TELFERSCOT RESOURCES INC.
(An Exploration Stage Company)

Statement of Financial Position

June 30, 2011

		(Unaudited) *June 30* **2011**		*December 31* 2010
ASSETS				
CURRENT				
Cash	**$**	**22,784**	$	204,604
Term deposits		**1,230,855**		-
Cash in trust		**-**		637,446
Sales tax receivable		**8,275**		7,429
Prepaid expense		**12,260**		-
		1,274,174		849,479
RESOURCE PROPERTY *(Note 4)*		**32,223**		32,223
	$	**1,306,397**	$	881,702
LIABILITIES				
CURRENT				
Accounts payable	**$**	**29,927**	$	22,419
Prepaid share subscriptions		**-**		98,466
		29,927		120,885
SHAREHOLDERS' DEFICIENCY				
Share capital *(Note 5a)*		**1,476,500**		813,000
Contributed surplus *(Note 5d)*		**16,000**		16,000
Deficit		**(216,030)**		(68,183)
		1,276,470		760,817
	$	**1,306,397**	$	881,702

APPROVED BY THE BOARD

signed 'Stephen Coates' *Director*

signed 'Gerry Gravina' *Director*

See notes to financial statements

TELFERSCOT RESOURCES INC.
(An Exploration Stage Company)

Statement of Operations

Three and Six Months Ended June 30, 2011

	(Unaudited) Three months ended *June 30* 2011	(Unaudited) Six months ended *June 30* 2011
EXPLORATION EXPENSES		
General	$ -	$ 18,512
ADMINISTRATIVE EXPENSES		
Audit	-	3,300
Consulting	7,500	15,900
Legal	14,436	48,314
Management support and rent	10,500	21,000
Office and miscellaneous	4,139	7,367
Reporting issuer costs	9,219	22,809
Travel	1,894	7,895
Insurance	2,750	2,750
	50,438	129,335
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	$ (50,438)	$ (147,847)
Basic and diluted loss per common share	$ (0.002)	$ (0.005)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	28,525,000	27,862,000

See notes to financial statements

TELFERSCOT RESOURCES INC.
(An Exploration Stage Company)

Statement of Changes in Equity

Six Months Ended June 30, 2011

	(Unaudited) *June 30* 2011
COMMON SHARES	
Balance at beginning of period	$ 813,000
Issued for cash - private placements	663,500
Balance at end of period	1,476,500
CONTRIBUTED SURPLUS	
Balance at beginning and end of period	16,000
RETAINED EARNINGS (DEFICIT)	
Balance at beginning of period	(68,183)
Loss for the period	(147,847)
Balance at end of period	(216,030)
SHAREHOLDERS' EQUITY AT END OF PERIOD	$ 1,276,470

See notes to financial statements

TELFERSCOT RESOURCES INC.
(An Exploration Stage Company)

Statement of Cash Flows

Six Months Ended June 30, 2011

		(Unaudited) *June 30* 2011
OPERATING ACTIVITIES		
Loss for the period	$	(147,847)
Changes in non-cash working capital:		
Accounts payable		7,508
Prepaid expenses		(12,260)
Sales tax receivable		(846)
Prepaid share subscriptions		(98,466)
		(104,064)
Cash flow used by operating activities		(251,911)
FINANCING ACTIVITY		
Issuance of common voting shares		663,500
INCREASE IN CASH FLOW		411,589
Cash - beginning of period		842,050
CASH - END OF PERIOD	$	1,253,639
CASH CONSISTS OF:		
Cash	$	22,784
Term deposits		1,230,855
	$	1,253,639

See notes to financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN ASSUMPTION

The Company is incorporated under the Canada Business Corporations Act and is engaged in the acquisition and exploration of resource properties. The Company has yet to determine whether its resource property contains mineral reserves that are economically recoverable. The company has registered offices at 401 Bay Street, Suite 2702, Toronto, Ontario, Canada, M5H 2Y4, is a reporting issuer in the Provinces of Ontario, British Columbia, Alberta, and Manitoba, and trades under the symbol TFS on the CNSX exchange.

The recoverability of the amount shown for the Company's resource property is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete development of the property, and future profitable production or proceeds from the disposition thereof.

These financial statements have been prepared using International Financial Reporting Standards applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material.

As at June 30, 2011, the Company has no source of operating cash flow and has an accumulated deficit of $216,030. Operations for the period have been funded from the issue of share capital. Loss for the second quarter of 2011 was $50,438.

