MAJESCOR RESOURCES INC.

Consolidated Financial Statements
Years Ended February 28, 2013
and February 29, 2012

(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
August 15, 2013

Raymond Chabot Grant Thornton

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Independent Auditor's Report

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 28, 2013 and February 29, 2012 and the consolidated statements of loss, the consolidated statements comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years then ended, 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 28, 2013 and February 29, 2012 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Emphasis of matters

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements, which indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Raymond Chabot Grant Thornton LLP

Chartered Accountants,
Licensed Public Accountants

Ottawa, Canada
August 15, 2013

Majescor Resources Inc.

(An exploration stage company)
Consolidated Statements of Financial Position
(Canadian Dollars)

	February 28, 2013	February 29, 2012
Assets		
Current assets		
Cash and cash equivalents (note 6)	**$ 59,218**	$ 3,172,103
Marketable securities (note 7)	**595**	137,572
Accounts receivable (note 8)	**17,871**	114,405
Tax credit and mining duties receivable (note 9)	**-**	83,844
Prepaid expenses (note 10)	**62,037**	759,639
Total current assets	**139,721**	4,267,563
Property and equipment (note 11)	**191,662**	130,120
Exploration and evaluation assets (note 12)	**2,600,000**	6,720,552
Total assets	**$ 2,931,383**	$ 11,118,235
Liabilities and Equity		
Current liabilities		
Trade and other payables (note 14)	**$ 636,365**	$ 687,020
Debt obligations (note 15)	**1,971,918**	290,079
Total current liabilities	**2,608,283**	977,099
Long-term debt (note 16)	**3,323**	2,000
Total liabilities	**2,611,606**	979,099
Equity		
Share capital (note 17)	**33,650,285**	33,429,971
Contributed surplus	**3,392,012**	2,716,453
Warrants	**1,811,278**	2,115,797
Accumulated other comprehensive income	**(5,780)**	(30,804)
Deficit	**(37,385,976)**	(28,875,327)
Equity attributable to equity holders of the Parent Company	**1,461,819**	9,356,090
Equity attributable to non-controlling interest (note 21)	**(1,142,042)**	783,046
Total equity	**319,777**	10,139,136
Total liabilities and equity	**$ 2,931,383**	$ 11,118,235

Going concern (note 2)
Commitments (note 30)
Subsequent events (note 32)

Approved on behalf of the Board:

(signed) "Daniel Hachey"
Daniel Hachey, Director

(signed) "Marc-Andre Bernier"
Marc-Andre Bernier, 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
(Canadian Dollars)

	Year Ended February 28, 2013	February 29, 2012
Expenses		
Exploration and evaluation expenditures	**$ 2,547,221**	$ 2,229,491
General and administrative (note 22)	**1,664,229**	1,879,491
Loss (gain) on foreign exchange	**301,323**	(68,710)
Gain on tax credits (note 9)	**(79,512)**	-
Gain on optioning of mineral interest (note 12(b))	**-**	(177,801)
Write-down of exploration and evaluation assets (note 12)	**5,767,888**	-
Write-off of property and equipment	**24,576**	-
Write-down to net realizable value of prepaid exploration supplies	**19,197**	-
Operating loss	**(10,244,922)**	(3,862,471)
Interest and other income	**9,365**	16,202
Accretion expense	**(10,404)**	-
Loss on sale of marketable securities (note 7)	**(107,776)**	(11,220)
Net loss for the year	**$ (10,353,737)**	$ (3,857,489)
Attributable to:		
Equity holders of the Parent Company	**$ (8,428,649)**	$ (3,191,740)
Non-controlling interest (note 21)	**(1,925,088)**	(665,749)
	$ (10,353,737)	$ (3,857,489)
Basic and diluted loss per share (note 20)	**$ (0.12)**	$ (0.06)

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
(Canadian Dollars)

	Year Ended February 28, 2013	February 29, 2012
Net loss for the year	**$ (10,353,737)**	$ (3,857,489)
Other comprehensive loss		
Unrealized loss on available-for-sale marketable securities	**(82,752)**	(35,895)
Reclassification of net realized loss on available-for-sale marketable securities	**107,776**	11,220
Comprehensive loss for the year	**$ (10,328,713)**	$ (3,882,164)
Attributable to:		
Equity holders of the Parent Company	**$ (8,403,625)**	$ (3,216,415)
Non-controlling interest (note 21)	**(1,925,088)**	(665,749)
	$ (10,328,713)	$ (3,882,164)

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
(Canadian Dollars)

