

MAJESCOR RESOURCES INC.
(An exploration stage company)
Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended August 31, 2011

(Expressed in Canadian Dollars)
(Unaudited)

Management's Responsibility for Condensed Consolidated Interim Financial Statements

The accompanying unaudited condensed consolidated interim financial statements of Majescor Resources Inc. (the "Company" or "Majescor") are the responsibility of management and the Board of Directors.

The unaudited condensed consolidated interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed consolidated interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the unaudited condensed consolidated interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34-Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed consolidated interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed consolidated interim financial statements and (ii) the unaudited condensed consolidated interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed consolidated interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed consolidated interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed consolidated interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed)
Daniel Hachey
Chief Executive Officer

(signed)
Khadija Abounaim
Chief Financial Officer

Ottawa, Canada
October 26, 2011

Notice to Reader

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed consolidated interim financial statements as at and for the three and six months ended August 31, 2011 have not been reviewed by the Company's auditors.

Majescor Resources Inc.

(An exploration stage company)

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	August 31, 2011	February 28, 2011 (note 23)	March 1, 2010 (note 23)
Assets			
Current assets			
Cash and cash equivalents (note 7)	\$ 1,335,421	\$ 577,333	\$ 111,480
Short-term investments	2,200,571	503,153	-
Marketable securities (note 8)	7,159	11,947	97,604
Accounts receivable	151,969	29,602	33,802
Tax credit and mining duties receivable	83,844	83,844	222,988
Prepaid expenses	433,450	87,282	28,654
Total current assets	4,212,414	1,293,161	494,528
Long-term investments (note 11)	-	4,621,825	1,304,652
Property, plant and equipment (note 9)	144,281	46,540	59,535
Mineral exploration properties (notes 10 and 11)	11,020,573	24,520	24,520
Total assets	\$ 15,377,268	\$ 5,986,046	\$ 1,883,235
Equity and Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	\$ 390,406	\$ 174,948	\$ 396,023
Debt obligation (note 12)	316,808	-	-
Total current liabilities	707,214	174,948	396,023
Long-term payables (note 13)	4,305,285	-	-
Total liabilities	5,012,499	174,948	396,023
Equity			
Share capital (note 14)	30,819,656	27,909,029	23,230,386
Reserves	4,252,957	2,982,081	2,448,938
Deficit	(26,295,859)	(25,080,012)	(24,192,112)
Equity attributable to equity holders of the Parent Company	8,776,754	5,811,098	1,487,212
Non-controlling interest	1,588,015	-	-
Total equity	10,364,769	5,811,098	1,487,212
Total equity and liabilities	\$ 15,377,268	\$ 5,986,046	\$ 1,883,235

Going concern (note 1)

Contingencies and commitments (note 21)

Subsequent events (note 24)

The accompanying notes to the consolidated interim financial statements are an integral part of these statements.

Majescor Resources Inc.**(An exploration stage company)****Condensed Consolidated Interim Statements of Loss****(Expressed in Canadian Dollars)****(Unaudited)**

	Three Months Ended August 31,		Six Months Ended August 31,	
	2011	2010 (note 23)	2011	2010 (note 23)
Operating expenses				
Exploration and evaluation expenditures	\$ 393,497	\$ -	\$ 436,678	\$ -
General and administrative (note 18)	662,102	229,925	906,412	395,429
Operating loss	(1,055,599)	(229,925)	(1,343,090)	(395,429)
Interest and other income	2,821	2,235	5,937	2,324
Loss on foreign exchange	(5,594)	(110)	(8,065)	(77)
Gain on sale of marketable securities	-	22,842	-	22,842
Net loss for the period	\$ (1,058,372)	\$ (204,958)	\$ (1,345,218)	\$ (370,340)
Attributable to:				
Equity holders of the Parent Company	(909,792)	(204,958)	(1,145,606)	(370,340)
Non-controlling interest	(148,580)	-	(199,612)	-
	(1,058,372)	(204,958)	(1,345,218)	(370,340)
Basic and diluted net loss per share (note 17)	\$ (0.02)	\$ (0.01)	\$ (0.03)	\$ (0.02)
Basic and diluted weighted average number of common shares outstanding	48,017,798	26,774,731	44,468,187	22,823,970

The accompanying notes to the consolidated interim financial statements are an integral part of these statements.

Majescor Resources Inc.

(An exploration stage company)

Condensed Consolidated Interim Statements of Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended August 31,		Six Months Ended August 31,	
	2011	2010 (note 23)	2011	2010 (note 23)
Net loss for the period	\$ (1,058,372)	\$ (204,958)	\$ (1,345,218)	\$ (370,340)
Other comprehensive loss				
Unrealized loss on available-for-sale marketable securities	(1,898)	5,854	(4,788)	(8,382)
Reclassification of net realized gain on available-for-sale marketable securities	-	(22,842)	-	(22,842)
Cumulative foreign currency translation adjustment	(71,490)	-	(1,128)	-
Comprehensive loss for the period	\$ (1,131,760)	\$ (221,946)	\$ (1,351,134)	\$ (401,564)
Attributable to:				
Equity holders of the Parent Company	\$ (1,054,670)	\$ (221,946)	\$ (1,152,650)	\$ (401,564)
Non-controlling interest	(77,090)	-	(198,484)	-
	\$ (1,131,760)	\$ (221,946)	\$ (1,351,134)	\$ (401,564)

The accompanying notes to the consolidated interim financial statements are an integral part of these statements.

Majescor Resources Inc.

(An exploration stage company)

Condensed Consolidated Interim Statements of Changes in Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Reserves							Total
	Share capital	Contributed surplus	Warrant reserve	Accumulated other comprehensive income	Deficit	Non-controlling interest		
Balance, March 1, 2010	\$ 23,230,386	\$ 2,239,419	\$ 184,491	\$ 25,028	\$ (24,192,112)	\$ -	\$ 1,487,212	
Shares issued for cash	2,550,000	-	-	-	-	-	2,550,000	
Subscription receivable	(75,000)	-	-	-	-	-	(75,000)	
Cost of issue	(257,997)	-	63,655	-	-	-	(194,342)	
Warrants valuation	(355,812)	-	355,812	-	-	-	-	
Shares issued on acquisition of SACG (net of costs of \$17,400)	2,482,600	-	-	-	-	-	2,482,600	
Shares issued for exercise of options	4,500	-	-	-	-	-	4,500	
Fair value of options exercised	3,123	(3,123)	-	-	-	-	-	
Fair value of extended warrants	-	-	115,577	-	(115,577)	-	-	
Share based payments	-	49,216	-	-	-	-	49,216	
Unrealized loss on available-for-sale marketable securities	-	-	-	(8,382)	-	-	(8,382)	
Reclassification of net realized loss on available-for-sale marketable securities	-	-	-	(22,842)	-	-	(22,842)	
Net loss and comprehensive loss for the period	-	-	-	-	(370,340)	-	(370,340)	
Balance, August 31, 2010	27,581,800	2,285,512	719,535	(6,196)	(24,678,029)	-	5,902,622	
Subscription received	73,491	-	-	-	-	-	73,491	
Unrealized loss on available-for-sale marketable securities	-	-	-	67	-	-	67	
Shares issued for exercise of warrants	200,000	-	-	-	-	-	200,000	
Fair value of warrants exercised	53,738	-	(53,738)	-	-	-	-	
Share based payments	-	36,901	-	-	-	-	36,901	
Net loss and comprehensive loss for the period	-	-	-	-	(401,983)	-	(401,983)	
Balance, February 28, 2011	27,909,029	2,322,413	665,797	(6,129)	(25,080,012)	-	5,811,098	
Shares issued for cash	4,000,000	-	-	-	-	-	4,000,000	
Cost of issue	(449,093)	-	115,898	-	-	-	(333,195)	
Warrant valuation	(774,500)	-	774,500	-	-	-	-	
Shares issued for exercise of options	35,250	-	-	-	-	-	35,250	
Fair value of options exercised	18,530	(18,530)	-	-	-	-	-	
Shares issued for exercise of warrants	12,050	-	-	-	-	-	12,050	
Fair value of warrants exercised	3,765	-	(3,765)	-	-	-	-	
Fair value of extended warrants	-	-	70,241	-	(70,241)	-	-	
Unrealized loss on available-for-sale marketable securities	-	-	-	(4,788)	-	-	(4,788)	
Share based payments	-	338,448	-	-	-	-	338,448	
Acquisition of SACG	-	-	-	-	-	1,787,627	1,787,627	
Share issued to acquire SOMINE shares	64,625	-	-	-	-	-	64,625	
Cumulative foreign currency translation adjustment	-	-	-	(1,128)	-	-	(1,128)	
Net loss and comprehensive loss for the period	-	-	-	-	(1,145,606)	(199,612)	(1,345,218)	
Balance, August 31, 2011	\$ 30,819,656	\$ 2,642,331	\$ 1,622,671	\$ (12,045)	\$ (26,295,859)	\$ 1,588,015	\$ 10,364,769	

The accompanying notes to the consolidated interim financial statements are an integral part of these statements.

Majescor Resources Inc.

(An exploration stage company)

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended August 31,		Six Months Ended August 31,	
	2011	2010	2011	2010 (note 23)
Operating activities				
Net loss for the period	\$ (1,058,372)	\$ (204,958)	\$ (1,345,218)	\$ (370,340)
Adjustments for:				
Amortization of property, plant and equipment	4,952	3,185	7,769	6,370
Share based payments	336,500	45,671	338,448	49,216
Gain on sale of marketable securities	-	(22,842)	-	(22,842)
Interest income accrued	595	-	(1,171)	-
Changes in non-cash working capital items (note 19)	(161,659)	(80,559)	(205,256)	682
Net cash used in operating activities	(877,984)	(259,503)	(1,205,428)	(336,914)
Investing activities				
Short-term investments	(1,696,247)	-	(1,696,247)	-
Long-term investments	-	(891,362)	-	(935,074)
Proceeds from sale of marketable securities	-	77,342	-	77,342
Tax credit and mining duties received	-	-	-	32,782
Purchase of property, plant and equipment	(13,049)	-	(13,049)	-
Net cash used in investing activities	(1,709,296)	(814,020)	(1,709,296)	(824,950)
Financing activities				
Proceeds from issue of common shares	3,666,805	2,475,000	3,666,805	2,475,000
Warrants exercised	-	-	12,050	-
Options exercised	5,250	4,500	35,250	4,500
Deferred corporate transaction costs	-	(206,846)	-	(211,741)
Cash received on acquisition of SACG	-	-	118,837	-
Net cash provided by financing activities	3,672,055	2,272,654	3,832,942	2,267,759
Effect of exchange rate fluctuations on cash and cash equivalents	(26,285)	110	(160,130)	77
Net change in cash and cash equivalents	1,058,490	1,199,241	758,088	1,105,972
Cash and cash equivalents, beginning of period	276,931	18,211	577,333	111,480
Cash and cash equivalents, end of period	\$ 1,335,421	\$ 1,217,452	\$ 1,335,421	\$ 1,217,452
Cash and cash equivalents consist of:				
Cash	\$ 181,841	\$ 1,217,452	\$ 181,841	\$ 1,217,452
Cash equivalents	1,153,580	-	1,153,580	-
	\$ 1,335,421	\$ 1,217,452	\$ 1,335,421	\$ 1,217,452

The accompanying notes to the consolidated interim financial statements are an integral part of these statements.