The Company's ability to continue operations is dependent on its ability to obtain additional financing. Although there are no assurances that management's plan will be realized, management believes the Company will be able to secure the necessary financing to continue operations into the future.

2. BASIS OF PRESENTATION

Statement of compliance

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

The policies applied in these interim financial statements are based on IFRS issued and outstanding as of August 26 2011, the date the Board of Directors approved the interim financial statements. Any subsequent changes to IFRS that are given in the annual financial statements for the year ending December 31, 2011 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

These are the company's second interim financial statements prepared in accordance with IFRS. The accounting policies remained unchanged from those disclosed in the first interim financial statements for the quarter ended March 31, 2011. As noted, there are currently no comparative statements for the same period in 2010, as the company commenced operation in July 2010. A detailed reconciliation of the financial statements prepared under Canadian generally accepted accounting principles ("Canadian GAAP") and the comparative 2010 IFRS financial information is presented in the company's first quarter 2011 financial statements and notes.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

a) Accounting principles and currency

These financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Figures are expressed in Canadian dollars, as it is the primary financial currency in which transactions are undertaken. All figures in the financial statements have been rounded to the nearest dollar. The financial statements have been prepared under the historical cost convention.

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

b) **Accounting estimates**

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

c) **Financial instruments**

All financial instruments are required to be measured at fair value on initial recognition, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as at fair value through profit or loss, available for sale, held to maturity, loans and receivables, or other liabilities. Transactions to purchase or sell financial assets are recorded on the settlement date.

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

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

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

The Company has designated its accounts payable as other liabilities, which are reflected on the statement of financial position at fair value given the short time period until payment. Cash has been designated as held for trading, and is reflected on the statement of financial position at fair value.

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

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

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

d) **Fair value**

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

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

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

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

e) **Resource properties**

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

ii) Impairment

The Company's tangible and intangible assets are reviewed for indications of impairment at each statement of financial position date. If indication of impairment exists, the property's recoverable amount is estimated.

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

f) **Exploration expenses**

Exploration expenses generally include all exploration costs not directly related to the acquisition of resource properties and are expensed in the year incurred until a property reaches the development stage. Once a property reaches the development stage, subsequent exploration costs and the costs to develop the property are capitalized.

g) **Earnings (loss) per share**

Basic earnings (loss) per share are calculated using the weighted average number of shares outstanding. The basic weighted average number of shares outstanding during the period was 27,862,000, fully diluted, 35,862,000 for the six months ended June 30, 2011. The basic and fully diluted weighted average number of shares outstanding for the three months ended June 30, 2011 is 28,525,000 and 36,525,000 respectively.

Diluted average earnings per share is calculated using the weighted average number of shares that would have been outstanding during the period had all dilutive potential common shares been issued at the beginning of the period or when the underlying options were granted if later. The diluted weighted number of shares outstanding during the period was 36,525,000. In periods when a loss is incurred the calculation of diluted average earnings per share is anti dilutive and therefore not disclosed.

h) **Income taxes**

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

i) **Share capital**

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

4. **RESOURCE PROPERTY (INTANGIBLE)**

	June 30 2011	December 31 2010
Stephens Lake	**$ 32,223**	$ 32,223

The Stephens Lake property consists of an exploration license which covers approximately 13,000 hectares at and just north of Stephens Lake, near Gillam, Manitoba. The property was acquired from Exploratus Ltd. in exchange for 2,500,000 common shares valued at 1.2¢ per share ($30,000). Professional fees incurred to transfer the license have been included in the cost of the property. The property is subject to a 0.5% net smelter returns royalty. At the time of the acquisition, a director of Telferscot was also a director of Exploratus Ltd. In the opinion of management, the transaction occurred at fair value and it has been recorded at the exchange amount.

5. **SHARE CAPITAL**

a) **Authorized:**

Unlimited Common voting shares

	June 30 2011		December 31 2010	
	No. of shares	**Amount**	No. of shares	Amount
Issued and outstanding:				
Opening balance	21,890,000	**$ 813,000**	-	$ -
Issued for cash - private placements	6,635,000	**663,500**	19,390,000	799,000
Value allocated to warrants	-	**-**	-	(16,000)
Issued for other consideration	-	**-**	2,500,000	30,000
Ending balance	28,525,000	**$ 1,476,500**	21,890,000	$ 813,000

b) The Company issued 6,635,000 common shares at a price of $0.10 per share in January 2011.

c) **Warrants**

The following table summarizes activity related to warrants.

	June 30 2011		December 31 2010	
	Number of warrants	Average exercise price	Number of warrants	Average exercise price
Balance beginning of period	8,000,000	$ 0.05	-	$ -
Issued	-	-	8,000,000	0.05
Balance end of period	8,000,000	$ 0.05	8,000,000	$0.05

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5. **SHARE CAPITAL** *(continued)*

Each warrant entitles the holder to purchase one common share. All the warrants expire January 15, 2015.

Fair value for the warrants has been calculated as of July 19, 2010 using the Black-Scholes option-pricing model with the following assumptions.

Risk free rate	3.5%
Expected volatility	67%
Expected life	1,640 days
Dividend yield	0%
Number of warrants issued	8,000,000
Fair value per warrant	$ 0.002
Aggregate fair value of warrants	$ 16,000

d) **Contributed surplus**

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

e) **Stock option plan**

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

A stock option has been granted by the Company, the detail of which is included in a subsequent event note 11, included in these financial statements.

6. INCOME TAXES

The provision for income tax reflects an effective tax rate which differs from the combined Canadian and provincial corporate tax rates for the following reasons.

		2011
Loss for the period	$	(50,438)
Combined statutory tax rate		28.5%
Income tax expense (recovery) based upon statutory rate	$	(14,375)
Less: decrease in recovery resulting from Company being unable to carry back loss and uncertainty that it will generate taxable income in the future (valuation allowance)		14,375
Estimated income tax expense (recovery)	$	-
Combined statutory rate		28.5 %
Tax effect of increase in valuation allowance		(28.5)
Average effective tax rate		- %

The Company has a non capital loss carry forward of $179,245 available to reduce future income tax payable. The Company has unused Canadian exploration expenses of $36,785 carried forward to future years. No future income tax benefit relating to these expenses has been included in the financial statements.

7. COMMITMENT

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

8. RISK MANAGEMENT AND FAIR VALUES

Risk management

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

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

Liquidity risk

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

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

	2011
Accounts payable	$ 29,927

Market risk

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

Interest rate risk

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

Other price risk

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

Credit risk

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

Fair values

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

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

9. MANAGING CAPITAL

The Company's objectives when managing capital are:

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

The Company's capital of $1,276,470 consists of share capital, contributed surplus and deficit.

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

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

10. COMPARATIVE FIGURES

The Company was incorporated May 31, 2010 and commenced operations in July, 2010; accordingly no comparative figures are available for the three and six month periods ending June 30, 2010. The inaugural interim financial statements for the company were for the period ending September 30, 2010.

11. SUBSEQUENT EVENTS

Acquisition

On July 18, 2011, the Company announced the acquisition of 1830953 Ontario Inc. ("Numco") a Copper-Cobalt Exploration Company with rights and obligations to earn into an exploration project located in the Kolwezi district in the Democratic Republic of Congo ("Kolwezi Project"). In consideration for the acquisition (including Numco's interest in the Kolwezi Project earned through funding work prior to Numco's acquisition) the Company issued 4,674,200 common shares and 375,000 common share purchase warrants exercisable at C$0.25 per share until May 1, 2012. Telferscot has the right to complete the initial 'earn-in' of a 30% stake in the Kolwezi Project through the expenditure of $515,000 (in addition to what has been previously spent by Numco) and a further right to increase its stake to 60% through the expenditure of a further $4-million prior to September 2013. Telferscot will have the right to acquire the balance 40% of the Kolwezi Project following total expenditure on the Property of $5-million. Similarly, the vendors of the Kolwezi Project can force the acquisition of the balance 40% by Telferscot following completion of the $5-million earn-in. The consideration for the final 40% stake will be 40% of Telferscot's issued and outstanding capital at the time the buyout is completed on a partially diluted basis. Since the closing of the Numco acquisition on July 15, 2011 Telferscot has advanced approximately C$225,000 to the Kolwezi Project.

Management

On July 27, 2011 the Company announced the appointment of William (Bill) Trewick as President, Chief Operating Officer. Mr. Trewick also joins Telferscot's Board of Directors. In addition the Company also announced the appointment of Geoff Kritzinger, CA as Chief Financial Officer effective September 1, 2011. Mr. Kritzinger has been working in transition with Jeff Lowe the current CFO who will continue as a consultant to the Company.

Stock options

On July 27, 2011 the Company also announced that a total of 1.2 million stock options were granted to certain directors, officers and key employees. The stock options were granted under the Company's stock option program, which was approved by the board of directors on November 18, 2010. The options have a five-year term and a strike price of C$0.15. 900,000 options vest immediately while 300,000 options vest 1/3 upon grant date, 1/3 upon first anniversary of grant and 1/3 on second anniversary of grant.