Form 51-102F4
Business Acquisition Report

Item 1 Identity of Company

1.1 Name and Address of Company

Telferscot Resources Inc. (the **"Company"**)
Suite 2702, 401 Bay Street
Toronto, Ontario
M5H 2Y4

1.2 Executive Officer

Below is the name and business telephone number of an executive officer of the Company who is knowledgeable about the significant acquisition and this Report:

James Garcelon, Chief Executive Officer

(416) 642-2217

Item 2 Details of Acquisition

2.1 Nature of Business Acquired

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. The initial acquisition did not meet the thresholds necessary to require a business acquisition report.

However, the Company also had 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 continues to have a further right to increase its stake to 60% through the expenditure of a further $4-million prior to September 2013. The Company will then 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 the Company following completion of the $5-million earn-in. The consideration for the final 40% stake will be 40% of the Company's issued and outstanding capital at the time the buyout is completed on a partially diluted basis.

On November 23, 2011, the Company met the terms to increase its "earn-in" in the Kolwezi Project to 30% through making the required level of exploration expenditures. This increased position triggered a requirement to prepare a business acquisition report.

2.2 Acquisition Date

November 23, 2011

2.3 Consideration

Total consideration paid under the transaction includes 4,674,200 common shares priced at $0.10 per share, 375,000 warrants to acquire common shares at price of $0.25 per share until May 12, 2012 and a cash investment of $515,000.

2.4 Effect on Financial Position

The Company does not currently have any plans or proposals for material changes in its business affairs or the affairs of the acquired business which may have a significant effect on the financial performance and financial position of the Company, such as any proposal to liquidate the business, to sell, lease or exchange all or a substantial part of its assets, to amalgamate the business with any other business organization or to make any material changes to the Company's business or the business acquired such as changes in corporate structure, management or personnel.

2.5 Prior Valuations

There have been no prior valuations of the assets required.

2.6 Parties to Transaction

The parties to the Transaction are the Company, Numco and the shareholders of Numco (the "**Sellers**"). The Sellers all deal at arm's length to the Company.

2.7 Date of Report

February 6, 2012.

Item 3 Financial Statements and Other Information

The following financial statements are attached to this Report:

- The audited annual financial statements of Numco for the period from incorporation ended December 31, 2010;
- The unaudited interim financial statements of Numco for nine month period ended September 30, 2011; and
- The unaudited pro forma financial statements of the Company for the year ended December 31, 2010 and for the nine months ended September 30, 2011.

1830953 ONTARIO INC.

Financial Statements

Five Month Period Ended December 31, 2010

(Stated in CAD)

Jim M. Smith
chartered accountant inc.

(204) 452-7931
Winnipeg, MB
(Wednesdays)

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Winkler, MB

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of 1830953 Ontario Inc.

I have audited the accompanying financial statements of 1830953 Ontario Inc., which comprise the balance sheet as at December 31, 2010, and the statements of operations and deficit and cash flows for the five month period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of 1830953 Ontario Inc. as at December 31, 2010, and its financial performance and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

Winkler, Manitoba
February 9, 2012

(signed) "Jim M. Smith"
CHARTERED ACCOUNTANT

1830953 ONTARIO INC.

Balance Sheet

December 31, 2010

(Stated in CAD)

		2010
ASSETS		
Current:		
Cash	$	257,113
Loan receivable *(Notes 3 and 9)*		156,160
	$	413,273
LIABILITIES		
Current:		
Accounts payable and accrued liabilities	$	28,067
SHAREHOLDERS' EQUITY		
Share capital *(Note 4)*		392,420
Deficit		(7,214)
		385,206
	$	413,273

APPROVED BY THE BOARD

_______________ *Director*

_______________ *Director*

See notes to financial statements

1830953 ONTARIO INC.

Statement of Operations and Deficit

Five Month Period Ended December 31, 2010

(Stated in CAD)

