MAJESCOR RESOURCES INC.
Consolidated Financial Statements
Years Ended February 29, 2012
and February 28, 2011

(Expressed in Canadian Dollars)

Management's Responsibility for Consolidated Financial Statements

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

The consolidated 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 consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the financial position date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in compliance with all applicable International Financial Reporting Standards.

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 consolidated 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 consolidated financial statements and (ii) the consolidated 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 consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated 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 consolidated 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 consolidated 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
June 29, 2012

Raymond Chabot Grant Thornton

Independent Auditor's Report

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To the Shareholders of
Majescor Resources Inc.

We have audited the accompanying consolidated financial statements of Majescor Resources Inc., which comprise the consolidated statements of financial position as at February 29, 2012 and February 28, 2011 and March 1, 2010 and the consolidated statements of loss and comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years ended February 29, 2012 and February 28, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International financial reporting standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Majescor Resources Inc. as at February 29, 2012 and February 28, 2011 and March 1, 2010 and its financial performance and its cash flows for the years ended February 29, 2012 and February 28, 2011 in accordance with International Financial Reporting Standards (IFRS).

Emphasis of matters

Without qualifying our opinion, we draw attention to Note 2 to the consolidated financial statement, which indicates that the Company has experienced net losses and has an accumulated deficit since inception. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern.

Raymond Chabot Grant Thornton LLP

Chartered Accountants,
Licensed Public Accountants

Ottawa, Canada
June 29, 2012

Majescor Resources Inc.
(An exploration stage company)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	February 29, 2012	February 28, 2011	March 1, 2010
Assets			
Current assets			
Cash and cash equivalents (note 6)	**$ 3,172,103**	$ 577,333	$ 111,480
Short-term investments (note 6)	**-**	503,153	-
Marketable securities (note 7)	**137,572**	11,947	97,604
Accounts receivable (note 8)	**114,405**	29,602	33,802
Tax credit and mining duties receivable (note 9)	**83,844**	83,844	222,988
Prepaid expenses (note 10)	**759,639**	87,282	28,654
Total current assets	**4,267,563**	1,293,161	494,528
Long-term investments (notes 11 and 14)	**-**	4,621,825	1,304,652
Property and equipment (note 12)	**130,120**	46,540	59,535
Exploration and evaluation assets (notes 13 and 14)	**6,720,552**	24,520	24,520
Total assets	**$ 11,118,235**	$ 5,986,046	$ 1,883,235
Liabilities and Equity			
Current liabilities			
Trade and other payables (note 15)	**$ 687,020**	$ 174,948	$ 396,023
Debt obligation (note 16)	**290,079**	-	-
Total current liabilities	**977,099**	174,948	396,023
Long-term debt (note 17)	**2,000**	-	-
Total liabilities	**979,099**	174,948	396,023
Equity			
Share capital (note 18)	**33,429,971**	28,442,363	23,763,720
Reserves	**4,801,446**	2,982,081	2,448,938
Deficit	**(28,875,327)**	(25,613,346)	(24,725,446)
Equity attributable to equity holders of the Parent Company	**9,356,090**	5,811,098	1,487,212
Equity attributable to non-controlling interest (note 22)	**783,046**	-	-
Total equity	**10,139,136**	5,811,098	1,487,212
Total liabilities and equity	**$ 11,118,235**	$ 5,986,046	$ 1,883,235

Going concern (note 2)
Commitments (note 31)
Subsequent event (note 33)

Approved on behalf of the Board:

(signed) "Daniel Hachey"
Daniel Hachey, Director

(signed) "Anthony Giovinazzo"
Anthony Giovinazzo, Director

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

Majescor Resources Inc.

(An exploration stage company)
Consolidated Statements of Loss
(Expressed in Canadian Dollars)

	Year Ended February 29, 2012	Year Ended February 28, 2011
Expenses		
Exploration and evaluation expenditures	**$ 2,229,491**	$ -
General and administrative (note 23)	**1,879,491**	1,006,478
Gain on foreign exchange	**(68,710)**	(716)
Gain on optioning of mineral interest (note 13(b))	**(177,801)**	-
Loss before the following	**(3,862,471)**	(1,005,762)
Interest and other income	**16,202**	8,378
Gain (loss) on sale of marketable securities	**(11,220)**	22,842
Flow-through interest and tax expense	**-**	202,219
Net loss for the period	**$ (3,857,489)**	$ (772,323)
Attributable to:		
Equity holders of the Parent Company	**$ (3,191,740)**	$ (772,323)
Non-controlling interest	**(665,749)**	-
	$ (3,857,489)	$ (772,323)
Basic and diluted loss per share (note 21)	**$ (0.06)**	$ (0.02)

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

Majescor Resources Inc.
(An exploration stage company)
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended February 29, 2012	Year Ended February 28, 2011
Net loss for the period	**$ (3,857,489)**	$ (772,323)
Other comprehensive loss		
Unrealized loss on available-for-sale marketable securities	**(35,895)**	(8,315)
Reclassification of net realized loss (gain) on available-for-sale marketable securities	**11,220**	(22,842)
Comprehensive loss for the period	**$ (3,882,164)**	$ (803,480)
Attributable to:		
Equity holders of the Parent Company	**$ (3,216,415)**	$ (803,480)
Non-controlling interest	**(665,749)**	-
	$ (3,882,164)	$ (803,480)

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

Majescor Resources Inc.

(An exploration stage company)
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