Majescor Resources Inc.

(An exploration stage company)

Notes to the Condensed Consolidated Interim Financial Statements

August 31, 2011

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of operations and going concern

Majescor Resources Inc. (the "Company" or "Majescor") was incorporated under the Canada Business Corporations Act (Alberta) on February 23, 1996. The nature of operations involves the acquisition, exploration and development of mineral resource properties. The Company is in the exploration stage and does not derive any revenue from the development of its properties. The Company's common shares are listed on the TSX Venture Exchange ("TSX.V") under the symbol MJX. The primary office is located at 5370 Canotek Road, Suite 9, Ottawa, Ontario, Canada, K1J 9E7.

The unaudited condensed consolidated interim financial statements were approved by the Board of Directors on October 26, 2011.

These unaudited condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income nor cash flows from its operations. The Company has incurred a loss in the current and prior periods, with a current net loss of \$1,345,218 during six months ended August 31, 2011 (six months ended August 31, 2010 - \$370,340) and has an accumulated deficit of \$26,295,859 (February 28, 2011 - \$25,080,012, March 1, 2010 - \$24,192,112). These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern.

As at August 31, 2011, the Company had a working capital of \$3,505,200, including \$1,335,421 in cash and cash equivalents, \$2,200,571 in short-term investments and current liabilities totalling \$707,214. The Company anticipates having sufficient funds to undertake the exploration program on the SOMINE property (including a \$2 million exploration commitment over the two year period ending June 22, 2012) and meet its general and administrative costs for the next twelve months.

2. Statement of Compliance and Conversion to International Financial Reporting Standards ("IFRS")

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), using accounting policies consistent with International Financial Reporting Standards ("IFRS") expected to be in effect when the Company prepares its consolidated financial statements for the year ending February 29, 2012. As such, these interim financial statements do not include all the information required for full annual consolidated financial statements prepared in accordance with IFRS.

The Company previously prepared its consolidated interim and annual financial statements in accordance with Canadian Generally Accepted Accounting Principles ("CGAAP"). These interim financial statements should be read in conjunction with the Company's 2011 annual consolidated financial statements. The adoption of IFRS resulted in changes to certain accounting policies as compared with the most recent annual consolidated financial statements prepared under CGAAP. The description of how the transition from CGAAP to IFRS has affected the reported financial results of the Company is provided in Note 23.

Majescor Resources Inc.

(An exploration stage company)

Notes to the Condensed Consolidated Interim Financial Statements

August 31, 2011

(Expressed in Canadian Dollars)

(Unaudited)

2. Statement of Compliance and Conversion to International Financial Reporting Standards ("IFRS") (continued)

These unaudited condensed consolidated interim financial statements have been prepared on the basis of IFRS standards that are expected to be effective or available for early adoption by the Company. The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and effective as of October 26, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IFRS, that are given effect in the Company's annual consolidated financial statements for the year ending February 29, 2012, could result in restatement of these condensed consolidated interim financial statements, including the transition adjustments recognized on change-over to IFRS.

3. Significant accounting policies

(a) *Basis of presentation*

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis.

(b) *Basis of consolidation*

These unaudited condensed consolidated interim financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are consolidated from the date on which the Company obtains control, and continue to be consolidated until control ceases. Control is established when the Company has the power to govern the financial and operating policy decisions of the entity, and generally exists where more than 50% of the voting power of the entity is held by the Company or has the ability to determine the strategic, operating, investing and financing policies of a company without the co-operation of others. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All material intercompany transactions and balances are eliminated in full on consolidation.

Where the ownership of a subsidiary is less than 100%, and a non-controlling interest thus exists, any losses of that subsidiary are attributed to the non-controlling interests even if that results in a deficit. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

The following companies have been consolidated within the unaudited condensed consolidated interim financial statements:

Name of subsidiary	Place of incorporation	Ownership interest	Principal activity
Tropic Diamonds Inc.	Ontario, Canada	100%	Holding company
Daraina Exploration S.A.R.L.	Madagascar	100%	Holding company
Apanihy Resources S.A.R.L.	Madagascar	100%	Holding company
SIMACT Alliance Cooper Gold Inc. ⁽¹⁾	Montreal, Canada	100%	Exploration company

⁽¹⁾ SIMACT Alliance Cooper Gold Inc. owns approximately 68% of SOMINE S.A., a company incorporated under the laws of Haiti (note 11).

Majescor Resources Inc.

(An exploration stage company)

Notes to the Condensed Consolidated Interim Financial Statements

August 31, 2011

(Expressed in Canadian Dollars)

(Unaudited)

3. Significant accounting policies (continued)

(c) *Financial currency and foreign currency translation*

These unaudited condensed consolidated interim financial statements are presented in Canadian dollars. The functional currency for each entity consolidated with the Company is determined by the currency of the primary economic environment in which it operates ("the functional currency"). The Company's functional currency is the Canadian dollar.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period: monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at that date; non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are retranslated at the rates of exchange prevailing at that date; and, non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated. Such exchange differences arising from retranslation at period-end are recognized in net income (loss).

Foreign operations are translated from their functional currencies into the Company's functional currency (Canadian dollars) on consolidation by applying the exchange rates prevailing at the end of the reporting period for assets and liabilities and the average exchange rate for the period for consolidated statement of loss and comprehensive loss items. Such exchange differences, including differences that arise relating to long-term intercompany balances that form part of the net investment in the foreign operation, are recognized in other comprehensive income (loss).

(d) *Business combinations*

Business combinations are accounted for using the acquisition method. For each business combination at the acquisition date, the Company recognizes at fair value all of the identifiable assets acquired, the liabilities assumed, the non-controlling interest in the acquiree and the aggregate of the consideration transferred, including any contingent consideration to be transferred. When the fair value of the consideration transferred and the amount recognized for non-controlling interest exceeds the net amount of the identifiable assets acquired and the liabilities assumed measured at fair value (the "net identifiable assets"), the difference is treated as goodwill. After initial recognition, goodwill is measured at its initial cost from the acquisition date, less any accumulated impairment losses. Goodwill is reviewed annually for impairment or when there is an indication of potential impairment. If the fair value of the Company's share of the net identifiable assets exceeds the fair value of the consideration transferred and non-controlling interest at the acquisition date, the difference is immediately recognized in net income (loss). If the business combination is achieved in stages, the acquisition date fair value of the previously held interest in the acquiree is re-measured to fair value as at the acquisition date through net income (loss). The Company does not currently have goodwill.

Acquisition costs are expensed as incurred in net income (loss). Costs associated with the issuance of equity are charged to the relevant account within equity. Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, and attributed to the shareholders of the Company, through contributed surplus.

Majescor Resources Inc.

(An exploration stage company)

Notes to the Condensed Consolidated Interim Financial Statements

August 31, 2011

(Expressed in Canadian Dollars)

(Unaudited)

3. Significant accounting policies (continued)

(e) *Financial Instruments*

Financial instruments are defined as any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity. The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

Financial assets are classified into the following categories at their initial recognition:

- financial assets at fair value through profit or loss ("FVTPL");
- held to maturity investments;
- loans and receivables; or
- available for sale investments.

Financial liabilities are classified into the following categories at their initial recognition:

- financial liabilities at fair value through profit or loss; or
- other financial liabilities.

Financial assets and liabilities are initially measured at fair value, plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the financial asset or liability. In a purchase or sale of financial assets, recognition and derecognition occurs using trade date accounting.

Financial assets are subsequently measured after initial recognition at fair value, except for financial assets classified as held to maturity investments or loans and receivables, which are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at fair value through profit or loss are subsequently measured after recognition at fair value. All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial assets are derecognized when:

- the contractual rights to the cash flows from the financial asset expire;
- the contractual rights to the cash flows from the financial asset are retained, but a contractual obligation to pay the cash flows to another party without material delay is assumed by the Company; or
- when the Company transfers substantially all the risks and rewards of ownership of the financial asset.

Financial liabilities are derecognized when the obligations specified in the contract are discharged, cancelled, or expire.

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

Majescor Resources Inc.

(An exploration stage company)

Notes to the Condensed Consolidated Interim Financial Statements

August 31, 2011

(Expressed in Canadian Dollars)

(Unaudited)

3. Significant accounting policies (continued)

(e) *Financial Instruments (continued)*

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of financial assets classified as loans and receivables, where the carrying amount is reduced through the use of an allowance account. When these assets are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(f) *Impairment of non-financial assets*

The Company assesses non-financial assets including mineral property assets and property, plant and equipment for impairment when facts and circumstances suggest that the carrying amount of the asset may not exceed its recoverable amount, being the higher of the value in use and the fair value less costs to sell. In assessing value in use, the estimated future cash flows associated with the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount with the impairment recognized immediately in net income (loss). The Company has elected on transition to IFRS to not restate business combinations that preceded the transition date to IFRS.

Where an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, subject to the amount not exceeding the carrying amount that would have been determined had impairment not been recognized for the asset in prior periods. Any reversal of impairment is recognized immediately in net income (loss).

(g) *Exploration and evaluation expenditures and mineral property interests*

All of the Company's projects are currently in the exploration and evaluation phase.

