Telferscot Resources Inc.

MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A")

The following MD&A of Telferscot Resources Inc. contains information concerning the company's business strategies, capabilities, financial results and an overview of the outlook for the company and the industry as at April 30, 2012. The audited annual consolidated financial statements, together with the accompanying note disclosure, have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A should be read in conjunction with the company's audited annual consolidated financial statements for the periods ended December 31, 2011 and 2010. All financial balances are stated in Canadian dollars, the company's functional currency. All public filings of the company are available on SEDAR at www.sedar.com.

The following discussion contains forward-looking statements that involve numerous risks and uncertainties. Actual results of the company could differ materially from those discussed in the forward-looking statements. These risks and uncertainties are highlighted under "Risk Factors" and "Forward- Looking Statements" found in this document, further below.

Overall Performance

Telferscot Resources Inc. (the "company") was incorporated on May 31, 2010. The business of the company is mineral resource exploration and development. The company filed a prospectus with the Ontario Securities Commission, and was approved for trading as a public company under the ticker symbol "TFS" on April 12, 2011. Trading officially commenced on April 21, 2011 on CNSX.

The company is focused primarily on its recently acquired project located in the Democratic Republic of Congo (the "DRC"). The company's mandate since inception has been to pursue exploration opportunities on a global basis. Towards this end, in July, 2011, the company was successful in acquiring the rights and obligations to earn into a copper-cobalt exploration project located in the Kolwezi district in the DRC (the "License). The advancement and development of this asset is the primary focus of the company.

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. The company's operations in the DRC are exposed to various levels of economic and political risk and uncertainties, including currency exchange fluctuations, political and economic instability, government regulations relating to exploration and mining, military repression and civil disorder, all or any of which may have a material adverse impact on the company's activities or may result in impairment in or loss of part or all of the company's assets

Capitalization

The following table sets the capitalization of the company as at December 31, 2011:

Description	Number of securities outstanding
Common shares issued and outstanding	37,199,200
Stock options	1,200,000
Warrants	8,375,000
Total number of securities outstanding	**46,774,200**(1)

(1) See notes 10, 11 and 12 of audited annual consolidated financial statements for further information on share capital and other equity instruments

MINERAL PROPERTIES

Kolwezi Project, Democratic Republic of Congo ("DRC")

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 ("Kolwezi Project") in the Democratic Republic of Congo ("DRC"). In consideration for the acquisition of Numco, the company issued 4,674,200 common shares valued at $0.10 per share and 375,000 common share purchase warrants valued at $0.02 per share. The warrants are exercisable at $0.25 per share until May 1, 2012. The value of the shares and warrants issued, and net assets and liabilities assumed, totalling $474,920, has been attributed to the underlying Kolwezi Project license (the "License") held by Numco. The value attributed to the License was expensed as exploration costs.

On July 18, 2011, through the acquisition described in note 4(a), the company acquired a 17% interest in the License. A further 13% interest was earned through the post-acquisition expenditure of CAD $515,000 to bring its ownership in the License to 30% as of December 31, 2011. The company has a right to increase its ownership in the License to 60% through the expenditure of a further CAD $4-million prior to September 2013. Once the company reaches 60% ownership, either party has a concurrent right to force the acquisition of the remaining 40% ownership of the License. The consideration for the final 40% interest will be 40% of the company`s issued and outstanding capital at the time the buyout is completed on a partially diluted basis.

The basic terms of the DRC permit are as follows:

Exploration permit: PR 9090
Permitted exploration: Copper, Cobalt and Gold
Permit Holder: Miniere du Congo SPRL
Effective date: November 10, 2007
Initial term: 5 years (ending November 9, 2012)
Renewal: Exploration permits may be renewed twice for 5 additional years provided the holder of the exploration permit relinquishes, on each such renewal, 50% of the perimeter

Area: 95 carres (approximately 80 km sq)

During the 4th quarter of 2011 and subsequent to the period end, the company advanced funds totaling USD $350,000 to the DRC Mining Ministry for the acquisition of three additional research permits in the Kolwezi District. The new permits are in close proximity to the company's License. The company anticipates receiving the final permits in the second quarter of 2012.