		Reserves						
	Share capital (note 18)	**Contributed surplus**	**Warrants** (note 19)	**Accumulated other comprehensive income**	**Total reserves**	**Deficit**	**Non-controlling interest** (note 22)	**Total**
Balance, March 1, 2010	**$ 23,763,720**	**$ 2,239,419**	**$ 184,491**	**$ 25,028**	**$ 2,448,938**	**$ (24,725,446)**	**$ -**	**$ 1,487,212**
Units issued for cash	2,550,000	-	-	-	-	-	-	2,550,000
Cost of issue	(259,506)	-	63,655	-	63,655	-	-	(195,851)
Warrants	(355,812)	-	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
Shares issued for exercise of warrants	200,000	-	-	-	-	-	-	200,000
Fair value of warrants exercised	53,738	-	(53,738)	-	(53,738)	-	-	-
Fair value of options exercised	3,123	(3,123)	-	-	(3,123)	-	-	-
Fair value of extended warrants	-	-	115,577	-	115,577	(115,577)	-	-
Share based payments	-	86,117	-	-	86,117	-	-	86,117
Transactions with owners	4,678,643	82,994	481,306	-	564,300	(115,577)	-	5,127,366
Net loss for the period	-	-	-	-	-	(772,323)	-	(772,323)
Unrealized loss on available-for-sale marketable securities	-	-	-	(8,315)	(8,315)	-	-	(8,315)
Reclassification of net realized gain on available-for-sale marketable securities	-	-	-	(22,842)	(22,842)	-	-	(22,842)
Balance, February 28, 2011	**28,442,363**	**2,322,413**	**665,797**	**(6,129)**	**2,982,081**	**(25,613,346)**	**-**	**5,811,098**
Units issued for cash	6,585,000	-	-	-	-	-	-	6,585,000
Cost of issue	(751,740)	-	195,424	-	195,424	-	-	(556,316)
Warrants	(1,188,100)	-	1,188,100	-	1,188,100	-	-	-
Shares issued for exercise of options	39,750	-	-	-	-	-	-	39,750
Fair value of options exercised	22,258	(22,258)	-	-	(22,258)	-	-	-
Shares issued for exercise of warrants	12,050	-	-	-	-	-	-	12,050
Fair value of warrants exercised	3,765	-	(3,765)	-	(3,765)	-	-	-
Fair value of extended warrants	-	-	70,241	-	70,241	(70,241)	-	-
Share based payments	-	416,298	-	-	416,298	-	-	416,298
Acquisition of SACG	200,000	-	-	-	-	-	1,538,420	1,738,420
Shares issued to acquire SOMINE shares	64,625	-	-	-	-	-	-	64,625
Transactions with owners	4,987,608	394,040	1,450,000	-	1,844,040	(70,241)	1,538,420	8,299,827
Net loss for the period	-	-	-	-	-	(3,191,740)	(665,749)	(3,857,489)
Unrealized loss on available-for-sale marketable securities	-	-	-	(35,895)	(35,895)	-	-	(35,895)
Reclassification of net realized loss on available-for-sale marketable securities	-	-	-	11,220	11,220	-	-	11,220
Change in ownership of minority interest	-	-	-	-	-	-	(89,625)	(89,625)
Balance, February 29, 2012	**$ 33,429,971**	**$ 2,716,453**	**$ 2,115,797**	**$ (30,804)**	**$ 4,801,446**	**$ (28,875,327)**	**$ 783,046**	**$ 10,139,136**

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

Majescor Resources Inc.

(An exploration stage company)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended February 29, 2012	Year Ended February 28, 2011
Operating activities		
Net loss for the period	**$ (3,857,489)**	$ (772,323)
Adjustments for:		
Amortization of property and equipment	**32,558**	12,995
Share based payments	**416,298**	86,117
Loss (gain) on sale of marketable securities	**11,220**	(22,842)
Gain on optioning of mineral interest (note 13(b))	**(177,801)**	-
Changes in working capital items (note 25)	**(197,908)**	(274,555)
Net cash used in operating activities	**(3,773,122)**	(970,608)
Investing activities		
Short-term investments	**503,153**	(503,153)
Long-term investments	**-**	(817,173)
Proceeds from sale of marketable securities	**38,880**	77,342
Tax credit and mining duties received	**-**	139,144
Purchase of property and equipment	**(48,034)**	-
Purchase of interest from non-controlling interest	**(25,000)**	-
Net cash provided by (used in) investing activities	**468,999**	(1,103,840)
Financing activities		
Proceeds from issue of common shares, net of costs	**6,028,684**	2,336,750
Warrants exercised	**12,050**	200,000
Options exercised	**39,750**	4,500
Cash received on acquisition of assets of SACG	**118,937**	-
Net cash provided by financing activities	**6,199,421**	2,541,250
Effect of foreign currency translation	**(300,528)**	(949)
Net change in cash and cash equivalents	**2,594,770**	465,853
Cash and cash equivalents, beginning of period	**577,333**	111,480
Cash and cash equivalents, end of period	**$ 3,172,103**	$ 577,333
Cash and cash equivalents consist of:		
Cash	**$ 2,472,659**	$ 125,176
Cash equivalents	**699,444**	452,157
	$ 3,172,103	$ 577,333
Non-cash supplemental information:		
Deferred exploration expenses included in accounts payable	**$ -**	$ 7,083
Common shares issued to acquire interest in investee company	**$ -**	$ 2,500,000

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

1. Nature of operations

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 consolidated financial statements were approved by the Board of Directors on June 29, 2012.

2. Going concern

These consolidated 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 $3,857,489 during the year ended February 29, 2012 (year ended February 28, 2011 - $772,323) and has an accumulated deficit of $28,875,327 (February 28, 2011 - $25,613,346, March 1, 2010 - $24,725,446). These material uncertainties cast significant doubt regarding the Company’s ability to continue as a going concern.

As at February 29, 2012, the Company had a working capital of $3,290,464, including $3,172,103 in cash and cash equivalents and current liabilities totalling $977,099. In addition to ongoing working capital requirements, the Company must secure sufficient funding to continue its exploration program on the Somine project and related general and administration costs. Management is evaluating various alternatives to secure the necessary financing so that the Company can continue as a going concern. Nevertheless, there is no assurance that these initiatives will be successful.

The carrying amount of assets, liabilities and expenses presented in the consolidated financial statements and the classification used in the consolidated statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

3. Statement of compliance and conversion to International Financial Reporting Standards ("IFRS")

These consolidated financial statements have been prepared in accordance with IFRS, which are effective as at February 29, 2012.

The Company previously prepared its consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles (“CGAAP”) applicable before the transition. Given that these are the Company's first IFRS financial statements, management applied IFRS 1, First-time Adoption of International Financial Reporting Standards. The description of how the transition from CGAAP to IFRS has affected the reported financial position and results of the Company is provided in note 32.

These consolidated financial statements have been prepared on the basis of IFRS standards that are effective or available for early adoption by the Company. The policies applied in these consolidated financial statements are based on IFRS issued as of June 29 2012, the date the Board of Directors approved the consolidated financial statements.

4. Significant accounting policies

(a) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale financial instruments which are measured at fair value.

(b) Basis of consolidation

These consolidated 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. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All 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 owners of the parent and to the non-controlling interests even if that results in the non-controlling interest having a deficit balance. 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 consolidated financial statements:

Name of subsidiary	Place of incorporation	Ownership interest	Principal activity
Tropic Diamonds Inc.	Ontario, Canada	100%	Holding company
Ampanihy Resources S.A.R.L	Madagascar	100%	Holding company
SIMACT Alliance Copper Gold Inc. [1]	Montreal, Canada	100%	Exploration company

[1] SIMACT Alliance Cooper Gold Inc. ("SACG") owns approximately 73% of SOMINE S.A., a company incorporated under the laws of Haiti (note 14).

