

TELFERSCOT RESOURCES INC.

SUITE 2702, 401 BAY STREET
TORONTO, ONTARIO
M5H 2Y4

INFORMATION CIRCULAR MANAGEMENT SOLICITATION

(Containing information as at May 16, 2012 unless otherwise stated)

SOLICITATION OF PROXIES

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies by and on behalf of the management (the “Management”) of Telferscot Resources Inc. (the “Corporation”) for use at the Annual General and Special Meeting of Shareholders of the Corporation (the “Meeting”) to be held at Suite 3100, Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3Y2, at the hour of 11:00 o’clock in the morning (Toronto time), on Tuesday, the 26th day of June, 2012, for the purposes set out in the accompanying Notice of Meeting. The cost of solicitation will be borne by the Corporation.

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally by the directors and/or officers of the Corporation at nominal cost. Arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the common shares (“Common Shares”) held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are officers or directors of the Corporation (the “Management Designees”). **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A SHAREHOLDER OF THE CORPORATION, TO REPRESENT HIM OR HER AT THE MEETING MAY DO SO** by inserting such other person’s name in the blank space provided in the form of proxy and depositing the completed proxy with the Transfer Agent of the Corporation, **Capital Transfer Agency, Inc., 105 Adelaide Street West, Suite 1101, Toronto, Ontario M5H 1P9**. A proxy can be executed by the shareholder or his attorney duly authorized in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized.

In addition to any other manner permitted by law, the proxy may be revoked before it is exercised by instrument in writing executed and delivered in the same manner as the proxy at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used or delivered to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting and upon either such occurrence, the proxy is revoked.

Please note that Shareholders who receive their Meeting Materials (as defined in the “Advice to Beneficial Shareholders” section below) from Broadridge Investor Communication Solutions, Canada (“Broadridge”) must return the proxy forms, once voted, to Broadridge for the proxy to be dealt with.

DEPOSIT OF PROXY

By resolution of the Directors duly passed, **ALL PROXIES TO BE USED AT THE MEETING MUST BE DEPOSITED NOT LATER THAN 4:00 P.M. FRIDAY JUNE 22, 2012, OR ANY ADJOURNMENT THEREOF, WITH THE CORPORATION OR ITS AGENT, CAPITAL TRANSFER AGENCY, INC.,** provided that a proxy may be delivered to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time for voting. A return envelope has been included with this material.

ADVICE TO BENEFICIAL SHAREHOLDERS

Only registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, common shares owned by a person are registered either (a) in the name of an intermediary (an “**Intermediary**”) that the non-registered holder deals with in respect of the common shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered savings plans, registered retirement income funds, registered education savings plans and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (“**CDS**”)) of which the Intermediary is a participant (a “**non-registered holder**”). In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Corporation has distributed copies of the Circular and the accompanying Notice of Meeting together with the form of proxy (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for onward distribution to non-registered holders of Common Shares. Intermediaries are required to forward the Meeting Materials to non-registered holders unless a non-registered holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to non-registered holders. Generally, non-registered holders who have not waived the right to receive Meeting Materials will either:

- a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number and class of securities beneficially owned by the non-registered holder but which is not otherwise completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the non-registered holder when submitting the proxy. In this case, the non-registered holder who wishes to vote by proxy should otherwise properly complete the form of proxy and deliver it as specified; or
- b) be given a form of proxy which is not signed by the Intermediary and which, when properly completed and signed by the non-registered holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a “**Voting Instruction Form**”) which the Intermediary must follow. Typically the non-registered holder will also be given a page of instructions which contains a removable label containing a bar code and other information. In order for the form of proxy to validly constitute a Voting Instruction Form, the non-registered holder must remove the label from the instructions and affix it to the Voting Instruction Form, properly complete and sign the Voting Instruction Form and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit non-registered holders to direct the voting of the Common Shares they beneficially own. Should a non-registered holder who receives either form of proxy wish to vote at the Meeting in person, the non-registered holder should strike out the persons named in the form of proxy and insert the non-registered holder’s name in the blank space provided. Non-registered holders should carefully follow the instructions of their Intermediary including those regarding when and where the form of proxy or Voting Instruction Form is to be delivered.

All references to shareholders in this Circular and the accompanying instrument of proxy and Notice of Meeting are to Shareholders of record unless specifically stated otherwise.

EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed form of proxy for use at the Meeting will vote the shares in respect of which they are appointed in accordance with the directions of the shareholders appointing them. **IN THE ABSENCE OF SUCH DIRECTIONS, SUCH SHARES SHALL BE VOTED “FOR”:**

- (a) appointment of MSCM LLP, Chartered Accountants, as the auditors of the Corporation for the ensuing year and authorizing the directors to fix their remuneration;

- (b) election of the directors as nominated by Management;
- (c) ratification of the adoption of a new general by-law for the Corporation; and
- (d) to transact such further and other business as may properly come before the said Meeting or any adjournment of adjournments thereof.

ALL AS MORE PARTICULARLY DESCRIBED IN THIS CIRCULAR.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to any amendment, variation or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting. **HOWEVER, IF ANY SUCH AMENDMENTS, VARIATIONS OR OTHER MATTERS WHICH ARE NOT NOW KNOWN TO THE MANAGEMENT DESIGNEES SHOULD PROPERLY COME BEFORE THE MEETING, THE SHARES REPRESENTED BY THE PROXIES HEREBY SOLICITED WILL BE VOTED THEREON IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSON OR PERSONS VOTING SUCH PROXIES.**

EFFECTIVE DATE

The effective date of the Circular is May 16, 2012.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Each shareholder of record will be entitled to one (1) vote for each Common Share held at the Meeting.

Holders of record of the Common Shares of the Corporation on May 16, 2012 (the “**Record Date**”) will be entitled either to attend and vote at the Meeting in person shares held by them or, provided a completed and executed proxy shall have been delivered to the Corporation as described herein, to attend and vote thereat by proxy the shares held by them. However, if a holder of Common Shares of the Corporation has transferred any shares after the Record Date and the transferee of such shares establishes ownership thereof and makes a written demand, not later than ten (10) days before the Meeting, to be included in the list of shareholders entitle to vote at the Meeting, the transferee will be entitled to vote such shares.

The authorized capital of the Corporation presently consists of an unlimited number of Common Shares, of which 37,199,200 Common Shares are issued and outstanding as fully paid and non-assessable as of the Record Date.

To the knowledge of the directors and executive officers of the Corporation, there are no parties who beneficially own, directly or indirectly, or exercise control or direction over 10% or more of any class of securities of the Corporation other than as follows:

<u>Name of Share holder</u>	<u>Number and Type of Securities</u>	<u>Percentage of Class</u>	<u>Percentage of Voting Securities</u>
Allied Link Holdings Ltd.	6,924,200 Common Shares	18.61%	18.61%
James Garcelon	4,400,000 Common Shares ⁽¹⁾	11.83%	11.83%

Note:

- (1) Held as to 4,000,000 Common Shares directly with the balance held by Mr. Garcelon’s spouse.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

None of the directors or executive officers of the Corporation, no proposed nominee for election as a director of the Corporation, none of the persons who have been directors or executive officers of the Corporation since the commencement of the Corporation's last completed financial year, and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors and the appointment of officers except as disclosed herein.

EXECUTIVE COMPENSATION

The information contained below is provided as required under Form 51-102F6 for Venture Issuers, as such term is defined in National Instrument 51-102.

Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides information about the Corporation's executive compensation objectives and processes and discusses compensation decisions relating to its named executive officers ("**Named Executive Officers**") listed in the Summary Compensation Table that follows. During its fiscal year ended December 31, 2011, the following individuals were Named Executive Officers (as determined by applicable securities legislation) of the Corporation:

- James Garcelon, Chief Executive Officer
- Geoff Kritzinger, CA, Chief Financial Officer from September 1, 2011 to present
- Jeff Lowe, Chief Financial Officer until August 31, 2011
- William Trewick, President and COO since July 27, 2011

The Corporation does not employ or retain any other individuals who would qualify as a "Named Executive Officer" because no other executive officer or employee of the Corporation receives total compensation (including without limitation salary and bonus) in excess of \$150,000.

The Board of Directors is responsible for the compensation program for the Corporation's Named Executive Officers.

Compensation Objectives and Principles

The Corporation is a mineral exploration company with property interests located in the Democratic Republic of Congo. The Corporation has no revenues from operations and often operates with limited financial resources. As a result, to ensure that funds are available to complete scheduled programs, the Compensation Committee has to consider not only the financial situation of the Corporation at the time of the determination of executive compensation, but also the estimated financial condition of the Corporation in the future.

Since the preservation of cash is an important goal of the Corporation, an important element of the compensation awarded to the Named Executive Officers is the granting of stock options, which do not require cash disbursement by the Corporation. The granting of stock options also helps to align the interests of the Named Executive Officers with the interests of the Corporation. The other two elements of the compensation the Corporation awards to its Named Executive Officers are: (i) base cash consulting fees; and (ii) cash bonus payments for achievement of stated milestones or benchmarks. The Corporation does not provide its Named Executive Officers with perquisites or personal benefits that are not otherwise available to all of our employees.

