaz Resources Ltd ("Diaz"), Sharon Energy Ltd. ("Sharon"), and Paris Energy Inc. ("Paris") which also have certain common officers and directors. The following table sets forth the respective ownership of Humboldt and insiders in Tuscany and the companies that may be considered related parties:

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During the nine months ended September 30, 2010, the Company shared certain overhead costs with the related companies as follows:

	Three Months Ended September 30 2010	2009	Nine Months Ended September 30 2010	2009
Diaz Resources Ltd.	173,200	76,443	388,700	76,443
Paris Energy Inc.	11,607	25,833	74,538	114,856

The following amounts were outstanding to related parties.

	September 30, 2010	September 30, 2009
Diaz Resources Ltd.	96,085	-
Paris Energy Inc.	63,552	-

These transactions were conducted in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. Supplemental Cash Flow Information

Supplemental Cash Flow Information	Three Months Ended September 30 2010	2009	Nine Months Ended September 30 2010	2009
Interest paid	**$ 59,898**	$ 36,494	**$ 146,117**	$ 80,174
Changes in non-cash working capital balances				
Receivables	**$ 278,568**	$ (91,888)	**$ 167,144**	$ 247,599
Prepaid expenses	**$ (5,512)**	(5,569)	**(5,512)**	12,250
Accounts payable and accruals	**$ (527,331)**	30,178	**(862,870)**	(1,167,308)
	$ (254,275)	$ (67,279)	**$ (701,238)**	$ (907,459)
Allocated to:				
Operating activities	**$ (148,960)**	$ 65,725	**$ (396,549)**	$ 122,107
Investing activities	**$ (105,315)**	(133,004)	**(304,689)**	(1,029,566)
	$ (254,275)	$ (67,279)	**$ (701,238)**	$ (907,459)

8. Capital Disclosure

Tuscany's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

- To provide an adequate return to shareholders by investing in oil and gas activities commensurate with the level of risk deemed acceptable by management.

Tuscany targets the level of capital in proportion to its risk of achieving sufficient annualized operating cash flows to maintain its debt repayability ratio to less than twenty-four months cash flow. The Company plans to make adjustments to capital and planned expenditures in light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure Tuscany may issue new shares, sell assets or increase its debt.

The ratio of net current debt to annualized cash flow from operations is the primary ratio of capital that Tuscany uses. Net current debt repayability is a calculation to determine the number of months required to repay net debt from recent historic cash flow from operations. The ratio is calculated as follows:

As at	September 30	
($000)	**2010**	2009
Current assets	**$ 545**	$ 332
Current liabilities	**(876)**	(590)
Bank debt	**(3,836)**	(2,967)
	$ (4,167)	$ (3,225)
Annualized cash flow from operations	**$ 228**	$ (53)
Months estimated to repay debt	**219**	**N/A**

Cash flow has improved considerably from the third quarter of the previous year. The Company has reduced its debt repayability; however it remains too far above its target level of 24 months. Management's plan for the future is to match overall capital spending and commitments with anticipated operating cash flows. Higher cash flows are anticipated in the future with increased production and reduced water handling cost, which will bring this ratio further into line with Tuscany's target.

The Company's credit facility imposes a capital restriction that the Company's debt to equity ratio cannot exceed 2:1 and the Company's net debt cannot exceed its credit facility. The Company failed to satisfy this loan covenant at the end of the quarter. The financial institution has waived the covenant requirement for the quarter.

9. Financial Instruments

Fair values of financial assets and liabilities

All Financial instruments are required to be measured at fair value on initial recognition of the instrument, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as "held-for-trading," "available-for-sale," "held-to-maturity," "loans and receivables" or "other financial liabilities" as defined by the standard.

Cash and cash equivalents are designated as "held-for-trading" and are measured at fair value, which approximates carrying value due to the short-term nature of these instruments. Accounts receivable and deposits are designated as "loans and receivables" and are carried at amortized cost. Accounts payable, accrued liabilities, and bank debt are designated as "other financial liabilities" and are carried at amortized cost. The current value of financial instruments approximates fair value due to the short term nature of the instruments.

Credit risk

Credit risk is the risk that the counterparty to a financial asset will default, resulting in the Company incurring a financial loss. A substantial portion of the Company's accounts receivable are with customers in the oil and gas industry and are subject to normal industry credit risks. The Company is exposed to credit risk on its accounts receivable, to a maximum of the carrying value of the aforementioned items at the end of the period. A Balance of $71,000 of the accounts receivable balances at the end of the period have been outstandingfor more than 90 days. Management has reviewed the items comprising the accounts receivable balance and determined that all accounts are collectible; accordingly there has been no allowance for doubtful accounts recorded.

Interest Rate Risk

The Company is exposed to risks from interest rate fluctuation on its bank loan which is based on Prime rates. Interest rate risk is specific to the interest expense charged to income on the Company's bank debt. The Company believes 25% volatility is a reasonable measure when assessing the potential impact of a change in interest rate. Variations in interest rates on the Company's bank debt could have resulted in gains (losses) impacting net earnings as at September 30, 2010, as follows:

($ Thousands)	Favourable 25% Change	Unfavourable 25% Change
Interest rate	$ 29	$ (29)

Liquidity risk

The Company's principal source of liquidity is its cash flows which are uncertain and difficult to predict. This risk is mitigated by continuously monitoring forecast and actual cash flows and matching expenditures to the cash flow from operations. The Company currently expects to fund any future capital expenditures through a combination of operating cash flows, new equity issuance and asset sales. All of the Company's liabilities are due within one year.

The Company is exposed to liquidity risk from the possibility that it will encounter difficulty meeting its financial obligations. The Company manages this risk by forecasting cash flows in an effort to match operating cash flow to future expenditures and to arrange financing, if necessary. It may take many years and substantial cash expenditures to pursue exploration and development activities on all of the Company's existing undeveloped properties. Accordingly, the Company may need to raise additional funds from outside sources in order to explore and develop its properties. There is no assurance that adequate funds from debt and equity markets will be available to the Company in a timely manner.

10. Subsequent Events

On November 16, 2010 Tuscany closed a private equity placement, issuing 8 million common shares at $0.15 per share for an aggregate consideration of $1.2 million. The shares are issued on a flow through basis and Tuscany has committed to incur and renounce $1.2 million of eligible expenditures prior to December 31, 2011.

CORPORATE INFORMATION

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Charles A. Teare
Calgary, Alberta

Donald K. Clark
Calgary, Alberta

Peter Barker(1)
Calgary, Alberta

Glen Phillips
Calgary, Alberta

Roger W. Hume(1)
Kelowna, British Columbia

Jorg Reich
Nurtingen, Germany

(1)*Member of the Audit committee*

Officers

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President and CEO

John G.F. McLeod
Vice President and COO

Charles A. Teare
Executive Vice President

Brad R. Perry
Chief Financial Officer

Donald K. Clark
Vice President, Operations

Jason G. Gallant
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Stock Exchange Listing

TSX Venture Exchange
Trading Symbol: TUS

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