GENERAL AND ADMINISTRATIVE EXPENSES		
Legal	$	6,760
Interest and bank charges		454
		7,214
NET LOSS FOR THE PERIOD		(7,214)
DEFICIT - BEGINNING OF PERIOD		-
DEFICIT - END OF PERIOD	$	(7,214)

See notes to financial statements

1830953 ONTARIO INC.

Statement of Cash Flows

Five Month Period Ended December 31, 2010

(Stated in CAD)

OPERATING ACTIVITIES		
Net loss for the period	$	(7,214)
Change in non-cash working capital:		
Accounts payable and accrued liabilities		28,067
		20,853
INVESTING ACTIVITY		
Loan receivable		(156,160)
FINANCING ACTIVITY		
Proceeds on issuance of share capital		392,420
CHANGE IN CASH POSITION		257,113
CASH - BEGINNING OF PERIOD		-
CASH - END OF PERIOD	$	257,113

See notes to financial statements

1830953 ONTARIO INC.

Notes to Financial Statements

Five Month Period Ended December 31, 2010

(Stated in CAD)

1. NATURE OF OPERATIONS

1830953 Ontario Inc. (the "company" or "Numco") is a private company incorporated under the Business Corporations Act (Ontario) on July 26, 2010. The company's principal business is the acquisition and exploration of resource properties.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Accounting principles and currency

These financial statements have been prepared using accounting policies in compliance with Canadian generally accepted accounting principles ("GAAP"). Figures are expressed in Canadian dollars, as it is the primary financial currency in which transactions are undertaken.

b) Accounting estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

c) Income taxes

The company follows the asset and liability method of accounting for income taxes. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences). Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets recognized is limited to the amount of the benefit that is more likely than not to be realized.

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2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

d) Financial instruments

All financial instruments are required to be measured at fair value on initial recognition, 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 liabilities. Transactions to purchase or sell financial assets are recorded on the settlement date.

Financial assets and financial liabilities classified as held-for-trading are subsequently measured at fair value with gains and losses recognized in net earnings. Financial assets classified as held-to-maturity, loans and receivables, and other liabilities are subsequently measured at their amortized cost, using the effective interest method. Available-for-sale financial assets are subsequently measured at fair value with unrealized gains and losses recognized in other comprehensive income until the financial asset is derecognized. Investments in equity instruments are classified as available-for-sale if they do not have a quoted market price in an active market and are measured at cost.

Net gains and losses arising from changes in fair value of loans and receivables, held-to-maturity investments, and other liabilities are recognized in net income upon derecognition or impairment. The company does not reclassify a financial instrument into or out of the held-for-trading category while it is held or issued, except in rare circumstances.

Derivative instruments are recorded at fair value including those derivatives that are embedded in a financial instrument or other contract but are not closely related to the host financial instrument or contract, respectively. Changes in the fair values of derivative instruments are recognized in net earnings, except for derivatives that are designated as cash flow hedges, in which case the fair value change for the effective portion of such hedging relationships are recognized in other comprehensive income. The company presently does not have any derivative financial instruments.

The company has designated its accounts payable as other liabilities, which are reflected on the balance sheet at fair value given the short time period until payment. Cash has been designated as held-for-trading, and is reflected on the balance sheet at fair value.

Transaction costs are expensed as incurred for financial instruments classified or designated as held-for-trading. For other financial instruments, transaction costs are added to the related financial asset or liability on initial recognition and are measured at amortized cost using the effective interest method. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

The company assesses impairment of all its financial assets, except those classified as held-for-trading. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Impairment is measured as the difference between the asset's carrying value and its fair value. Impairment is included in current earnings.

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2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

e) Fair value

The fair value of a financial instrument is the amount of consideration that could be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no obligation to act. In certain circumstances, however, the initial fair value may be based on other observable current market transactions in the same instrument, without modification or on a valuation technique using market based inputs.

Fair value measurements recognized in the balance sheet are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobserved inputs) (Level 3).