Exploration and evaluation expenditures

Once the legal right to explore a mineral property has been acquired, costs directly related to the acquisition of the mineral property rights are capitalized and accounted for on either an individual property or area-of-interest basis. The mineral property rights are carried at cost, less any impairment, until such time as the assets are substantially ready for their intended use or sale, being commercial production at operating levels intended by management. Purchased mining properties are recognized as assets at their acquisition date fair value if purchased as part of a business combination.

Exploration expenditures incurred during the exploration and evaluation phase are expensed as incurred in net income (loss), whereas such costs were previously capitalized under CGAAP. The Company has also elected to retrospectively apply this exploration expenditure policy on transition to IFRS (see Note 23(c)).

Majescor Resources Inc.

(An exploration stage company)

Notes to the Condensed Consolidated Interim Financial Statements

August 31, 2011

(Expressed in Canadian Dollars)

(Unaudited)

3. Significant accounting policies (continued)

(g) *Exploration and evaluation expenditures and mineral property interests (continued)*

Mine development costs

Once the technical feasibility and commercial viability of a mineral property has been established, the property is no longer in the exploration and evaluation phase and is considered to be a mine property under development. Thereafter, costs incurred directly related to mine development and construction are capitalized, including associated acquisition costs, directly attributable administrative or support costs and depreciation of related property, plant and equipment, and are accounted for on either an individual property or area-of-interest basis. Subsequently the mine properties under development are carried at the aforementioned cost, less any impairment, until such time as the assets are substantially ready for their intended use or sale, being commercial production at operating levels intended by management.

Technical feasibility and commercial viability is established once all of the following conditions have been met:

- the Company has established a 43-101 compliant estimate of resources and/or reserves;
- the Company has obtained a mining permit or otherwise has the right to extract the resource and/or reserves; and
- the Company has established that it is economically viable to mine the resource and/or reserves. This includes the completion of a 43-101 compliant study to a pre-feasibility level at a minimum.

As the Company currently has no operational income and is not capitalizing exploration expenditures during the exploration and evaluation phase, any incidental revenues earned in connection with the exploration activities, or government assistance or mining duty credits realized, during this phase are applied against the exploration costs in net income (loss).

(h) *Property, plant and equipment*

Property, plant and equipment ["PPE"] are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recognized based on the cost of an item of property, plant and equipment, less its estimated residual value, over its estimated useful life at the following rates:

<u>Detail</u>	<u>Percentage</u>	<u>Method</u>
Office furniture and equipment	20%	Declining balance
Computer equipment	30%	Declining balance
Exploration equipment	30%	Declining balance

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis.

Majescor Resources Inc.

(An exploration stage company)

Notes to the Condensed Consolidated Interim Financial Statements

August 31, 2011

(Expressed in Canadian Dollars)

(Unaudited)

3. Significant accounting policies (continued)

(h) *Property, plant and equipment (continued)*

An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of PPE consists of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditures incurred to replace a component of an item of PPE that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

(i) *Flow-through shares*

The Company has adopted a policy whereby proceeds from the issue of flow-through shares are allocated between common shares and a liability that represents the Company's obligation to revert the tax benefit to the investors by means of a renouncement. The allocation is based on the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares. The liability is then derecognized and a deferred income tax liability is recognized when the renouncement forms are filed with the tax authorities, and the related costs have been incurred. Any difference between the amount of the liability component derecognized and deferred income tax liability recognized is recorded in the statement of loss and comprehensive loss.

(j) *Cash and cash equivalents*

Cash and cash equivalents in the statements of financial position comprise cash at banks and on hand, and highly liquid investments with an original maturity of three months or less, and which are readily convertible into a known amount of cash and which are subject to an insignificant risk of change in value.

(k) *Short-term investments*

Short-term investments in the statements of financial position include guaranteed investment certificates with terms ranging from three to twelve months to maturity.

(l) *Tax credits and mining duties*

The Government of Québec provides a non-taxable refundable credit for losses to help operators meet exploration, mineral deposit evaluation and mine development costs by refunding part of eligible expenditures incurred. The credit is equal to 12% of the lesser of:

- the amount of the annual loss; and
- the exploration, mineral deposit evaluation and mine development expenses.

The Government of Québec also offers businesses having establishments and that carry on activities in Québec a refundable tax credit for mineral exploration activities, covering up to 45% of exploration expenses.

Tax credits and mining duties which are earned as a result of qualifying mineral exploration expenses are recognized when the exploration expenses are incurred. They are applied to reduce related mineral exploration expenses in the period recognized, in accordance with IAS 20, based on the assumption that the Company will realize the value of its exploration and evaluation assets through a sale.

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3. Significant accounting policies (continued)

(m) Provisions, contingent liabilities and contingent assets

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. The Company had no material provisions as at August 31, 2011, February 28, 2011 and March 1, 2010.

Contingent liabilities and assets are not recognized in the consolidated financial statements. However, contingent liabilities are disclosed in the notes to the consolidated financial statements unless their occurrence is remote and contingent assets are disclosed in the notes to the consolidated financial statements if their recovery is deemed possible. The Company does not currently have any contingent liabilities and assets.

(n) Equity-settled share based payment transactions

The Company operates equity-settled share-based remuneration plans (stock options plans) for its eligible directors, officers, employees and consultants. None of the Company's plans feature any options for a cash settlement. Occasionally, the Company issue warrants to the brokers.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values. Where employees are rewarded using share-based payments, the fair value of the services rendered by the employees or a consultant providing similar services as employees is determined indirectly by reference to the fair value of the equity instruments granted. The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Stock option expense incorporates an expected forfeiture rate.

All equity-settled share-based payments under equity-settled share-based payments plans are ultimately recognized as an expense in the profit or loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to contributed surplus, in equity. At the same time, upon exercise of a stock option, the proceeds received net of any directly attributable transaction costs are recorded as capital stock. The accumulated charges related to the share options recorded in contributed surplus are then transferred to share capital. Warrants issued to brokers are recognized as issuance cost of equity instruments with a corresponding credit to contributed surplus, in equity.

(o) Equity

The capital stock represents the amount received upon the share issuance.

Unit placements

Proceeds from unit placements are allocated between shares and warrants issued using the proportional method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to warrants.

Majescor Resources Inc.

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3. Significant accounting policies (continued)

(p) *Income taxes*

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

In general, deferred tax is calculated using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are presented as non-current.

(q) *Restoration, rehabilitation and environmental obligations*

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized in the carrying amount of the asset at the start of each project as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no restoration, rehabilitation and environmental provisions as at August 31, 2011, February 28, 2011 and March 1, 2010.

(r) *Loss per share*

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The treasury stock method is used to arrive at the diluted loss per share which is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares. The Company's diluted loss per share does not include the effect of stock options and warrants as they are anti-dilutive.

Majescor Resources Inc.

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Notes to the Condensed Consolidated Interim Financial Statements

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3. Significant accounting policies (continued)

(s) *Segmented reporting*

The Company is organized into business units based on mineral properties and has one business segment, being the acquisition, exploration and potential development of precious metal properties. The Company has operations in three geographic areas, being Canada, Madagascar and Haiti.

(t) *Operating lease agreements*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under an operating lease are charged to consolidated statement of loss and comprehensive income on a straight-line basis over the period of the lease.

(u) *Significant accounting judgments and estimates*

The preparation of these unaudited condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions about recognition and measurement of assets, liabilities, income and expenses. Actual outcomes could differ from these estimates.

Critical accounting estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of accounts receivable and tax credits and mining duties receivables;
- the estimated useful lives and residual value of PPE;
- the inputs used in the Black-Scholes valuation model (volatility; interest rate; expected life and forfeiture rate) in accounting for share based payment transactions;
- determination that there were no material restoration, rehabilitation and environmental exposure exists based on the facts and circumstances. and liabilities is an accounting policy that requires management to make judgments or assessments;
- the assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Further information regarding going concern is outlined in Note 1;
- determining whether to test for impairment of exploration and evaluation assets requires management's judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale;
- management applied judgment in determining the functional currency of the Company as the Canadian Dollar and the functional currency of each of its subsidiaries, based on the facts and circumstances that existed during the period;

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Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars)

(Unaudited)

3. Significant accounting policies (continued)

(v) *Standards, amendments and interpretations not yet effective*

Standards, amendments and interpretations issued but not yet effective up to the date of the issuance of the condensed consolidated interim financial statements are listed below, non of which have been early adopted by the Company.

(i) *IFRS 7, Financial Instruments: Disclosures*

This amendment provides disclosure guidance on transfers of financial assets. This amendment is effective for annual periods beginning on or after July 1, 2011. Earlier application is permitted. The Company is currently evaluating the impact of this pronouncement on its consolidated financial statements.

(ii) *IFRS 9, Financial Instruments*

This new standard is part of the IASB's project to replace IAS 39, "Financial Instruments: Recognition and Measurement" and provides guidance on the classification and measurement of financial assets, financial liabilities, hedge accounting and derecognition. This new standard will also supersede IFRIC 9, "Reassessment of Embedded Derivatives". This standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this pronouncement on its consolidated financial statements.

(iii) *IFRS 10, Consolidated Financial Statements*

This new standard provides guidance on the determination of control where this is difficult to assess and replaces the consolidation requirements in SIC 12, "Consolidation – Special Purpose Entities". This standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this pronouncement on its consolidated financial statements.

(iv) *IFRS 11, Joint Arrangements*

This new standard provides guidance on how to account for interests in jointly controlled entities. This standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. This pronouncement is not expected to have a material impact on the Company's consolidated financial statements.

(v) *IFRS 12, Disclosure of Interests in Other Entities*

This new standard provides disclosure guidance on interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. This standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this pronouncement on its consolidated financial statements.

(vi) *IFRS 13, Fair Value Measurement*

This new standard sets out a single IFRS definition and measurement framework for fair value. This standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this pronouncement on its consolidated financial statements.

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3. Significant accounting policies (continued)

(v) *Standards, amendments and interpretations not yet effective (continued)*

(vii) *IAS 12, Income Taxes*

This amendment contains new standards related to deferred tax: recovery of underlying assets and supersedes SIC 21, "Income Taxes – Recovery of Revalued Non-Depreciable Assets". This amendment is effective for annual periods beginning on or after January 1, 2012. Earlier application is permitted. The application of this pronouncement is not expected to have a material impact on the Company's consolidated financial statements.