(c) Functional currency and foreign currency translation

These consolidated 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. The functional currency of all the subsidiaries is the Canadian dollar. The functional currency for the Company and its subsidiaries has remained unchanged during the reporting period.

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 the date the fair value was determined; 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).

4. Significant accounting policies (continued)

(d) Jointly-controlled exploration operations

For those mineral properties subject to joint control where the Company has undertaken certain exploration and evaluation activities in respect of specific minerals, the Company recognizes, in its financial statements, only those assets that it controls and those liabilities and expenses that it incurs directly.

(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:

- loans and receivables;
- available for sale investments.

Financial liabilities are classified into other financial liabilities at their initial recognition.

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.

<u>Loans and receivables</u>
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, short-term investments and accounts receivable, except sales tax, fall into this category of financial instruments.

<u>Available-for-sale financial assets</u>
Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company's available-for-sale financial assets include marketable securities in quoted mining exploration companies.

Available-for-sale financial assets are measured at fair value. Net change in fair value is recognized in other comprehensive income and reported within the accumulated other comprehensive income reserve within equity. When the asset is derecognized, the cumulative gain or loss recognized in other comprehensive income is reclassified to profit or loss as a gain (loss) on sale of marketable securities, if applicable, and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognized in profit or loss within finance income.

Reversals of impairment losses are recognized in other comprehensive income.

4. Significant accounting policies (continued)

(e) Financial Instruments (continued)

Other financial liabilities:
The Company's financial liabilities include trade and other payables, debt obligation and long-term debts. Financial liabilities are measured subsequently at amortized cost using the effective interest method. All interest-related charges are reported in profit and loss within finance costs, if applicable.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when all of the substantial risks and rewards are transferred.

Financial liabilities are derecognized when they are extinguished, 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.

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 exploration and evaluation assets and property and equipment for impairment when facts and circumstances suggest that the carrying amount of the assets are impaired. Where such an indication exists, the recoverable amount of the asset is estimated. In the case of mineral properties where no reserves have yet been identified and for which there are not yet any projected cash flows, impairment tests are performed at the level of each of the major projects. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. Whenever a mineral property is considered no longer viable or is abandoned, the capitalized amounts are written down to their recoverable amounts; the difference is then immediately recognized in profit or loss.

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 profit or loss.

4. Significant accounting policies (continued)

(g) Exploration and evaluation assets and exploration and evaluation expenses

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

Exploration and evaluation expenditures
The 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.

Exploration expenditures incurred during the exploration and evaluation phase are expensed.

(h) Property and equipment

Property and equipment ("PE") are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of PE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use.

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

Detail	Percentage	Method
Office furniture and equipment	20%	Declining balance
Computer equipment	30%	Declining balance
Exploration equipment	20%	Declining balance

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

(i) Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash in bank 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.

(j) 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.

4. Significant accounting policies (continued)

(k) Tax credits and mining duties

The Government of Quebec 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 Quebec also offers businesses having establishments and that carry on activities in Quebec 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.

(l) 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.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. The Company had no material provisions or contingent liabilities as at February 29, 2012, February 28, 2011 and March 1, 2010.

(m) 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 issues warrants to brokers.

All goods and services received in exchange for the grant of any share based payments are measured at their fair values, unless fair value cannot be reasonably estimated reliably. 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, except warrants to brokers 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.

4. Significant accounting policies (continued)

(n) Equity

The share capital represents the amount received upon the share issuance, less issuance costs, net of any underlying income tax benefit from these issuance costs. If shares are issued when options and warrants are exercised, the share capital account also comprises the compensation costs previously recorded in the contributed surplus and warrants.

Unit placements
Proceeds from unit placements are allocated between shares and warrants issued according to their fair value using the proportional method.

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 sale of the right to tax deductions deferred and presented as other liabilities. The proceeds received from flow-through shares are allocated between share capital and the liability using the residual method. 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.

Other elements of equity
Reserves include the accumulated other comprehensive income reserve, the contributed surplus reserve and the warrants reserve.

The accumulated other comprehensive income includes unrealized gains and losses on available-for-sale financial assets.

Contributed surplus includes charges related to stock options. When stock options are exercised, the related compensation costs is transferred to share capital.

Warrants includes the fair value on the issuance of warrants. When warrants are exercised, the related amount is transferred to share capital.

Deficit includes all current and prior period profits or losses.

(o) Employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave, sick leave and bonuses) is recognized in the period in which the services are rendered and is not discounted.

The cost of bonus payments is recognized in profit and loss when there is a legal or constructive obligation to make such payments as a result of past performances.

4. Significant accounting policies (continued)

(p) Income taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income tax assets and/or liabilities are the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(q) Basic and diluted 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.

(r) Segmented reporting

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the Chairman and the Board of Directors.

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.

4. Significant accounting policies (continued)

(s) 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.

(t) 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 consolidated financial statements are listed below, none of which have been early adopted by the Company.

(i) 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, 2015. Earlier application is permitted. The Company is currently evaluating the impact of this pronouncement on its consolidated financial statements.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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.

4. Significant accounting policies (continued)

(t) Standards, amendments and interpretations not yet effective (continued)

(vi) IAS 1, Presentation of financial statements

Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. This amendment is effective for annual periods beginning on or after July 1, 2012. The Company is currently evaluating the impact of this pronouncement on its consolidated financial statements.

(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.

(viii) IAS 28, Investments in Associates and Joint Ventures

This amendment is effective for annual periods beginning on or after January 1, 2013, the prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting of investments in associates and joint ventures. The Company is currently evaluating the impact of this amendment on its consolidated financial statements.

5. 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:

Estimates

- the recoverability of accounts receivable and tax credits and mining duties receivables;
- the estimated useful lives and residual value of PE;
- the estimated timing of future events used in determining the fair value of certain financial instruments;

5. Critical accounting estimates (continued)

Judgements

- determination that no material restoration, rehabilitation and environmental obligations and liabilities existed based on the facts and circumstances;
- the assessment of the Company's ability to execute its strategy by funding future working capital. Further information regarding going concern is outlined in note 2;
- determining whether facts and circumstances suggest that the carrying amount of impairment of exploration and evaluation assets may exceed their recoverable amount when for example: 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;
- determination of the functional currency of the Company and the functional currency of each of its subsidiaries, based on the facts and circumstances that existed during the period.

6. Cash and cash equivalents and short-term investments

	February 29, 2012	February 28, 2011	March 1, 2010
Cash and cash equivalents			
Cash	**$ 2,472,659**	$ 125,176	$ 44,416
Money market fund	**699,444**	452,157	67,064
	$ 3,172,103	$ 577,333	$ 111,480
Short-term investments			
Guaranteed investment certificates (i)	**$ -**	$ 503,153	$ -

(i) The guaranteed investment certificate bears interest at 1.40% with a maturity date of September 16, 2011.

