TELFERSCOT RESOURCES INC.

Interim Consolidated Financial Statements

Three and Nine Month Periods Ended September 30, 2011

(Stated in $CAD)

(Unaudited - Prepared by Management)

(These unaudited interim consolidated financial statements, prepared by management, have not been reviewd by the company's external auditor.)

TELFERSCOT RESOURCES INC.
Consolidated Statements of Financial Position
As at September 30, 2011 and January 1, 2011
(Stated in $CAD)
(Unaudited - Prepared by Management)

	September 30 2011	January 1 2011 (Sch 1)
ASSETS		
Current:		
Cash	**$ 20,895**	$ 204,604
Term deposits	**780,855**	-
Cash in trust	**-**	637,446
Prepaid expenses and accounts receivable	**28,511**	7,429
	$ 830,261	$ 849,479
LIABILITIES		
Current:		
Accounts payable and accrued liabilities	**$ 34,440**	$ 22,419
Prepaid share subscriptions	**-**	98,466
	34,440	120,885
SHAREHOLDERS' EQUITY		
Share capital (Note 5(a))	**1,943,920**	813,000
Reserve for warrants (Note 5(c))	**23,500**	16,000
Reserve for share based payments (Note 5(d))	**119,167**	-
Deficit	**(1,290,766)**	(100,406)
	795,821	728,594
	$ 830,261	$ 849,479

Commitment *(Note 5)*

APPROVED BY THE BOARD

signed 'Stephen Coates' *Director*

signed 'Gerry Gravina' *Director*

See accompanying notes

TELFERSCOT RESOURCES INC.

Interim Consolidated Statements of Loss and Comprehensive Loss
Three and Nine Month Periods Ended September 30, 2011
(Stated in $CAD)
(Unaudited - Prepared by Management)

	Three months ended September 30 2011	**Nine months ended September 30 2011**	Three months ended September 30 2010
REVENUE			
Interest from other sources	$ 8,108	**$ 8,108**	$ -
Foreign exchange gain	105	**105**	-
	8,213	**8,213**	-
EXPENSES			
Exploration expenditures	880,498	**899,010**	50,496
Share based payments (Note 5(d))	119,167	**119,167**	-
Consulting	12,000	**27,900**	2,500
Insurance	2,750	**5,500**	-
Professional fees	23,057	**74,671**	17,114
Management support and rent	10,500	**31,500**	-
Office and general	1,287	**8,654**	951
Reporting issuer costs	1,275	**24,084**	-
Travel	193	**8,087**	-
	1,050,727	**1,198,573**	71,061
LOSS AND COMPREHENSIVE LOSS FOR PERIOD	$ (1,042,514)	**$ (1,190,360)**	$ (71,061)
BASIC AND DILUTED LOSS PER SHARE	$ (0.032)	**$ (0.041)**	$ (0.010)
WEIGHTED AVERAGE NUMBER OF SHARES	32,420,167	**29,086,167**	7,250,000

See accompanying notes

TELFERSCOT RESOURCES INC.
Interim Consolidated Statements of Changes in Shareholders' Equity
Three and Nine Month Periods Ended September 30, 2011
(Stated in $CAD)
(Unaudited - Prepared by Management)

	Nine months ended September 30 2011	Period from incorporation to December 31 2010
SHARE CAPITAL		
Balance at beginning of period	$ 813,000	$ -
Cash - private placements	663,500	799,000
Portion of private placement allocated to warrants	-	(16,000)
Partial consideration for mineral property acquisition	-	30,000
Consideration for acquisition of 1830953 Ontario Inc. (Note 4)	467,420	-
Balance at end of period	1,943,920	813,000
WARRANTS		
Balance at beginning of period	16,000	-
Portion of private placement allocated to warrants	-	16,000
Portion of consideration for acquisition of 1830953 Ontario Inc. (Note 4)	7,500	-
Balance at end of period	23,500	16,000
STOCK OPTIONS		
Balance at beginning of period	-	-
Recognized from stock option grant in July, 2011 (Note 5(d))	119,167	-
Balance at end of period	119,167	-
RETAINED EARNINGS (DEFICIT)		
Balance at beginning of period (see Schedule 1)	(100,406)	-
Net loss for period	(1,190,360)	(100,406)
Balance at end of period	(1,290,766)	(100,406)
SHAREHOLDERS' EQUITY AT END OF PERIOD	$ 795,821	$ 728,594

See accompanying notes

TELFERSCOT RESOURCES INC.
Interim Consolidated Statements of Cash Flows
Three and Nine Month Periods Ended September 30, 2011
(Stated in $CAD)
(Unaudited - Prepared by Management)

	Nine months ended September 30 2011	Period from incorporation to September 30 2010
OPERATING ACTIVITIES		
Net loss for the period	**$ (1,190,360)**	$ (71,061)
Items not affecting cash:		
Share based payments (Note 5(d))	**119,167**	-
Acquisition costs expensed as exploration expenditures (Note 4)	**474,920**	-
	(596,273)	(71,061)
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	**12,021**	37,267
Prepaid expenses and accounts receivable	**(21,082)**	(3,659)
Prepaid share subscriptions	**(98,466)**	-
	(703,800)	(37,453)
FINANCING ACTIVITY		
Proceeds on issuance of share capital (Note 5(a))	**663,500**	290,000
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(40,300)**	252,547
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**842,050**	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**$ 801,750**	$ 252,547
CASH AND CASH EQUIVALENTS CONSISTS OF:		
Cash	**$ 20,895**	$ 204,604
Term deposits	**780,855**	-
Cash in trust	**-**	637,446
	$ 801,750	$ 842,050

See accompanying notes

1. NATURE OF OPERATIONS

The company is incorporated under the Canada Business Corporations Act and is engaged in the acquisition and exploration of resource properties. It has registered offices at 401 Bay Street, Suite 2702, Toronto, Ontario, Canada, M5H 2Y4, is a reporting issuer in the Provinces of Ontario, British Columbia, Alberta, and Manitoba, and trades under the symbol TFS on the CNSX exchange.

As the company is a development stage enterprise, it has not yet determined whether its properties contain reserves that are economically recoverable and the ability to recover amounts from these properties is dependent upon a number of factors, including environmental risks, legal and political risks, the discovery of economically recoverable reserves, confirmation of the company's interest in the underlying properties, the ability of the company to obtain necessary financing to complete the development and future profitable production or proceeds from the disposition of the properties. The company is considered to be a development stage enterprise as it has yet to generate any revenue from operations.

Although the company has taken steps to verify the validity of the licenses related to the mineral properties on which it is conducting exploration and in which it has an interest, these procedures do not guarantee such validity. Although management is not aware of any such agreements, transfers or defects, the licenses may be subject to unregistered prior agreements, claims or transfers and may be affected by undetected defects. Assets located outside of North America are subject to the risk of foreign investment, including currency exchange fluctuations and restrictions and local political instability and uncertainty.

2. BASIS OF PRESENTATION

Statement of compliance

The unaudited interim consolidated financial statements of the company comply with International Financial Reporting Standards ("IFRS") applicable to interim financial statements, including IAS 34 and IFRS 1.

The policies applied in these interim financial statements are based on IFRS issued and outstanding as of November 28, 2011, the date the Board of Directors approved the interim consolidated financial statements. Any subsequent changes to IFRS that are given in the annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

These are the company's third interim financial statements prepared in accordance with IFRS. The accounting policies remained unchanged from those disclosed in the first two interim financial statements for the quarter ended March 31, 2011 and June 30, 2011, except that the company has changed its accounting policy to expense exploration expenditures as incurred (see note 3(d) and Sch 1). This is the first time that comparative statements for the same period in 2010 have been prepared as the company only commenced operations in July, 2010. The 2010 financial statements include a balance sheet as at December 31, 2010, the date at which the impact of IFRS transition was recorded against equity, in accordance with the provisions of IFRS 1 "First Time Adoption of International Financial Reporting Standards". The 2010 comparative statements were prepared using

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2. **BASIS OF PRESENTATION** *(continued)*

the same basis of accounting.

The company will prepare its opening balance sheet as of May 31, 2010 and financial statements for the periods ended December 31, 2011 and 2010 by applying IFRS that are in effect as at December 31, 2011. Accordingly, the consolidated financial statements for the periods ended December 31, 2011 and 2010 may differ from these interim consolidated financial statements if new IFRS are subsequently enacted.

These unaudited interim consolidated financial statements do not include all of the information required by IFRS for annual financial statements and therefore should be read in conjunction with the audited financial statements and accompanying notes for the period ended December 31, 2010.

These unaudited interim consolidated financial statements, prepared by management, have not been reviewed by the company's external auditor.

3. **SIGNIFICANT ACCOUNTING POLICIES**

a) **Accounting principles and currency**

These interim consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Figures are expressed in Canadian dollars, as it is the functional currency in which the company's transactions are undertaken. The financial statements have been prepared under the historical cost convention.

b) **Accounting estimates**

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions and use judgement that affected the reported amounts of assets, liabilities, revenues and expenses and disclosures. The significant areas requiring management estimates are the valuation of equity instruments, such as stock options and warrants. By their nature, these estimates and assumptions are subject to measurement uncertainty and the effect on the consolidated financial statements in future periods could be significant.

c) **Financial instruments**

Financial assets

Financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss (“FVTPL”).

Financial assets classified as FVTPL are measured at fair value, with any resultant gain or loss recognized in the statement of operations. Financial instruments classified as being available-for-sale are measured at fair value, with any resultant gain or loss being recognized directly under other comprehensive income, except for impairment losses and, in the case of monetary items such as

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

securities denominated in foreign currency, which are recorded in foreign exchange gains and losses. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Financial assets classified as loans and receivables are measured at amortized cost using the effective interest method.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

Financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities. Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income.

Impairment losses

Impairment losses for the different financial assets and liabilities are recognized as follows:

FVTPL financial assets: An impairment loss on a financial asset or financial liability classified as FVTPL is recognized in net income in the period in which it arises.

Available-for-sale financial assets: When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in equity is transferred to profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

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

d) **Mineral properties**

All acquisition and exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment ("PPE"). On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

e) **Earnings (loss) per share**

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The "treasury stock method" is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year.

f) **Income taxes**

Pursuant to the liability method, deferred taxes are recorded for temporary differences existing at the balance sheet date between the tax base value of assets and liabilities and their carrying amount in the consolidated balance sheet.

Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates (and tax regulations) enacted or substantially enacted by the closing date. They are reviewed at the end of each year, in line with any changes in applicable tax rates.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of tax losses and unused tax credits, insofar as it is probable that a taxable profit will be available, or when a current tax liability exists, to make use of those deductible temporary differences, tax loss carry-forwards and unused tax credits, except where the deferred tax asset associated with the deductible temporary difference is generated by initial recognition of an asset or liability in a transaction which is not a business combination, and which, at the transaction date, does not impact neither earnings, nor tax income or loss.

Current tax and deferred tax shall be charged or credited directly to equity if the tax relates to items that are credited or charged directly to equity.

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

g) Consolidation

These interim consolidated financial statements include the accounts of the company and its newly acquired wholly-owned subsidiary, 1830953 Ontario Inc. (see note 4). Control is achieved when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. These interim consolidated financial statements include the results of operations of the subsidiary from July 15, 2011, the date of its acquisition. All significant intercompany transactions and balances have been eliminated on consolidation.

h) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

i) Share based payments

The company offers a share option plan for its officers, directors, employees and consultants. The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted, measured using the Black-Scholes option pricing model. The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“the vesting date”). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the company’s best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

j) Impairments

When events or changes in the economic environment indicate a risk of impairment of property and equipment and mineral properties, an impairment test is performed to determine whether the carrying amount of the asset or group of assets under consideration exceeds its or their recoverable amount. Recoverable amount is defined as the higher of an asset’s fair value (less costs to sell) and its value in use. Value in use is equal to the present value of future cash flows expected to be derived from the use and sale of the asset.

k) Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle

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

the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

l) Share capital

Proceeds from the issue of units comprised of common shares and warrants are allocated between the common shares and warrants on a pro rata basis based upon relative fair values. The fair value of common shares is based on the issue price and the fair value of warrants is determined using the Black Scholes option pricing model.

4. **MINERAL PROPERTIES**

(a) Kolwezi Project

On July 18, 2011, the company completed its acquisition of 1830953 Ontario Inc. (“Numco”) a copper-cobalt exploration company with rights and obligations to earn into an exploration project located in the Kolwezi district in the Democratic Republic of Congo (“Kolwezi Project”). In consideration for the acquisition (including Numco’s interest in the Kolwezi Project earned through funding work prior to Numco’s acquisition), the company issued 4,674,200 common shares and 375,000 common share purchase warrants exercisable at C$0.25 per share until May 1, 2012.

Telferscot has the right to complete the initial 'earn-in' of a 30% stake in the Kolwezi Project through the expenditure of $515,000 (in addition to what has been previously spent by Numco) and a further right to increase its stake to 60% through the expenditure of a further $4-million prior to September 2013. Telferscot will have the right to acquire the balance 40% of the Kolwezi Project following total expenditure on the property of $5-million. Similarly, the vendors of the Kolwezi Project can force the acquisition of the balance 40% by Telferscot following completion of the $5-million earn-in. The consideration for the final 40% stake will be 40% of Telferscot's issued and outstanding capital at the time the buyout is completed on a partially diluted basis.

Subsequent to period-end, the company met the terms to increase its 'earn-in' in the Kolwezi Project to 30% through making the required level of exploration expenditures. The formal documentation to acknowledge this 'earn-in' is currently in process and is expected to be completed shortly.

Prior to the Corporation’s acquisition of Numco, Numco completed the following work on the Kolwezi Project’s initial license: (1) in April 2011, a soil and termite sampling program was performed over a portion of the license, and (2) in May 2011, an airborne magnetic and radiometric survey was completed. In addition, a preliminary geological model was developed. Subsequent to the acquisition of Numco, the Corporation initiated an 800-meter stratigraphic drilling program. This program is expected to be completed by the end of the first quarter 2012 and will support further refinement of the Kolwezi geological model.

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4. **MINERAL PROPERTIES** *(continued)*

The financial details of the acquisition are summarized as follows:

Consideration paid:		
4,674,200 common shares at $0.10 per share (see Note 5(b))	$ 467,420	
375,000 warrants valued at $0.02 per warrant (see Note 5(c))	7,500	
		$ 474,920
Assets acquired:		
Cash	$ 5,423	
Mining property - fair market value	499,350	
Less: liabilities assumed	(29,853	
		$ 474,920

(b) Stephens Lake Project

The Stephens Lake property is located in northern Manitoba, about 750 km north of Winnipeg, 175 km east - northeast of Thompson and centred about 20 km northwest of Gillam. The Stephens Lake mineral exploration license covers an area of approximately 12,000 ha and is currently valid until February 5, 2013. Stephens Lake is an early stage base metals exploration project. Exploration carried out by previous companies is limited to airborne geophysical surveys and one field program where several lines of soil sampling were performed. To date, no work has been conducted on the property by the Corporation.

(c) Accounting treatment

The consideration for the mining property has been allocated to mining property expenditures, all of which the company has expensed under IFRS (see Note 3(d)).

4. **SHARE CAPITAL**

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4. **SHARE CAPITAL** *(continued)*

a) **Authorized:**

Unlimited Common voting shares

	September 30 2011		December 31 2010	
	No. of shares	**Amount**	No. of shares	Amount
Issued and outstanding:				
Balance at beginning of period	21,890,000	**$ 813,000**	-	$ -
Cash - private placements	6,635,000	**663,500**	19,390,000	799,000
Value allocated to warrants	-	**-**	-	(16,000)
Stephens Lake mineral property acquisition	-	**-**	2,500,000	30,000
1830953 Ontario acquisition (Note 4)	4,674,200	**467,420**	-	-
Balance at end of period	33,199,200	**$ 1,943,920**	21,890,000	$ 813,000

b) The company issued 6,635,000 common shares for cash of $0.10 per share in January 2011. As part of the acquisition of the shares of 1830953 Ontario Inc. in July, 2011 (see note 4), the company issued a further 4,674,200 shares valued at $467,420 (using $0.10 per share from the last share subscription noted above).

c) **Warrants**

The following table summarizes activity related to warrants.

	September 30 2011		December 31 2010	
	Number of warrants	Average exercise price	Number of warrants	Average exercise price
Balance at beginning of period	8,000,000	$ 0.05	-	$ -
Issued in July, 2010	-	-	8,000,000	0.05
Issued in July, 2011 as part of acquisition of 1830953 Ontario Inc.	375,000	0.25		
Balance at end of period	8,375,000	$ 0.06	8,000,000	$0.05

Each warrant entitles the holder to purchase one common share. The warrants issued in July, 2010 expire by January 15, 2015, while the warrants issued in July, 2011 expire by May 1, 2012.

The fair value of the warrants issued in July, 2011 has been calculated under the Black-Scholes option-pricing model using the following assumptions.

Risk free interest rate	1.3%
Expected volatility	83.0%
Dividend yield	0.0%
Expected life (in years)	0.77

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4. **SHARE CAPITAL** *(continued)*

Fair value per warrant	$ 0.02
Number of warrants	375,000
Aggregate fair value of warrants	$ 7,500

	September 30 2011	December 31 2010
Balance at beginning of period	**$ 16,000**	$ -
Value allocated to warrants issued in private placements	7,500	16,000
Balance at end of period	**$ 23,500**	$ 16,000

d) **Stock option plan**

The company's shareholders have approved a stock option plan, the purposes of which are to encourage common share ownership in the company for directors, officers, consultants and employees, to provide additional incentive for superior performance by such individuals and to enable the company to attract and retain valued directors, officers and employees.

On July 27, 2011, the Board of Directors approved the grant of 1,200,000 options exercisable at $0.15 per option, expiring by July 27, 2011. 900,000 of the options vest immediately, with the remainder of 300,000 vesting as follows: 1/3 immediately, 1/3 after one year and 1/3 after two years. To date, no options have been exercised.

The fair value of the options has been calculated under the Black-Scholes option-pricing model using the following assumptions.

Risk free interest rate	1.3%
Expected volatility	142.2%
Dividend yield	0.0%
Expected life (in years)	2.67
Fair value per option	$ 0.11

The company recognized an expense for share based payments in the quarter of $119,167.

5. COMMITMENT

The company has entered into a contract for management services and office lease costs and is committed to a monthly payment of $3,500 plus applicable taxes (with 6 months required for termination). The contract is with a company controlled in part by an officer and director of the Corporation and in part by a director of the company. This service arrangement has been entered into in the ordinary course of business and is recorded at the exchange amount as agreed between the related parties.

Expenses of $31,500 (2010 - $NIL) have been incurred under the terms of the contract. Accounts payable and accrued liabiities include $3,500 currently payable under the contract.

6. RISK MANAGEMENT AND FAIR VALUES

Risk management

Consistent with other small entities, management's risk management policies are informal and are typically performed as a part of the overall management of the company's operations. Management is aware of risks related to the company's objectives without the use of a formal process but through direct personal involvement with staff, consultants and other parties. Management's close involvement in operations identifies risks and variations from expectations leading to changes in risk management activities and requirements and actions. Management has not entered into hedging transactions to manage risk.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial commitments as they become due. The company's main source of liquidity is the issuance of capital. The company ensures that there is sufficient working capital to meet its ongoing current obligations.

The following are the estimated maturities of the company's financial liabilities from continuing operations:

> Accounts payable and accrued liabilities consist of normal trade liabilities paid within 60 days

Market risk

Market risk is the risk that changes in market prices will have an effect on future cash flows associated with financial instruments. Market risk includes interest rate risk and other price risk.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk.

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6. RISK MANAGEMENT AND FAIR VALUES *(continued)*

Other price risk

Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. Fluctuations in commodity prices may influence financial markets and may indirectly affect the company's ability to raise capital to fund exploration.

Credit risk

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. As of period end, the company had no trade accounts receivable.

Fair values

The company's financial instruments included in the statement of financial position consist of cash, term deposits, cash held in trust and accounts payable and accrued liabilities. The fair values of these items approximate their recorded values as of period end due to their short term nature.

Fair value is an estimate of the amount at which items might be exchanged in an arm's length transaction between knowledgeable willing parties who are under no compulsion to act. Fair value should not be interpreted as an amount that could be realized in immediate settlement of the instruments. The estimate of fair value at period end may not represent fair values at any other date. The determination of fair value is also affected by the use of judgment and by uncertainty.

7. MANAGING CAPITAL

The company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern and
- to ensure that there are adequate capital resources to sustain operations and fund planned exploration.

The company's capital of $795,821 consists of share capital, reserves for warrants and share based payments, and deficit.

The company's ability to raise new capital for exploration is the primary controlling factor on the company's capital and its use. Raising capital almost invariably entails the issuance of new shares, and the company's ability to do so is, in part, a function of both prices for metals and the International and Canadian capital markets for small cap mineral exploration companies. Negative exploration results can also materially impact the company's ability to raise new capital.

Consistent with other small businesses, the company monitors capital from time-to-time using a variety of measures, depending on the circumstances. The monitoring procedures are informal and are typically performed as a part of the overall management of the entity's operations. Management is aware of risks related to these objectives without the use of a formal process but through direct personal involvement with consultants advising the company and outside parties.

8. COMPARATIVE FIGURES

The company was incorporated May 31, 2010 and commenced operations in July, 2010. The inaugural interim financial statements for the company were for the period ending September 30, 2010.

9. SUBSEQUENT EVENT

Share issuance

On October 28, 2011, the company closed a non-brokered private placement of 4,000,000 shares at $0.25 per share for total cash consideration of $1,000,000.