Stephens Lake Property

The Stephens Lake property is located in northern Manitoba, about 750 km north of Winnipeg, 175 km east - northeast of Thompson and centered about 20 km northwest of Gillam. Stephens Lake is an early stage base metals exploration project. The Stephens Lake mineral exploration license covers an area of approximately 12,000 ha and is currently valid until February 5, 2013. The license may be renewed for an additional five years provided certain requirements have been met. Exploration carried out by previous companies is limited to airborne geophysical surveys and one field program where several lines of soil sampling were performed.

The company was obligated to an annual work requirement for 2011 of CAD $1.50 per hectare to be completed by the anniversary date of the license, which is February 5. In lieu of actual work being performed, the company made a cash payment of CAD $18,511 to the Province of Manitoba. The annual work requirement for 2012 increased to CAD $3.00 per hectare. The company made a further cash payment of CAD $37,023 to the Province of Manitoba in lieu of actual work being performed.

SUMMARY OF QUARTERLY RESULTS

The table below reflects a summary of certain key financial results for each of the six previous quarters (with September 30, 2010 being the first active quarter after incorporation):

Description/quarter	Dec-11	Sep-11	Jun-11	Mar-11	Dec-10	Jun-10
	$	$	$	$	$	$
Cash, term deposits and cash in trust	1,332,274	801,750	1,253,639	1,330,331	842,050	252,547
Exploration expenditures	196,379	880,498	0	18,512	0	50,496
Total other expenses	65,178	170,229	50,438	78,897	29,435	20,565
Comprehensive loss for quarter	(261,557)	(1,050,727)	(50,438)	(97,409)	(29,435)	(71,061)

Results of Operations

The audited annual consolidated financial statements reflect the company's financial operations for the period from January 1, 2011 to December 31, 2011. The comparative figures are for the period from May 31, 2010 (date of incorporation) to December 31, 2010. To date, the company has raised aggregate consideration of $2,943,920 through the sale of its securities and the acquisition of the Stephens Lake and Kolwezi properties.

Working Capital

As at December 31, 2011, the company had working capital of $1,526,050 (December 31, 2010 - $728,594), comprised mostly of cash and term deposits. The company has no cash flow from operations and is dependent upon raising equity to sustain its operations and meet the investment requirements of the License.

Outstanding Share Data

The company's authorized share capital consists of an unlimited number of common shares. At December 31, 2011 there were 37,199,200 common shares issued and outstanding (2010 – 21,890,000).

At December 31, 2011, there were common share purchase warrants outstanding to purchase an aggregate of 8,375,000 common shares. Each warrant entitles the holder to purchase one common share at prices ranging from $0.05 to $0.25 per share at expiry dates ranging from May 1, 2012 to January 15, 2015.

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. As at December 31, 2011, no options have been exercised and 1,000,000 are exercisable.

Exploration Expenditures

The company has elected to expense all its acquisition and exploration expenditures under accounting under IFRS (see note 2(g) of the audited consolidated financial statements). Exploration expenditures, including the acquisition of the PR9090 license, totaled $1,095,389 for the twelve months ended December 31, 2011. This is compared to $50,496 for the seven months ended December 31, 2010.

Professional Fees

Professional fees for the twelve months ended December 31, 2011 and seven months ended December 31, 2010 were $96,933 and $34,628 are related primarily to the legal costs associated with obtaining a public listing and ongoing operations. Professional fees of approximately $50,000 relating to the acquisition of the License have been expensed under exploration expenditures.

Management Support and Rent Expense

Management support and rent expense for the twelve months ended December 31, 2011 and seven months ended December 31, 2010 were $68,500 and $3,500 respectively (see also Transactions with Related Parties). Subsequent to year-end, the monthly fee approved by the Board of Directors was increased to $17,500.

Reporting Issuer Expense

Listing, transfer agent and other similar expenses for the twelve months ended December 31, 2011 and seven months ended December 31, 2010 were $31,323 and $NIL respectively. The listing portion of these expenses for becoming a reporting issuer are primarily one-time expenses.