7. Marketable securities

As at February 29, 2012, the marketable securities consisted of the following:

February 29, 2012	Cost	Impairment	Unrealized gain (loss)	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)	(3,612)	2,763
Sunridge Gold Corp. - 225,000 common shares (i)	150,300	-	(17,550)	132,750
	$ 317,700	$ (149,324)	$ (30,804)	$ 137,572

7. Marketable securities (continued)

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

February 28, 2011		Cost		Impairment		Unrealized gain (loss)		Fair value
Vaaldiam Mining Inc. - 18,721 common shares (ii)	$	130,000	$	(118,299)	$	(6,552)	$	5,149
Diamonds North Resources Ltd. - 42,500 common shares		37,400		(31,025)		423		6,798
Sunridge Gold Corp. - nil common shares (iii)		-		-		-		-
	$	167,400	$	(149,324)	$	(6,129)	$	11,947

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

March 1, 2010		Cost		Cumulative impairment		Unrealized gain (loss)		Fair value
Vaaldiam Mining Inc. - 234,023 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

(i) On September 13, 2011, the Company received 300,000 shares of Sunridge Gold Corp. ("Sunridge") (valued at $200,400) in exchange for a 50% interest in Daraina (note 13).

During the year ended February 29, 2012, the Company sold 75,000 shares of Sundridge Gold Corp. for net proceeds of $38,880, realizing a loss of $11,220.

(ii) In March 2010, Tiomin Resources Inc. ("Tiomin") acquired all of the outstanding common shares of Vaaldiam Resources Ltd. ("Vaaldiam") in consideration of 0.08 Tiomin common shares for each Vaaldiam common share. In connection with the arrangement, Tiomin changed its name to Vaaldiam Mining Inc. As a result, the 234,023 common shares of Vaaldiam held by the Company at that date were converted to 18,721 common shares of Vaaldiam Mining Inc.

(iii) In June 2010, the Company sold 200,000 shares of Sunridge for net proceeds of $77,342, realizing a gain of $22,842.

8. Accounts receivable

	February 29, 2012	February 28, 2011	March 1, 2010
Sales tax receivable (Canada)	**$ 112,614**	$ 29,602	$ 33,802
Other receivable	**1,791**	-	-
	$ 114,405	$ 29,602	$ 33,802

9. Tax credit and mining duties receivable

Tax credit and mining duties receivable consists of refundable tax credits and refundable mining duties from the government of Quebec.

10. Prepaids

	February 29, 2012	February 28, 2011	March 1, 2010
Exploration advances	**$ 692,321**	$ 87,282	$ 28,654
Prepaid exploration supplies	**67,318**	-	-
	$ 759,639	$ 87,282	$ 28,654

11. Long-term investments

	February 29, 2012	February 28, 2011	March 1, 2010
SIMACT Alliance Copper Gold Corp. (a)			
Acquisition cost (b)	**$ -**	$ 3,901,080	$ 1,304,652
Advance to SACG for exploration work on the SOMINE property	**-**	200,000	-
Cash payments to SACG for settlement of its debts	**-**	520,745	-
	-	4,621,825	1,304,652
Uranium World Energy Inc. (c)	**-**	-	-
	$ -	$ 4,621,825	$ 1,304,652

(a) Since May 7, 2011, the date at which the Company was able to establish control over SIMACT Alliance Copper Gold Corp. ("SACG"), the assets, liabilities and expenses of the latter entity have been consolidated. Prior to control being established it was accounted for at cost.

11. Long-term investments (continued)

(b) Total consideration paid by the Company for all of the outstanding shares of SACG was as follows:

12,000,000 common shares issued (i)	$ 2,800,000
Cash payment and related acquisition costs(ii)	1,101,080
	$ 3,901,080

(i) The fair value of the 2,000,000 shares issued to acquire the initial 10% interest in SACG was $300,000, based on the market price on the day the shares were issued. The fair value of the 10,000,000 shares issued on July 27, 2010 to acquire the remaining 90% interest in SACG was $2,500,000, based on the market price of the Company's shares on the date of the exercise of the option. The Company incurred acquisition costs of $17,400 related to this issuance.

When control was established, the investment was derecognized and the 12,000,000 shares were revalued at the stock price on May 7, 2011 at $0.25 for a total value of $3,000,000, see note 14.

(ii) Cash payment and related acquisition costs include the following:

Cash payment to SACG	$ 200,000
Exploration work	690,000
Other related acquisition costs	211,080
	$ 1,101,080

(c) The Company owns 3,600,000 common shares of Uranium World Energy Inc. (''UWE'') (a privately-held company) representing approximately 29% of its issued and outstanding shares. The carrying value of these shares was written down to nil in a prior period as UWE is inactive.

12. Property 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	3,335	-	112,803	116,138
Disposals	(7,485)	-	-	(7,485)
Balance, February 29, 2012	**$ 9,910**	**$ 26,081**	**$ 189,972**	**$ 225,963**

12. Property and equipment (continued)

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	515	1,669	30,374	32,558
Disposals	(7,485)	-	-	(7,485)
Balance, February 29, 2012	**$ 4,512**	**$ 22,188**	**$ 69,143**	**$ 95,843**

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, February 29, 2012	**$ 5,398**	**$ 3,893**	**$ 120,829**	**$ 130,120**

13. Exploration and evaluation assets

	Mistassini, Quebec	Madagascar	Haiti	Total
Balance, March 1, 2010, February 28, 2011	**$ 1,921**	**$ 22,599**	**$ -**	**$ 24,520**
Addition (note 14)	-	-	6,718,631	6,718,631
Option payment received (b)	-	(22,599)	-	(22,599)
Balance, February 29, 2012	**$ 1,921**	**$ -**	**$ 6,718,631**	**$ 6,720,552**

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.

13. Exploration and evaluation assets (continued)

a) Mistassini (continued)

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

Pursuant to an option Agreement dated September 15, 2008 and an amendment agreement dated June 19, 2009 with Sunridge, 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.

On September 15, 2011, the Company received formal notice by Sunridge, that Sunridge had fulfilled its obligations by incurring $2,000,000 in work expenditures and by issuing 300,000 Sunridge common shares (valued at $200,400) to the Company. Consequently, Sunridge is deemed to have acquired a 50% interest in Daraina. This was accounted for by reducing the cost of $22,599 in exploration and evaluation assets and recording a gain of $177,801 in the consolidated statement of loss.