Compensation Processes and Goals

The deliberations with respect to compensation are conducted in a special session from which management is absent. These deliberations are intended to advance the key objectives of the compensation program for the Corporation's Named Executive Officers. At the request of the Board of Directors, the Named Executive Officers may, from time

to time, provide advice to the Board of Directors with respect to the compensation program for the Corporation's Named Executive Officers.

The Corporation relies on its Board of Directors, through discussion without any formal objectives, targets, criteria or analysis, in determining the compensation of its Named Executive Officers. The Board of Directors is responsible for determining all forms of compensation, including the provision of long-term incentives through the granting of stock options to the Named Executive Officers of the Corporation, and to others, including without limitation to the Corporation's directors, to ensure such arrangements reflect the responsibilities and risks associated with each such officer's position. The Board of Directors incorporates the following goals when it makes its compensation decisions with respect to the Corporation's Named Executive Officers : (i) the recruiting and retaining of executives who are critical both to the success of the Corporation and to the enhancement of shareholder value; (ii) the provision of fair and competitive compensation; (iii) the balancing of the interests of management with the interests of the Corporation's shareholders; (iv) the rewarding of performance, both on an individual basis and with respect to the operations of the Corporation as a whole; and (v) the preservation of available financial resources.

The Implementation of the Corporation's Compensation Policies

Consulting Fees

During the year ended December 31, 2011, the Corporation did not pay any compensation to the Chief Executive Officer:

During the year ended December 31, 2011, the Corporation paid Jeff Lowe, the former Chief Financial Officer, a monthly consulting fee of \$2,500 until his departure on August 31, 2011. At that time, the Corporation retained Mr. Geoff Kritzing. Mr. Kritzing receives \$3,500 per month through the Corporation's contract with Grove Capital Group. This amount was agreed upon between the Chief Financial Officer and the Corporation taking into account the following considerations:

- the Chief Financial Officer's prior public company and financial reporting experience gained through his senior financial management roles at a number of public mineral exploration and mining companies; and
- the Chief Financial Officer's experience as a Chartered Accountant.

On July 27, 2011, Mr. William Trewick was appointed as President of the Corporation. Mr. Trewick does not receive any compensation directly from the Corporation for acting as President. Currently, Mr. Trewick is compensated by Kolwezi Copper Corp. in which the Corporation currently holds a 30% interest with the ability to increase its position to 60%. Mr. Trewick receives a salary of US\$120,000 per annum.

Stock Options

The granting of options to the Named Executive Officers under the Corporation's Stock Option Plan provides an appropriate long-term incentive to management to create shareholder value. The number of options the Corporation grants to each Named Executive Officer reasonably reflects the Named Executive Officer's specific contribution to the Corporation in the execution of such person's responsibilities. However, the number of options granted does not depend upon nor does it reflect the fulfillment of any specific performance goals or similar conditions. Previous grants of options to Named Executive Officers are taken into consideration by the Board of Directors in developing its recommendations with respect to the granting of new options. On July 27, 2011, 800,000 options were granted to the Named Executive Officers.

The granting of options to the other directors of the Corporation under the Corporation's Stock Option Plan provides an appropriate long-term incentive to these directors to provide proper independent oversight to the Corporation with a view to maximizing shareholder value. The number of options the Corporation grants to each of these directors reasonably reflects each director's contributions to the Corporation in his capacity as a director and as a member of one or more committees of the Board (if applicable), including without limitation the Compensation Committee and the Audit Committee. Previous grants of options awarded to the independent directors of the

Corporation are taken into consideration when the Corporation considers the granting of new options to the independent directors. No options were granted to the Corporation's directors in the year ended December 31, 2010. On July 27, 2011, 200,000 options were granted to directors who are not Named Executive Officers.

The compensation of directors, which includes the granting of options under the Corporation's Stock Option Plan, is determined by the full Board. The payment of the directors' fees to the independent directors (at a set amount per meeting attended) recognizes their contributions to the Corporation in their capacities as independent directors and members of one or more committees of the Board (if applicable), including without limitation the Compensation Committee and the Audit Committee. No fees were paid to the directors for the year ended December 31, 2011.

Summary Compensation Table

The following table contains information about the compensation paid to, earned by and payable to, the Corporation's Chief Executive Officer, James Garcelon, the current Chief Financial Officer, Geoff Kritzinger, the former Chief Financial Officer, Jeff Lowe and the President and COO, William Trewick for the year ended December 31, 2011 and for the period from incorporation to December 31, 2010. The Corporation does not have any other "Named Executive Officers" given that no other executive officer received total salary and bonus in excess of \$150,000. Specific aspects of compensation payable to the Named Executive Officers of the Corporation are dealt with in further detail in subsequent tables.

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
James Garcelon CEO ⁽²⁾	2011 2010	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Geoff Kritzinger CFO ⁽³⁾	2011	17,500	Nil	13,444	Nil	Nil	Nil	Nil	30,944
Jeff Lowe, CFO ⁽³⁾	2011 2010	20,000 10,000	Nil Nil	11,000 Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	31,000 10,000
William Trewick President and COO ⁽²⁾⁽⁴⁾	2011	60,000	Nil	55,000	Nil	Nil	Nil	Nil	115,000

- (1) Black Scholes valuation of out-of-the-money stock options at grant date, ie, NIL intrinsic value as exercise price = market price at grant date
- (2) Mr. Garcelon resigned as President on July 27, 2011 and was replaced by William Trewick;
- (3) Mr. Lowe resigned as Chief Financial Officer on September 1, 2011 and was replaced by Geoff Kritzinger.
- (4) Given fluctuating foreign exchange rates, Mr. Trewick's monthly compensation of USD \$10,000 is assumed to be equivalent to CAD \$10,000; his employment Telferscot commenced in July, 2011

Outstanding Share-Based and Option-Based Awards Granted to Named Executive Officers as of December 31, 2011

The following table summarizes all share-based and option-based awards granted by the Corporation to its Named Executive Officers which are outstanding as of December 31, 2011.

Name	Option-Based Awards			Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options (\$) ⁽¹⁾	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Share-Based Awards that have not Vested (\$)
Geoff Kritzinger	200,000	\$0.15	July 27, 2016	Nil	133,334	Nil
Jeff Lowe	100,000	\$0.15	August 31, 2012	Nil	Nil	Nil
William Trewick	500,000	\$0.15	July 27, 2016	Nil	Nil	Nil

Note:

- (1) The value of the unexercised in-the-money options was calculated based on the difference between the closing price of the Common Shares underlying the options on the last trading date prior to December 31, 2011, which was \$0.15 and the exercise price of the option.

Value Vested or Earned by Named Executive Officers During the Year Ended December 31, 2011 Under Option-Based Awards, Share-Based Awards and Non-Equity Incentive Plan Compensation

The following table summarizes the value vested or earned during the year by Named Executive Officers in respect of option-based awards, share-based awards and non-equity incentive plan compensation during the year ended December 31, 2011.

Name	Option-Based Awards- Value Vested During the Year (\$) ⁽¹⁾	Share-Based Awards- Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation- Value Earned During the Year (\$)
Geoff Kritzinger	Nil	Nil	Nil
Jeff Lowe	Nil	Nil	Nil
William Trewick	Nil	Nil	Nil

Note:

- (1) Determined based on the difference between the market price of the underlying Common Shares on the vesting date and the exercise price of the options.

Termination and Change of Control Benefits

The Corporation has no compensatory plan or arrangement with respect to the Named Executive Officers that results or will result from the resignation, retirement or any other termination of employment of any such officer's employment with the Corporation, from a change of control of the Corporation or a change in the responsibilities of a Named Executive Officer following a change in control.

Compensation of Directors

The following table contains information about the compensation awarded to, earned by, paid to or payable to, the Corporation's directors, other than its Named Executive Officers, the compensation of whom is detailed above under "Summary Compensation Table", for the fiscal year ended December 31, 2011.

Director Compensation Table								
Name	Fees Earned (\$)	Share-Based Awards (\$) ⁽¹⁾	Option-Based Awards (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total (\$)
				Annual Incentive Plans	Long-Term Incentive Plans			
Stephen Coates	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gerry Gravina	Nil	Nil	22,000	Nil	Nil	Nil	Nil	22,000

(1) Black Scholes valuation of out-of-the-money stock options at grant date, ie, NIL intrinsic value as exercise price = market price at grant date

Outstanding Share-Based and Option-Based Awards Granted to Directors (Other Than Directors Who are Named Executive Officers) as of December 31, 2011

The following table summarizes all share-based and option-based awards granted by the Corporation to its directors (other than directors who are Named Executive Officers whose share-based and option-based awards outstanding as of December 31, 2011 detailed above) which are outstanding as of December 31, 2011.

Name	Option-Based Awards			Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options (\$) ⁽¹⁾	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Share-Based Awards that have not Vested (\$)
Gerry Gravina	200,000	\$0.15	July 27, 2016	Nil	Nil	Nil

Note:

(1) The value of the unexercised in-the-money options was calculated based on the difference between the closing price of the Common Shares underlying the options on the last trading day prior to December 31, 2011, which was \$0.15, and the exercise price of the option.