4. Capital management

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business. The Company considers its capital to be equity, which is comprised of share capital, reserves and deficit which at August 31, 2011 totalled \$8,776,754 (February 28, 2011 - \$5,811,098 and March 1, 2010 - \$1,487,212).

The properties in which the Company currently has an interest are in the exploration stage. As such the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration programs and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts when economic conditions permit it to do so.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

- (i) minimizing discretionary disbursements;
- (ii) focusing financing exploration expenditures on those properties considered to have the best potential; and
- (iii) exploring alternative sources of liquidity.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if the Company thinks there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

The Company is not subject to any capital requirements or restrictions. The Company's current capital resources will be sufficient to discharge its liabilities as at August 31, 2011.

Majescor Resources Inc.

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5. Financial risk factors

Financial risk

The Company's activities expose it to a variety of financial risks in relation to financial instruments. The financial assets and liabilities by category are summarized in note 6. The main types of risks are credit risk, liquidity risk and market risk (including interest rate, foreign currency risk and commodity and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, short-term investments and accounts receivable. Cash and cash equivalents are held with select major Canadian chartered bank, from which management believes the risk of loss to be minimal. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank. Because of the short-term nature of these investments, the Company's exposure to interest rate risk is limited.

Accounts receivable consists of sales tax receivable from government authorities in Canada and amount receivable from unrelated parties. Accounts receivable are in good standing as of August 31, 2011. Management believes that the credit risk with respect to financial instruments included in amounts receivable is minimal.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at August 31, 2011, the Company had cash and cash equivalents and short-term investments of \$3,535,992 (February 28, 2011 - \$1,080,486 and March 1, 2010 - \$111,480) to settle current liabilities of \$707,214 (February 28, 2011 - \$174,948 and March 1, 2010 - \$396,023). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

(a) Interest rate risk

The Company has cash and cash equivalents balances and no interest-bearing debt. The Company's policy as it relates to its cash and cash equivalents balances is to invest excess cash in highly liquid, low-risk, short-term interest-bearing investments (such as investment savings accounts, term deposits or guaranteed investment certificates) in Canadian chartered banks with maturities of 90 days or less from the original date of acquisition. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

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5. Financial risk factors (continued)

(b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company has limited exposure to financial risk arising from fluctuations in foreign exchange rates (US dollars, Magalasy Ariary (MGA) and Haitian Gourde (HTG)) and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

(c) Commodity and equity price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company holds publicly listed shares of companies in the mineral exploration industry. The Company is exposed to market risk in trading these shares and unfavourable market conditions could result in the disposal at less than its value at August 31, 2011. The Company closely monitors commodity prices of precious minerals, individual equity movements, and the stock market in general to determine the appropriate course of action to be taken by the Company.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a three month period:

- (i) The Company's cash equivalents and short-term investments are subject to fixed interest rates. Management believes interest rate risk is minimal.
- (ii) As at August 31, 2011, the Company held the following monetary assets and liabilities in foreign currencies:

	Haitian Gourde ("HTG")
Cash	3,060,049
Accounts receivable	2,080,990
Accounts payable and accrued liabilities	(2,720,145)
Debt obligation	(13,255,579)
Long-term payables	(180,950,000)

As at August 31, 2011, had the exchange rates been 1% lower/higher, the net income (loss) for the period would have been approximately \$45,600 higher or lower.

- (iii) As at August 31, 2011, the value of the publicly listed shares held by the Company is \$7,159. At August 31, 2011, had the bid price for these publicly listed shares been 10% lower/higher, the comprehensive loss for the period would have been approximately \$700 higher/lower.

Majescor Resources Inc.

(An exploration stage company)

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6. Categories of financial instruments

	August 31, 2011	February 28, 2011	March 1, 2010
Financial assets:			
Loans and receivables			
Cash and cash equivalents	\$ 1,335,421	\$ 577,333	\$ 111,480
Short-term investments	\$ 2,200,571	\$ 503,153	\$ -
Accounts receivable	\$ 151,969	\$ 29,602	\$ 33,802
Available-for-sale			
Marketable securities	\$ 7,159	\$ 11,947	\$ 97,604
Financial liabilities:			
Other financial liabilities			
Amounts payable and accrued liabilities	\$ 390,406	\$ 174,948	\$ 396,023
Debt obligation	\$ 316,808	\$ -	\$ -
Long-term payables	\$ 4,305,285	\$ -	\$ -

As of August 31, 2011, February 28, 2011 and March 1, 2010, the fair value of all the Company's financial instruments classified as loan and receivables and other liabilities approximated the carrying value, due to their short-term nature.

Financial instruments measured at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on 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); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The marketable securities classified as available-for-sale assets and valued at fair value using unadjusted quoted prices in active markets for identical asset (Level 1).

7. Cash and cash equivalents and short-term investments

	August 31, 2011	February 28, 2011	March 1, 2010
Cash	\$ 181,841	\$ 125,176	\$ 44,416
Investment savings accounts	1,153,580	452,157	67,064
Guaranteed investment certificates	2,200,571	503,153	-
Total	\$ 3,535,992	\$ 1,080,486	\$ 111,480

Majescor Resources Inc.**(An exploration stage company)****Notes to the Condensed Consolidated Interim Financial Statements****August 31, 2011****(Expressed in Canadian Dollars)****(Unaudited)**

8. Marketable securities

As at August 31, 2011, the marketable securities consisted of the following:

	Cost	Cumulative impairment	Market value adjustment	August 31, 2011 Fair value
Vaaldiam Mining Inc. - 18,721 common shares	\$ 130,000	\$ (118,299)	\$ (9,642)	\$ 2,059
Diamonds North Resources Ltd. - 42,500 common shares	37,400	(31,025)	(1,275)	5,100
	\$ 167,400	\$ (149,324)	\$ (10,917)	\$ 7,159

As at February 28, 2011, the marketable securities consisted of the following:

	Cost	Cumulative impairment	Market value adjustment	February 28, 2011 Fair value
Vaaldiam Mining Inc. - 18,721 common shares	\$ 130,000	\$ (118,299)	\$ (6,552)	\$ 5,149
Diamonds North Resources Ltd. - 42,500 common shares	37,400	(31,025)	423	6,798
	\$ 167,400	\$ (149,324)	\$ (6,129)	\$ 11,947

As at March 1, 2010, the marketable securities consisted of the following:

	Cost	Cumulative impairment	Market value adjustment	March 1, 2010 Fair value
Vaaldiam Mining Inc. - 18,721 common shares	\$ 130,000	\$ (118,299)	\$ (3,509)	\$ 8,192
Diamonds North Resources Ltd. - 42,500 common shares	37,400	(31,025)	4,037	10,412
Sunridge Gold Corp. - 200,000 common shares	54,500	-	24,500	79,000
	\$ 221,900	\$ (149,324)	\$ 25,028	\$ 97,604

Majescor Resources Inc.

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9. Property, plant and equipment

Cost	Office Furniture and Equipment	Computer Equipment	Exploration Equipment	Total
Balance, March 1, 2010	\$ 14,060	\$ 26,081	\$ 77,169	\$ 117,310
Balance, February 28, 2011	14,060	26,081	77,169	117,310
Additions	13,049	-	99,000	112,049
Balance, August 31, 2011	\$ 27,109	\$ 26,081	\$ 176,169	\$ 229,359

Accumulated amortization	Office Furniture and Equipment	Computer Equipment	Exploration Equipment	Total
Balance, March 1, 2010	\$ 10,471	\$ 18,135	\$ 29,169	\$ 57,775
Amortization	1,011	2,384	9,600	12,995
Balance, February 28, 2011	11,482	20,519	38,769	70,770
Amortization	1,583	834	11,891	14,308
Balance, August 31, 2011	\$ 13,065	\$ 21,353	\$ 50,660	\$ 85,078

Net Book Value	Office Furniture and Equipment	Computer Equipment	Exploration Equipment	Total
Balance, March 1, 2010	\$ 3,589	\$ 7,946	\$ 48,000	\$ 59,535
Balance, February 28, 2011	\$ 2,578	\$ 5,562	\$ 38,400	\$ 46,540
Balance, August 31, 2011	\$ 14,044	\$ 4,728	\$ 125,509	\$ 144,281

Majescor Resources Inc.

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10. Mineral exploration properties

	Mistassini, Quebec	Madagascar	Haiti	Total
Balance, March 1, 2010, February 28, 2011	\$ 1,921	\$ 22,599	\$ -	\$ 24,520
Addition (note 11)	-	-	10,996,053	10,996,053
Balance, August 31, 2011	\$ 1,921	\$ 22,599	\$ 10,996,053	\$ 11,020,573

a) Mistassini

In March 2007, the Company entered into an agreement with its joint-venture partner Northern Superior Resources Inc. (previously Superior Diamonds Inc.) to acquire 100% of the uranium rights on the Mistassini property located in the Otish Mountains district of Quebec. Northern Superior Resources Inc. retained 100% of the diamonds rights on the property. The terms of the Agreement stipulate that in exchange for providing 100% of the rights for uranium to Majescor, Northern Superior Resources Inc. retains 100% of the diamonds rights and a 2% Yellow Cake Royalty for uranium. Majescor retains a 2% royalty for diamonds. If minerals other than diamonds or uranium are discovered on the property, Northern Superior Resources Inc. will have a 50.5% interest and Majescor will have a 49.5% interest in such minerals, and the parties shall jointly explore and exploit for such minerals.

In February 2008, the Company entered into an option agreement allowing Strateco Resources Inc. to earn an undivided 60% interest in Majescor's uranium rights on the Mistassini property by incurring a total of \$1.3 million in exploration expenditures over three years. On May 16, 2011, the Company executed a formal Joint Venture Agreement with Strateco, having an effective date as of February 14, 2011, whereby Strateco earned its 60% interest in the uranium rights on the property as the above commitments were met.