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety.

f) Future changes to significant accounting policies

For fiscal periods beginning on or after January 1, 2011 private enterprises will have to adopt either the new Canadian accounting standards for private enterprises ("ASPE") or International Financial Reporting Standards ("IFRS"). Management for each private enterprise will need to determine whether ASPE or IFRS best meet the needs of the entity.

The company is in the process of evaluating which accounting standards will best meet the needs of the company going forward. Management is assessing the potential impact the new standards will have on the company's financial statements.

3. LOAN RECEIVABLE

The loan, receivable from Kolwezi Copper Corp. ("KCC"), a company registered in the BVI, is unsecured, non-interest bearing and repayable on demand. KCC is a copper-cobalt exploration company with an exploration project located in the Kolwezi district in the Democratic Republic of Congo ("Kolwezi Project"). In September 2010, Numco agreed to fund the corporate and exploration expenses for KCC while the corporate structuring and agreements were completed for the company's subsequent earn-in to KCC completed after year-end *(see note 9)*.

The loan was settled for equity units in KCC subsequent to period-end *(see note 9(a))*.

(Stated in CAD)

4. SHARE CAPITAL

a) Authorized:

Unlimited Common voting shares

	No. of shares		Amount
Issued and outstanding:			
Opening balance	-	$	-
Issued for cash - private placement	1,962,100		392,420
Ending balance	1,962,100	$	392,420

b) In September, 2010, the company issued 1,962,100 common shares at a price of $0.20 per share for total cash consideration of $392,420.

c) Subsequent to year-end, in April and May of 2011, the company issued 375,000 units at a price of $0.25 per unit for total cash consideration of $93,750. The units were each comprised of one common share of Numco and one half warrant to purchase a common share of the company, exercisable at $0.50 per share until May 1, 2012.

5. INCOME TAXES

The company has a non-capital loss carry forward of $7,000 available to reduce future income tax payable. No future income tax benefit relating to these expenses has been included in these financial statements.

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 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.

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

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 share capital. Management ensures that there is sufficient working capital for the company to meet its ongoing current obligations.

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

	2010
Accounts payable and accrued liabilities	$ 28,067

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. The company has no financial instruments subject to any interest rate risk.

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.

Currency risk

The majority of the corporate and exploration expenses funded by the company under the terms of its agreement with Kolwezi Copper Corp. are incurred in U.S. currency. Consequently, some assets and liabilities are exposed to foreign exchange fluctuations. As of December 31, 2010, cash of $17,911 denominated in U.S. dollars has been converted to Canadian dollars at the year-end rate of exchange unless the conversion resulted in an insignificant amount of exchange.

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.

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

Fair values

The company's financial instruments included in the balance sheet consist of cash, loan receivable 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 $385,206 consists of share capital 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

As the company was incorporated in July, 2010 and commenced operations during the period, there are no comparative figures for 2009.

9. SUBSEQUENT EVENTS

Through a series of transactions and events over the course of 2011, the company became a 100% subsidiary of Telferscot Resources Inc. ("TFS"), a Canadian public company that trades under the symbol TFS on the CNSX, as detailed below:

a) On June 8th, 2011, Numco entered into a arm's length share sale and purchase agreement with Kolwezi Copper Corp. ("KCC") as well as a unanimous shareholders agreement with the other shareholders of KCC. On June 8th, 2011, the company subscribed for 950 KCC units (approximately a 17% interest) for consideration of $485,000, all of which had been previously lent by Numco to KCC *(see note 3)*.

b) On June 9th, 2011, the company entered into a binding letter of intent with TFS (on an arm's length basis) whereby TFS agreed to acquire all the issued and outstanding securities of Numco.