Share Based Payments

On July 27, 2011, the company announced that a total of 1,200,000 stock options were granted to certain directors, officers and key employees. The stock options were granted under the company's stock option program, which was approved by the shareholders on November 18, 2010. The options have a five-year term and a strike price of CAD $0.15. 900,000 options vest immediately while 300,000 options vest 1/3 upon grant date, 1/3 upon first anniversary of grant and 1/3 on second anniversary of grant. Share based payments expense of $119,167 was recorded for the year based on the valuation of the granted options using the Black-Scholes option-pricing model (under assumptions detailed in note 11 of the audited annual consolidated financial statements).

IFRS Transition

The company has elected to expense all its acquisition and exploration expenditures under accounting under IFRS (see note 2(g)) of the audited annual consolidated financial statements). The impact of this election under IFRS for expenditures incurred in 2010 was $32,223 and was recorded against retained earnings as at December 31, 2010 in accordance with the provisions of IFRS 1 "First Time Adoption of IFRS".

Critical Accounting Estimates

The company's significant accounting policies for the period ended December 31, 2011 are presented in note 2(n) of the audited annual consolidated financial statements. The preparation of financial statements in accordance with IFRS requires management to make certain estimates and assumptions. Such estimates may have a significant impact on the financial statements. The company regularly reviews these estimates; however, actual amounts could differ from the estimates used and may accordingly affect the results of operations.

These estimates include:

- *The valuation of share based payments and warrants*
- *The estimated of environmental rehabilitation reserves*
- *The valuation of financial instruments*

Financial Instruments

The company's significant accounting policies regarding its financial instruments are set out in note 2(h) of the audited annual consolidated financial statements. The company's financial instruments consist of cash, term deposits, advances to DRC operations, cash in trust and accounts payable and accrued liabilities. Management is of the opinion that the company is not exposed to significant interest rate, currency or credit risks arising from any of these financial instruments.

Off-Balance Sheet Arrangements

The company does not have any off-balance sheet arrangements.

Contractual Obligations

The company has minimal contractual obligations over the next five years. The company has an obligation for an annual work program on the Stephens Lake property to maintain its mineral exploration license. This obligation is up to date. In addition, the company has significant spending requirements to meet to increase its interest in the License.

Furthermore, the company has entered into a business services agreement with Grove Capital Group for corporate and administrative support and office space. The terms of this agreement are $17,500 per month with six months' notice required for termination.

Transition to IFRS

During the period January 1 to March 31, 2011, the company commenced using IFRS to report its financial results instead of Canadian generally accepted accounting policies. The effective date of the transition was May 31, 2010, the company's date of incorporation. Accordingly, the audited annual consolidated financial statements for the twelve months ended December 31, 2011 have been prepared using IFRS and IFRS have been applied retrospectively to amounts for December 31, 2010. All revenues and expenses for the twelve months ended December 31, 2011, as well as the 2010 comparative numbers, have been presented using IFRS.

Impact on the Business from IFRS

The business processes of the company are simple and no major challenges are expected at this point to operate under IFRS. The company has no compensation arrangements that have been affected by the IFRS implementation. The company's stock option plan is not affected by ratios or financial targets. Business processes will be monitored during the following months to detect and address any previously unidentified IFRS conversion issues.

Liquidity and Capital Resources

To date, the company has financed its operations through the sale of its securities. The company has generated aggregate consideration of $2,943,920, of which $2,446,500 was cash and the balance for acquisition of its mineral property interests.

During the first quarter of 2011, 6,635,000 common shares were issued at $0.10 per share for cash consideration of $663,500.

On October 28, 2011 a further 4,000,000 common shares were issued at $0.25 per share for cash consideration of $1,000,000.

The company has no source of revenue, income or cash flow, so it is wholly dependent upon raising monies through the sale of its shares to finance its business operations.