Under the terms of the Joint Venture Agreement, as long as Strateco will retain a 50% interest on uranium rights, Strateco will be the Operator of the Joint Venture and will lead the management committee for exploration of uranium on the Mistassini property and will have full and exclusive access to the property. Northern Superior Resources Inc., which holds 100% of the diamond rights and 50.5% of all other mineral rights to the exception of diamonds and uranium rights, renounced to conduct exploration and exploitation works for diamonds on the property during the duration of the Joint Venture Agreement and is entitled to a 2.0% Yellow Cake Royalty on the Mistassini property.

b) Madagascar

On September 15, 2008, the Company signed an option agreement with Sunridge Gold Corp ("Sunridge") by which Sunridge can acquire up to a 100% interest in the Company's 100% owned Malagasy subsidiary Daraina ("Daraina"). Sunridge can earn a 50% interest by spending \$2.0 million in qualifying expenditures over 2 years and issuing 500,000 of its common shares to the Company. Within 90 days following its initial obligations, Sunridge can obtain an additional 25% by expending an additional \$2,500,000 by the end of the third anniversary of the Agreement and by issuing an additional 500,000 of its common shares to the Company. Within one year following all of its obligations, Sunridge can obtain the remaining undivided 25% interest in Daraina by paying to Majescor the fair market value of the 25% interest in Daraina.

Majescor Resources Inc.

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10. Mineral exploration properties (continued)

b) Madagascar (continued)

As at August 31, 2011, the outstanding commitment is as follows:

	Exploration Expenses	Common Shares
On or before September 15, 2011	\$ 1,500,000 (i)	300,000 (i)

(i) Exploration expenses incurred and shares received subsequent to quarter end (see note 24). Sunridge has acquired 50% interest in Daraina.

c) Haiti

On July 27, 2010, the Company completed the acquisition of all of the remaining issued and outstanding common shares of SIMACT Alliance Copper Gold Inc. ("SACG"), further to the exercise in January 2010 of the option granted to Majescor pursuant to a letter agreement with SACG and its principal shareholders (the "Principals") dated April 22, 2009. SACG is a private company which holds title to approximately 67.8% of the issued and outstanding common shares of SOMINE SA ("SOMINE"), a company incorporated under the laws of the Republic of Haiti. SOMINE's principal asset is its Research Permit on the SOMINE Copper-Gold property (the "Property"), located in the North-East Mineral district of Haiti. SOMINE's mineral rights and obligations for the Property were assigned under a mining convention executed with the Government of Haiti on May 5, 2005 and are valid until June 22, 2012. The mining convention is valid until March 9, 2020. The SOMINE Copper-Gold property also covers four Prospecting Permits encompassing four 100 km² areas lying to the East, South and Southeast of the Research Permit subject to the Mining Convention. SOMINE SA has requested the conversion of the Prospecting Permits into Research Permits (50 km² each) and has filed all technical and source documents in support of its application with the Haitian Bureau of Mines and Energy (the "BME").

11. Acquisition of subsidiary

SIMACT Alliance Copper Gold Inc.

On July 27, 2010, the Company completed the acquisition of all of the remaining issued and outstanding common shares of SIMACT Alliance Copper Gold Inc. ("SACG") (which shared a common Director up to July 27, 2010), further to the exercise in January 2010 of the option granted to Majescor pursuant to the letter agreement of April 2009. SACG is a private company which holds title to approximately 67.8% of the issued and outstanding common shares of SOMINE SA ("SOMINE"), a company incorporated under the laws of the Republic of Haiti. SOMINE's principal asset is its research permit on a copper-gold property, located in the North-East Mineral district of Haiti.

Majescor acquired an initial 10% interest in SACG on May 26, 2009 by issuing 2,000,000 common shares at a price of \$0.15. Subject to making a \$200,000 cash payment and incurring \$600,000 in exploration work on the SOMINE property, Majescor was granted an option to purchase the remaining 90% interest in SACG. On July 27, 2010, Majescor completed the acquisition of all of the remaining issued and outstanding common shares of SACG by issuing another 10,000,000 common shares. In total, the Company acquired 18,882,000 SACG shares.

On January 12, 2010, Port-au-Prince, the capital of Haiti, and surrounding areas experienced a major earthquake, which resulted in significant loss of life, including a senior SOMINE SA employee, together with extensive damages to physical infrastructure and loss of most accounting records. As a result of these critical circumstances, the Company has not yet been able to fully reconcile all of the accounts of SOMINE SA. This reconciliation was completed prior to May 7, 2011.

Majescor Resources Inc.

(An exploration stage company)

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(Unaudited)

11. Acquisition of subsidiary (continued)

On January 27, 2011, the Company sent a Notice of Claim to former shareholders (“Vendors”) of SACG pursuant to the share purchase agreement dated July 27, 2010 (“the “SPA”), between Majescor, SACG and the Vendors. Majescor withheld a portion of the escrowed payment shares of Majescor, which were to be released to certain Vendors on January 27, 2011, pending the resolution of issues related to SOMINE S.A, and to the damages caused by the conduct of such Vendors. Also, in January 2011, the Company’s subsidiary SACG, filed a court claim in Haiti for their unauthorized actions subsequent to the acquisition, against four Directors of SOMINE S.A.

Given the above described circumstances, the Company assessed that it did not have the continuing power or ability to determine the strategic operating, investing and financing policies of SACG without the co-operation of others. As at May 7, 2011, the Company was able to gain full control over SACG (whose main asset is its holding in SOMINE S.A), further to a special shareholders meeting held by SOMINE S.A on May 7, 2011, whereby a new board was elected and SACG was designated as operator for the SOMINE property.

The transaction did not meet the definition of a business combination as the primary assets acquired are in the exploration stage therefore, the transaction was recorded as an acquisition of assets. The provisional values of assets and liabilities recognized on acquisition are their estimated fair values at the date of acquisition. IFRS permits up to twelve months for provisional acquisition accounting to be finalized following the acquisition date if any subsequent information provides better evidence of the item's fair value at the date of acquisition.

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed at May 7, 2011.

Purchase price

12,000,000 common shares issued	\$ 2,800,000
Cash payment and related acquisition costs	2,123,087
	<hr/>
	\$ 4,923,087

Fair Value of Net Assets Acquired

Current assets

Cash and cash equivalents	\$ 118,837
Receivables	73,921
Prepaid expenses	12,500
Property, plant and equipment	92,414
Mineral exploration properties	10,996,053

	11,293,725
Less: Current liabilities	(38,600)
Long-term liabilities	(4,544,411)
Minority interest	(1,787,627)

\$ 4,923,087

Majescor Resources Inc.

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12. Debt obligation

This amount represents \$316,808 which is due to a creditor of SOMINE SA to settle an outstanding debt of US\$ 302,000.

13. Long-Term Payables

- i) Amount due to former management of SOMINE S.A

An amount of \$116,485 (HTG 4,950,000) consisting of wages and statutory benefits due from December 1995 to October 2005, to a former Vice-President, General Manager of SOMINE S.A. This amount is not due until production stage.

- ii) Preferred shares of SOMINE S.A

An amount of \$4,188,800 (HTG 176,000,000) relating to 352,000 Class B priority shares of SOMINE S.A. These shares are non-voting, are redeemable at the option of the shareholder and carry a 12% dividend which is non-cumulative up to commercial production of the Haitian properties. This amount is not due until production stage.

14. Share capital

Authorized

The authorized share capital consisted of unlimited number of common shares.

Issued and outstanding

Common shares	Number of shares	Amount
Balance, March 31, 2010	18,873,209	\$ 23,230,386
Shares issued for cash (i)(ii)	10,200,000	2,550,000
Subscription receivable	-	(75,000)
Cost of issue	-	(257,997)
Warrants valuation	-	(355,812)
Share issued on acquisition of SACG (net of costs of \$17,400)	10,000,000	2,482,600
Shares issued for exercise of options	30,000	4,500
Fair value of options exercised	-	3,123
Balance, August 31, 2010	39,103,209	27,581,800
Subscription received	-	73,491
Shares issued for exercise of warrants	1,650,000	200,000
Fair value of warrants exercised	-	53,738
Balance, February 28, 2011	40,753,209	27,909,029
Shares issued for cash (iii)(iv)(v)	20,000,000	4,000,000
Cost of issue	-	(449,093)
Warrants valuation	-	(774,500)
Shares issued for exercise of options	235,000	35,250
Fair value of options exercised	-	18,530
Shares issued for exercise of warrants	71,200	12,050
Fair value of warrants exercised	-	3,765
Shares issued to acquire SOMINE shares (vi)	275,000	64,625
Balance, August 31, 2011	61,334,409	\$ 30,819,656

Majescor Resources Inc.

(An exploration stage company)

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14. Share capital (continued)

- (i) On July 27, 2010, the Company completed a non-brokered private placement of 10,000,000 units at a price of \$0.25 each for gross proceeds of \$2,500,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of \$0.40 until July 27, 2012. The Company paid finders' fees of \$150,900 and issued 602,400 warrants, each warrant entitling the holder to purchase one common share of the Company at a price of \$0.25 until July 27, 2012. Other share issuance costs total \$40,951. The warrants issued in connection to the private placement have been recorded at a value of \$348,954 based on the proportional method and warrants issued as finders' fees have been recorded at a value of \$62,067 based on the Black-Scholes option pricing model, using the following assumptions: risk free interest rate of 1.65%, expected life of warrants of 2 years, annualized volatility rate of 87% and dividend rate of 0%.
- (ii) On August 6, 2010, the Company completed a non-brokered private placement of 200,000 units at a price of \$0.25 each for gross proceeds of \$50,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of \$0.40 until August 6, 2012. The Company paid finders' fees of \$4,000 and issued 16,000 warrants, each warrant entitling the holder to purchase one common share of the Company at a price of \$0.25 until August 6, 2012. The warrants issued in connection to the private placement have been recorded at a value of \$6,858 based on the proportional method and warrants issued as finders' fees have been recorded at a value of \$1,588 based on the Black-Scholes option pricing model, using the following assumptions: risk free interest rate of 1.45%, expected life of warrants of 2 years, annualized volatility rate of 87% and dividend rate of 0%.
- (iii) On July 28, 2011, the Company completed the first tranche of a non-brokered private placement of 16,950,000 units at a price of \$0.20 each for gross proceeds of \$3,390,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of \$0.35 until July 28, 2013. The Company paid finders' fees of \$234,320 and issued 1,171,600 non-transferable agent warrants, each agent warrant entitling the holder to purchase one common share of the Company at a price of \$0.25 until January 28, 2013.