Value Vested or Earned During the Year Ended December 31, 2011 by Directors (Other Than Directors Who are Named Executive Officers) Under Option-Based Awards, Share-Based Awards and Non-Equity Incentive Plan Compensation

The following table summarizes the value vested or earned during the year ended December 31, 2011 by directors of the Corporation (other than directors who are Named Executed Officers whose value vested or earned during the year ended December 31, 2011 under option-based awards, share-based awards and non-equity incentive plan compensation is detailed above) in respect of option-based awards, share-based awards and non-equity incentive plan compensation.

Name	Option-Based Awards- Value Vested During the Year (\$) ⁽¹⁾	Share-Based Awards- Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation- Value Earned During the Year (\$)
Gerry Gravina	Nil	Nil	Nil
Stephen Coates	Nil	Nil	Nil

Note:

(1) Determined based on the difference between the market price of the underlying Common Shares on the vesting date and the exercise price of the options.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION

The following table sets out information as of December 31, 2011 with respect to compensation plans under which equity securities of the Corporation are authorized for issuance.

<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</u>	<u>Weighted-average exercise price of outstanding options, warrants and rights</u>	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</u>
Equity compensation plans approved by security holders	1,200,000	\$0.15	2,519,920
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	1,200,000	\$0.15	2,519,920

STOCK OPTION PLAN

Shareholders of the Corporation adopted a stock option plan (the “**Stock Option Plan**”) on October 1, 2010. The following is a summary of its principal terms.

The purpose of the Stock Option Plan is to encourage common stock ownership in the Corporation for directors, executive officers, employees and consultants who are primarily responsible for the management and profitable growth of its business, to provide additional incentive for superior performance by such persons and to enable the

Corporation to attract and retain valued directors, officers and employees by granting stock options to such persons.

The Stock Option Plan provides that eligible persons thereunder include any director, employee (full-time or part-time), executive officer or consultant of the Corporation or any subsidiary thereof. A consultant means an individual (including an individual whose services are contracted through a personal holding company) with whom the Corporation or a subsidiary has a contract for substantial services.

The Stock Option Plan is administered by the board of directors of the Corporation. The board of directors has the authority to determine, among other things, subject to the terms and conditions of the Stock Option Plan, the terms, limitations, restrictions and conditions respecting the grant of stock options under the Stock Option Plan.

The total number of shares which may be reserved and set aside for issuance to eligible persons may not exceed 10% of the issued and outstanding common shares from time to time. Investor Relations persons may not be granted options exceeding 2% of outstanding capital and such options must vest over one (1) year with no more than 25% vesting in each quarter.

Pursuant to the Stock Option Plan, the options will not be transferable other than by will or the laws of descent and distribution, the option price to be such price as is to be fixed by the Plan's administrator but shall not be less than the fair market value of the shares at the time the option is granted and payment thereof shall be made in full on the exercise of the options. The terms of the options may not exceed five (5) years and shall be subject to earlier redemption upon the termination of employment. If an optionee ceases to be an eligible person for any reason whatsoever other than death, each option held by such optionee will cease to be exercisable in a period not exceeding six (6) months following the termination of the optionee's position with the Corporation but only up to and including the original option expiry date. If an optionee dies, the legal representative of the optionee may exercise the optionee's options for a period not exceeding one (1) year after the date of the optionee's death but only up to and including the original option expiry date. The Stock Option Plan also contains anti-dilution provisions usual to plans of this type.

The Corporation will not provide any optionee with financial assistance in order to enable such optionee to exercise stock options granted under the Stock Option Plan. The Corporation has no other compensation plans or arrangements in place and none are currently contemplated.

As of the date of this Circular, there are 1,570,000 stock options outstanding under the Plan and 2,149,920 options available for grant as follows

Name and Position	Common Shares Under Option	Exercise Price Range	Expiry Date
Directors	200,000	\$0.15	July 27, 2016
Directors who are also Executive Officers	500,000	\$0.15	July 27, 2016
Executive Officers	400,000	\$0.15	July 27, 2016
Consultants	470,000	\$0.15 - \$0.35	August 31, 2012 to April 9, 2017
TOTAL	1,570,000		

INDEBTEDNESS OF OFFICERS AND DIRECTORS

No officer or director of the Corporation is indebted to the Corporation for any sum.

MANAGEMENT CONTRACTS

No Management functions of the Corporation are performed to any substantial degree by a person other than the directors or executive officers of the Corporation. The Corporation pays a monthly management fee to Grove Capital Group, a corporation controlled in part by an officer and director of the Corporation and in part by a director of the Corporation. The contract originally provided for a fee of \$3,500 a month. In October of 2011 this was increased to \$10,000 per month and includes \$3,500 for the services of Geoff Kritzinger as Chief Financial Officer as well as rent, corporate secretarial services and general administrative services. Total fees paid to Grove Capital Group for the year ended December 31, 2011 amounted to \$68,500. Subsequent to year-end, the board approved a further increase to \$17,500 a month effective January 1, 2012 to reflect expected costs for the current year.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No insider of the Corporation, no proposed nominee for election as a director of the Corporation and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's last financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Corporation or any of its subsidiaries, other than disclosed under the headings "Executive Compensation" and "Stock Option Plan" and as disclosed below.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITORS

The Corporation is required to have an audit committee comprised of not less than three directors. The following sets out the disclosure required by Multilateral Instrument 52-110 of the Canadian Securities Administrators ("MI 52-110") with respect to the audit committee of a Venture Issuer.

The Audit Committee's Charter

The Corporation's Audit Committee is governed by its Audit Committee Charter, a copy of which is annexed hereto as **Appendix "A"**.

Composition of the Audit Committee

The Corporation's Audit Committee is currently comprised of three (3) directors, James Garcelon, Stephen Coates and Gerry Gravina. As defined in MI 52-110, Mr. Coates and Mr. Gravina are independent. Also as defined in MI 52-110, all three members of the Audit Committee are financially literate.

Audit Committee Oversight

Since the commencement of the Corporation's most recently completed fiscal year, the Corporation's board of directors has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Relevant Education and Experience

The following is a summary of the relevant education and experience of each of the members of the Corporation's Audit Committee:

Stephen Coates: Mr. Coates is a founder and principal of Grove Capital Group, specializing in the incubation and development of new resource companies across the world. Mr. Coates previously founded and served as CEO of TSX-listed Homeland Energy Group and having spent more than 12 years in the resource and financial industries, brings together strengths in business development, communications and finance to create strategic relationships for success. Stephen Coates began his career in investment management and advisory services at RBC Dominion Securities in Canada. Following which he joined Independent Equity Research Corp. as Vice President, Business Development. In 2003, Mr. Coates formed Grove Communications Inc. to provide communications and business development services to small-cap public companies primarily in the mining and resource industry. In 2006, he

co-founded Homeland Uranium Inc., which subsequently gave rise to Homeland Energy Group Limited, which he served as President and Chief Executive Officer of from December 2004 to October 2009. Mr. Coates is a graduate of Kings College at the University of Western Ontario in London, Canada. He also served two years with the Government of Ontario ending as Special Assistant to then Premier Mike Harris.

James Garcelon: Mr. Garcelon has over 15 years of experience in the financial services industry. He began his career at RBC Dominion Securities where he acted in a number of capacities and areas including investment banking, derivatives and quantitative research. In 1997, he joined Pacific Century Group a Hong Kong based private equity fund. Pacific Century was then a strategic investor in Gordon Capital Corporation, which was acquired by HSBC Securities in late 1998. Mr. Garcelon played an instrumental role in the restructuring and merging of the two organizations. He was appointed Managing Director, Institutional Research at HSBC Securities in 2000. In 2003, Mr. Garcelon joined National Bank Financial and was promoted to Managing Director, Head of Institutional Sales in 2005. Currently Mr. Garcelon is a Principal with, and cofounder of, Grove Capital Group a merchant banking group. He is also a director of Homeland Uranium Inc. and a past director and audit committee chair for Southern Andes Energy Inc. He is a Chartered Financial Analyst and holds a Masters of Science in International Political Economy from the London School of Economics in addition to a HBA from the Richard Ivey School of Business

Gerry Gravina: Mr. Gravina began his investment career as an Equities Analyst at Commercial Union Assurance of Canada, an insurance company since acquired by Aviva. From 1980 to 1996, Mr. Gravina held a number of increasingly senior positions in institutional equity agency and liability trading. He was a Vice President and Director at Merrill Lynch Canada, Partner at Loewen Ondaatje McCutcheon, and Vice President and Manager at RBC Dominion Securities in that time period. From 1996 to 2002, Mr. Gravina was Executive Vice President and Managing Partner for Institutional Equities at Gordon Capital Corporation. In late 1998, Gordon Capital was acquired by HSBC Securities Canada, a subsidiary of one of the largest banking and financial services organizations in the world. At HSBC, Mr. Gravina's responsibilities grew to include equity research and proprietary trading. Mr. Gravina joined National Bank Financial in 2002 as Executive Vice President and Head of Institutional Equities. In 2009, Mr. Gravina founded Visum Capital, a multi-strategy alternative investment management firm, bringing to fruition his unique vision for trading and managing risk in the Canadian marketplace. At Visum, Mr. Gravina is responsible for the firm's risk policy and management as well as trading Canadian equity strategies. Mr. Gravina holds an Honours Bachelor's degree from the University of Toronto.

