

## **MAJESCOR RESOURCES INC.**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED AUGUST 31, 2012.**

The following Management Discussion and Analysis ("MD&A") of the operations, results and financial position of Majescor Resources Inc. (the "Company" or "Majescor"), current as of October 29, 2012 should be read in conjunction with the Company's condensed consolidated interim financial statements and related notes for the three and six months ended August 31, 2012, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") for interim reporting periods. As a result, this MD&A should also be read in conjunction with the Company's audited consolidated financial statements and related notes for the years ended February 29, 2012 and February 28, 2011. All financial results presented in this MD&A are expressed in Canadian dollars unless otherwise indicated.

This MD&A contains or may refer to certain statements that may be deemed "forward-looking statements". Forward-looking statements include estimates and statements that describe the Company's future development plans, objectives or goals, including words to the effect that the Company expects a stated condition or result to occur. Forward-looking statements may be identified by such terms as "anticipates", "believes", "could", "estimates", "expects", "may", "shall", "will", or "would". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices for mineral commodities; exploration successes; new opportunities; continued availability of capital and financing; general economic, market or business conditions; and litigation, legislative, environmental or other judicial, regulatory, political and competitive developments. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. Majescor Resources Inc. does not undertake to update any forward-looking statement that may be made from time to time by Management or on its behalf, except in accordance with applicable public disclosure rules and regulations.

#### **Nature of Business**

Majescor is a Canadian mineral exploration and development company incorporated under the *Canada Business Corporations Act*. The Company is engaged in the acquisition, exploration and development of mineral properties in Haiti, Québec and Madagascar with the aim of discovering commercially exploitable deposits of minerals (primarily base metals, precious metals and uranium), which can either be placed into production by the Company or disposed of for a profit to companies that wish to place such deposits into commercial production. The Company also continues to evaluate other opportunities outside its current areas of operations. The Company has not yet determined whether its properties contain mineral resources or mineral reserves.

Common shares of the Company are listed for trading on the Toronto Stock Exchange Venture Market ("TSX-V") under the symbol "MJX". Majescor's head office is in Montréal, Québec.

#### **Going concern assumption**

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income nor cash flows from its operations. The Company has incurred a loss in the current and prior periods, with a current net loss of \$1,375,422 and \$3,453,879 during the three and six months ended August 31, 2012 (three and six months ended August 31, 2011 - \$964,605 and \$1,250,924) and has an accumulated deficit of \$32,151,983

(February 29, 2012 - \$28,875,327). These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern.

As at August 31, 2012, the Company had negative working capital of \$1,802,849 (February 29, 2012 - positive working capital of \$3,290,464), including \$423,165 (February 29, 2012 - \$3,172,103) in cash and cash equivalents and current liabilities totalling \$2,469,639 (February 29, 2012 - \$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.

On June 21, 2012, the Company submitted an application to have the SOMINE Research Permit (which expired on June 22, 2012) converted to two Mining Exploitation Permits, and committed to the payment of \$US 1.8 million (CAD 1,783,782 as at August 31, 2012) to the Government of Haiti over a twelve-month period. As at October 29, 2012, the grant of these permits is still pending and there is no assurance it will occur. This material uncertainty along with this material payment commitment cast significant doubt regarding the Company's ability to continue as a going concern.

### **Corporate development highlights**

#### **Non-brokered private placement**

On October 16, 2012, the Company announced a non-brokered private placement offering (the "Offering") of up to 20,000,000 units (the "Units") at a price of \$0.12 per Unit for gross proceeds of up to \$2,400,000 (see subsequent event for more details on the offering).

The net proceeds from the Offering will be used to continue advancing exploration work on the SOMINE project in Haiti, the completion of a first NI 43-101 compliant resource estimate and report for the Douvray porphyry copper-gold prospect, and for general working capital requirements.

#### **Québec Exploration Expenses Refund**

During the period ended August 31, 2012, the Company agreed to a settlement in the matter of the Company's claim against Revenu Québec regarding the Québec Exploration Expenses ("CEE") credit for the year 2004. The Company subsequently received a full refund of the claimed amount from Revenu Québec for 159,025 \$.

#### **Share Purchase Warrants Extension**

During this period, the Company extended for a one-year period the expiry date of 5,100,000 common share purchase warrants. The Warrants were issued pursuant to a private placement completed by the Company in two tranches: on July 27, 2010 for gross proceeds of \$2,500,000 and on August 6, 2010 for gross proceeds of \$50,000. Each of the 5,000,000 and the 100,000 Warrants entitles the holder thereof the right to purchase one common share of Majescor at a price of \$0.40 and will expire respectively on July 27, 2013 and August 6, 2013.

#### **Grant of stock options**

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.

On August 14, 2012, in accordance with the Company's compensation policy and stock option plan, the Board of Directors granted 500,000 stock options to an Officer 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.

## **Exploration**

Majescor is a junior explorer focusing on emerging mineral districts. The Company's exploration activities cover three geographic regions of interest. In addition to the SOMINE project in Haiti (controlled by Majescor's wholly-owned affiliate SIMACT Alliance Copper-Gold Inc. ("SACG"); SACG owns 78.48% of the outstanding shares of SOMINE SA, a registered Haitian corporation holding 100% of the mineral rights to the SOMINE project), Majescor's project portfolio includes the Mistassini-uranium property (under Joint-Venture: 40% Majescor, 60% Strateco Resources Inc.), located in the James Bay territory of northern Québec. In Madagascar, Majescor owns 100% mineral rights to the Besakoa gold-and-base metal property (under Joint-Venture: 50% Majescor, 50% Sunridge Gold Corp.).

Throughout the reporting period, Majescor performed geological mapping, soil sampling and core drilling on the SOMINE property (Haiti). Two independent technical reports (non NI 43-101 compliant) authored by Montréal-based engineering firm AECOM Inc. were also completed and submitted to the Haitian Bureau of Mines and Energy ("BME") in Port-au-Prince, as per partner SOMINE SA's requirements under its Mining Convention as per its application for two (2) Mining Exploitation Permits. Furthermore, Majescor initiated work on a first National Instrument (NI) 43-101 compliant resource estimation for the Douvray porphyry copper-gold prospect. The resource estimation work is a joint effort between GeoSim Services Inc. of Vancouver, Buscore Consulting Ltd. of Quito, Ecuador, and Majescor.