c) On July 15th, 2011, TFS acquired 100% of the equity of Numco through the issuance of 4,674,200 common shares of TFS and 375,000 common share purchase warrants of TFS exercisable at $0.25 per share until May 1, 2012. Through the acquisition of the company, TFS acquired the right to complete the initial 'earn-in' of a 30% stake in the Kolwezi Project by expenditure of a further $515,000 (in addition to the $485,000 that had been previously spent by the company) and a further right to increase its stake to 60% through the expenditure of a further $4,000,000 prior to September 2013. TFS has the right to acquire the remaining 40% of the Kolwezi Project following total expenditures on the property of $5,000,000. Similarly, the original Kolwezi Project owners can force the acquisition of the remaining 40% by TFS following completion of the $5,000,000 earn-in. The consideration for the final 40% stake will be 40% of TFS's issued and outstanding capital at the time the buyout is completed on a partially diluted basis.

d) During the fourth quarter of 2011, 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. On November 23, 2011, Numco subscribed for a further 1,008 units and 5 additional common shares of KCC.

e) Prior to TFS's acquisition of the company, 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, an 800 meter stratigraphic drilling program was initiated. This program is expected to be completed by the end of the first quarter of 2012 and will support further refinement of the Kolwezi geological model.

1830953 ONTARIO INC.

Interim Financial Statements

Nine Month Period Ended September 30, 2011

(Unaudited - Prepared by Management)

(Stated in CAD)

These unaudited interim financial statements have been prepared by management and have not been subject to review by the company's external auditors.

1830953 ONTARIO INC.

Balance Sheet

September 30, 2011

(Unaudited - Prepared by Management)

(Stated in CAD)

	September 30 2011	September 30 2010
ASSETS		
Current:		
Cash	$ **5,417**	$ 392,469
Loan receivable - Kolwezi Copper Corp. *(Note 3)*	-	9,854
	5,417	402,323
Long term:		
Mineral property *(Notes 4 and 11)*	**891,369**	-
	$ **896,786**	$ 402,323
LIABILITIES		
Current:		
Accounts payable and accrued liabilities	$ **5,100**	$ 11,714
Loan payable - parent company *(Note 5)*	**411,002**	-
	416,102	11,714
SHAREHOLDERS' EQUITY		
Share capital *(Note 6)*	**486,170**	392,420
Deficit	**(5,486)**	(1,811)
	480,684	390,609
	$ **896,786**	$ 402,323

APPROVED BY THE BOARD

_______________ *Director*

_______________ *Director*

See notes to financial statements

1830953 ONTARIO INC.

Interim Statement of Operations and Deficit

Nine Month Period Ended September 30, 2011

(Unaudited - Prepared by Management)

(Stated in CAD)

	Nine months ended September 30 2011	Two months ended September 30 2010
REVENUE		
Gain on foreign exchange	$ 1,839	$ -
GENERAL AND ADMINISTRATIVE EXPENSES		
Legal	-	1,760
Interest and bank charges	110	51
	110	1,811
NET INCOME (LOSS) FOR THE PERIOD	1,729	(1,811)
DEFICIT - BEGINNING OF PERIOD	(7,215)	-
DEFICIT - END OF PERIOD	$ (5,486)	$ (1,811)

See notes to financial statements

1830953 ONTARIO INC.

Interim Statement of Cash Flows

Nine Month Period Ended September 30, 2011

(Unaudited - Prepared by Management)

(Stated in CAD)

	Nine months ended September 30 2011	Two months ended September 30 2010
OPERATING ACTIVITIES		
Net income (loss) for the period	$ 1,729	$ (1,811)
Change in non-cash working capital:		
Accounts payable and accrued liabilities	(22,968)	11,714
	(21,239)	9,903
INVESTING ACTIVITIES		
Loan receivable	-	(9,854)
Mineral property acquisition	(735,209)	-
	(735,209)	(9,854)
FINANCING ACTIVITIES		
Advances from parent company	411,002	-
Proceeds on issuance of share capital	93,750	392,420
	504,752	392,420
CHANGE IN CASH POSITION	(251,696)	392,469
CASH - BEGINNING OF PERIOD	257,113	-
CASH - END OF PERIOD	$ 5,417	$ 392,469