13. Exploration and evaluation assets (continued)

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") (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 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 73% 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 project (the "Project"), located in the North-East Mineral district of Haiti. SOMINE's mineral rights and obligations for the Project were assigned under a mining convention executed with the Government of Haiti on May 5, 2005 and expired on June 22, 2012. On June 21, 2012, SACG and SOMINE submitted two independent technical reports (non NI 43-101 compliant) to the the Haitian Bureau of Mines and Energy (the "BME") pursuant to SOMINE's obligation under its Mining Convention with the State of Haiti and in support of SOMINE SA's application to have the 50 square km SOMINE Exploration License converted to two (2) 25 square km Mining Licenses (one covering the Blondin-Douvray-Dos Rada porphyry copper system; the other the Faille B shear structure). The SOMINE Exploration License expired on June 22, 2012. Under the terms of the Mining Convention, and conditional to SOMINE honouring other provisions set-out in the Mining Convention, upon receiving the two technical reports, the BME has thirty (30) days to issue the two Mining Licenses. Under Haitian mining law, a Mining License is valid for five (5) years, and is renewable until the start of commercial mining at which time the license shall be converted to a Mining Lease (valid for 25 years; renewable). The mining convention is valid until March 9, 2020. The SOMINE Copper-Gold property also covers four Prospecting Permits encompassing four 100 square km areas lying to the East, South and Southeast of the Research Permit subject to the Mining Convention. SOMINE SA has requested the conversion of three of the Prospecting Permits into Research Permits (50 square km each) and has filed all technical and source documents in support of its application with the BME.

14. Acquisition of subsidiary

SIMACT Alliance Copper Gold Inc.

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, 40% of which were held in escrow until January 2012. In total, the Company acquired 18,882,000 SACG shares and incurred $17,400 of costs related to the acquisition.

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 employee, together with extensive damages to physical infrastructure and loss of most accounting records. As a result, the Company was not yet been able to fully reconcile all of the accounts of SOMINE until May 7, 2011.

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, 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.

14. Acquisition of subsidiary (continued)

SIMACT Alliance Copper Gold Inc. (continued)

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), further to a special shareholders meeting held by SOMINE on May 7, 2011, whereby a new board was elected and SACG was designated as operator for the SOMINE project.

The transaction did not meet the definition of a business combination as the primary assets acquired are in the exploration stage. Being in the exploration phase, the properties had neither the inputs or processes that would make it capable of producing outputs at the time of the acquisition. Therefore, the transaction was recorded as an acquisition of assets.

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

Assets given up

Fair value of 12,000,000 common shares issued (i)	$	3,000,000
Cash payment and related acquisition costs (ii)		2,122,353
	$	5,122,353

(i) The fair value of the 12,000,000 shares issued is based on the market price of the Company's shares on May 7, 2011.

(ii) Cash payment and related acquisition costs include the following:

Cash payment to SACG	$	200,000
Exploration work		890,000
Other related acquisition costs		1,032,353
	$	2,122,353

Fair Value of Net Assets Received

Current assets		
Cash and cash equivalents	$	118,937
Receivables		73,359
Prepaid expenses		12,511
Property and equipment		68,104
Exploration and evaluation assets (note 12(c))		6,718,631
		6,991,542
Less: Current liabilities		(38,690)
Debt obligation		(290,079)
Long-term debt (note 17)		(2,000)
Minority interest		(1,538,420)
	$	5,122,353

15. Trade and other payables

	February 29, 2012	February 28, 2011	March 1, 2010
Falling due within the year			
Trade payables	$ 687,020	$ 174,948	$ 396,023

16. Debt obligation

This amount represents $290,079 which is due to a creditor of SOMINE to settle an outstanding debt of US$ 302,000. The debt is due on demand and does not bear interest.

17. Long-term debt

An amount of $2,000 consisting of 12,500 Class B priority shares of SOMINE. These shares are non-voting, and carry a 12% dividend which is non-cumulative up to commercial production of the Haitian properties. These shares can be offered by the holder for redemption at production stage.

18. Share capital

Authorized - The authorized share capital consisted of an unlimited number of common shares.

Issued and outstanding:

Common shares	Number of shares	Amount
Balance, March 1, 2010	**18,873,209**	**$ 23,763,720**
Units issued for cash (i)(ii)	10,200,000	2,550,000
Cost of issue (i)(ii) (Note 14)	-	(276,906)
Warrants valuation (i)(ii)	-	(355,812)
Shares issued on acquisition of SACG (Note 14)	10,000,000	2,500,000
Shares issued for exercise of options	30,000	4,500
Fair value of options exercised	-	3,123
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**	**28,442,363**
Units issued for cash (iii)(iv)(v)(vi)	30,340,000	6,585,000
Cost of issue (iii)(iv)(v)(vi)	-	(751,740)
Warrants valuation (iii)(iv)(v)(vi)	-	(1,188,100)
Shares issued for exercise of options	265,000	39,750
Fair value of options exercised	-	22,258
Shares issued for exercise of warrants	71,200	12,050
Fair value of warrants exercised	-	3,765
Revaluation of shares issued on acquisition of SACG (Note 14)	-	200,000
Shares issued to acquire SOMINE shares (vii)	275,000	64,625
Balance, February 29, 2012	**71,704,409**	**$ 33,429,971**

18. 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% (based on the Company's historical volatility for 2 years up to the issuance date) 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% (based on the Company's historical volatility for 2 years up to the issuance date) 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% (based on the Company's historical volatility for 2 years up to the issuance date) 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% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.

18. 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% (based on the Company's historical volatility for 2 years up to the issuance date) 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% (based on the Company's historical volatility for 1.5 years up to the issuance date) 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% (based on the Company's historical volatility for 2 years up to the issuance date) 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% (based on the Company's historical volatility for 1.5 years up to the issuance date) and dividend rate of 0%.

18. Share capital (continued)

(vi) On February 29, 2012, the Company completed the first tranche of a non-brokered private placement of 10,340,000 units at a price of $0.25 each for gross proceeds of $2,585,000. 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 March 1, 2014. The Company paid finders' fees of $191,400 and issued 729,600 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 March 1, 2014.

The 5,170,000 warrants issued in connection to the private placement have been recorded at a value of $413,600 based on the proportional method based on the Black-Scholes option pricing model, using the following assumptions: risk free interest rate of 1.12%, expected life of warrants of 2 years, annualized volatility rate of 93% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.

The 729,600 agent warrants issued in connection to the private placement have been recorded at a value of $79,526 based on the Black-Scholes option pricing model, using the following assumptions: risk free interest rate of 1.12%, expected life of warrants of 2 years, annualized volatility rate of 93% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.