Also during the reporting period, partner Strateco Resources Inc. completed a remotely-sensed Quaternary mapping project on the Mistassini uranium property (Québec).

Exploration expenditures during the three and six months ended August 31, 2012 and 2011 are as follows:

	<b>Three months Ended August 31, 2012</b>	<b>Three months Ended August 31, 2011</b>	<b>Six months Ended August 31, 2012</b>	<b>Six months Ended August 31, 2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b><u>SOMINE</u></b>				
Drilling	691,417	28,237	1,540,978	28,237
Geology	113,335	232,056	254,343	235,514
Assaying	90,611	12,552	168,580	12,552
Geophysics	-	-	3,838	-
General field expenses	28,335	84,648	63,586	112,234
Report preparation	22,994	-	234,723	-
Resource estimate	16,591	-	16,590	-
	<b>963,283</b>	<b>357,493</b>	<b>2,282,638</b>	<b>388,537</b>
<b><u>MISTASSINI</u></b>				
Geophysics	-	37,725	-	37,725
<b><u>Project evaluation</u></b>	<b>25,131</b>	<b>-</b>	<b>40,480</b>	<b>-</b>
<b>Totals</b>	<b>988,414</b>	<b>395,218</b>	<b>2,323,118</b>	<b>426,262</b>

## **SOMINE project, North-East Mineral District of Haiti (Copper-Gold):**

On May 7, 2011, SOMINE SA designated SACG as the Operator of the SOMINE project. SACG immediately set-out to devise an exploration strategy and work plan for the SOMINE project covering initially the 6-month period ending December 31, 2011. The work plan was revised in January 2012 and was re-submitted to the BME. During the reporting period, Majescor/SACG and partner SOMINE SA continued to achieve significant progress on all components of the revised work plan:

### Highlights

- Completion of a 15 hole, 5,534.6 m core drilling program at the Douvray porphyry copper-gold prospect;
- Hiring of GEOSIM Services Ltd. to oversee the drafting of a first NI 43-101 compliant resource estimate for the Douvray porphyry copper-gold prospect based on the results of the 15-hole core drilling program;
- Start of core drilling at the Faille B vein gold prospect (five (5) hole; 639.50 m);
- Three (3) core holes (926.6 m) completed at the historical Blondin porphyry copper-gold prospect;
- Completion of two non NI 43-101 compliant independent technical reports by AECOM Inc.: A first on the Faille B vein gold prospect; the second on the Douvray porphyry copper-gold prospect;
- Application for two Mining Exploitation Permits submitted to the BME: One 25 km<sup>2</sup> Mining Exploitation Permit covering the Blondin-Douvray-Dos Rada porphyry copper system which contains the Douvray porphyry copper-gold prospect; and one 20 km<sup>2</sup> Mining Exploitation Permit covering the Faille B vein gold-copper prospect and host shear structure.
- Roche-Plate base camp placed on care-and-maintenance on September 1, 2012, pending the award of the two Mining Exploitation Permits;

### Status of the SOMINE project Mining Exploitation Permit applications

On June 21, 2012, Majescor wholly-owned affiliate SIMACT Alliance Copper-Gold Inc. and Haitian partner SOMINE SA submitted two independent technical reports (non NI 43-101 compliant) authored by Montréal-based engineering firm AECOM Inc. to the Haitian Bureau of Mines and Energy ("BME") in Port-au-Prince. The first report is on the Faille B gold prospect and the second is on the Douvray porphyry copper-gold prospect. The technical reports were filed pursuant to SOMINE SA's obligations under the Mining Convention executed with the State of Haiti on May 5, 2005 and valid until March 9, 2020, and in support of SOMINE SA's application to have the 50 km<sup>2</sup> SOMINE Research Permit converted to: one (1) 25 km<sup>2</sup> Mining Exploitation Permit covering the Blondin-Douvray-Dos Rada porphyry copper system which includes the Douvray copper-gold prospect; and one (1) 20 km<sup>2</sup> Mining Exploitation Permit covering the other the Faille B prospect and host shear structure. The SOMINE Research Permit expired on June 22, 2012.

Under the terms of the Mining Convention (Article 17), and conditional to SOMINE SA 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 Exploitation Permits. On July 19, 2012, the Bureau des mines et de l'Énergie d'Haïti (BME) acknowledged receipt of the two technical studies by AECOM Inc. and following an internal review the BME has requested one or more follow-up meetings with SOMINE SA to discuss and possibly modify or improve specific parameters of the technical studies which relate to SOMINE SA's obligations under Articles 9.3, 17, 26.3 and 26.5 of the Mining Convention. On July 19, 2012, SOMINE SA received a formal request by the BME for additional information regarding the technical reports. Subsequent to the notice, a series of meetings were held with the BME between July 27 and October 2 during which revised sections of the technical reports were presented. Selected other components of the technical studies were further discussed. Subsequent to the October 2 meeting, SOMINE SA has filed the final updated technical and source documents in support of its application for the two Mining Exploitation Permits with the BME. As at October 29, 2012, the grant of these permits was still pending.

Under Haitian mining law, a Mining Exploitation Permit is valid for five (5) years, and is renewable until the start of commercial mining at which time the permit shall be converted to a Mining Concession (valid for 25 years; renewable).

The SOMINE project consists of an Exploration Permit covering 50 km<sup>2</sup>, the mineral rights and obligations of which have been assigned under a Mining Convention executed between SOMINE SA (a registered Haitian corporation holding 100% of the mineral rights to the SOMINE project) and the State of Haiti on May 5, 2005 and valid until March 9, 2020. The Research Permit expired on June 22, 2012. On June 21, 2012, SOMINE SA filed two independent technical reports (non-NI 43-101 compliant) to the BME in Port-au-Prince. The technical reports were filed pursuant to SOMINE SA's obligations under the Mining Convention executed with the State of Haiti on May 5, 2005 and valid until March 9, 2020, and in support of SOMINE SA's application to have the 50 km<sup>2</sup> SOMINE Research Permit converted to: one 25 km<sup>2</sup> Mining Exploitation Permit covering the Blondin-Douvray-Dos Rada porphyry copper system which contains the Douvray porphyry copper-gold prospect; and one 20 km<sup>2</sup> Mining Exploitation Permit covering the Faille B vein gold-copper prospect and host shear structure. Under the terms of the Mining Convention (Article 17), and conditional upon SOMINE SA 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 Exploitation Permits. Under Haitian mining law, a Mining Exploitation Permit is valid for five (5) years and is renewable until the start of commercial mining at which time the permit shall be converted to a Mining Concession (valid for 25 years; renewable).