The 8,475,000 warrants issued in connection to the private placement have been recorded at a value of \$678,000 based on the proportional method based on the Black-Scholes option pricing model, using the following assumptions: risk free interest rate of 1.48%, expected life of warrants of 2 years, annualized volatility rate of 112% and dividend rate of 0%.

The 1,171,600 agent warrants issued in connection to the private placement have been recorded at a value of \$100,758 based on the Black-Scholes option pricing model, using the following assumptions: risk free interest rate of 1.48%, expected life of warrants of 1.5 years, annualized volatility rate of 98% and dividend rate of 0%.

Majescor Resources Inc.

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14. Share capital (continued)

- (iv) On August 12, 2011, the Company completed the second tranche of a non-brokered private placement of 2,550,000 units at a price of \$0.20 each for gross proceeds of \$510,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of \$0.35 until August 12, 2013. The Company paid finders' fees of \$37,600 and issued 188,000 non-transferable agent warrants, each agent warrant entitling the holder to purchase one common share of the Company at a price of \$0.25 until February 12, 2013.

The 1,275,000 warrants issued in connection to the private placement have been recorded at a value of \$76,500 based on the proportional method based on the Black-Scholes option pricing model, using the following assumptions: risk free interest rate of 0.93%, expected life of warrants of 2 years, annualized volatility rate of 108% and dividend rate of 0%.

The 188,000 agent warrants issued in connection to the private placement have been recorded at a value of \$10,340 based on the Black-Scholes option pricing model, using the following assumptions: risk free interest rate of 0.96%, expected life of warrants of 1.5 years, annualized volatility rate of 100% and dividend rate of 0%.

- (v) On August 19, 2011, the Company completed the third and final tranche of a non-brokered private placement of 500,000 units at a price of \$0.20 each for gross proceeds of \$100,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of \$0.35 until August 19, 2013. The Company paid finders' fees of \$8,000 and issued 40,000 non-transferable agent warrants, each agent warrant entitling the holder to purchase one common share of the Company at a price of \$0.25 until February 19, 2013.

The 250,000 warrants issued in connection to the private placement have been recorded at a value of \$20,000 based on the proportional method based on the Black-Scholes option pricing model, using the following assumptions: risk free interest rate of 0.87%, expected life of warrants of 2 years, annualized volatility rate of 114% and dividend rate of 0%.

The 40,000 agent warrants issued in connection to the private placement have been recorded at a value of \$4,800 based on the Black-Scholes option pricing model, using the following assumptions: risk free interest rate of 0.91%, expected life of warrants of 1.5 years, annualized volatility rate of 108% and dividend rate of 0%.

- (vi) The Company through SACG acquired from an individual investor 13,000 voting shares of Société Minière du Nord-Est, S.A. ("SOMINE"), a company constituted under the laws of Haiti, in exchange for 275,000 common shares of Majescor (valued at \$64,625) and a sum of \$25,000.

Majescor Resources Inc.**(An exploration stage company)****Notes to the Condensed Consolidated Interim Financial Statements****August 31, 2011****(Expressed in Canadian Dollars)****(Unaudited)**

15. Warrants

The following table reflects the continuity of warrants:

	Number of warrants	Weighted average exercise price
Balance, March 1, 2010	4,700,000	\$ 0.24
Granted (Note 14(i)(ii))	5,718,400	0.38
Balance, August 31, 2010	10,418,400	0.14
Exercised	(1,650,000)	0.12
Balance, February 28, 2011	8,768,400	0.35
Granted (note 14(iii)(iv)(v))	11,399,600	0.34
Exercised	(71,200)	0.17
Balance, August 31, 2011	20,096,800	\$ 0.35

The following table reflects the warrants issued and outstanding as of August 31, 2011:

Number of Warrants	Grant Date Fair Value	Exercise Price	Expiry Date
2,995,000	\$ 314,475	\$ 0.30	June 17, 2012 (i)
586,200	60,398	\$ 0.25	July 27, 2012
5,000,000	348,954	\$ 0.40	July 27, 2012
16,000	1,588	\$ 0.25	August 6, 2012
100,000	6,858	\$ 0.40	August 6, 2012
1,171,600	100,758	\$ 0.25	January 28, 2013
188,000	10,340	\$ 0.25	February 12, 2013
40,000	4,800	\$ 0.25	February 19, 2013
8,475,000	678,000	\$ 0.35	July 28, 2013
1,275,000	76,500	\$ 0.35	August 12, 2013
250,000	20,000	\$ 0.35	August 19, 2013
20,096,800	\$ 1,622,671		

(i) In June 2011, the Company extended for a one-year period the expiry of 2,995,000 common share purchase warrants at an exercise price of \$0.30, which were set to expire on June 17, 2011. An additional Black-Scholes value of \$70,241 was recorded to deficit.

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16. Stock options

The Company has a rolling stock option plan approved by its shareholders at the August 25, 2011 annual and special meeting. The number of common shares which may be reserved under the Plan are limited to 10% of the aggregate number of common shares of the Company issued and outstanding, as the case may be. The maximum number of common shares which may be reserved for issuance in favour of an optionee is limited to 5% of the shares issued and outstanding. These options may be granted to the Company's employees, officers, directors, and non-employees, subject to regulatory terms and approval. The exercise price of each option can be set equal to or greater than the closing market price, less allowable discounts, of the common shares on the TSX Venture Exchange on the day prior to the date of the grant of the option. Options have a maximum term of ten years and terminate 60 days following the termination of the optionee's employment, except in cases of retirement or death. Vesting of options is made at the discretion of the Board of Directors at the time the options are granted.

The following table shows the continuity of options:

	Number of Options	Weighted Average Exercise Price
Balance, March 1, 2010	1,493,516	\$ 0.65
Granted (1)(2)(3)	537,500	0.25
Exercised	(30,000)	0.15
Forfeited	(41,500)	1.83
Expired	(15,000)	1.50
<hr/>		
Balance, May 31, 2010	1,944,516	0.51
Granted (4)	200,000	0.25
Expired	(22,316)	1.50
<hr/>		
Balance, February 28, 2011	2,122,200	0.48
Granted (5)(6)(7)	1,700,000	0.24
Exercised	(235,000)	0.15
Expired	(45,700)	1.50
Forfeited	(149,000)	1.35
<hr/>		
Balance, August 31, 2011	3,392,500	\$ 0.34

(1) On August 12, 2010, 200,000 stock options were granted to an investor relations consultant at an exercise price of \$0.25 per share, expiring on August 12, 2012.

(2) On August 23, 2010, 137,500 stock options were granted to consultants of the Company at an exercise price of \$0.24 per share, expiring on August 23, 2015.

(3) On August 23, 2010, 200,000 stock options were granted to an Officer of the Company at an exercise price of \$0.25 per share, expiring on August 23, 2015.

(4) On January 28, 2011, 200,000 stock options were granted to a Director of the Company at an exercise price of \$0.25 per share, expiring on January 28, 2016.

Majescor Resources Inc.

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16. Stock options (continued)

The weighted average fair value of each option granted during the fiscal year ended February 28, 2011 of \$0.12 is estimated using the Black-Scholes option-pricing model with the following weighted average assumption:

Expected dividend yield	0.00%
Expected stock price volatility	86%
Risk-free interest rate	2.03%
Expected life of options	4.19 years

(5) On June 18, 2011, 250,000 stock options were granted to an employee and consultants of the Company at an exercise price of \$0.25 per share, expiring on June 18, 2013.

(6) On June 18, 2011, 950,000 stock options were granted to Officers of the Company at an exercise price of \$0.25 per share, expiring on June 18, 2016.

(7) On July 28, 2011, 500,000 stock options were granted to an Officer of the Company at an exercise price of \$0.215 per share, expiring on July 28, 2016.

The weighted average fair value of each option granted during the six months ended August 31, 2011 of \$0.20 is estimated using the Black-Scholes option-pricing model with the following weighted average assumption:

Expected dividend yield	0.00%
Expected stock price volatility	157%
Risk-free interest rate	2.06%
Expected life of options	4.56 years

The underlying expected volatility was determined by reference to historical data of Majescor Resources Inc.'s shares since its listing on the TSXV. No special features inherent to the options granted were incorporated into measurement of fair value.

The following table shows the options outstanding as at August 31, 2011:

Range of exercise price	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable
\$0.15	120,000	2.74	\$ 0.15	120,000
\$0.21 - \$0.28	3,052,500	3.92	0.24	3,052,500
\$1.50 - \$1.70	162,500	1.07	1.51	162,500
\$2.80	57,500	0.59	2.80	57,500
	3,392,500			3,392,500

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16. Stock options (continued)

The following table shows the options outstanding as at February 28, 2011:

Range of exercise price	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable
\$0.15	355,000	1.55	\$ 0.15	355,000
\$0.24 - \$0.28	1,402,500	3.81	\$ 0.25	1,352,500
\$1.50 - \$1.70	277,200	1.36	\$ 1.51	277,200
\$2.80	87,500	1.10	\$ 2.80	87,500
	2,122,200			2,072,200

17. Net loss per common share

The calculation of basic and diluted loss per share for the three and six months ended August 31, 2011 and 2010 was based on the loss attributable to common shareholders of \$909,792 and \$1,145,606 (three and six months ended August 31, 2010 - \$204,958 and \$370,340) and the weighted average number of common shares outstanding of 48,017,798 and 44,468,187 (three and six months ended August 31, 2010 - 26,774,731 and 22,823,970). Diluted loss per share did not include the effect of 3,392,500 stock options and 20,096,800 warrants as they are anti-dilutive.

18. General and administrative

	Three Months Ended August 31,		Six Months Ended August 31,	
	2011	2010	2011	2010
Management and consulting fees	\$ 46,320	\$ 45,005	\$ 123,843	\$ 100,849
Share-based payments	336,500	45,671	338,448	49,216
Salaries and benefits	67,533	40,151	107,697	81,085
Travel and promotion	90,352	706	137,424	10,886
Shareholder information	27,696	7,336	29,036	8,554
Professional fees	38,729	56,564	94,167	83,859
Office and general expenses	50,020	31,307	68,028	54,610
Amortization of property, plant and equipment	4,952	3,185	7,769	6,370
	\$ 662,102	\$ 229,925	\$ 906,412	\$ 395,429

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19. Changes in non-cash working capital items

	Three Months Ended August 31,		Six Months Ended August 31,	
	2011	2010	2011	2010
Accounts receivable	\$ 24,331	\$ (25,534)	\$ (48,446)	\$ (7,580)
Prepaid expenses	(360,948)	515	(333,668)	14,453
Accounts payable and accrued liabilities	174,958	(55,540)	176,858	(6,191)
	\$ (161,659)	\$ (80,559)	\$ (205,256)	\$ 682

20. Related party balances and transactions

Related parties include the Board of Directors and key management personnel, as well as, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the fair value (the amount established and agreed to by the related parties).