(vii) The Company, through SACG, acquired from an individual investor 13,000 voting shares of SOMINE, a company constituted under the laws of Haiti, in exchange for 275,000 common shares of Majescor (valued at $64,625 based on the value of the equity given up) and a sum of $25,000.

19. 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 18(i)(ii))	5,718,400	0.38
Exercised	(1,650,000)	0.12
Balance, February 28, 2011	**8,768,400**	**0.35**
Granted (note 18(iii)(iv)(v)(vi))	17,299,200	0.35
Exercised	(71,200)	0.17
Balance, February 29, 2012	**25,996,400**	**$ 0.35**

19. Warrants (continued)

The number of outstanding warrants which could be exercised for an equivalent number of common shares is as follows:

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
5,170,000	413,600	0.40	March 1, 2014
729,600	79,526	0.25	March 1, 2014
25,996,400	**$ 2,115,797**	**$ 0.35**	

(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 ($115,577 in 2011 for an extension for a one-year period which were set to expire on June 16, 2010) was recorded to deficit using the following assumptions: risk free interest rate of 1.48% (2011 - 1.77%), expected life of warrants of 2 years (2011 - 1 year), annualized volatility rate of 115% (2011 - 87%) (based on the Company's historical volatility for 1 year up to the extension date) and dividend rate of 0% (2011 - 0%).

20. 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.V 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. Options terminate 12 months following the optionee's retirement or death. The vesting period of options is determined by the Board of Directors at the time the options are granted.

20. Stock options (continued)

The following table shows the continuity of options:

	Number of Options	Weighted Average Exercise Price
Outstanding at March 1, 2010	**1,493,516**	**$ 0.65**
Granted (i)(ii)(iii)(iv)	737,500	0.25
Exercised	(30,000)	0.15
Forfeited	(41,500)	1.83
Expired	(37,316)	1.50
Outstanding at February 28, 2011	**2,122,200**	**0.48**
Granted (v)(vi)(vii)(viii)(ix)	2,750,000	0.24
Exercised	(265,000)	0.15
Expired	(75,700)	1.50
Forfeited	(149,000)	1.35
Outstanding at February 29, 2012	**4,382,500**	**$ 0.31**

The weighted average share price at the date of exercise was $0.22 (2011 - $0.22).

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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.

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:

Average share price at date of grant	$0.24
Expected dividend yield	0.00%
Expected stock price volatility	86%
Risk-free interest rate	2.03%
Expected life of options	4.19 years
Average exercise price at date of grant	$0.25

(v) 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.

(vi) 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.

(vii) 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.

20. Stock options (continued)

(viii) On September 9, 2011, 975,000 stock options were granted to Officers and Directors of the Company at an exercise price of $0.25 per share, expiring on September 9, 2016.

(ix) On January 30, 2012, 75,000 stock options were granted to a consultant of the Company at an exercise price of $0.22 per share, expiring of January 30, 2013.

The weighted average fair value of each option granted during the year ended February 29, 2012 of $0.15 is estimated using the Black-Scholes option pricing model with the following weighted average assumption:

Average share price at date of grant	$0.20
Expected dividend yield	0.00%
Expected stock price volatility	87%
Risk-free interest rate	1.76%
Expected life of options	4.62 years
Average exercise price at date of grant	$0.24

The underlying expected volatility was determined by reference to historical data of Majescor's shares listed on the TSX.V based on annual price volatility for the same term as the term of the option from the issuance date. No special features inherent to the options granted were incorporated into measurement of fair value.

The following table shows the options outstanding as at February 29, 2012:

Range of exercise price	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable
$0.15	90,000	2.24	$ 0.15	90,000
$0.21 - $0.28	4,102,500	3.64	$ 0.24	4,102,500
$1.50 - $1.70	132,500	0.74	$ 1.51	132,500
$2.80	57,500	0.10	$ 2.80	57,500
	4,382,500			**4,382,500**

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**

21. Loss per common share

The calculation of basic and diluted loss per share for the year ended February 29, 2012 was based on the loss attributable to common shareholders of $3,191,740 (year ended February 28, 2011 - $772,323) and the weighted average number of common shares outstanding of 52,830,824 (year ended February 28, 2011 - 31,008,195). Diluted loss per share did not include the effect of 4,382,500 stock options (2011 - 2,122,200) and 25,996,400 warrants (2011 - 8,768,400) as they are anti-dilutive.

22. Non-controlling interest

Balance, March 1, 2010 and February 28, 2011	$	-
Acquisition (note 14), (i)		1,538,420
Change in ownership interest (note 18 (vii))		(89,625)
Share of net loss		(665,749)
Balance, February 29, 2012	$	783,046

Subsequent to the acquisition on May 7, 2011, the Company further diluted minority interest by receiving shares in return for intercompany debt and acquiring shares from a minority shareholder.

The non-controlling interest pertains to the 27.11% interest in SOMINE that the Company does not own. Non-controlling interest of 40% was intially recorded when the Company gained control of its 100% owned subsidiary SAGC on May 7, 2011.

(i) Includes an amount of $1,221,310 relating to 352,000 Class B priority shares of SOMINE. These shares are non-voting, are redeemable at the option of SOMINE for the initial amount, and carry a 12% dividend which is non-cumulative.

23. General and administrative

	Year ended February 29, 2012	Year ended February 28, 2011
Management and consulting fees	**$ 449,064**	$ 216,083
Share based payments	**416,298**	86,117
Salaries and benefits	**229,685**	160,651
Travel and promotion	**426,604**	156,002
Shareholder information	**34,134**	12,684
Professional fees	**172,138**	187,620
Office and general expenses	**105,259**	174,326
Amortization of property and equipment	**32,558**	12,995
Bad debt	**13,751**	-
	$ 1,879,491	$ 1,006,478

24. Income taxes

A reconciliation of the combined Haitian and Canadian federal and provincial income tax rate with the Company's effective is as follows:

	2012	2011
Loss before income taxes	**$ (3,191,740)**	$ (772,323)
Expected income tax recovery	**(927,836)**	(228,994)
Tax effect of the following:		
Share based payments	**117,188**	25,226
Other non-taxable income and non-deductible expenses	**330,229**	(70,912)
Losses not recognized	**720,018**	271,247
Other temporary differences	**(239,599)**	3,433
Provision for income taxes	**$ -**	$ -

The Canadian statutory income tax rate of 28.15% (2011 - 29.65%) is comprised of federal income tax at approximately 16.25% (2011 - 17.75%) and provincial tax rate at approximately 11.90% (2011 - 11.90%).