SOMINE SA has also carried-out systematic soil sampling and prospecting work over four Prospecting Permits encompassing four 100 km<sup>2</sup> areas lying to the East, South and Southeast of the permit subject to the Mining Convention. SOMINE SA has requested the conversion of three of the four Prospecting Permits into Research Permits (50 km<sup>2</sup> each) and has filed all technical and source documents in support of its application with the Haitian Bureau of Mines and Energy ("BME").

#### **Douvray and Blondin porphyry copper prospects**

- On June 21, 2012, the Company reported that drill hole D-009 which targeted the eastern margin of the Douvray porphyry copper-gold prospect had intersected **0.68% Cu, 0.40 g/t Au, 3.27 g/t Ag** and **80 ppm Mo** over **106.6 m.** Hole D-009 (Dip = -90°) is located 400 m to the North-Northeast of drill hole D-008 which had returned **0.232 % Cu** over **422.60 m.** In addition, anomalous copper-gold intervals were intersected in drill hole D-011 (Dip = -70° E) drilled from the same platform as D-009. The Company also released a new WEB-hosted 3D model as well as sectional views of the Douvray prospect (available at [www.corebox.net](http://www.corebox.net)). The Corebox® model highlights the extent of copper gold and silver mineralization underneath the ridge forming the topographic high that is over 200 m above the alluvial plane. Geological 3D modelling of the Douvray copper mineralization using Gemcom's Surpac™ resource modelling software (under license to CanMinX Enterprises Ltd.) displays features of a "typical" porphyry copper deposit with a steep walled cylindrical central core comprised mostly of felsic porphyritic intrusive rock surrounded by mafic volcanic rocks. The mineralization occurs as disseminations or stockwork veins that appear to be concentrated in two steep strongly mineralized chutes on opposite sides of the central porphyritic core and with higher copper grades occurring within the mafic volcanic rocks closest to the core. Significant mineralization also occurs above the core giving an overall northwest/southeast trending anticlinal form to the copper mineralization. Through the Corebox® Google Earth® plug-in, it can also be seen that the Douvray prospect is located at a horizontal distance of 11.68 km southeast of a deep water port under construction at the Caracol industrial park ([www.ute.gouv.ht/caracol/index.php/](http://www.ute.gouv.ht/caracol/index.php/)).
- On the same day, Majescor wholly-owned affiliate SIMACT Alliance Copper-Gold Inc and Haitian partner SOMINE SA submitted two independent technical reports (non NI 43-101 compliant) to the BME. The technical reports authored by AECOM Inc. of Montréal were filed pursuant to SOMINE SA's obligation under its Mining Convention with the State of Haiti and in support of SOMINE SA's application to have the 50 km<sup>2</sup> SOMINE Research Permit converted to two (2) 25 km<sup>2</sup> Mining Exploitation Permits

- On July 26, the Company reported that drill hole D-012 which targeted the southeast portion of the Douvray copper-gold prospect had intersected **0.25% Cu, 0.72 g/t Ag, 0.03 g/t Au** and **9.21 ppm Mo** over 294 m. Hole D-012, drilled at 070° (Dip = -85°E) to a depth of 302 m aimed to duplicate the results of historical hole ONU-008 drilled by the United Nations Development Program (UNDP) in 1976 as part of its initial assessment of the Douvray prospect. Hole D-012 is located on section, 190 m to the East of drill hole D-008 which recently returned **0.232 % Cu** over **422.60 m**. In addition, chalcopyrite mineralization was intersected in drill holes D-010 (Dip = -90°) and D-013 (Dip = -75° E) drilled from the same platform as D-008 (Dip = -60° E). Samples for these holes were submitted to Acme Labs analytical services in the Dominican Republic and complete assay results were received in early October (see below). The mineralization encountered within these four holes conforms to the geometry noted on adjacent cross sections with the stronger copper mineralization (chalcopyrite/bornite) occurring within the mafic volcanic rocks in and adjacent to a central porphyritic intrusion.
- On August 21, the Company reported that drill hole D-014 which targeted the northwest portion of the Douvray prospect had intersected **145.0 m** grading **0.38% Cu, 0.71 g/t Ag, 0.14 g/t Au** and **10.92 ppm Mo** (from 15.5 m to 160.5 m), including **56 m** of **0.71% Cu, 1.24 g/t Ag, 0.21 g/t Au** and **15.64 ppm Mo** (from 15.5 m to 71.50 m; Table 1). Hole D-014 (Azimuth: 070°; Dip = -70°E; Depth: 236 m) tested the eastern extension of the West mineralisation zone. It was drilled off the same platform as hole D-005 (Dip:-90°; Depth: 391 m) which in January returned **0.60% Cu, 0.08 g/t Au, and 0.88 g/t Ag** over **212.80 m**, the highest grade copper intersection over 200 m to date on the SOMINE project (see Majescor Press Release dated January 31, 2012). Historical hole KD-20 drilled by KWG Resources Inc. in 1997 (Azimuth: 300°; Dip:-70°; Depth: 332 m) was also collared off the same platform. Hole KD-20 had intersected **156.0 m** of **0.42% Cu, 0.79 g/t Ag** and **0.04 g/t Au** (from 20.0 m to 176.0 m\*). Drill hole D-014, along with results from previously released drill intersections and historic drilling at Douvray can be seen in a new three-dimensional ("3D") model of the Douvray prospect available at [www.corebox.net](http://www.corebox.net). Sectional view of the drilling can also be seen within the CoreBox® WEB application Section ID = 00824).
- On August 28, the Company reported that drill hole D-015 which targeted the apex of the Douvray prospect had intersected **180.4 m** grading **0.32% Cu, 0.59 g/t Ag, 0.05 g/t Au** and **16,76 ppm Mo** (from 3.6 m to 184.0 m; Table 1). Hole D-015 (Dip = -90°; Depth: 200 m) aimed to replicate the results of historical hole ONU-001 (Dip = -90°; Depth: 188.8 m) drilled by the United Nations Development Program (UNDP) in 1975 as part of its initial assessment of the Douvray prospect. Hole D-015 was also designed to test the ridge-top area between the East and West mineralisation limbs in search for a connective zone. In addition to confirming the inter-limb continuity of the copper mineralisation within the first 200 m, Hole D-015 results indicate the occurrence of a near-surface copper enrichment zone consisting of **66.4 m** grading **0.48% Cu, 0.89 g/t Ag, 0.08 g/t Au** and **9.00 ppm Mo** (from 3.6 m to 70.0 m; Table 1). A similar pattern of near-surface copper-enrichment within the sulphide zone was intersected in Hole D-014 (Azimuth: 070°; Dip = -70°E; Depth: 236 m) drilled 105 m to the southwest of Hole D-015 and comprising of 56.0 m of 0.71% Cu, 1.24 g/t Ag, 0.21 g/t Au and 15.64 ppm Mo (from 15.5 m to 71.50 m; see Majescor Press Release dated August 21, 2012). The near-surface copper enrichment cap appears to be part of a shell around the central porphyry system. This shell outcrops at the apex of the topographic ridge marking the divide between the East and West limbs of the Douvray prospect. Drill hole D-015, along with results from previously released drill intersections and historic drilling at Douvray were incorporated in the three-dimensional ("3D") model of the Douvray prospect available at [www.corebox.net](http://www.corebox.net).
- On the same date, the Company reported that it has received the results from thin section petrology work conducted on selected mineralised core samples from the Douvray copper-gold prospect. The petrology results show that the most important ore minerals are bornite and chalcopyrite. Digenite and covellite are also present as primary minerals. Silver is present in the telluride mineral hessite. Also notable is the relative high quantity of accessory calcite and carbonate associated with the copper mineralization. The principle copper minerals, and indeed the sulphide minerals in general, have very low abundances of other trace metals together; this is corroborated by ICP data for trace metals routinely analyzed in drill core in the Douvray porphyry copper gold system.