The company will require additional funds to support its working capital requirements or for other purposes and will seek to raise additional funds through public or private equity funding, bank debt financing or from other sources. There can be no assurances that this capital will be available in amounts or on terms acceptable to the company, or at all.

Transactions with Related Parties

A contract with Grove Capital is referenced above under the heading "Contractual Obligations". Grove Capital is controlled, in part by an officer and director of the company and in part by a director of the company. The company's management contract is on a monthly basis with a six-month notice period The company has no additional related party transactions.

Subsequent Events

During the fourth quarter of 2011 and subsequent to the period end, the company advanced funds totaling USD $350,000 to the DRC Mining Ministry for the acquisition of three additional research permits in the Kolwezi District. The new permits are in close proximity to the company's License. The company anticipates receiving the final permits in the second quarter of this year.

On April 9, 2012, the company entered into an agreement with CHF Investor Relations ("CHF") for the provision of investor relations and market-making services. The agreement with CHF is for a period of twelve months and may be renewed quarterly thereafter. CHF will receive a monthly fee of $4,600. In addition, CHF has been granted 370,000 stock options. 185,000 of these options may be exercised at $0.25 per common share and 185,000 at $0.35 per common share. The options expire on April 8, 2017 and will vest quarterly over a period of one year from the date of grant.

RISK FACTORS

An investment in the company's securities is considered extremely speculative. Prospective investors should consider the specific risks that are associated with the business of the company. None of the company's mineral properties are in production or contain a known body of commercial ore. In order to develop its properties, the company may require additional financing which may not be possible to obtain.

The business of mineral exploration is generally subject to a number of risks and hazards, insurance for which is generally not always available. The company has, or is seeking to acquire, interests in some volatile regions of the world which have experienced or continue to experience periods of political and/or economic instability including war, terrorism and public disorder. The company's activities may be subject to extensive foreign laws and regulations and the company may become subject to significant liabilities for environmental damage resulting from its exploration activities or for any subsequent development. In addition, changes in mining or investment policies and regulations which cannot be accurately predicted may adversely affect the company's business. There is no guarantee that the company will obtain all required permits to develop its property interests.

The company has certain spending commitments on its properties and it is possible that these commitments may not be met in a timely manner for operational, security or other reasons. In normal circumstances, the company could negotiate an extension for its contract obligations, but there is no guarantee that it will succeed in obtaining such an extension or relief. In such cases, the company would risk losing its contractual rights on these properties.

The company is a relatively young organization. Its success will largely depend on the efforts and abilities of certain senior officers and key employees. Certain of the directors and officers of the company also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists a possibility for such directors and officers to be in a position of conflict. See "Conflicts of Interests" below.

Lack of Operational Liquidity

The expenses of the company will be funded from cash on hand from the remaining proceeds of the previous offerings. Once such cash has been expended, the company will be required to seek additional financing. There is no guarantee that any debt or additional equity or equity related offering of securities will be available on terms acceptable to the company or available at all or that it will be able to locate or sell copper or cobalt in a timely or profitable manner.

Exploration, Development and Operating Risks

Mining and exploration operations generally involve a high degree of risk. The operations are subject to all the hazards and risks normally encountered in the exploration, development and production of precious and base metals and other minerals, including, but not limited to, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability. The exploration for and development of mineral deposits involves significant risks which may not be eliminated even with a combination of careful evaluation, experience and knowledge. While the discovery of copper, cobalt and other minerals may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes, and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of the minerals and proximity to infrastructure; mineral prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection. The exact effect of these factors cannot be accurately predicted but the combination of these factors may result in the company not receiving an adequate return on invested capital. There is no certainty that the expenditures made by the company towards the search and evaluation of copper, cobalt and other minerals will result in discoveries of commercial quantities of ore or other minerals.

Foreign Exchange Rates

The company is exploring copper/cobalt properties in the DRC, where the majority of operating expenses are incurred in US dollars. However, the company maintains its accounting records, reports its financial position and results, pays certain operating expenses and the common shares trade, in Canadian currency. Therefore, because exchange rate fluctuations are beyond the company's control, there can be no assurance that such fluctuations will not have an adverse effect on the company's operations or on the trading value of the common shares.