The Haitian statutory income tax rate is comprised of federal income tax at approximately 30.00%. The consolidated statutory income tax rate is 29.19%.

As at February 29, 2012 and February 29, 2011 the amounts of deductible temporary differences for which no deferred tax assets were recognized, were as follows:

	2012	2011
Deferred tax assets		
Income tax loss carry forwards	**$ 2,199,823**	$ 1,405,740
Investments	**(48,420)**	(41,817)
Resource properties	**1,861,496**	1,953,778
Fixed and intangible assets	**37,412**	29,490
Share issue costs	**166,547**	-
Temporary differences for which no deferred tax assets were recognized	**4,216,858**	3,347,191

24. Income taxes (continued)

As at February 29, 2012, the Company has income tax loss carry forwards for which no deferred tax asset has been recorded in the consolidated statements of financial position, that can be carried forward over the following years:

	Federal	Quebec
2026	629,000	592,000
2026	626,000	572,000
2027	827,000	642,000
2028	945,000	39,000
2029	919,000	916,000
2030	506,000	513,000
2031	923,000	608,000
2032	$ 3,217,000	$ 1,331,000
	$ 8,592,000	$ 5,213,000

25. Changes in non-cash working capital items

	Year ended February 29, 2012	Year ended February 28, 2011
Accounts receivable	**$ (11,444)**	$ 4,200
Prepaid expenses	**(659,846)**	(58,628)
Trade and other payables	**473,382**	(220,127)
	$ (197,908)	$ (274,555)

26. 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.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received.

(a) Transactions with related companies

Majescor entered into the following transactions with related companies:

	Notes	Year ended February 29, 2012	Year ended February 28, 2011
Everton Resources Inc. ("Everton")	(i)	**$ 15,223**	$ 64,856
Woodcliff Capital Inc. ("Woodcliff")	(ii)	**$ -**	$ 14,000

26. Related party balances and transactions (continued)

(a) Transactions with related companies (continued)

(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 February 29, 2012, Everton was owed $nil (February 28, 2011 - $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.

(b) Transactions with key management personnel

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

	Year Ended	
	February 29, 2012	**February 28, 2011**
Salaries and benefits, including directors fees	**$ 209,217**	$ 183,032
Consulting fees	**$ 111,150**	$ 40,000
Share based payments	**$ 375,950**	$ 25,993
Total	**$ 696,317**	$ 249,025

As at February 29, 2012 directors and key management personnel were owed $74,533 (February 28, 2011 - $15,002).

27. Segmented information

The Company has determined that it only operates in one segment, being acquisition, exploration and development of mineral properties for economically recoverable reserves. Non-current assets segmented by geographical area are as follows:

	February 29, 2012	**February 28, 2011**	**March 1, 2010**
Canada	**$ 38,597**	$ 48,461	$ 61,456
Haiti	**6,812,075**	4,621,825	1,304,652
Madagascar	**-**	22,599	22,599
Total	**$ 6,850,672**	$ 4,692,885	$ 1,388,707

28. 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 February 29, 2012 totalled $9,356,090 (February 28, 2011 - $5,811,098 and March 1, 2010 - $1,487,212).

28. Capital management (continued)

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’s capital management objectives, policies and processes have remained unchanged during the year ended February 29, 2012.

The Company is not subject to any external capital requirements or restrictions.

29. 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 30. 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 and short-term investments are held with reputable Canadian chartered banks, 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.

The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

None of the Company's financial assets are secured by collateral or other credit enhancements.

29. Financial risk factors (continued)

(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 February 29, 2012, the Company had cash and cash equivalents and short-term investments of $3,172,103 (February 28, 2011 - $1,080,486 and March 1, 2010 - $111,480) to settle current liabilities of $977,099 (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.

(b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian and US dollars. The Company is exposed to fluctuations in the value of assets and liabilities which are denominated in U.S. dollars (USD) and the Haitian Gourde (HTG). The Company has limited exposure to financial risk arising from fluctuations in the foreign exchange rates for the Magalasy Ariary (MGA). The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

(c) Equity price risk

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. The Company holds publicly listed shares of companies in the mineral exploration industry. The Company is exposed to market risk in holding these shares and unfavourable market conditions could result in the disposal at less than its fair value at February 29, 2012. 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.

29. Financial risk factors (continued)

Sensitivity analysis

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

(i) The Company's cash equivalents and short-term investments are subject to fixed interest rates. Because of the short durations and relatively low interest rates, the impact of changes in interest rates are not significant. Consequently, management believes interest rate risk is minimal.

(ii) As at February 29, 2012, the Company held the following monetary assets and liabilities in foreign currencies:

Canadian Dollar Equivalent

Denominated in:	USD	HTG
Cash	603	4,017
Trade and other payables	300	(67,822)
Long-term debts	-	(410,166)
Net exposure	903	(473,971)

As at February 29, 2012, the foreign exchange risk on USD is not significant. As at February 29, 2012, had the exchange rates for HTG been 1% lower/higher, the net income (loss) for the period would have been approximately $4,700 higher or lower.

(iii) As at February 29, 2012, the value of the publicly listed shares held by the Company is $137,572. At February 29, 2012, had the bid price for these publicly listed shares been 50% lower/higher, the comprehensive loss for the period would have been approximately $68,800 higher/lower.

30. Categories of financial instruments

	February 29, 2012	February 28, 2011	March 1, 2010
Financial assets:			
Loans and receivables			
Cash and cash equivalents	**$ 3,172,103**	$ 577,333	$ 111,480
Short-term investments	**$ -**	$ 503,153	$ -
Accounts receivable	**$ 1,790**	$ 29,602	$ 33,802
Available-for-sale			
Marketable securities	**$ 137,572**	$ 11,947	$ 97,604
Financial liabilities:			
Other financial liabilities			
Trade and other payables	**$ 687,020**	$ 174,948	$ 396,023
Debt obligation	**$ 290,079**	$ -	$ -
Long-term debt	**$ 2,000**	$ -	$ -

As of February 29, 2012, 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, excluding long-term debt, approximated the carrying value, due to their short-term nature.

30. Categories of financial instruments (continued)

Long-term debt was valued at acquisition by performing a present value calculation on the expected cash outflows using a discount rate of 50%.

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 marketsare classified in Level 1.

31. 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.

32. Conversion to IFRS

(i) Overview

These are the Company's first consolidated financial statements prepared in accordance with IFRS as of February 29, 2012.

The policies set out in the Significant Accounting Policies section have been applied in preparing the consolidated financial statements for the year ended February 29, 2012, the comparative information and the 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.

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 CGAAP.

32. 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, income and expenses within these consolidated financial statements.