- On September 6, the Company reported that drill hole D-016 which targeted the northeast portion of the Douvray prospect had intersected **276.4 m** grading **0.35% Cu, 1.34 g/t Ag, 0.05 g/t Au** and **27.13 ppm Mo** (from 2.00 m to 278.40 m). Hole D-016 (Dip:-90°; Depth: 408 m) includes two significant sub-intercepts deep in the sulphide zone: **12.0 m** grading **1.08% Cu, 3.04 g/t Ag, 0.09 g/t Au** and **18.50 ppm Mo** (from 187.0 m to 199.0 m) and **17.29 m** grading **0.82% Cu, 3.27 g/t Ag, 0.19 g/t Au** and **176.82 ppm Mo** (from 261.11 m to 278.40 m). Hole D-016 is located 300 m to the East of Hole D-015 where a near-surface copper enrichment zone consisting of **66.4 m** grading **0.48% Cu, 0.89 g/t Ag, 0.08 g/t Au** and **9.00 ppm Mo** was encountered (from 3.6 m to 70.0 m; See Majescor Press release dated August 28, 2012). A similar pattern of near-surface copper-enrichment within the upper sulphide zone was encountered in Hole D-016 with **21.0 m** grading **0.47% Cu, 2.90 g/t Ag, 0.03 g/t Au** and **1.59 ppm Mo** (from 2.0 to 23.0 m). The near-surface copper enrichment has been interpreted to form a shell around the central porphyry system. This shell outcrops at the apex of the topographic ridge marking the divide between the East and West limbs of the Douvray prospect. Drill hole D-016, along with results from previously released drill intersections and historic drilling at Douvray were incorporated in the three-dimensional (“3D”) model of the Douvray prospect available at [www.corebox.net](http://www.corebox.net).
- On October 9, the Company releases the final assay results from the 2012 drilling program at Douvray. Hole D-017 (Azimuth 070°; Dip: -60°; Depth: 401 m) which targeted the East Limb of the Douvray prospect intersected **388.5 m** grading **0.26% Cu, 0.38 g/t Ag, 0.01 g/t Au** and **15.07 ppm Mo** (from 12.50 m to 401.00 m), including **278.28 m** grading **0.30% Cu, 0.46 g/t Ag; 0.02 g/t Au** and **17.58 ppm Mo** (from 122.72 m to 401.00 m). Hole D-013 (Azimuth 070°; Dip:-75°; Depth: 499 m), which also targeted the East limb and was designed as an undercut to Hole D-008 intersected **154.55 m** grading **0.26% Cu, 0.61 g/t Ag, 0.03 g/t Au** and **11.33 ppm Mo** (from 230.20 m to 384.75 m), including **46.05 m** grading **0.41% Cu, 0.96 g/t Ag, 0.04 g/t Au** and **10.41 ppm Mo** (from 277.95 m to 324.00 m). The final drill holes, along with results from previously released drill intersections and historic drilling at Douvray were incorporated in the three-dimensional (“3D”) model of the Douvray prospect available at [www.corebox.net](http://www.corebox.net).
- On the same date, Majescor released the finding of an independent investigation on potential near-surface drill core silver contamination at the Douvray and Blondin porphyry copper-gold prospects. In its press releases dated February 12 and March 13, 2012, the Company had reported high silver values in the near-surface (less than 15 m) portion of the oxide zone at Douvray and Blondin. Upon subsequent inspection of the assay data, Majescor management noted that high silver values in the near-surface oxide zone were accompanied by anomalously high levels of tungsten. Tungsten is commonly present in high strength alloy steel used in drill bits and in steel jaw crushers used by analytical laboratories. Accordingly, select drill sample pulps and rejects with high silver and tungsten values from the Douvray core drilling program were submitted for investigation to Overburden Drilling Management (“ODM”) of Ottawa, Ontario, a laboratory specialised in the mineralogical analysis and interpretation of overburden surveys. Also, as a preventive measure, high silver values from the near-surface oxide zone have been removed from the drill database (n = 12, in a database of n = 3200, or 0.0375% of the silver analyses at Douvray) and from the Majescor Website and are not included in the Corebox® 3D model for Douvray. Furthermore, all assay values above the sulphide-oxide interface have been excluded in the NI 43-101 resource estimate currently underway for the Douvray prospect. On September 27, 2012, Majescor received ODM’s report which confirmed suspicions that contamination from the drill bits occurred in the near-surface oxide zone at Douvray. The ODM report has been posted on the Company’s Website at [www.majescor.com](http://www.majescor.com).