Competition

The mining and mineral exploration industry and in particular, the international copper industry, is competitive in all of its phases. The company faces strong competition from other mining and exploration companies in connection with the acquisition of properties producing, or capable of producing, copper. Many of these companies have greater financial resources, operational experience and technical capabilities than the company. Because of this competition, the company may be unable to maintain or acquire attractive mining or exploration properties on terms it considers acceptable or at all. Consequently, the revenues, operations and financial condition of the company could be adversely affected.

Insurance and Uninsured Risks

The business of the company is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the properties of the company or the properties of others, delays in mining, monetary losses and possible legal liability.

The company currently maintains no insurance other than director and officer liability insurance. The company may, however, acquire insurance in the future to protect against certain risks in such amounts as management considers reasonable. While we may obtain insurance against certain risks, the nature of these risks is such that liability could exceed policy limits or could be excluded from coverage. Even after acquiring insurance, such insurance will not cover all the potential risks associated with a mining and/or exploration company's operations. The company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards because of exploration and production is not generally available to the company or to other companies in the mining and exploration industry on acceptable terms. The company might also become subject to liability for pollution or other hazards which it may not be insured against or which the company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Resignation by Key Personnel

The success of the company is highly dependent on the services of certain management personnel. The loss of the services of such personnel if not replaced, could have a material adverse effect on the business operations. The company does not currently have key-person insurance on these individuals.

Conflicts of Interest

Directors and officers of the company may provide investment, administrative and other services to other entities and parties. The directors and officers of the company have undertaken to devote such reasonable time as is required to properly fulfill their responsibilities in respect to the business and affairs of the company, as they arise from time to time.

Lack of Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the operations, financial condition and results of operations of the company.

Regulatory Change

The company may be affected by changes in regulatory requirements, customs, duties or other taxes. Such changes could, depending on their nature, benefit or adversely affect the company.

Risks Related to Title to Properties

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral concessions may be disputed. Although the company believes that it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of the properties will not be challenged or impaired. Third parties may have known or unknown valid claims underlying portions of the company's interests, including prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, the company may be unable to operate its properties as permitted or may be unable to enforce its rights with respect to its properties. The company may seek to increase the concentration of its mining activities in areas where it already operates mines, or has exploration licenses that it expects will result in operating mines. If the company seeks to amend its current licenses to include additional resources in the area, there can be no assurance that it will be able to obtain the necessary authorizations and regulatory approvals.

No Mineral Resources or Mineral Reserves

The exploration of the area encompassed within the company's properties must be considered to be in an early stage. There is no assurance that any mineralization will be discovered in economic quantities, if at all. The long-term viability of the company depends upon its ability to find or acquire, develop and commercially produce base metals and other minerals.

Environmental Risks

All of the company's planned operations are subject to environmental regulations, some of which are also subject to environmental licensing. This can make the company's business expensive to operate or prevent certain operations altogether. The company is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products that could occur because of its mineral exploration, development and production. Such liabilities include not only the obligation to remediate environmental damages and indemnify affected third parties, but also the imposition of administrative and criminal sanctions against the company and its employees and executive officers.

To the extent the company is subject to environmental liabilities, the payment of such liabilities or the costs that may be incurred to remedy environmental pollution would reduce funds otherwise available to the company and could have a material adverse effect on it. If the company is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the company. The company has not purchased (and does not intend to purchase) insurance for environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) because it is not generally available at a reasonable price.

All of the company's planned exploration and possible development and production activities are, or maybe, subject to regulation under one or more of local and/or federal environmental laws and regulations. Many of the regulations require the company to obtain authorizations for its activities. The company must update and review its authorizations from time to time and are subject to environmental impact analyses and public review processes prior to approval of new activities. It is possible that future changes in applicable laws, regulations and authorizations or changes in their enforcement or regulatory interpretation could have a significant impact on some portion of the company's business, causing those activities to be economically re-evaluated at that time. Those risks include, but are not limited to, the risk that regulatory authorities may increase bonding requirements beyond the company's financial capability or that of its subsidiaries. Where posting of a bond in accordance with regulatory determinations is a condition to the right to operate under any material operating authorizations, increases in bonding requirements could prevent the company from operating even if it and its subsidiaries were otherwise in full compliance with all substantive environmental laws.