The following notes describe the significant changes to the Company's accounting policies on adoption of IFRS. The financial impacts of each change are outlined in the tables that follow.

(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 CGAAP 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 consolidated financial statements.

(b) Share based payments

Unlike CGAAP, 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.

This change had a limited impact on the consolidated 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 CGAAP required exploration and evaluation costs to be capitalized until the mining properties to which they were related were placed into production, sold, allowed to lapse or abandoned.

32. Conversion to IFRS (continued)

(iii) Changes to accounting policies (continued)

(d) Flow-through shares

On transition to IFRS, the Company accounted for flow-through shares whereby flow-through proceeds are allocated between common shares and a liability that represents the sale of the right to tax deductions deferred and presented as other liabilities. The proceeds received from flow-through shares are allocated between share capital and the liability using the residual method. 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. An other 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.

Previously, the Company's CGAAP 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.

The effects of this transitional change are as follows:

(1) Premium on flow-through shares - decreased share capital and deficit at March 1, 2010 by $800,664, to recognize the premium paid for flow-through shares in excess of the market value of the shares without the flow-through features.

(2) Renouncement of flow-through tax credits - increased share capital and deficit by $1,925,000 at March 1, 2010.

(e) Property and equipment (PE)

The Company has elected to measure PE using the cost model. Previously, under CGAAP 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.

32. Conversion to IFRS (continued)

(iii) Changes to accounting policies (continued)

Impact on consolidated statements of financial position

	Note	February 28, 2011	March 1, 2010
Assets and liabilities			
Adjustment to exploration and evaluation assets	(c)	$ (249,999)	$ (249,999)
Adjustment to property and equipment	(e)	$ (21,600)	$ (12,000)
Equity			
Equity under former Canadian GAAP		$ 6,082,697	$ 1,749,211
Adjustment to contributed surplus	(b)	$ 1,037	$ -
Adjustment to share capital	(d)	$ 1,124,336	$ 1,124,336
Adjustment to deficit	(b)(c)(d)(e)	$ (1,396,972)	$ (1,386,335)
Equity under IFRS		$ 5,811,098	$ 1,487,212

Impact on consolidated statements of loss and comprehensive loss

	Note	Year ended February 28, 2011
Comprehensive loss under former Canadian GAAP		$ 908,420
Adjustment to general and administrative	(b)(e)	10,637
Comprehensive loss under IFRS		$ 919,057

32. Conversion to IFRS (continued)

(v) Reconciliation of equity

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

March 1, 2010	Note	CGAAP	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 and equipment	(e)	71,535	(12,000)	**59,535**
Exploration and evaluation assets		24,520	-	**24,520**
Deferred exploration expenses	(c)	249,999	(249,999)	**-**
		$ 2,145,234	$ (261,999)	**$ 1,883,235**
Liabilities and Equity				
Current liabilities				
Trade and other payables		$ 396,023	$ -	**$ 396,023**
Equity				
Share capital	(d)	22,639,384	1,124,336	**23,763,720**
Reserves		2,448,938	-	**2,448,938**
Deficit	(b)(c)(d)(e)	(23,339,111)	(1,386,335)	**(24,725,446)**
Total equity		1,749,211	(261,999)	**1,487,212**
Total liabilities and equity		$ 2,145,234	$ (261,999)	**$ 1,883,235**

32. Conversion to IFRS (continued)

(v) Reconciliation of equity (continued)

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

February 28, 2011	Note	CGAAP	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 and equipment	(e)	68,140	(21,600)	**46,540**
Evaluation and exploration assets		24,520	-	**24,520**
Deferred exploration expenses	(c)	249,999	(249,999)	**-**
		$ 6,257,645	$ (271,599)	**$ 5,986,046**
Liabilities and Equity				
Current liabilities				
Trade and other payables		$ 174,948	$ -	**$ 174,948**
Equity				
Share capital	(d)	27,318,027	1,124,336	**28,442,363**
Reserves	(b)	2,981,044	1,037	**2,982,081**
Deficit	(b)(c)(d)(e)	(24,216,374)	(1,396,972)	**(25,613,346)**
Total equity		6,082,697	(271,599)	**5,811,098**
Total liabilities and equity		$ 6,257,645	$ (271,599)	**$ 5,986,046**

32. Conversion to IFRS (continued)

(vi) Reconciliation of comprehensive income

The CGAAP 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	Note	CGAAP	Effect of transition to IFRS	IFRS
Expenses				
General and administrative	(b)(e)	$ 995,841	$ 10,637	**$ 1,006,478**
Loss before the following items		(995,841)	(10,637)	**(1,006,478)**
Interest income		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)**
Incremental fair value of extended warrants		(115,577)	-	**(115,577)**
Comprehensive loss for the year		$ (908,420)	$ (10,637)	**$ (919,057)**

32. Conversion to IFRS (continued)

(vii) Reconciliation of statement of cash flows

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

Year ended February 28, 2011	Note	CGAAP	Effect of transition to IFRS	IFRS
Operating Activities				
Net loss for the year	(b)(e)	$ (761,686)	$ (10,637)	**$ (772,323)**
Amortization of property and equipment	(e)	3,395	9,600	**12,995**
Gain on sale of marketable securities		(22,842)	-	**(22,842)**
Share based payments	(b)	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 used in investing activities		(1,103,840)	-	**(1,103,840)**
Financing activities				
Proceeds from issue of common shares, net of costs		2,336,750	-	**2,336,750**
Warrants exercised		200,000	-	**200,000**
Options exercised		4,500	-	**4,500**
Net cash provided by financing activities		2,541,250	-	**2,541,250**
Effect of foreign currency translation		(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**

33. Subsequent events

On March 22, 2012, the Company completed the second tranche of a non-brokered private placement of 540,000 units at a price of $0.25 each for gross proceeds of $135,000. 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 March 22, 2014. The Company paid finders' fees of $8,000 and issued 32,000 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 July 23, 2012.

On June 21, 2012, the Company submitted an application to have the 50 square km SOMINE Exploration License converted to two (2) 25 square km Mining Licenses. The SOMINE Exploration License expired on June 22, 2012. Management expects the conversion of the Exploration License into mining licences to occur within 30 days.

On June 25, 2012, the Company announced that, subject to regulatory approval, they will extend for a one-year period the expiry date of 5,000,000 warrants scheduled to expire on July 27, 2012 as well as 100,000 warrants scheduled to expire on August 6, 2012.

On June 27, 2012, in accordance with the Company's compensation policy and stock option plan, the Board of Directors granted 1,100,000 stock options to Officers, Directors, and employees for a five-year period. Each stock option entitles the holder to subscribe for one common share of Majescor at a price of $0.15 per share.