See notes to financial statements

1. NATURE OF OPERATIONS

1830953 Ontario Inc. (the "company" or "Numco") is a private company incorporated under the Business Corporations Act (Ontario) on July 26, 2010. The company's principal business is the acquisition and exploration of resource properties.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Accounting principles and currency

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises ("ASPE") and are accordance with Canadian generally accepted accounting principles ("GAAP"). Figures are expressed in Canadian dollars, as it is the primary financial currency in which transactions are underraken.

b) Accounting estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

c) Income taxes

The company uses the future income taxes method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences). Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets recognized is limited to the amount of the benefit that is more likely than not to be realized.

d) Mineral properties

i) Acquisition costs relating to resource properties, including the costs of staking the properties, are capitalized. If the properties are brought into production, the costs are amortized over the estimated life of the ore body to which they relate. If the properties are abandoned or sold or management determines that a property has no economic value the costs are written off in the year the determination is made. The amount shown for the company's resource property represents historical costs to date and does not necessarily reflect present or future values.

ii) The company's resource property is reviewed for indications of impairment at each balance sheet date. If indication of impairment exists, the property's recoverable amount is estimated. As of September 30, 2011, no indications of impairment existed for the company's resource property.

3. LOAN RECEIVABLE - KOLWEZI COPPER CORP.

The loan, receivable from Kolwezi Copper Corp. ("KCC"), a company registered in the BVI, is unsecured, non-interest bearing and repayable on demand. KCC is a copper-cobalt exploration company with an exploration project located in the Kolwezi district in the Democratic Republic of Congo ("Kolwezi Project"). In October 2010, Numco agreed to fund the corporate and exploration expenses for KCC while the corporate structuring and agreements were completed for the company's subsequent earn-in to KCC completed in 2011.

This loan, and further advances subsequent to September 30, 2010, were settled for equity units in KCC subsequent to year-end *(see notes 4, 5 and 11)*.

4. MINERAL PROPERTY

Through a series of transactions and events over the course of 2011, the company (1) acquired an interest in a mining property in the Democratic Republic of Congo from Kolwezi Copper Corp. ("KCC"), and (2) became a 100% subsidiary of Telferscot Resources Inc. ("TFS"), a Canadian public company that trades under the symbol TFS on the CNSX. The transactions and events are detailed below:

a) On June 8th, 2011, Numco entered into a arm's length share sale and purchase agreement with KCC as well as a unanimous shareholders agreement with the other shareholders of KCC. On June 8th, 2011, the company subscribed for 950 KCC units (approximately a 17% interest) for consideration of $485,000, all of which had been previously lent by Numco to KCC.

b) On June 9th, 2011, the company entered into a binding letter of intent with TFS (on an arm's length basis) whereby TFS agreed to acquire all the issued and outstanding securities of Numco.

c) On July 15th, 2011, TFS acquired 100% of the equity of Numco through the issuance of 4,674,200 common shares of TFS and 375,000 common share purchase warrants of TFS exercisable at $0.25 per share until May 1, 2012. Through the acquisition of the company, TFS acquired the right to complete the initial 'earn-in' of a 30% stake in the Kolwezi Project through the expenditure of a further $515,000 (in addition to the $485,000 that had been previously spent by the company) and a further right to increase its stake to 60% through the expenditure of a further $4,000,000 prior to September 2013. TFS has the right to acquire the remaining 40% of the Kolwezi Project following total expenditures on the property of $5,000,000. Similarly, the original Kolwezi Project owners can force the acquisition of the remaining 40% by TFS following completion of the $5,000,000 earn-in. The consideration for the final 40% stake will be 40% of TFS's issued and outstanding capital at the time the buyout is completed on a partially diluted basis.

d) Prior to TFS's acquisition of the company, 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.

(Stated in CAD)

5. LOAN PAYABLE - PARENT COMPANY

Subsequent to the company's acquisition by Telferscot Resources Inc. ("TFS") *(see note 4(c))*, the parent company advanced a further $411,002 to Numco to fund further mineral property expenditures. The loan payable to the parent company in unsecured, non-interest bearing and due on demand.