Need For, and Availability of, Future Additional Equity Capital

The company's business strategy will require additional substantial capital investment. To the extent that cash generated internally and cash available under any credit facility that may be entered into are not sufficient to fund capital requirements, the company will require additional debt and/or equity financing. However, this type of financing may not be available or, if available, may not be available on satisfactory terms. If the company fails to generate or obtain sufficient additional capital in the future, it could be forced to reduce or delay capital expenditures, sell assets or restructure or refinance indebtedness, if any.

The company will need to obtain additional resources in the future in order to execute the company's growth strategy, including the possible acquisition of new businesses and assets. The company may not be able to obtain debt financing on terms attractive to it, or at all. If the company cannot obtain adequate funds to satisfy its capital requirements internally or through other methods of financing, the company may need to increase its capital through an additional equity offering. Sales by the company of a substantial number of common shares after the completion of the offering could negatively affect the market price of the common shares and dilute existing shareholdings.

Foreign Operations

The majority of the operations of the company are currently conducted outside of Canada in the DRC and as such, the operations of the company are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to, currency exchange rates, high rates of inflation; labor unrest; renegotiation or nullification of existing concessions, licenses, permits and contracts; changes in taxation policies, restrictions on foreign exchange, and changing political conditions, currency controls and governmental regulations that favor or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining, exploration or investment policies or shifts in political attitude in the DRC may adversely affect the operations or profitability of the company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to m ineral right applications and tenure, could result in loss, reduction or expropriation of entitlements.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the company.

Government Regulation

The mineral exploration activities of the company are subject to various laws governing prospecting, development, taxes, labor standards and occupational health, toxic substances, land use, water use, land claims of local people, and other matters. Although the exploration and development activities of the company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the company.

Market Price of Common Shares

The common shares of the company currently trade on CNSX. Securities of micro-cap and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the common shares is also likely to be significantly affected by short-term changes in commodity prices, or in its financial condition or results of operations as reflected in its quarterly earnings reports. Other factors unrelated to the company's performance that may have an effect on the price of its common shares include the following: (1) the extent of analytical coverage available to investors concerning the company's business may be limited if investment banks with research capabilities do not follow the company's securities, (2) lessening in trading volume and general market interest in the company's securities may affect an investor's ability to trade significant numbers of common shares, (3) the size of the company's public float may limit the ability of some institutions to invest in the company's securities, and (4) a substantial decline in the price of the common shares that persists for a significant period of time could cause the company's securities, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity.

As a result of any of these factors, the market price of the common shares at any given point in time may not accurately reflect the company's long-term value. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

No Dividends

No dividends on the common shares have been paid by the company to date. The company currently plans to retain all future earnings and other cash resources, if any, for the future operation and development of its business. Payment of any future dividends, if any, will be at the discretion of the company's board of directors after taking into account many factors, including the company's operating results, financial condition, and current and anticipated cash needs.

FORWARD LOOKING STATEMENTS

This discussion contains "forward looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the company, its subsidiaries and its projects, timing and likelihood of obtaining government approval for exploration and other operations, the future price of copper, exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital and availability of future financing, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of legislative and regulatory matters. Often, but not always, forward looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Accordingly, readers should not place undue reliance on forward- looking statements. Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Such factors include, among others, lack of access to historic drill core, delays in obtaining governmental and regulatory approvals, uncertainty of acquiring necessary drilling permits, general business, economic, competitive, political, social and security uncertainties; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of copper; possible variations of geological parameters; failure of equipment to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability, insurrection, terrorism or war; delays in obtaining financing or in the completion of exploration, development or construction activities, as well as those factors discussed in the section entitled "Risk Factors" in this prospectus. Although the company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended.