

FORM 51-102F3

MATERIAL CHANGE REPORT UNDER NATIONAL INSTRUMENT 51-102

1. **Name and Address of Company**

Telferscot Resources Inc.
2702-401 Bay Street
P.O. Box 136
Toronto ON M5H 2Y4

2. **Date of Material Change**

May 17, 2016

3. **News Release**

A news release with respect to the material change referred to in this report was disseminated through Marketwired on May 17, 2016 and filed on the system for electronic document analysis and retrieval (SEDAR).

4. **Summary of Material Change**

Telferscot Resources Inc. (CSE:TFS) ("**Telferscot**" or the "**Company**") announced the signing of a binding Letter of Intent ("**LOI**") to acquire the issued and outstanding shares of Auxico Resources Canada Inc. ("**Auxico**"). The LOI calls for the issuance of up to 23,500,000 shares of the Company following a consolidation of Telferscot shares to equal not more than 3,000,000 issued and outstanding immediately prior to completion. The Company currently has 104,856,961 shares outstanding following the recent Return of Capital (see Press Releases dated March 24, 2016 and April 29, 2016).

5. **Full Description of Material Change**

Auxico's principal project is the Zamora Property, located in the State of Sinaloa, Mexico approximately 85km southeast of the city of Culiacan. Zamora covers 3,376 hectares and hosts 15 Silver/Gold mines and exploration prospects. Historical workings at Zamora date back to the 1800's and in 1982 the Consejo de Recursos Minerales "CRM" (now referred to as the Servicio Geologico Mexicano "SRM" or Geological Services of Mexico) partially restored remaining mine infrastructure on the property. Details on historic resources at Zamora will be provided in due course.

Auxico recently announced a strategic supply alliance with CVMR® Corporation to produce nano silver powders for their clients in the defense, aerospace, electronics, automotive and medical industries. Additionally, Auxico disclosed that it has reached an agreement to lease port facilities at Coatzacoalcos, Mexico which will enable the company to ship directly to CVMR® in Toronto.

There are a number of conditions precedent for both Telferscot and Auxico to the completion of a Definitive Agreement for the acquisition including, but not limited to, completion of due diligence, a consolidation of Telferscot shares at a ratio of one new share for each thirty-five existing shares, completion of ongoing audits, and any necessary exchange and regulatory approvals.

Following completion of the Definitive Agreement, the Company will provide further information on the transaction and expected timelines to completion. In the meantime, investors may visit www.auxicoresources.com for further information about Auxico.

6. **Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102**

Not applicable.

7. **Omitted Information**

Not applicable.

8. **Executive Officer**

For further information, contact Stephen Coates, President of Telferscot Resources Inc. at 416-642-1807.

9. **Date of Report**

May 18, 2016