(a) Majescor entered into the following transactions with related parties:

	Notes	Three Months Ended August 31,		Six Months Ended August 31,	
		2011	2010	2011	2010
Everton Resources Inc. ("Everton")	(i)	\$ -	\$ 19,964	\$ 15,223	\$ 34,928
Woodcliff Capital Inc. ("Woodcliff")	(ii)	\$ -	\$ 3,500	\$ -	\$ 14,000

(i) Under an agreement, which was terminated on May 31, 2011 between the Company and Everton, the Company reimbursed the cost of shared salaries and benefits, rent and office expenses paid by Everton (which shares common management). As at August 31, 2011, Everton was owed \$nil.

(ii) Under an agreement between the Company and Woodcliff, a management company wholly-owned by the former Chairman of Majescor, the Company paid consulting fees to Woodcliff up to June 30, 2010. As at August 31, 2011, Woodcliff was owed \$nil.

(b) Remuneration of directors and key management personnel of the Company was as follows:

	Three Months Ended August 31,		Six Months Ended August 31,	
	2011	2010	2011	2010
Salaries and benefits, including directors fees	\$ 44,361	\$ 40,934	\$ 90,256	\$ 40,934
Consulting fees	\$ 31,900	\$ -	\$ 62,250	\$ -
Share based payments	\$ 302,750	\$ 25,993	\$ 304,698	\$ 25,993

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21. Contingencies and commitments

The Company signed two office lease agreements for:

- (i) a one-year lease ending April 30, 2012 for an annual amount of \$17,244; and
- (ii) a lease ending June 30, 2012 for an annual amount of \$13,020.

22. Comparative figures

Certain of the comparative figures have been reclassified to conform with the current period's presentation.

23. Conversion to IFRS

(i) Overview

These are the Company's second unaudited condensed consolidated interim financial statements prepared in accordance with IFRS as issued by the IASB.

The policies set out in the Significant Accounting Policies section have been applied in preparing the condensed consolidated interim financial statements for the three and six months ended August 31, 2011 and in the preparation of an opening IFRS statement of financial position at March 1, 2010 (the Company's Transition Date).

(ii) First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS that are in effect at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Company has elected to apply the following optional exemptions in its preparation of its opening IFRS statement of financial position as at March 1, 2010, the Company's Transition Date.

Business Combinations:	This election allows the Company to adopt IFRS 3 prospectively from the date of transition.
Share-Based Payment:	This exemption allows the Company to not apply IFRS 2, Share-based payments, retrospectively to options granted on or before November 7, 2002 or granted after November 7, 2002 and vested before the date of transition.
Cumulative Translation Differences	IFRS 1 allows first-time adopters to elect to eliminate all previously recorded cumulative translation differences related to foreign operations at the Transition Date. The Company has chosen to apply this election.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the Transition Date are consistent with those that were made under Canadian GAAP.

Majescor Resources Inc.

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23. Conversion to IFRS (continued)

(iii) *Changes to accounting policies*

The Company has changed certain accounting policies to be consistent with IFRS. The changes to its accounting policies have resulted in certain changes to the recognition and measurement of assets, liabilities, equity, revenue and expenses within these financial statements.

The following summarizes the significant changes to the Company's accounting policies on adoption of IFRS.

(a) Impairment of (non-financial) assets

IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Company's accounting policies related to impairment of non-financial assets have been changed to reflect these differences. There was no impact on the unaudited condensed consolidated interim financial statements.

(b) Share based payments

Unlike Canadian GAAP, IFRS 2 requires that the extinguishment of granted stock options be taken into account at initial recognition of the share-based compensation costs at the time of granting rather than recognizing the extinguishments when they occur. Moreover, in case of graded vesting or awards with a service condition, IFRS 2 requires that each vesting range be measured and recorded separately so as to obtain a distinct fair value for each range.

The Company believes that the changes of this policy will have a limited impact on its financial statements, given that all the granted stock options vested immediately at the grant date, except for a non material number of stock options granted with a service condition, which vested on a quarterly basis.

(c) Exploration and evaluation expenditures

On transition to IFRS, the Company elected to expense expenditures incurred on properties in the exploration and evaluation (E&E) phase. The E&E phase begins when an entity obtains the legal rights to explore a specific area and ends when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. IFRS 6 requires entities to select and consistently apply an accounting policy specifying which E&E expenditures are capitalized and which are expensed.

Previously, the Company's policy under Canadian GAAP required exploration and evaluation costs to be capitalized if the Company believed that these costs have the characteristics of property, plant and equipment.

This is considered a change in accounting policy and must be applied on a retrospective basis.

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23. Conversion to IFRS (continued)

(iii) *Changes to accounting policies (continued)*

(d) Flow-through shares

On transition to IFRS, the Company elected to account for flow-through shares whereby flow-through proceeds are allocated between common shares and a liability that represents the Company's obligation to revert the tax benefit to the investor by means of a renunciation. The allocation is made based on the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares. A future tax liability is recognized for the premium paid by the investors and is then recognized as a future income tax recovery in the period of renunciation. If flow-through shares are sold at a discount, this policy does not apply and the flow-through shares issued follow applicable IFRS guidance.

Previously, the Company's Canadian GAAP policy was to adopt the recommendations of EIC 146 with respect to the accounting for flow-through shares. This resulted in the Company reducing the net proceeds of the flow-through share issuance by the future tax liability of the Company resulting from the renunciation of the exploration and development expenditures in favour of the flow-through share subscribers.

(e) Property, plant and equipment

The Company has elected to measure property, plant and equipment ("PPE") using the cost model. Previously, under Canadian GAAP the Company used the same cost model. However, under IAS 16, depreciation commences when an asset is in the location and condition that enables it to be used in the manner intended by management. Depreciation shall cease at the earlier of its derecognition (sale or scrapping) or its reclassification as "held for sale". Temporary idle activity does not preclude depreciating the asset, as future economic benefits are consumed not only through usage but also through wear and tear and obsolescence.

The Company will depreciate exploration equipment which has been idle since acquisition on a retrospective basis.

Majescor Resources Inc.

(An exploration stage company)

Notes to the Condensed Consolidated Interim Financial Statements

August 31, 2011

(Expressed in Canadian Dollars)

(Unaudited)

23. Conversion to IFRS (continued)

(iii) *Changes to accounting policies (continued)*

Impact on Condensed Interim Statements of Financial Position

	Note	February 28, 2011	August 31, 2010	March 1, 2010
Adjustment to mineral exploration properties	(c)	\$ (249,999)	\$ (249,999)	\$ (249,999)
Adjustment to property, plant and equipment	(e)	\$ (21,600)	\$ (16,800)	\$ (12,000)
Adjustment to contributed surplus	(b)	\$ (1,037)	\$ 2,137	\$ -
Adjustment to share capital	(d)	\$ 591,002	\$ 591,002	\$ 591,002
Adjustment to deficit	(b)(c)(d)(e)	\$ (863,638)	\$ (855,664)	\$ (853,001)

Impact on Condensed Interim Statements of Loss and Comprehensive Loss

	Note	Year ended February 28, 2011	Three months ended August 31, 2010	Six months ended August 31, 2010
Adjustment to general and administrative	(b)(e)	\$ 10,637	\$ 263	\$ 2,663
Adjustment to net loss and comprehensive loss		\$ (10,637)	\$ (263)	\$ (2,663)

Impact on Condensed Interim Statements of Cash Flows

	Note	Year ended February 28, 2011	Six months ended August 31, 2010
Adjustment to net loss		\$ (10,637)	\$ (2,663)
Adjustment to depreciation of property, plant and equipment	(e)	\$ 9,600	\$ 4,800
Adjustment to share based payments	(b)	\$ 1,037	\$ (2,137)

(iv) *Presentation*

Certain amounts in the unaudited condensed consolidated interim statements of financial position, statements of loss and comprehensive loss and statements of cash flows have been reclassified to conform to the presentation adopted under IFRS.

Majescor Resources Inc.

(An exploration stage company)

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(Unaudited)

23. Conversion to IFRS (continued)

(v) *Reconciliation of Equity*

The March 1, 2010 Canadian GAAP equity has been reconciled to IFRS as follows:

March 1, 2010	Canadian GAAP	Effect of transition to IFRS	IFRS
Assets			
Current assets			
Cash and cash equivalents	\$ 111,480	\$ -	\$ 111,480
Marketable securities	97,604	-	97,604
Accounts receivable	33,802	-	33,802
Tax credits and mining duties receivable	222,988	-	222,988
Prepaid expenses	28,654	-	28,654
	494,528	-	494,528
Long-term investments	1,304,652	-	1,304,652
Property, plant and equipment	71,535	(12,000)	59,535
Mineral exploration properties	24,520	-	24,520
Deferred exploration expenses	249,999	(249,999)	-
	\$ 2,145,234	\$ (261,999)	\$ 1,883,235
Equity and Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	\$ 396,023	\$ -	\$ 396,023
Equity			
Share capital	22,639,384	591,002	23,230,386
Reserves	2,448,938	-	2,448,938
Deficit	(23,339,111)	(853,001)	(24,192,112)
Total equity	1,749,211	(261,999)	1,487,212
Total equity and liabilities	\$ 2,145,234	\$ (261,999)	\$ 1,883,235

Majescor Resources Inc.