Reliance on Certain Exemptions

Since the effective date of MI 52-110, the Corporation has not relied on the exemptions contained in sections 2.4 or 8 of MI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditors, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditors in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of MI 52-110, in whole or in part.

Pre-Approval Policies and Procedures

The Committee has not adopted specific policies and procedures for the engagement of non-audit services. The Committee will review the engagement of non-audit services as required.

External Auditors Service Fees (By Category)

The fees paid by the Corporation's external auditors in each of the last two fiscal years for audit fees are as follows:

<u>Financial Year Ending</u>	<u>Audit Fees</u>	<u>Audit Related Fees ⁽¹⁾</u>	<u>Tax Fees ⁽²⁾</u>	<u>All Other Fees ⁽³⁾</u>
2011	\$50,000 (4)	Nil	Nil	Nil
2010	\$11,900	Nil	Nil	Nil

Notes:

- (1) Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under Audit Fees.
- (2) Fees charged for tax compliance, tax advice and tax planning services.
- (3) Fees for services other than disclosed in any other column.

- (4) Estimated 2011 audit fees not billed as of effective date of circular

Exemption

The Corporation is relying upon the exemption in section 6.1 of MI 52-110 for venture issuers which allows for an exemption from Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of MI 52-110 and allows for the short form of disclosure of audit committee procedures set out in Form 52-110F2.

CORPORATE GOVERNANCE

Effective June 30, 2006, the securities regulatory authorities in Canada adopted National Instrument 58-101-Disclosure of Corporate Governance Practices (“**NI-58-101**”) and National Policy 58-201 Corporate Governance Guidelines (“**NP-58-201**”). NP-58-201 contains a series of guidelines for effective corporate governance. The guidelines deal with such matters as the constitution and independence of corporate boards, their functions, the experience and education of board members and other items dealing with sound corporate governance.

Pursuant to NI-58-101, the Corporation is now required to provide disclosure in this Information Circular of its corporate governance practices in accordance with Form 58-101F2 which follows:

1. **Board of Directors** — Currently Stephen Coates and Gerry Gravina are the independent directors of the Corporation. James Garcelon is Chief Executive Officer and William Trewick is President. On March 7, 2012 the Board adopted a new set of corporate governance policies including a Board Charter, Code of Business Conduct and Ethics, Insider Trading Policy, Whistle Blower Policy and Disclosure Policy.
2. **Directorships** — No director of the Corporation is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction except for: James Garcelon, director of Homeland Uranium Inc., and Stephen Coates, Director of Exploratus Inc., Caracara Silver Inc., Gallahad Metals Inc., Red Ore Gold Inc. and Homeland Uranium Inc.
3. **Orientation and Continuing Education** — Currently the full board is responsible for providing for orientation and continuing education for new directors. In the future, the board of directors may consider creating a Corporate Governance Committee, one of the mandates of which will be to create an orientation program for new board members. The board of directors has not currently established criteria for continuing education for directors.
4. **Ethical Business Conduct** — A Code of Business Conduct was established March 7, 2012 and is available on SEDAR.
5. **Nomination of Directors** — The board of directors will continue to be responsible for identifying new candidates for the board including members to fill any vacancies on the board. It will consider candidates submitted by directors, officers, employees, shareholders and others and may retain search firms for the purposes of identifying suitable candidates who meet the level of personal and professional integrity and ability it deems appropriate for directors of the Corporation.
6. **Compensation** — On March 7, 2012 a Compensation Committee was established comprised of Gerry Gravina, Stephen Coates and James Garcelon, the majority of whom are independent. The Compensation Committee will continue review the compensation of directors and officers including the granting of stock options. Compensation will be determined with reference, in part, to compensation of officers and directors in similar industries performing similar functions.

7. **Other Board Committees** — Currently the board of directors has established an Audit Committee and a Compensation Committee. The board of directors in considering the establishment of a Corporate Governance Committee but has no intention at this time to establish other standing committees of the board.
8. **Assessments** — The full board of directors will establish procedures for satisfying itself that the board, its committees, and its individual directors are performing effectively.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Presentation of Financial Statements

The consolidated financial statements of the Corporation for the year ended December 31, 2011 and the period from May 31, 2010 (date of incorporation) to December 31, 2010 and the report of the auditors thereon will be submitted to the Meeting. Receipt at the Meeting of the auditors' report and the Corporation's consolidated financial statements will not constitute approval or disapproval of any matters referred to therein. The consolidated financial statements and the Management's Discussion and Analysis for the year ended December 31, 2011 have been mailed to shareholders of record and non-objecting beneficial shareholders. A copy of these consolidated financial statements can be obtained at www.sedar.com. In the alternative, upon receiving a written request to the address on the first page of this Circular, the Corporation will mail a copy of the consolidated financial statements to you.

2. Appointment of Auditors

On April 23, 2012, the Corporation replaced Jim M. Smith, Chartered Accountant Inc., with MSCM LLP. A copy of the Notice of Change of Auditor and the applicable response letters from the former and successor auditors are attached hereto as **Appendix "B"**. The persons named in the enclosed form of proxy intend to vote for the appointment of MSCM LLP, as auditors of the Corporation to hold office until the next annual meeting of shareholders and to authorize the directors of the Corporation to fix the auditors' remuneration.

On the representations of the said auditors, neither that firm nor any of its partners has any direct financial interest nor any material indirect financial interest in the Corporation or any of its subsidiaries nor has had any connection during the past three years with the Corporation or any of its subsidiaries in the capacity of promoter, underwriter, voting trustee, director, officer or employee.

The shareholders are urged by Management to appoint MSCM LLP, as the Corporation's auditors and to authorize the board of directors to fix their remuneration.

3. Election of the Board of Directors

The Board of Directors of the Corporation presently consists of four (4) directors. The persons named in the enclosed form of proxy intend to vote for the election as directors of the Corporation, the four (4) nominees of Management whose names are set forth below. Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the next annual meeting of shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Corporation. The following table and notes thereto state the names of all the persons proposed to be nominated for election as directors, all of the positions and offices with the Corporation now held by them, their present principal occupations or employments and the number of shares of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised, by each of them as of May 16, 2012. The information as to shares beneficially owned has been furnished to the Board of Directors by the respective nominees.

<u>Name Municipality of Residence</u>	<u>Position with Corporation</u>	<u>Principal Occupation or Employment for the Last Five Years</u>	<u>Director From</u>	<u>Number of Shares Beneficially Owned or Controlled</u>
James Garcelon ⁽¹⁾⁽²⁾ Toronto, Ontario	C.E.O. and Director	Principal of Grove Capital Group since 2009. Strategic Advisor to Homeland Energy Group Inc. from 2008 to 2009. Prior to that, Managing Director, Head of Institutional Equity Sales National Bank Financial	June 2, 2010	4,400,000 Common Shares ⁽³⁾
Stephen Coates ⁽¹⁾⁽²⁾ Toronto, Ontario	Director	Principal of Grove Capital Group since 2009. Prior to that, President of Homeland Energy Group Ltd. from 2004 to 2009	June 2, 2010	2,947,089 Common Shares ⁽⁴⁾
Gerry Gravina ⁽¹⁾⁽²⁾ Toronto, Ontario	Director	Since December of 2009, Co-President of Visum Capital Inc., prior to that Mr. Gravina was a private investor and entrepreneur.	August 6, 2010	1,000,000 Common Shares
William Trewick Johannesburg, S.A.	President, COO and Director	Since 2011, President and COO of Telferscot. Prior to that, Head of Greenfields Exploration, Africa, AngloGold Ashanti Ltd. from 2008 to 2010. Head of Geology, Africa Underground Mines, AngloGold Ashanti Ltd. from 2005 to 2007	July 27, 2011	Nil

Note:

- (1) Member of the Audit Committee.
- (2) Members of the Compensation Committee
- (3) Held as to 4,000,000 Common Shares directly and 400,000 by Mr. Garcelon's spouse
- (4) Held as to 2,108,500 Common Shares directly, and 400,000 Common Shares through two trusts which are controlled by Mr. Coates, 438,589 are held by Mr. Coates spouse and children.

The shareholders are urged to elect Management's nominees as directors of the Corporation.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

Except as disclosed below, none of the directors or officers of the Corporation is, or within the past ten years prior to the date hereof has been, a director, officer or promoter of any other issuer that, while that person was acting in that capacity:

- (1) was subject to a cease trade or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than 30 consecutive days; or

- (2) was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person,

Geoff Kritzinger was Chief Financial Officer of Enquest Energy Services Corp. (ENQ – TSXV), which in May, 2010, was subject to a cease trade order for failure to file audited financial statements and other required disclosures within prescribed time limits. The cease trade order has not been rescinded.

Penalties or Sanctions

None of the directors or officers of the Corporation has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or have entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Individual Bankruptcies

None of the directors or officers of the Corporation has, within the ten years prior to the date hereof, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Conflict of Interest

To the best of the Corporation's knowledge and other than as disclosed herein, there are no existing or potential conflicts of interest among the Corporation, its promoters, directors, officers or other members of management of the Corporation except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies and their duties as a director, officer, promoter or management of the Corporation.

The directors and officers of the Corporation are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Corporation will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers.