The Douvray copper prospect core drilling program which ended on July 19, 2012, comprised of 15 holes totalling 5,534.6 m. The principal aim of the drilling is to replicate significant historical copper intercepts and apply NI 43-101 QA/QC standards, expand tonnage of the known copper mineralization, and provide sufficient additional data so a first NI 43-101 compliant mineral resource estimate can be completed on the Douvray prospect this year. This first NI 43-101 compliant mineral resource estimate will be followed by a Preliminary Economic Assessment (“PEA”).

The NI 43-101 compliant resource estimate is a joint effort between GeoSim Services Inc., Buscore Consulting Ltd. and Majescor. The NI 43-101 resource estimate is pending.

### **Faille B vein gold prospect drilling program**

In July 2012, the Company completed a small shallow core drilling programme (5 holes; total: 639.50 m) on the Faille B vein gold prospect. The drilling which targeted the historical “Central Zone” of the Faille B prospect is designed to start the historical drill hole twinning and data validation process, in preparation for a first NI 43-101 compliant resource estimate to start in 2013; to map trace element geochemical signatures across the entire length of the core; and to start the step-out drilling process in order to test the down-hole continuity of the gold mineralisation.

The Faille B gold prospect is located 1.8 km to the south of the Douvray Cu-Au prospect. The quartz vein hosted gold prospect was discovered by the United Nations Development Programme (“UNDP”) in 1983 and was drill tested by the UNDP between September 1985 and May 1987 (the UNDP also excavated >15 trenches across the strike of the quartz-gold vein system). A total of 31 drill holes (3,186 m) tested the Faille B gold prospect and host shear structure over a strike length of 1.8 km using a hole spacing of between 60-250 m. Subsequent drill holes were positioned in intermediate locations to test lateral and vertical continuity or to improve gold grade data for the purpose of calculating a preliminary resource estimate for the “Central Zone”. The drilling and trenching revealed that the Faille B gold-bearing structure is exposed at surface for ~300 m along a NW strike, and up to 100 m across strike, and is open along strike and at depth. In Late 2009, Majescor/SACG and SOMINE SA completed nine (9) additional core drill holes (total: 935 m) at Faille B. The drilling was designed to test the western extension of the gold mineralization outlined previously by the UNDP. Drill hole FB-09-09 returned a significant intersection of 77 g/t Au uncut over 10.5 metres (see Majescor Press Release dated August 18, 2011).

The five (5) shallow drill holes at the Central Zone were systematically assayed for precious and base metals and other trace elements. Highlights from the drill program are provided below:

On September 20, the Company reported that drill hole FB-012 had intersected **17.5 m** grading **2.59 g/t Au**, **0.95 g/t Ag** and **0.14% Cu** (from 58.0 m to 75.5 m). Hole FB-012 (Azimuth: 026°; Dip -50°; Depth: 131.0 m) also contains a series of significant sub-intercepts including **3.9 m** grading **8.96 g/t Au**, **1.50 g/t Ag** and **0.22% Cu**. Hole FB-012 is the second of five shallow drill holes completed at Faille B. Final drill assay results for holes FB-010, FB-011, FB-013 and FB-014, including five over-limit Au assays, were pending at the time of the press release.

- Finally, on October 23, the Company released the final assay results from the five shallow drill holes targeting the “Central Zone” at Faille B.
  - o Hole FB-010 intercepted **35.65 m** grading **3.23 g/t Au**, **0.42 g/t Ag** and **0.06% Cu** (from 66.00 m to 101.65 m), including **1.65 m** grading **67.97 g/t Au**, **5.10 g/t Ag**, and **0.22% Cu** (from 100.00 m to 101.65 m).
  - o Hole FB-011 intercepted **7.25 m** grading **0.95 g/t Au**, **0.51 g/t Ag** and **0.11% Cu** (from 34.50 m to 41.75 m), including **2.79 m** grading **2.28 g/t Au**, **0.51 g/t Ag** and **0.11% Cu** (from 34.50 m to 37.29 m).
  - o Hole FB-012 intercepted **17.50 m** grading **2.90 g/t Au**, **0.95 g/t Ag** and **0.14% Cu** (from 58.00 m to 75.50 m), including **3.90 m** grading **10.12 g/t Au**, **1.50 g/t Ag** and **0.22% Cu** (from 58.00 m to 61.90 m).
  - o Hole FB-013 intercepted **20.15 m** grading **0.58 g/t Au**, **0.71 g/t Ag** and **0.11% Cu** (from 42.85 m to 63.00 m), including **3.15 m** grading **2.25 g/t Au**, **1.37 g/t Ag** and **0.12% Cu** (from 42.85 m to 46.00 m). Hole FB-013 also intercepted **4.50 m** grading **9.93 g/t Au**, **2.67 g/t Ag** and **0.16% Cu** (from 102.00 m to 106.50 m), including **1.50 m** grading **29.51 g/t Au**, **4.10 g/t Ag** and **0.04% Cu** (from 102.00 m to 103.50 m); and
  - o Hole FB-014 intercepted **11.0 m** grading **1.94 g/t Au**, **0.90 g/t Ag** and **0.11% Cu** (from 87.00 m to 98.00 m), including **2.00 m** grading **8.73 g/t Au**, **2.00 g/t Ag** and **0.22% Cu** (from 91.50 m to 93.50 m). Hole FB-014 also intercepted **1.95 m** grading **10.97 g/t Au**, **5.90 g/t Ag** and **1.49% Cu** (from 114.75 m to 116.70 m).



The drill hole assay database at the time Hole FB-012 results were released contained five greater than 10 g/t Au assays. These over limit samples, together with a selection of other drill core samples registering greater than 1 g/t Au were re-analysed using metallic screen fire assay analysis (Acme Labs Code: G615-G610; 50 g samples ([www.acmelab.com](http://www.acmelab.com))). The Faille B drill hole database incorporates the metallic screen assay results.

### **Roche-Plate base camp**

On September 1, 2012, the Roche-Plate base camp was placed under care-and-maintenance pending the award of the two Mining Exploitation Permits to partner SOMINE SA and the restart of exploration activities on the SOMINE project.

### **Mistassini, Otish Mountains, Quebec (Uranium): Uranium rights in joint-venture with Strateco Resources Inc.**

The Mistassini property is host to the Lac Mantouchiche uranium prospect where in November 2007, the Company drilled an 18.5-metre intersection grading 0.215% U<sub>3</sub>O<sub>8</sub> at a vertical depth of 47 metres in hole MIST-07-03 (see Majescor Press Releases dated February 25 and May 29, 2008). The property, optioned by Strateco Resources Inc. ("Strateco") in 2008, is comprised of 171 map-designated claims with a total surface area of 9,115 hectares. The property is located in the Otish Mountains of Quebec, 50 km southwest of Strateco's Matoush uranium property.

Over the reporting period, the Centre d'Étude Appliquée du Quaternaire ("CÉAQ") of Chibougamau, Québec, conducted a remotely sensed Quaternary mapping study of the Mistassini property and property area. The Mistassini property hosts extensive and thick tracks of subglacial sediments and numerous radioactive boulder trains. The objective of the study was to develop a clearer understanding of the character and distribution of glacial sediment types, ice flow indicators and dispersal distances will aid in the selection and planning of new drilling targets and of future ground mapping and prospecting areas.

All exploration plans for the Mistassini property have been placed on hold by Strateco subsequent to the August 9, 2012 decision by the James Bay Cree Nation to declare a Permanent Moratorium on uranium exploration, uranium mining and uranium waste emplacement in Eeyou Istchee, the James Bay Cree territory, which is host to the Property. The Government of Québec as yet to officially react to the self-declared Cree Moratorium.

### **Madagascar gold and base metal property: Optioned to Sunridge Gold Corp. ("Sunridge")**

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 3 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, Sunridge acquired its 50% interest in Daraina after it met the above conditions. On September 14, 2012, Sunridge failed to fulfill the above conditions to acquire an additional 25% interest. Therefore, Sunridge will maintain its 50% interest in Daraina.

In July of 2012, Majescor conducted a field inspection of the Besakoa property and Besakoa property drill core from the 2011 Sunridge base and precious metal core drilling program.

Sunridge is currently reviewing its mineral development strategy for the Besakoa property. The property may be worthy of additional investigation notably for its graphite and uranium potential.

**Princess Mary Lake base camp, Nunavut.**

On August 22 2012, the Company received Aboriginal and Northern Development Canada's (ANDC) site inspection report relating to the fall 2001 demobilisation and site clean-up of the Princess Mary Lake ("PML") base camp located in the East Thelon basin area of Nunavut. The report noted the presence on site of ash and unburnt garbage which will have to be removed. Arrangements have been made with Discovery Mining Services Ltd ("Discovery") of Yellowknife for a final site clean-up to be performed by the end of October.

**Qualified person**

The above technical information was prepared, confirmed and/or reviewed by Marc-André Bernier, M.Sc., P.Geo (Ontario and Québec), Majescor Director and Technical Adviser, and a qualified person under NI 43-101.

## **Financial Information**

The following selected financial data is derived from the Company's condensed consolidated interim financial statements of the Company.

### **Selected Consolidated Financial Information**

	<b>Three months Ended August 31, 2012</b>	<b>Three months Ended August 31, 2011</b>	<b>Six months Ended August 31, 2012</b>	<b>Six months Ended August 31, 2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Operations</b>				
Exploration and evaluation expenditures	988,414	395,218	2,323,123	426,262
General and administration	561,814	665,709	1,059,079	910,343
(Gain) loss on foreign exchange	(99,520)	(93,501)	152,373	(79,744)
Gain on reversal of provision for uncollectible tax credits	79,512	-	79,512	-
Net loss (gain)				
attributable to equity holders of the Parent Company	1,481,394	838,855	3,194,656	1,108,928
attributable to non-controlling interest	(105,972)	125,750	259,223	141,996
<b>Basic and diluted loss per share</b>	<b>0.02</b>	<b>0.02</b>	<b>0.04</b>	<b>0.02</b>
<b>Cash Flows</b>				
Cash flows used in operating activities	1,242,410	784,212	2,946,009	1,111,168
Cash flows provided by (used) in investing activities	154,430	(1,709,296)	45,451	(1,709,296)
Cash flows provided by financing activities	-	3,672,055	108,338	3,832,942
Effect of foreign currency translation	23,280	(138,548)	43,282	(272,881)
Net change in cash and cash equivalents	(1,064,700)	1,039,999	(2,748,938)	739,597

	<b>August 31, 2012</b>	<b>February 29, 2012</b>
	<b>\$</b>	<b>\$</b>
<b>Balance Sheet</b>		
Cash and cash equivalents	423,165	3,172,103
Marketable securities	46,488	137,572
Prepaid expenses	131,313	759,639
Exploration and evaluation assets	8,470,252	6,720,552
Total assets	9,369,634	11,118,235
Long term debt	2,583	2,000
Equity attributable to equity holders of the Parent Company	6,373,589	9,356,090
Non-controlling interest	523,823	783,046

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its exploration programs and its future growth, and any other factor that the board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

## Results of Operations

### Exploration and evaluation expenditures

Exploration and evaluation expenditures for the three and six months ended August 31, 2012 increased by respectively \$593,196 and \$1,896,861 over the prior year comparative periods. This increase is attributable to significantly increased exploration activities on the Somine project: drilling, expenditures related to camp and infrastructure costs, completion of two independent technical reports on the Faille B vein gold prospect and the Douvray porphyry copper-gold prospects, as well as the initiation of work on a Resource estimate (refer to Exploration Activities section).

### General and administrative expenses

General and administrative costs ("G&A") include both the Company's head office G&A and local office G&A related to the Company's subsidiary Somine in Haiti. G&A are summarized as follows:

	Three months		Six months	
	Ended August 31, 2012	2011	Ended August 31, 2012	2011
	\$	\$	\$	\$
Management and consulting fees	101,188	46,130	227,450	130,812
Share-based payments	183,200	336,500	183,200	338,448
Salaries and benefits	75,289	67,533	158,010	107,697
Travel and promotion	72,408	90,352	188,246	137,424
Shareholder information	10,960	27,696	13,462	29,036
Professional fees	48,525	44,815	136,589	93,301
Office and general expenses	59,178	47,726	131,728	65,890
Amortization of property, plant and equipment	11,065	4,957	20,393	7,735
<b>Total</b>	<b>561,813</b>	<b>665,709</b>	<b>1,059,078</b>	<b>910,343</b>

### Changes during the three-month period ended August 31, 2012:

Total G&A decreased by \$103,896 in the three month period ended August 31, 2012 over the prior-year comparative period, mainly due to the following changes:

#### Share based payments

Share based payments decreased by \$153,300 during this period due to a decrease in the average fair value of granted options: 1,600,000 options were granted at an average fair value of \$0.11 during this period, as compared to 1,700,000 options granted at an average fair value of \$0.20 in the prior year comparative period.

#### Travel and promotion

Travel and promotion expenses decreased by \$17,944 during this period, due to a decrease in marketing and conference costs.

#### Management and consulting fees

Management and consulting fees were higher during this period, mostly due to fees paid for the management and administration services of the Haitian subsidiary Somine S.A. (\$68,663 in 2012 - \$ Nil in 2011).

### **Changes during the six-month period ended August 31, 2012:**

Total G&A increased by \$148,736 in the six-month period ended August 31, 2012 over the prior-year comparative period, mainly due to the following changes:

#### Management and consulting fees

Management and consulting fees were higher during the six months ended August 31, 2012 compared to the six months ended August 31, 2011 mostly due to fees paid for the management and administration services of the Haitian subsidiary Somine S.A. (\$142,300 in 2012 - \$ 20,000 in 2011).

#### Salaries and benefits

Salaries and benefits increased by \$50,313 during the six months ended August 31, 2012 compared to the six months ended August 31, 2011 due to the salaries and benefits paid to new employees as well as an increase in salaries compared to the prior year comparative period.

#### Travel and promotion

Travel and promotion expenses increased by \$50,822 during the six months ended August 31, 2012 compared to the six months ended August 31, 2011, due to the Company's engagement in a more aggressive marketing campaign in 2012.

#### Professional fees

Professional fees increased by \$43,288 over the prior year comparative period, mainly due to an increase in accounting and tax preparation fees related to Somine, as well as an increase in related audit fees in connection with the first application of IFRS standards in 2012.

#### Office and general expenses

Office and general expenses increased by \$65,839 over the prior year comparative period, mainly due to an increase in the Company's activities in 2012 as well as costs related to running Somine's new office in Haiti.

#### Share based payments

Share based payments decreased by \$155,248 during this period due to a decrease in the average fair value of granted options: 1,600,000 options were granted at an average fair value of \$0.11 during this period, as compared to 1,700,000 options granted at an average fair value of \$0.20 in the prior year comparative period.

### Quarterly information

The following summarized financial data has been prepared in accordance with IFRS and should be read in conjunction with the Company's condensed consolidated interim financial statements and the consolidated annual financial statements for the respective periods.

Quarter Ended	Other Income	Net Loss	Basic and diluted Net Loss per common share
	\$	\$	\$
31/08/2012	3,098	1,375,422	0.021
31/05/2012	5,410	2,078,457	0.029
29/02/2012	4,499	1,362,692	0.011
30/11/2011	5,766	1,243,873	0.019
31/08/2011	2,821	964,605	0.020
31/05/2011	3,116	286,319	0.010
28/02/2011	3,327	148,431	0.003
30/11/2010	2,727	253,552	0.006

Net loss and the basic and diluted net loss per common share were significantly higher since the quarter ended August 31, 2011 as compared to the previous three quarters, due to:

- An increase in Exploration and evaluation expenditures further to the carrying out of a drilling program on the Somine project in Haiti, which begun in the quarter ended August 31, 2011.
- An increase in Share based payments due to the grant of higher number of stock options to Officers, employees and consultants of the Company, as well as the increase in the average fair value of the granted options.
- An increase in travel and promotion expenses due to the Company's engagement in a more aggressive marketing campaign.
- Fees paid for the management and administration services of the Haitian subsidiary Somine S.A.

### **Liquidity, Capital Resources and Going Concern**

As at August 31, 2012, the Company had a negative working capital of \$1,802,849 as compared to a positive working capital of \$3,290,464 at February 29, 2012. This decrease is mostly due to the following changes:

- Proceeds from a private placement for net proceeds of \$108,338
- General and administrative expenses in the normal course of business for \$855,486
- The incurring of exploration expenditures for \$2,323,123
- Purchase of field equipment for a total of \$122,865
- A decrease in the marketable securities fair value for \$89,025 due to an unfavorable stock market
- Receipt of a refund for tax credit and mining duties received from the government of Quebec for a total of \$163,357
- Accounting for a USD 1,800,000 (CAD 1,783,782) debt due to the government of Haiti (see going concern section).

During the quarter ended August 31, 2012, the Company expensed \$1,242,410 (mostly on exploration and evaluation expenditures for \$988,414 and General and administrative expenses in the normal course of business for \$367,549). Also during this period, the company realized net cash from investing activities for \$154,430 (mostly attributable to refunds for tax credit and mining duties received from the government of Quebec, for a total of \$163,356). No cash was provided by nor used in financing activities during this period.