6. SHARE CAPITAL

a) Authorized:

Unlimited Common voting shares

	2011		2010	
	# of shares	**$**	**# of shares**	**$**
Issued and outstanding:				
Opening balance	**1,962,100**	**392,420**	-	$ -
Private placement issued for cash	**375,000**	**93,750**	1,962,100	392,420
Ending balance	**2,337,100**	**486,170**	1,962,100	$ 392,420

b) In September, 2010, the company issued 1,962,100 common shares at a price of $0.20 per share for total cash consideration of $392,420.

c) In April and May of 2011, the company issued 375,000 units at a price of $0.25 per unit for total cash consideration of $93,750. The units were each comprised of one common share of Numco and one half warrant to purchase a common share of the company, exercisable at $0.50 per share until May 1, 2012.

7. INCOME TAXES

The company has a non-capital loss carry forward of $5,500 available to reduce future income tax payable. No future income tax benefit relating to these expenses has been included in these financial statements.

8. FINANCIAL INSTRUMENTS

The significant financial risks to which the company is exposed are liquidity risk, interest rate risk, other price risk and foreign currency risk.

(continues)

8. FINANCIAL INSTRUMENTS *(continued)*

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 share capital. Management ensures that there is sufficient working capital for the company to meet its ongoing current obligations.

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. The company has no financial instruments subject to any interest rate risk.

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.

Foreign currency risk

The majority of the corporate and exploration expenses funded by Numco under the terms of its agreement with Kolwezi Copper Corp. are incurred in U.S. currency. Consequently, some mineral property expenditures are exposed to foreign exchange fluctuations.

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.

9. 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 $480,684 consists of share capital 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.

10. COMPARATIVE FIGURES

As the company was incorporated in July, 2010 and commenced operations during the period, the comparative figures are for the two month period ended September, 2010.

11. SUBSEQUENT EVENTS

a) During the fourth quarter of 2011, 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. On November 23, 2011, Numco subscribed for a further 1,008 units and 5 additional common shares of KCC.

b) Subsequent to the acquisition of Numco, an 800 meter stratigraphic drilling program was initiated. This program is expected to be completed by the end of the first quarter of 2012 and will support further refinement of the Kolwezi geological model.

TELFERSCOT RESOURCES INC.
Pro-Forma Consolidated Balance Sheet
As at December 31, 2010
(Stated in CAD)
(Unaudited - Prepared by Management)

	Telferscot Resources Inc.	1830953 Ontario Inc.	Adjustments	Pro-Forma
	$	$	$	$
ASSETS				
Current:				
Cash	204,604	257,113	0	461,717
Cash in trust	637,446	0	0	637,446
Accounts receivable	7,429	0	0	7,429
Loan receivable	0	156,160	0	156,160
	849,479	413,273		1,262,752
Long term:				
Mineral property	32,223	0	0	32,223
	881,702	413,273	0	1,294,975
LIABILITIES				
Current:				
Accounts payable and accrued liabilities	22,419	28,067	0	50,486
Prepaid share subscriptions	98,466	0	0	98,466
	120,885	28,067		148,952
SHAREHOLDERS' EQUITY				
Share capital	813,000	392,420	0	1,205,420
Contributed surplus	16,000	0	0	16,000
Accumulated deficit	-68,183	-7,214	0	-75,397
	760,817	385,206		1,146,023
	881,702	413,273	0	1,294,975

TELFERSCOT RESOURCES INC.