(An exploration stage company)

Notes to the Condensed Consolidated Interim Financial Statements

August 31, 2011

(Expressed in Canadian Dollars)

(Unaudited)

23. Conversion to IFRS (continued)

(v) *Reconciliation of Equity (continued)*

The August 31, 2010 Canadian GAAP equity has been reconciled to IFRS as follows:

August 31, 2010	Canadian GAAP	Effect of transition to IFRS	IFRS
Assets			
Current assets			
Cash and cash equivalents	\$ 1,217,452	\$ -	\$ 1,217,452
Marketable securities	11,880	-	11,880
Accounts receivable	41,382	-	41,382
Tax credits and mining duties receivable	190,206	-	190,206
Prepaid expenses	14,201	-	14,201
	1,475,121	-	1,475,121
Long-term investments	4,739,726	-	4,739,726
Property, plant and equipment	69,965	(16,800)	53,165
Mineral exploration properties	24,520	-	24,520
Deferred exploration expenses	249,999	(249,999)	-
	\$ 6,559,331	\$ (266,799)	\$ 6,292,532
Equity and Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	\$ 389,910	\$ -	\$ 389,910
Equity			
Share capital	26,990,798	591,002	27,581,800
Reserves	3,000,988	(2,137)	2,998,851
Deficit	(23,822,365)	(855,664)	(24,678,029)
Total equity	6,169,421	(266,799)	5,902,622
Total equity and liabilities	\$ 6,559,331	\$ (266,799)	\$ 6,292,532

Majescor Resources Inc.

(An exploration stage company)

Notes to the Condensed Consolidated Interim Financial Statements

August 31, 2011

(Expressed in Canadian Dollars)

(Unaudited)

23. Conversion to IFRS (continued)

(v) *Reconciliation of Equity (continued)*

The February 28, 2011 Canadian GAAP equity has been reconciled to IFRS as follows:

February 28, 2011	Canadian GAAP	Effect of transition to IFRS	IFRS
Assets			
Current assets			
Cash and cash equivalents	\$ 577,333	\$ -	\$ 577,333
Short-term investments	503,153	-	503,153
Marketable securities	11,947	-	11,947
Accounts receivable	29,602	-	29,602
Tax credits and mining duties receivable	83,844	-	83,844
Prepaid expenses	87,282	-	87,282
	1,293,161	-	1,293,161
Long-term investments	4,621,825	-	4,621,825
Property, plant and equipment	68,140	(21,600)	46,540
Mineral exploration properties	24,520	-	24,520
Deferred exploration expenses	249,999	(249,999)	-
	\$ 6,257,645	\$ (271,599)	\$ 5,986,046
Equity and Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	\$ 174,948	\$ -	\$ 174,948
Equity			
Share capital	27,318,027	591,002	27,909,029
Reserves	2,981,044	1,037	2,982,081
Deficit	(24,216,374)	(863,638)	(25,080,012)
Total equity	6,082,697	(271,599)	5,811,098
Total equity and liabilities	\$ 6,257,645	\$ (271,599)	\$ 5,986,046

Majescor Resources Inc.

(An exploration stage company)

Notes to the Condensed Consolidated Interim Financial Statements

August 31, 2011

(Expressed in Canadian Dollars)

(Unaudited)

23. Conversion to IFRS (continued)

(vi) *Reconciliation of Comprehensive income*

The Canadian GAAP interim statement of loss and comprehensive loss for the three month period ended August 31, 2010 has been reconciled to IFRS as follows:

Three months ended August 31, 2010	Canadian GAAP	Effect of transition to IFRS	IFRS
Operating expenses			
General and administrative	\$ 229,662	\$ 263	\$ 229,925
Loss before the following items	(229,662)	(263)	(229,925)
Interest income (expense)	2,235	-	2,235
Gain on sale of marketable securities	22,842	-	22,842
Gain on foreign exchange	(110)	-	(110)
Net loss for the period	(204,695)	(263)	(204,958)
Net unrealized loss on available-for-sale marketable securities	5,854	-	5,854
Reclassification of net realized gain on available-for-sale marketable securities	(22,842)	-	(22,842)
Comprehensive loss for the period	\$ (221,683)	\$ (263)	\$ (221,946)

The Canadian GAAP interim statement of loss and comprehensive loss for the six month period ended August 31, 2010 has been reconciled to IFRS as follows:

Six months ended August 31, 2010	Canadian GAAP	Effect of transition to IFRS	IFRS
Operating expenses			
General and administrative	\$ 392,766	\$ 2,663	\$ 395,429
Loss before the following items	(392,766)	(2,663)	(395,429)
Interest income (expense)	2,324	-	2,324
Gain on sale of marketable securities	22,842	-	22,842
Gain on foreign exchange	(77)	-	(77)
Net loss for the period	(367,677)	(2,663)	(370,340)
Net unrealized loss on available-for-sale marketable securities	(8,382)	-	(8,382)
Reclassification of net realized loss on available-for-sale marketable securities	(22,842)	-	(22,842)
Comprehensive loss for the period	\$ (398,901)	\$ (2,663)	\$ (401,564)

Majescor Resources Inc.

(An exploration stage company)

Notes to the Condensed Consolidated Interim Financial Statements

August 31, 2011

(Expressed in Canadian Dollars)

(Unaudited)

23. Conversion to IFRS (continued)

(vi) *Reconciliation of Comprehensive income (continued)*

The Canadian GAAP statement of loss and comprehensive loss for the year ended February 28, 2011 has been reconciled to IFRS as follows:

Year ended February 28, 2011	Canadian GAAP	Effect of transition to IFRS	IFRS
Operating expenses			
General and administrative	\$ 995,841	\$ 10,637	\$ 1,006,478
Loss before the following items	(995,841)	(10,637)	(1,006,478)
Interest income (expense)	8,378	-	8,378
Gain on sale of marketable securities	22,842	-	22,842
Gain on foreign exchange	716	-	716
Flow-through interest and tax expense	202,219	-	202,219
Net loss for the period	(761,686)	(10,637)	(772,323)
Net unrealized loss on available-for-sale marketable securities	(8,315)	-	(8,315)
Reclassification of net realized loss on available-for-sale marketable securities	(22,842)	-	(22,842)
Black-Scholes value of extended warrants	(115,577)	-	(115,577)
Comprehensive loss for the period	\$ (908,420)	\$ (10,637)	\$ (919,057)

Majescor Resources Inc.

(An exploration stage company)

Notes to the Condensed Consolidated Interim Financial Statements

August 31, 2011

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23. Conversion to IFRS (continued)

(vii) *Reconciliation of statement of cash flows*

The Canadian GAAP interim statement of cash flows for the six months ended August 31, 2010 has been reconciled to IFRS as follows:

Six months ended August 31, 2010	Canadian GAAP	Effect of transition to IFRS	IFRS
Operating Activities			
Net loss for the period	\$ (367,677)	\$ (2,663)	\$ (370,340)
Amortization of property, plant and equipment	1,570	4,800	6,370
Gain on sale of marketable securities	(22,842)	-	(22,842)
Share based payments	51,353	(2,137)	49,216
Unrealized gain on foreign exchange	-	-	-
Changes in non-cash working capital items:	682	-	682
Net cash used in operating activities	(336,914)	-	(336,914)
Investing activities			
Long-term investments	(935,074)	-	(935,074)
Proceeds from sale of marketable securities	77,342	-	77,342
Tax credit and mining duties received	32,782	-	32,782
Net cash provided by (used in) investing activities	(824,950)	-	(824,950)
Financing activities			
Issue of common shares	2,475,000	-	2,475,000
Options exercised	4,500	-	4,500
Share issue costs	(211,741)	-	(211,741)
Net cash provided by financing activities	2,267,759	-	2,267,759
Effect of exchange rate fluctuations on cash and cash equivalents	77	-	77
Net change in cash and cash equivalents	1,105,972	-	1,105,972
Cash and cash equivalents, beginning of period	111,480	-	111,480
Cash and cash equivalents, end of period	\$ 1,217,452	\$ -	\$ 1,217,452

Majescor Resources Inc.

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Notes to the Condensed Consolidated Interim Financial Statements

August 31, 2011

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(Unaudited)

23. Conversion to IFRS (continued)

(vii) Reconciliation of statement of cash flows (continued)

The Canadian GAAP statement of cash flows for the year ended February 28, 2011 has been reconciled to IFRS as follows:

Year ended February 28, 2011	Canadian GAAP	Effect of transition to IFRS	IFRS
Operating Activities			
Net loss for the period	\$ (761,686)	\$ (10,637)	\$ (772,323)
Amortization of property, plant and equipment	3,395	9,600	12,995
Gain on sale of marketable securities	(22,842)	-	(22,842)
Share based payments	85,080	1,037	86,117
Changes in non-cash working capital items:	(274,555)	-	(274,555)
Net cash used in operating activities	(970,608)	-	(970,608)
Investing activities			
Short-term investments	(503,153)	-	(503,153)
Long-term investments	(817,173)	-	(817,173)
Proceeds from sale of marketable securities	77,342	-	77,342
Tax credit and mining duties received	139,144	-	139,144
Net cash provided by (used in) investing activities	(1,103,840)	-	(1,103,840)
Financing activities			
Common shares issued	2,550,000	-	2,550,000
Warrants exercised	200,000	-	200,000
Options exercised	4,500	-	4,500
Share issue costs	(213,250)	-	(213,250)
Net cash provided by financing activities	2,541,250	-	2,541,250
Effect of exchange rate fluctuations on cash and cash equivalents	(949)	-	(949)
Net change in cash	465,853	-	465,853
Cash, beginning of year	111,480	-	111,480
Cash, end of year	\$ 577,333	\$ -	\$ 577,333

Majescor Resources Inc.

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24. Subsequent events

(i) On September 9, 2011, in accordance with the Company's compensation policy, stock option plan, the Board of Directors granted 950,000 stock options to its officers and directors. Each stock option entitles the holder to subscribe for one common share of the Company at a price of \$0.25 per share for a five-year period expiring September 9, 2016.

(ii) On September 15, 2011, the Company received formal notice by Sunridge Gold Corp. ("Sunridge") that Sunridge had fulfilled its obligations pursuant to the Option Agreement dated September 15, 2008 and Amendment Agreement dated June 19, 2009 (the "Agreement"), by incurring \$2,000,000 in work expenditures on the Besakoa volcanogenic-massive-sulphide (VMS) project, southern Madagascar, and by issuing 300,000 Sunridge common shares to the Company. Consequently, Sunridge is deemed to have acquired a 50% interest in Daraina Exploration S.a.r.l. ("Daraina"), a registered Malagasy corporation and a 100%-held subsidiary of Majescor, the owner of the Besakoa project.