4. Ratification of New General By-law

In preparation for the last annual meeting of shareholders held in the fall of 2011 it was determined that the Corporation's by-law was more appropriate for a private rather than a public company. An immediate problem arose with respect to the quorum requirements for a meeting of shareholders that was resolved at the last meeting but the board of directors subsequently determined it would be appropriate to replace the entire general by-law with a new by-law designed to address the needs of a public company. By-Law Number 2 under the CBCA which has been conditionally approved by the Board of Directors will be implemented as the Corporation's general by-law upon receipt of shareholder approval. The proposed By-Law Number 2 addresses items such as the ability to issue uncertificated shares and to form committees of the board of directors that are not provided for in the existing by-law. There have been no substantive changes to the provisions found in the existing by-law.

The Shareholders of the Corporation will be asked to consider and, if thought appropriate, approve, a resolution confirming By-Law Number 2, a copy of which is attached hereto as **Appendix "C"**. **In the absence of contrary directions, the Management Designees intend to vote proxies in the accompanying form in favour of this**

resolution.

The following is the text of the resolution, which requires approval of a majority of the votes cast at the Meeting to be effective:

"BE IT RESOLVED THAT:

1. By-Law Number. 2, being a new general by-law in the form attached to the Management Information Circular dated May 16, 2012 as **Appendix "C"** be and is hereby confirmed as a by-law of the Corporation; and
2. any one or more directors or officers be and are hereby authorized, upon the board of directors resolving to give effect to this resolution, to take all necessary steps and proceedings, and to execute and deliver and file any and all applications, declarations, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to the provisions of this resolution."

Management recommends that shareholders vote for the adoption of By-Law Number 2.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available under the Company's profile on the SEDAR website at www.sedar.com. Financial information relating to the Company is provided in the Company's comparative financial statements and management discussion and analysis ("**MD&A**") for the fiscal year ended December 31, 2011. Shareholders may contact the Company to request copies of the financial statements and MD&A by mail to Suite 2701, 401 Bay Street, Toronto, ON M5H 2Y4 attention: Catherine Beckett.

APPROVAL OF DIRECTORS

The Circular and the mailing of same to shareholders have been approved by the Board of Directors of the Corporation.

DATED the 16th day of May, 2012.

**BY ORDER OF THE
BOARD OF DIRECTORS**

"James Garcelon"

JAMES GARCELON
C.E.O.

APPENDIX "A"

TELFERSCOT RESOURCES INC.

AUDIT COMMITTEE CHARTER

PURPOSE

The overall purpose of the Audit Committee (the "Committee") of the Board of Directors of Telferscot Resources Inc. (the "Corporation") will be to carry out the functions associated with an audit committee of an issuer of the size and nature of the Corporation (as defined below). The purpose of the Committee is to ensure that the Corporation's management has designed and implemented an effective system to review and report on the integrity of the consolidated financial statements, operational and financial risk management and internal controls of the Corporation. The Committee will also review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts with respect to such matters. As part of this mandate, the Committee shall take all necessary steps to ensure compliance by the Corporation with all laws and regulatory policies, rules, regulations and instruments pertaining to audit and financial reporting that are applicable to the Corporation from time to time (the "Applicable Laws").

COMPOSITION, PROCEDURES AND ORGANIZATION

1. The Committee shall consist of not less than two members of the Board of Directors of the Corporation (the "Board"), of whom:

- (a) must meet any independence tests; and
- (b) must satisfy any financial literacy or other competency standards;

set out under Applicable Laws, except as may be allowed under any applicable exemptions provided for under Applicable Laws or any exemption orders obtained from applicable regulatory authorities.

2. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.

3. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair (the "Chairman") from amongst their number.

4. The Secretary of the Corporation shall be the secretary of the Committee, unless otherwise determined by the Committee.

5. The quorum for meetings shall be a majority of the members (the "Members") of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.

6. The Committee shall have access to such officers and employees of the Corporation and of the other consolidated subsidiaries of the Corporation, and to the Corporation's external auditors and to such information respecting the Corporation, as the Committee considers to be necessary or advisable in order to perform its duties and responsibilities.

7. Meetings of the Committee shall be conducted as follows:

- (a) the Committee shall meet at least six times annually at such times and at such locations as may be requested by the Chairman. The Corporation's external auditors or any member of the Committee may request a meeting of the Committee;
- (b) the Corporation's external auditors shall receive notice of and have the right to attend all meetings of the Committee; and
- (c) the Chief Executive Officer and the Chief Financial Officer of the Corporation shall be invited to attend all meetings of the Committee, except executive sessions and private sessions with the external auditors. Other management representatives of the Corporation shall be invited to attend as necessary.

8. The internal auditors of the Corporation (if any) and the external auditors of the Corporation shall have a direct line of communication to the Committee through the Chairman. The Corporation shall require the external auditors of the Corporation to report directly to the Committee. The internal auditor (if any) shall report directly and solely to the Chairman of the Audit Committee.

DUTIES AND RESPONSIBILITIES

9. The overall duties and responsibilities of the Committee shall include:

- (a) assisting the Board in the discharge of its responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls and approving the Corporation's annual and quarterly consolidated financial statements;
- (b) establishing and maintaining a direct line of communication with the Corporation's internal (if any) and external auditors and assessing their performance;
- (c) ensuring that the management of the Corporation has designed, implemented and is maintaining an effective system of internal controls for the Corporation; and
- (d) reporting regularly to the Board on the fulfilment of the duties and responsibilities of the Committee.

10. The duties and responsibilities of the Committee as they relate to the external auditors shall include:

- (a) recommending to the Board a firm of external auditors to be engaged by the Corporation;
- (b) reviewing and approving the fee, scope and timing of the audit and other related services rendered by the external auditors;
- (c) overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management of the Corporation and the external auditor regarding financial reporting;
- (d) reviewing the audit plan of the external auditors prior to the commencement of the audit;
- (e) reviewing with the external auditors, upon completion of their audit:
 - (i) contents of their report;
 - (ii) scope and quality of the audit work performed;

- (iii) adequacy of the Corporation's financial and auditing personnel;
 - (iv) co-operation received from the Corporation's personnel during the audit;
 - (v) internal resources used;
 - (vi) significant transactions outside of the normal business of the Corporation; and
 - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems.
- (f) pre-approving all, non-audit services to be provided to the Corporation by the Corporation's external auditor in accordance with Applicable Laws.

11. The Committee shall hold meetings with the external auditors at least once a year without the presence of management of the Corporation prior the approval of the audited annual financial statements of the Corporation and at such other times as determined necessary or appropriate by the Committee.

12. The duties and responsibilities of the Committee as they relate to the Corporation's internal auditors (if any) shall include:

- (a) periodically reviewing the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department;
- (b) reviewing and approving the internal audit plan; and
- (c) reviewing significant internal audit findings and recommendations, and management's response thereto.

13. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation are to:

- (a) ensure adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assess the adequacy of those procedures;
- (b) review the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
- (c) review compliance with any business conduct policy that the Corporation may put in place and periodically review this policy and recommend to the Board changes which the Committee may deem appropriate;
- (d) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation; and
- (e) periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.

14. The Committee is also charged with the responsibility to:

- (a) review and approve the Corporation's financial statements (annual and interim) and MD&A (annual and interim) as well as the financial sections of prospectuses and other public reports requiring approval by the Board before such documents are publicly disclosed by the Corporation;
- (b) review regulatory filings and decisions as they relate to the Corporation's consolidated financial statements;
- (c) review the minutes of any audit committee meeting of associated companies, partnerships or trusts;
- (d) review with management, the external auditors and if necessary with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material affect upon the financial position or operating results of the Corporation and the manner in which such matters have been disclosed in the consolidated financial statements;
- (e) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters;
- (f) establish procedures for the confidential, anonymous submission by employees of the Corporation or any other consolidated subsidiary of the Corporation of concerns regarding questionable accounting or auditing matters,
- (g) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation; and
- (h) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board following each annual general meeting of shareholders.

15. The Committee has the authority:

- (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties; and
- (b) to set and pay the compensation for any advisors employed by the Committee.

APPENDIX "B"

TELFERSCOT RESOURCES INC.

Notice of Change of Auditors

Pursuant to National Instrument 51-102

TO: Jim M. Smith, Chartered Accountant Inc.
MSCM LLP

AND TO: Ontario Securities Commission

April 23, 2012

Dear Sirs/Mesdames:

RE: Notice Regarding Change of Auditor Pursuant to National Instrument 51-102

Notice is hereby given, pursuant to section 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”), of a change of auditor of Telferscot Resources Inc. (the “**Corporation**”).

1. Jim M. Smith Chartered Accountant Inc. (the "Former Auditor") tendered his resignation effective April 20, 2012. The resignation was a result of Mr. Smith being a sole practitioner and having his external engagement quality control review firm resign and not being able to find a suitable replacement to complete the audit of the Corporation as required by Canadian auditing standards and the Canadian Public Accountability Board.
2. The decision to accept the resignation of the Former Auditor was considered by the Audit Committee and recommended to the Board of Directors of the Corporation. The decision was thereafter considered and approved by the Corporation's Board of Directors.
3. The Audit Committee also recommended and the Board of Directors approved, subject to the applicable regulations, the appointment of MSCM LLP (the “**New Auditors**”), as auditors of the Corporation to provide audit services to the Corporation for the year ending December 31, 2011 and to hold office as auditors of the Corporation until the next annual meeting of shareholders of the Corporation.
4. There was no reservation contained in the Former Auditor's report on the financial statements of the Corporation for the period from incorporation to December 31, 2010 or for any period subsequent thereto for which an audit report was issued and preceding the effective date of the resignation of the Former Auditor.