Pro-Forma Consolidated Statement of Operations
Period ended December 31, 2010
(Stated in CAD)
(Unaudited - Prepared by Management)

	Telferscot Resources Inc.	1830953 Ontario Inc.	Adjustments	Pro-Forma
	$	$	$	$
REVENUES	0	0	0	0
EXPENSES				
Exploration	18,273	0	0	18,273
GENERAL AND ADMINISTRATIVE EXPENSES				
Audit	11,950	0	0	11,950
Consulting	10,000	0	0	10,000
Legal	22,679	6,760	0	29,439
Management support and rent	3,500	0	0	3,500
Office and general	1,781	454	0	2,235
	49,910	7,214	0	57,124
	68,183	7,214	0	75,397
LOSS FOR THE PERIOD	-68,183	-7,214	0	-75,397
DEFICIT - BEGINNING OF PERIOD	0	0	0	0
DEFICIT - END OF PERIOD	-68,183	-7,214	0	-75,397

TELFERSCOT RESOURCES INC.

Pro-Forma Consolidated Balance Sheet
As at September 30, 2011
(Stated in CAD)
(Unaudited - Prepared by Management)

	Telferscot Resources Inc.	1830953 Ontario Inc.	Adjustments	Pro-Forma	Notes
	$	$	$	$	
ASSETS					
Current:					
Cash	15,478	5,417	0	20,895	
Term deposits	780,855	0	0	780,855	
Prepaid expenses	28,511	0	0	28,511	
Loan receivable - subsidiary company	411,002	0	-411,002	0	1
	1,235,846	5,417		830,261	
Long term:					
Investment in subsidiary	708,628	0	-708,628	0	2
Mineral property	0	891,369	-891,369	0	3
	1,944,474	896,786	-2,010,999	830,261	
LIABILITIES					
Current:					
Accounts payable and accrued liabilities	34,440	5,100	-5,100	34,440	
Loan payable - parent company	0	411,002	-411,002	0	1
	34,440	416,102		34,440	
SHAREHOLDERS' EQUITY					
Share capital	2,177,630	486,170	-719,880	1,943,920	2
Cntributed surplus	16,000	0	-16,000	0	
Reserve for warrants	7,500	0	16,000	23,500	
Reserve for share based payments	119,167	0	0	119,167	
Accumulated deficit	-410,263	-5,486	-875,017	-1,290,766	3
	1,910,034	480,684		795,821	
	1,944,474	896,786	-2,010,999	830,261	

Notes to pro-forma balance sheet and statement of operations

General: Pro-forma financial statements have been prepared using International Financial Reporting Standards ("IFRS"), and replicate the interim unaudited consolidated financial statements of Telferscot Resourcs Inc. for the nine-month period ended September 30, 2011

1 Elimination of intercompany loans

2 Consists substantially of adjustment to record acquisition of 1830953 Ontario Inc. by Telferscot Resources Inc. in July, 2011

3 Consists substantially of adjustment to expense mineral property costs as elected by reporting issuer under IFRS

4 Consists substantially of IFRS adjustments at January 1, 2011 through opening retained earnings of Telferscot Resources Inc.

TELFERSCOT RESOURCES INC.

Pro-Forma Consolidated Statement of Operations
Nine Month Period Ended September 30, 2011
(Stated in CAD)
(Unaudited - Prepared by Management)

	Telferscot Resources Inc.	1830953 Ontario Inc.	Adjustments	Pro-Forma	Notes
	$	$	$	$	
REVENUES					
Interest	8,108	0	0	8,108	
Foreign exchange gain	0	1,839	-1,734	105	
	8,108	1,839	-1,734	8,213	
EXPENSES					
Exploration expenditures	50,735	0	848,275	899,010	**3**
Share based payments	119,167	0	0	119,167	
Consulting	27,900	0	0	27,900	
Insurance	5,500	0	0	5,500	
Professional fees	74,671	0	0	74,671	
Management support and rent	31,500	0	0	31,500	
Office and general	8,544	110	0	8,654	
Reporting issuer costs	24,084	0	0	24,084	
Travel	8,087	0	0	8,087	
	350,188	110	848,275	1,198,573	
LOSS FOR THE PERIOD	-342,080	1,729	-850,009	-1,190,360	
DEFICIT - BEGINNING OF PERIOD	-68,183	-7,215	-25,008	-100,406	**4**
DEFICIT - END OF PERIOD	-410,263	-5,486	-875,017	-1,290,766	