As at August 31, 2012, the Company had a negative working capital of \$1,802,849 (February 29, 2012 - positive working capital of \$3,290,464), including \$423,165 (February 29, 2012 - \$3,172,103) in cash and cash equivalents and current liabilities totalling \$2,469,639 (February 29, 2012 - \$977,099). Based on current liquidities, the Company does not have sufficient funds to discharge all of its liabilities as they come due. In addition, the Company must secure sufficient funding for its working capital requirements for at least the next 12 months. The Company's ability to meet its corporate and administrative obligations and to continue funding exploration programs is dependent on the Company's ability to obtain additional financing through various

means, including but not limited to equity financing. The amount and timing of additional funding may be impacted by, among others, the strength of the capital markets. 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.

### **Off Balance Sheet Arrangements**

As of August 31, 2012, the Company has no off balance sheet arrangements.

### **Related Party 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:

		<b>Three months Ended August 31,</b>		<b>Six months Ended August 31,</b>	
		<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
					\$
Everton Resources Inc. ("Everton")	(i)	-	-	-	15,223

- (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).

#### (b) Transactions with key management personnel

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

	<b>Three months Ended August 31,</b>		<b>Six months Ended August 31,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	\$	\$	\$	\$
Salaries and benefits, including directors fees	52,500	44,361	104,567	90,256
Consulting fees	12,650	31,900	61,600	62,250
Share based payments	177,850	302,750	177,850	304,698
	<u>243,000</u>	<u>379,011</u>	<u>344,017</u>	<u>457,204</u>

As at August 31, 2012 directors and key management personnel was owed \$28,307 (February 29, 2012 - \$74,533).

### **Mining Property Book Values**

At the end of each quarter, management reviews the carrying value of its resource properties to determine whether any write-downs are necessary. Following this analysis, no write-down was deemed necessary during the three and six months ended August 31, 2012 (\$Nil in 2011).

### **Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, marketable securities, accounts receivable, accounts payable and accrued liabilities, debt obligation and long-term debt. Other than marketable securities, the fair value of these instruments, excluding long-term debt, approximates their carrying value, given their short-term nature. It is management's opinion that the Company is not exposed to significant credit risks arising from these financial instruments. A plus or minus 50% change in the value of the marketable securities would affect the comprehensive loss for the period by approximately \$23,200.

### **Critical Accounting Policies and Estimates**

The preparation of the Financial Statements requires Management to make estimates and assumptions about the future that affect the amounts recorded in the Financial Statements. These estimates and assumptions are based on the Company's experience and Management's expectations about future events that are believed to be reasonable under the circumstances, and they are continually being evaluated based on the new facts and experience. Actual results may differ from these estimates and assumptions. The effect of a change in accounting estimate is recognized prospectively in the period of change and future periods if the change impacts both periods.

The Company's significant accounting policies and estimates are fully described in note 3 to the condensed consolidated interim financial statements for the three and six months ended August 31, 2012.

### **Outstanding Share Data**

Common shares and convertible securities outstanding at October 29, 2012 are as follows:

<b>Securities</b>	<b>Expiry date</b>	<b>Exercise price</b>	<b>Securities outstanding</b>
Common shares	-	-	72,244,409
Warrants	Up to March 22, 2014	\$0.25 to \$0.40	22,701,200
Options	Up to August 14, 2017	\$0.15 to \$1.50	5,471,500

### **Subsequent event**

On October 16, 2012, the Company announced a non-brokered private placement offering (the "Offering") of up to 20,000,000 units (the "Units") at a price of \$0.12 per Unit for gross proceeds of up to \$2,400,000.

Each Unit will consist of one (1) common share of the Company (a "Share") and one (1) common share purchase warrant (a "Warrant"). Each Warrant will entitle the holder thereof to acquire one (1) additional common share of the Company at a price of \$0.18 for a period of twenty-four (24) months following the closing of the Offering. The Warrants are subject to an accelerated expiry if, the published closing trade price of the common shares on the TSX Venture Exchange Inc. (the "Exchange") is equal or greater than \$0.36 for a period of 20 consecutive trading days, commencing on the day following the expiry of the four (4) month resale restriction period in which event the Company may give the holder a written notice and the Warrants will automatically expire, if not exercised, 30 days after receipt of such notice. In connection with the Offering, the Company will pay up to 8% commission of the gross proceeds of the Offering and may issue a maximum of 8% of non-transferable warrants entitling the holders to acquire the same number of common shares at a price of \$0.15 per common share for a period of eighteen (18) months following the closing of the Offering.

The net proceeds from the Offering will be used to continue advancing exploration work on the SOMINE project in Haiti, the completion of a first NI 43-101 compliant resource estimate and report for the Douvray porphyry copper-gold prospect, and for general working capital requirements.



### **Risk and uncertainties**

Exploration of minerals and development of mineral properties involve significant risks, many of which are outside of the Company's control. In addition to the normal and usual risks of exploration and mining, the Company often works in remote locations that lack the benefit of infrastructure and easy access.

#### *Financial risk*

The Company is considered to be in the exploration stage, that it is dependant on obtaining regular financing in order to continue exploration. Despite previous success in acquiring this financing, there is no guarantee of obtaining any future financing, or that it will be available on acceptable terms.

The prices of metals fluctuate widely and are affected by many factors outside of the Company's control. The relative prices of metals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and mining exploration companies.

#### *Foreign exchange risk*

Some of the Company's expenditures are in US dollars or HTG (Haitian Gourdes). Movement in the Canadian dollar against these currencies therefore has a direct impact on the Company's cost base. The Company does not use derivative instruments to reduce its exposure to foreign exchange risks.

#### *Risk on the uncertainty of title*

Although the Company has taken steps to verify title to mining properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title.

#### *Risk on obtaining permits and licenses*

The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

#### *Environmental risk*

The Company is subject to various environmental incidents that can occur during exploration work. The Company maintains an environmental management system including operational plans and practices.

### **Additional information and continuous disclosure**

This Management's Discussion and Analysis has been prepared as of October 29, 2012. Additional information on the company is available through regular filings of press releases, financial statements and its annual information form on SEDAR ([www.sedar.com](http://www.sedar.com)).

(s) "Daniel Hachey"

Daniel Hachey, Chief Executive Officer

(s) "Khadija Abounaim"

Khadija Abounaim, Chief Financial Officer