5. In the opinion of the Audit Committee and the Board of Directors of the Corporation, there are no reportable events to declare as defined in subparagraph 4.11(1) of NI 51-102.

TELFERSCOT RESOURCES INC.

“Stephen Coates”

Per:

Stephen Coates
Chair of the Audit Committee

April 23, 2012

TO: Ontario Securities Commission
Alberta Securities Commission
British Columbia Securities Commission
Manitoba Securities Commission

Dear Sirs/Mesdames:

Re: Telferscot Resources Inc.

We have read the statements made by Telferscot Resources Inc. in their Change of Auditor Notice dated April 23, 2012 (the "Notice"), which we understand will be filed pursuant to National Instrument 51-102 (Part 4.11).

Based on the information available to us, we agree with the statements set out in the Notice. We advise that we have no basis to agree or disagree with the comments in the Notice relating to MSCM LLP.

Yours truly,

JIM M. SMITH CHARTERED ACCOUNTANT INC.



Jim M. Smith, C.A.

JMS/jw

April 23, 2012

British Columbia Securities Commission
Alberta Securities Commission
Manitoba Securities Commission
Ontario Securities Commission

Dear Sirs:

WE have read the statements made by Telferscot Resources Inc. in their Change of Auditor Notice dated April 23, 2012 which we understand will be filed pursuant to Section 4.11 of National Instrument 51-102. We agree with the statements contained in the notice.

Yours very truly,

"MSCM LLP"

MSCM LLP
Chartered Accountants

APPENDIX "C"

BY-LAW NUMBER TWO

A by-law relating generally to the conduct
of the business and affairs of

TELFERSCOT RESOURCES INC.

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TELFERSCOT RESOURCES INC.
(the “Corporation”)

BY-LAW NUMBER TWO

ARTICLE ONE
INTERPRETATION

Section 1.01 **Definitions:** In the by-laws, except as the context otherwise requires:

- (a) **Act** means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 or any statute substituted therefor, as amended, and the regulations made under it;
- (b) **appoint** includes "elect" and vice versa;
- (c) **articles** means the articles of the Corporation;
- (d) **board** means the board of directors of the Corporation;
- (e) **by-law or by-laws** means this by-law and all other by-laws of the Corporation;
- (f) **Corporation** means the corporation which adopts this by-law;
- (g) **document** includes a contract, electronic document or other instrument in writing;
- (h) **instrument of transfer** means:
 - (i) such form of transfer as may appear on the back of the share certificate evidencing the share proposed to be transferred; or
 - (ii) such form of separate transfer document as is in general use or adopted or permitted by the board;
- (i) **meeting of shareholders** means an annual or other meeting of shareholders of the Corporation, and a meeting of holders of a class or series of shares in the Corporation; and
- (j) **recorded address** means:
 - (i) in the case of a shareholder, the shareholder's address as recorded in the securities register;
 - (ii) in the case of joint shareholders, the address appearing in the securities register in respect of their joint holding, or the first address so appearing if there is more than one; and
 - (iii) in the case of a director, officer, or auditor, the address of the director, officer or auditor recorded in the records of the Corporation.

Section 1.02 Interpretation: In the interpretation of these by-laws:

- (a) a word importing singular number includes the plural and vice versa;
- (b) a word importing gender includes the masculine, feminine and neuter;
- (c) a word importing a person includes an individual, a body corporate, a partnership, a trust, an estate and an unincorporated organization; and
- (d) a word or expression defined in the Act for the purposes of the entire Act has the meaning so defined.

Section 1.03 Headings: The division of a by-law into parts and the headings of parts and sections will be considered as for convenience of reference only and will not affect the construction or interpretation of the by-law.

ARTICLE TWO BUSINESS OF THE CORPORATION

Section 2.01 Corporate Seal: The board may adopt a corporate seal for the Corporation and adopt a new corporate seal in replacement of a corporate seal previously adopted.

Section 2.02 Reproduction of Seal: Any two persons each of whom is the chairperson, the chief executive officer, the president, a vice-president, the secretary or the treasurer may authorize a person engaged by the Corporation to engrave, lithograph or print a document (including a negotiable instrument) on which a reproduction of the signature of a director or officer of the Corporation is, in accordance with the by-laws, printed or otherwise mechanically reproduced, to cause the Corporation's seal to be affixed to the document by the use of an unmounted die reproducing the Corporation's seal.

Section 2.03 Affixation of Seal: The corporate seal of the Corporation will not be affixed to a document except by or in the presence of:

- (a) a person authorized to do so by a by-law or the board; or
- (b) the secretary or an assistant secretary for the purpose of certifying a copy of, or extract from, the articles or by-laws of the Corporation, minutes of a meeting or resolution of the shareholders or the board or a committee of the board, or a document executed or issued by the Corporation.

Section 2.04 Execution of Documents: A document requiring execution by the Corporation may be signed on behalf of the Corporation by a person authorized by the board, which authorization may be either generally or for a specific document.

Section 2.05 Reproduced Signatures: A document on which the signature of an officer or director of the Corporation that is; by authority of the board, printed or otherwise mechanically reproduced will be as valid as if the signature had been placed manually by such person and will be so valid notwithstanding that, at the time of the issue or delivery of the document, the person is deceased, has ceased to hold the office giving rise to such person's authority or is otherwise unable to personally sign the document.

Section 2.06 Fiscal Period: The fiscal period end of the Corporation will be as the board determines.

Section 2.07 Voting Rights in Other Bodies Corporate: To enable the Corporation to exercise voting rights attaching to securities held by the Corporation, any two persons each of whom is the chairperson, the chief executive officer, the president, a vice-president, the secretary or the treasurer may execute and deliver proxies and arrange for the issuance of voting certificates or other evidences of such rights in favour of the person determined by the officers executing such proxies unless otherwise determined by the board.

ARTICLE THREE BORROWING AND SECURITY

Section 3.01 Borrowing Power: Without limiting the powers of the Corporation as set forth in the Act, the board may cause the Corporation to:

- (a) borrow money on the credit of the Corporation;
- (b) issue, reissue, sell, pledge or hypothecate bonds, debentures, notes or other evidences of indebtedness or guarantee of the Corporation, whether secured or unsecured;
- (c) give a guarantee on behalf of the Corporation to secure performance of an obligation of a person; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

Section 3.02 Delegation of Borrowing Authority: The board may delegate to a person any or all of the powers conferred on the board by §3.01 to such extent and in such manner as it determines.

ARTICLE FOUR DIRECTORS

Section 4.01 Calling of Meetings: The chairperson or the chief executive officer may, and the secretary on the request of a director will, convene a meeting of the board.

Section 4.02 Notice of Meeting: Notice of the time and place of a meeting of the board must be given to each director not less than forty-eight (48) hours before the time when the meeting is to be held, but:

- (a) the notice need not specify what matters are to be dealt with at the meeting other than as required by the Act;
- (b) no notice will be necessary if all the directors are present or those who are absent have signified consent to the holding of the meeting; and
- (c) the period for notice of a meeting that begins within forty-eight (48) hours after the appointment or election of a director may be abridged for each such director to a period commencing at the time of such director's appointment or election.

Section 4.03 Quorum: The quorum for the transaction of business at any meeting of the directors shall consist of 50% of the directors then in office; PROVIDED THAT not less than one (1) independent

director is included within such quorum, and, notwithstanding any vacancy among the directors, a quorum of directors may exercise all the powers of the directors present or in attendance by any means of electronic transmission or any other form of communication facility.

Section 4.04 Chairperson of Meeting: The chairperson of a meeting of the board will be the first of the chairperson, the chief executive officer (if a director) and the lead director (if appointed) who is present and willing to act as the chairperson, but if no such director so willing is present within 15 minutes after the time appointed for holding the meeting the directors present will choose one of their number to be the chairperson.

Section 4.05 Voting: A question arising at a meeting of the board will be decided by a majority of the votes cast and in the case of an equality of votes, the chairperson may not exercise a second or casting vote.

Section 4.06 Remuneration and Expenses: A director will be paid such remuneration for their services to the Corporation as the board determines and will be reimbursed by the Corporation for travelling and other expenses properly incurred in attending a meeting of the board, a committee of the board or a meeting of shareholders.

Section 4.07 Additional Remuneration: Remuneration payable to a director who is also an officer or employee of the Corporation, or who serves the Corporation in a professional capacity, will be in addition to the director's salary as an officer or employee or professional fees.

Section 4.08 Attending Meeting: A director may participate in a meeting of the directors or of any committee of the directors:

- (a) in person; or
- (b) by telephone or by other communications medium if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other.

A director who participates in a meeting in a manner contemplated by this §4.08 is deemed for all purposes of the Act and these by-laws to be present at the meeting and to have agreed to participate in that manner.

ARTICLE FIVE COMMITTEES

Section 5.01 Transaction of Business: Except as otherwise determined by the board, proceedings of a committee of the board will be governed as follows:

- (a) the powers of the committee may be exercised by a meeting at which a quorum of the committee is present;
- (b) a majority of the members of the committee will constitute a quorum;
- (c) meetings of the committee may be held at any place within or outside of Canada;

- (d) a question arising at a meeting will be determined by a majority of the votes cast and in the case of an equality of votes the chairperson of the meeting will not exercise a second or casting vote;
- (e) the committee may determine when it will hold and adjourn meetings and may elect its chairperson, make rules for the conduct of its business and appoint such assistants as it deems necessary;
- (f) the committee will keep regular minutes of its transactions and report its transactions to the board as required by the board; and
- (g) a waiver of notice of a meeting of a committee may be given in any manner and will be deemed to be given by a director with respect to all business transacted after the director first attends the meeting.

ARTICLE SIX PROTECTION OF DIRECTORS AND OTHERS

Section 6.01 Contracts with the Corporation: Subject to the Act,

- (a) no director is, by being a director, or by reason of holding any other office or place of profit under the Corporation or under a person in which the Corporation is a shareholder or is otherwise interested, disqualified from entering into a contract, transaction or arrangement with the Corporation either as vendor, purchaser or otherwise, or from being concerned or interested in any manner in a contract, transaction or arrangement made or proposed to be entered into with the Corporation;
- (b) no such contract, transaction or arrangement is thereby void or liable to be avoided;
- (c) no director is liable to account to the Corporation for profit arising from such office or place of profit or realized by such contract, transaction or arrangement;
- (d) no director is obligated to make a declaration or disclosure of interest or refrain from voting; and
- (e) no contract or transaction is invalid or voidable, and no director is accountable to the Corporation or a shareholder in respect of a contract or transaction, by reason that the director did not disclose any interest.

Section 6.02 Limitation of Liability: Except as otherwise provided in the Act, no director or officer will be liable for:

- (a) the acts, receipts, neglects or defaults of any other person, or for joining in a receipt or act for conformity;
- (b) a loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to property acquired by, for, or on behalf of the Corporation;
- (c) the insufficiency or deficiency of a security in which monies of the Corporation are invested or in the security or collateral for a loan of monies of the Corporation;

- (d) a loss or damage arising from the bankruptcy, insolvency or wrongful act of a person with whom money, security or other property of the Corporation is lodged or deposited; or
- (e) any other loss, damage, or misfortune that arises out of the execution of the duties of a director or in relation thereto.

Section 6.03 Indemnification of Directors and Officers: To the maximum extent permitted by law, the Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation, or another individual who acts or acted at the Corporation's request as a director or officer or an individual acting in a similar capacity of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity, provided that:

- (a) the individual acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which he or she acted as a director or officer or in a similar capacity at the Corporation's request; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful.

The Corporation is authorized to enter into agreements evidencing its indemnity in favour of the foregoing persons to the full extent permitted by law.

Section 6.04 Amplification of Rights: The provisions of this Part are in amplification of and in addition to, and not by way of limitation of or in substitution for, such rights, immunities and protections as are conferred on a director or officer by law or otherwise.

ARTICLE SEVEN SHARES

Section 7.01 Registration of Transfers: Subject to the provisions of the Act, no transfer of shares shall be registered in a securities register except upon:

- (a) presentation of the certificate representing such shares with an instrument of transfer duly endorsed by the registered holder of the share or the holder's attorney;
- (b) the execution of the instrument of transfer must be attested and validated as reasonably required by the board;
- (c) delivery to the Corporation's transfer agent for shares of that class or series or, if there is no such transfer agent, to the registered office of the Corporation;
 - (i) the certificate evidencing the share to be transferred, if one was issued by the Corporation;
 - (ii) the instrument of transfer; and

- (iii) if the instrument of transfer was executed by the holder's attorney, evidence of the attorney's authority satisfactory to the transfer agent and/or the board.

Section 7.02 Separate Instruments of Transfer: There must be a separate instrument of transfer for each class or series of share proposed to be transferred, or if the shares are uncertificated shares, then upon proper instructions from the holder of uncertificated shares, in each case with such reasonable assurance or evidence of signature, identification and authority to transfer as the board may from time to time require, and upon payment of all applicable taxes and any fees required by the board.

Section 7.03 Transfer Fee: In respect of the registration of a transfer or transmission there must be paid to the Corporation or its transfer agent for such share such fee as the board determines.

Section 7.04 Replacement of Certificates: The board or any officer or agent designated by the board may in its or his discretion direct the issue of a new share certificate in lieu and upon cancellation of a share certificate that has been mutilated or in substitution for a share certificate claimed to have been lost, destroyed or wrongfully taken upon payment of such fee, if any, and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

Section 7.05 Share Certificates: Shares of the share capital of the Corporation may be certificated or uncertificated. Every holder of one or more shares of the Corporation shall be entitled, at his option, to a share certificate, or to a non-transferable written acknowledgement of his right to obtain a share certificate, stating the number and class or series of shares held by him as shown on the securities register. Share certificates and acknowledgements of a shareholder's right to receive a share certificate, respectively, shall be in such form as the board shall from time to time approve. Any share certificate shall be signed in accordance with §2.4, and need not be under the corporate seal; provided that, unless the board otherwise determines, certificates representing shares in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. The signature of one of the signing officers or, in the case of share certificates which are not valid unless counter-signed by or on behalf of a transfer agent and/or registrar, the signatures of both signing officers, may be printed or mechanically reproduced upon share certificates and every such printed or mechanically reproduced signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Corporation. A share certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

ARTICLE EIGHT DIVIDENDS AND RIGHTS

Section 8.01 Declaration: The board may, as permitted by law, declare dividends payable to the shareholders according to their respective rights and interests in the Corporation.

Section 8.02 Interest: No dividend will bear interest against the Corporation.

Section 8.03 Valuation of Non-Cash Dividends: The board will determine the value of a dividend not paid in money.

Section 8.04 Dividend Cheques: A dividend payable in money may be paid by cheque of the Corporation or its paying agent to the order of the registered holder of the share on which it is being paid and mailed by prepaid ordinary mail to the holder at the holder's recorded address or payable to such

person and mailed to such address as the holder directs, and the mailing of such a cheque in that manner will, unless it is not paid on presentation, satisfy and discharge the Corporation from the liability for the dividend to the extent of the sum represented by the cheque plus the amount of any tax that the Corporation is required to and does withhold.

Section 8.05 Cheques to Joint Holders: In the case of joint holders, a cheque in payment of a dividend will, unless they otherwise jointly direct, be made payable to the order of all of them and mailed to them at their recorded address.

Section 8.06 Non-receipt of Cheques: If a dividend cheque is not received by the person to whom it is so sent or is lost, mutilated or destroyed, the Corporation will issue a replacement cheque for a like amount on provision of such evidence of non-receipt, loss, mutilation or destruction and of title, and such indemnity and reimbursement of expense as the board prescribes, whether generally or in a particular case.

Section 8.07 Unclaimed Dividends: A dividend unclaimed for six years after the date of record for its payment will be forfeited and revert to the Corporation.

ARTICLE NINE MEETINGS OF SHAREHOLDERS

Section 9.01 Chairperson of Meeting: The chairperson of a meeting of shareholders will be the first of the chairperson, the chief executive officer, the lead director (if appointed) and the vice-presidents in order of seniority, who is present at the meeting and is willing to act.

Section 9.02 Choosing the Chairperson: If no such individual willing to act is present within 15 minutes after the time fixed for holding the meeting, the persons present and entitled to vote may choose one of their number to be chairperson.

Section 9.03 Secretary of Meeting: If the secretary of the Corporation is absent or unwilling to act, the chairperson will appoint some person, who need not be a shareholder, to act as secretary of the meeting.

Section 9.04 Scrutineers: One or more scrutineers, who need not be shareholders, may be appointed by resolution or by the chairperson with the consent of the meeting.

Section 9.05 Meeting By Electronic Means: The board may determine that a meeting of shareholders called by the board will be held, in accordance with the Act, entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

Section 9.06 Persons Entitled to be Present: The only persons entitled to be present at a meeting of shareholders will be those entitled to vote at the meeting, the directors, the auditor of the Corporation and any other person who, although not entitled to vote, is entitled or required to be present under a provision of the Act or the articles or by-laws, and any other person may be admitted only on the invitation of the chairperson of the meeting.

Section 9.07 Quorum: A quorum for the transaction of business at a meeting of shareholders is at least two persons present at the commencement of the meeting holding, or representing by proxy, the

holder or holders of shares. If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (a) in the case of a meeting requisitioned by shareholders, the meeting is dissolved; and
- (b) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

If, at the adjourned meeting, a quorum is not present within one-half hour from the time set for the holding of the adjourned meeting, one or more persons present and being, or representing by proxy, two or more shareholders entitled to attend and vote at the adjourned meeting shall be deemed to constitute a quorum.

Section 9.08 Persons Entitled to Vote: Individuals present at the commencement of the meeting holding, or representing by proxy the holder or holders of, shares carrying in the aggregate not less than five percent of the votes eligible to be cast at the meeting.

Section 9.09 No Proxy Lodged: The chairperson of a meeting of shareholders may, subject to regulations made, in the chairperson's discretion accept such electronically transmitted or other written communication as to the authority of anyone claiming to vote on behalf of and to represent a shareholder notwithstanding that no proxy conferring such authority has been lodged with the Corporation, and votes given in accordance with such electronically transmitted or written communication accepted by the chairperson will be valid and will be counted.

Section 9.10 Joint Shareholders: If two or more of the joint holders of a share are present in person or represented by proxy and vote, the vote of that one of them, or of the proxy holder for that one of them, whose name appears first on the securities register of the Corporation in respect of the share will be accepted to the exclusion of the vote of another, or of the proxy holder for another, of them.

Section 9.11 Votes to Govern: At a meeting of shareholders every question will, except as otherwise required by the articles or by-laws, be determined by a majority of the votes cast on it, and in the case of an equality of votes the chairperson of the meeting will not be entitled to a second or casting vote.

Section 9.12 Show of Hands: On a show of hands every person who is present and entitled to vote will have one vote.

Section 9.13 Result of Vote on Show of Hands: Whenever a vote by show of hands is taken on a question then, unless a ballot is required or demanded, a declaration by the chairperson of the meeting that the vote has been carried or carried by a particular majority or not carried, and an entry to that effect in the minutes of the meeting, will be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the question, and the result of the vote so declared will be the decision of the shareholders on the question.

Section 9.14 Demand for Ballot: A demand for a ballot may be withdrawn at any time before the ballot is taken.

Section 9.15 Vote by Ballot by Shareholders: If a ballot is taken each person present will be entitled to one vote, or such other number of votes as the articles provide, in respect of each share that such person is entitled to vote on the question at the meeting, and the result of the ballot so taken will be the decision of the shareholders upon the question.

Section 9.16 Vote by Electronic Voting by Shareholders: Any vote at a meeting of the shareholders may be held, to the extent and in the manner permitted by law, entirely by means of remote communication, by telephone, electronic or other communication facility, if the Corporation makes available such a communication facility. Any person participating in a meeting of shareholders by electronic means as provided in §9.05 and entitled to vote at that meeting may vote, to the extent and in the manner permitted by law, by means of remote communication, by telephone, electronic or similar method of communication facility that the Corporation has made available for that purpose.

Section 9.17 Poll: A poll demanded on the election of a chairperson or on a question of adjournment will be taken forthwith, and a poll demanded on any other question will be taken at such time as the chairperson of the meeting directs.

Section 9.18 Adjournment: The chairperson of a meeting of shareholders may, with the consent of the meeting, adjourn the meeting.

Section 9.19 Rulings by the Chairperson: The chairperson of a meeting of shareholders will have regard to accepted rules of parliamentary procedure, and

- (a) the chairperson will have absolute authority over matters of procedure and there will be no appeal from the ruling of the chairperson, but if the chairperson, in the chairperson's absolute discretion, deems it advisable to dispense with the rules of parliamentary procedure at a meeting of shareholders or part of such meeting, the chairperson will so state and will clearly state the rules under which the meeting or the appropriate part of such meeting will be conducted;
- (b) a dispute as to the admission or rejection of a vote will be determined by the chairperson and the chairperson's determination will be final and conclusive;
- (c) if disorder arises that prevents continuation of the business of a meeting, the chairperson may quit the chair and declare the meeting to be adjourned, and upon the chairperson's so doing, the meeting is, notwithstanding §9.18, immediately adjourned to a time and place announced by the chairperson at the time of adjournment or such other time and place described in a notice given not less than seven days before the reconvened meeting to all persons who received notice of the original meeting; and
- (d) subject to §9.6, the chairperson may ask or require anyone who is not a registered shareholder entitled to vote at the meeting or corporate representative or proxyholder representing such a shareholder to leave the meeting.

Section 9.20 Notice of Meetings and Record Date: The Corporation shall give notice of any annual or special meeting of shareholders in the manner provided in Article Ten. Notices of meetings of the shareholders shall state the place, if any, date, and hour of the meeting, and the means of remote communication, if any, by which shareholders and proxy holders may be deemed to be present in person and vote at such meeting. In the case of a special meeting, the notice shall state the purpose or purposes for which the meeting is called. No business other than that specified in the notice thereof shall be transacted at any special meeting. Unless otherwise provided by applicable law or the Articles, notice shall be given to each shareholder entitled to vote at such meeting not fewer than 21 days or more than sixty days before the date of the meeting.

Section 9.21 Delivery of Notice: Notice to shareholders may be given by personal delivery, mail, or, with the consent of the shareholder entitled to receive notice, by facsimile or other means of electronic

transmission. If mailed, such notice shall be delivered by postage prepaid envelope directed to each shareholder at such shareholder's address as it appears in the records of the Corporation and shall be deemed given when deposited in the mail. Notice given by electronic transmission pursuant to this subsection shall be deemed given:

- (a) if by facsimile telecommunication, when directed to a facsimile telecommunication number at which the shareholder has consented to receive notice;
- (b) if by electronic mail, when directed to an electronic mail address at which the shareholder has consented to receive notice;
- (c) if by posting on an electronic network together with separate notice to the shareholder of such specific posting, upon the later of:
 - (i) such posting;
 - (ii) the giving of such separate notice; and
- (d) if by any other form of electronic transmission, when directed to the shareholder. An affidavit of the secretary or an assistant secretary or of the transfer agent or other agent of the Corporation that the notice has been given by personal delivery, by mail, or by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Section 9.22 Meetings without Notice: Notice of any meeting of shareholders need not be given to any shareholder if waived by such shareholder either in a writing signed by such shareholder or by electronic transmission, whether such waiver is given before or after such meeting is held. If such a waiver is given by electronic transmission, the electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the shareholder.

ARTICLE TEN NOTICES

Section 10.01 Notice to Joint Shareholders: If two or more persons are registered as joint holders of a share, a notice must be directed to all of them but need be delivered or addressed only to their recorded address to be sufficient notice to all.

Section 10.02 Signature to Notice: The signature to a notice to be given by the Corporation may be written, stamped, typewritten or printed.

Section 10.03 Effective Date of Notice: Subject to the Act, a notice sent by any means of electronic transmission or any other form of recorded communication will be deemed to have been given on the day when it is transmitted by the Corporation or, if transmitted by another, on the day when it is dispatched or delivered to the appropriate communication company or agency or its representative for dispatch, and a certificate or declaration in respect of any thereof in writing signed by an officer or by an employee of a transfer agent or registrar of the Corporation will be conclusive evidence of the matters therein certified or declared.

Section 10.04 Omissions and Errors: The accidental omission to give a notice to a shareholder, director, officer, or auditor or the non-receipt of a notice by any such person or an error in a notice not affecting its substance will not invalidate an action taken at a meeting held pursuant to such notice or otherwise founded on it.

Section 10.05 Persons Entitled by Death or Operation of Law: A person who, by operation of law, transfer, death of a shareholder or any other means, becomes entitled to a share will be bound by every notice in respect of the share that is duly given to the shareholder from whom the person derives title to the share before the person's name and address is entered on the securities register (whether the notice is given before or after the happening of the event upon which the person becomes so entitled) and before the person furnishes to the Corporation the proof of authority or evidence of entitlement prescribed by the Act.

Section 10.06 Waiver of Notice: Subject to the Act, a shareholder (or the duly appointed proxyholder of a shareholder), director, officer, auditor or member of a committee of the board may at any time in writing waive, or consent to the abridgement of the time for, a notice required to be given to that person under a provision of the Act, the articles, the by-laws or otherwise, and such a waiver or consent, if given before the meeting or other event of which notice is required to be given, will cure a default in the giving or in the time of the notice, as the case may be, to that person.

Section 10.07 Electronic Documents: A requirement under this by-law to provide a person with a notice, document or other information is not satisfied by the provision of an electronic document unless:

- (a) the addressee has consented, in the manner prescribed under the Act, and has designated an information system for the receipt of the electronic document;
- (b) the electronic document is provided to the designated information system, unless otherwise prescribed in the Act;
- (c) in the case of a notice, document or other information that is required by the Act to be provided by registered mail, the provision of such notice, document or other information by the sending of an electronic document is prescribed by the Act;
- (d) the Act has been complied with;
- (e) the information in the electronic document is accessible by the sender so as to be usable for subsequent reference; and
- (f) the information in the electronic document is accessible by the addressee and capable of being retained by the addressee, so as to be usable for subsequent reference.

**ARTICLE ELEVEN
EFFECTIVE DATE**

Section 11.01 Effective Date: This by-law shall come into force when made by the directors in accordance with the Act. and shall supercede and replace By-Law No. 1 of the Corporation dated June 1, 2010

MADE by the board of Telferscot Resources Inc. the th June, 2012.

BE IT RESOLVED THAT the foregoing By-Law No.2 being a by-law relating generally to the transaction of the business and affairs of the Corporation be and the same is hereby made as a by-law of the Corporation and anyone director be and is hereby authorized to sign the by-law and to apply the corporate seal thereto.

The directors acknowledge that this resolution may be signed in two (2) or more counterparts by original or facsimile or electronic signature which together shall be deemed to constitute one resolution in writing.

DATED this th day of June, 2012.

James Garcelon

This by-law was approved by the shareholders of the Corporation at a meeting held on June 26, 2012.

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