	Share capital (note 17)	Contributed surplus	Warrants (note 18)	Accumulated other comprehensive income	Deficit	Equity attributable to equity holders of the Parent Company	Non-controlling interest (note 21)	Total
Balance, February 28, 2011	**$ 28,442,363**	**$ 2,322,413**	**$ 665,797**	**$ (6,129)**	**$ (25,613,346)**	**$ 5,811,098**	**$ -**	**$ 5,811,098**
Units issued for cash	6,585,000	-	-	-	-	6,585,000	-	6,585,000
Cost of issue	(751,740)	-	195,424	-	-	(556,316)	-	(556,316)
Warrants	(1,188,100)	-	1,188,100	-	-	-	-	-
Shares issued for exercise of options	39,750	-	-	-	-	39,750	-	39,750
Fair value of options exercised	22,258	(22,258)	-	-	-	-	-	-
Shares issued for exercise of warrants	12,050	-	-	-	-	12,050	-	12,050
Fair value of warrants exercised	3,765	-	(3,765)	-	-	-	-	-
Fair value of extended warrants	-	-	70,241	-	(70,241)	-	-	-
Share based payments	-	416,298	-	-	-	416,298	-	416,298
Acquisition of SACG	200,000	-	-	-	-	200,000	1,538,420	1,738,420
Shares issued to acquire SOMINE shares	64,625	-	-	-	-	64,625	-	64,625
Transactions with owners	4,987,608	394,040	1,450,000	-	(70,241)	6,761,407	1,538,420	8,299,827
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
Net loss for the year	-	-	-	-	(3,191,740)	(3,191,740)	(665,749)	(3,857,489)
Comprehensive loss	-	-	-	(24,675)	(3,191,740)	(3,216,415)	(665,749)	(3,882,164)
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)**	**$ (28,875,327)**	**$ 9,356,090**	**$ 783,046**	**$ 10,139,136**
Units issued for cash	360,000	-	-	-	-	360,000	-	360,000
Cost of issue	(37,686)	-	3,840	-	-	(33,846)	-	(33,846)
Warrants	(102,000)	-	102,000	-	-	-	-	-
Warrants expired	-	492,359	(492,359)	-	-	-	-	-
Fair value of extended warrants	-	-	82,000	-	(82,000)	-	-	-
Share based payments	-	183,200	-	-	-	183,200	-	183,200
Transactions with owners	220,314	675,559	(304,519)	-	(82,000)	509,354	-	509,354
Net loss for the year	-	-	-	-	(8,428,649)	(8,428,649)	(1,925,088)	(10,353,737)
Unrealized loss on available-for-sale marketable securities	-	-	-	(82,752)	-	(82,752)	-	(82,752)
Reclassification of net realized loss on available-for-sale marketable securities	-	-	-	107,776	-	107,776	-	107,776
Comprehensive loss	-	-	-	25,024	(8,428,649)	(8,403,625)	(1,925,088)	(10,328,713)
Balance, February 28, 2013	**$ 33,650,285**	**$ 3,392,012**	**$ 1,811,278**	**$ (5,780)**	**$ (37,385,976)**	**$ 1,461,819**	**$ (1,142,042)**	**$ 319,777**

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
(Canadian Dollars)

	Year Ended February 28, 2013	February 29, 2012
Operating activities		
Net loss for the year	**$ (10,353,737)**	$ (3,857,489)
Adjustments for:		
Amortization of property and equipment	**42,490**	32,558
Share based payments	**183,200**	416,298
Loss on sale of marketable securities (note 7)	**107,776**	11,220
Gain on optioning of mineral interest	**-**	(177,801)
Accretion expense	**10,404**	-
Write-off of exploration and evaluation assets	**5,767,888**	-
Write-off of property and equipment	**24,576**	-
Write-down to net realizable value of prepaid exploration supplies	**19,197**	-
Changes in working capital items (note 24)	**808,128**	(197,908)
Net cash used in operating activities	**(3,390,078)**	(3,773,122)
Investing activities		
Short-term investments	**-**	503,153
Proceeds from sale of marketable securities (note 7)	**54,225**	38,880
Purchase of property and equipment	**(128,608)**	(48,034)
Purchase of interest from non-controlling interest	**-**	(25,000)
Net cash (used in) provided by investing activities	**(74,383)**	468,999
Financing activities		
Repayment of debt obligations (note 15)	**(97,870)**	-
Proceeds from issue of common shares, net of costs	**326,154**	6,028,684
Warrants exercised	**-**	12,050
Options exercised	**-**	39,750
Cash received on acquisition of assets of SACG	**-**	118,937
Net cash provided by financing activities	**228,284**	6,199,421
Effect of foreign currency translation	**123,292**	(300,528)
Net change in cash and cash equivalents	**(3,112,885)**	2,594,770
Cash and cash equivalents, beginning of year	**3,172,103**	577,333
Cash and cash equivalents, end of year	**$ 59,218**	$ 3,172,103
Cash and cash equivalents consist of:		
Cash	**$ 59,218**	$ 2,472,659
Cash equivalents	**-**	699,444
	$ 59,218	$ 3,172,103
Non-cash supplemental information:		
Exploration and evaluation assets in exchange of debt obligations	**$ 1,647,336**	$ -

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

1. Nature of operations

Majescor Resources Inc. ("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. Majescor and its subsidiaries (hereinafter the "Company") is in the exploration stage and does not derive any revenue from the development of its properties. Majescor's common shares are listed on the TSX Venture Exchange ("TSX.V") under the symbol MJX. The primary office is located at 2742 St. Joseph Boulevard, Suite 205, Orleans, Ontario, Canada, K1C 1G5.

The consolidated financial statements were approved and authorized for issue by the Board of Directors on August 15, 2013.

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 $10,353,737 during the year ended February 28, 2013 (year ended February 29, 2012 - $3,857,489) and has an accumulated deficit of $37,385,976 (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 February 28, 2013, the Company had negative working capital of $2,468,562 (February 29, 2012 - positive working capital of $3,290,464), including $59,218 (February 29, 2012 - $3,172,103) in cash and cash equivalents and current liabilities totalling $2,608,283 (February 29, 2012 - $977,099), which includes a debt of US$ 1,700,000 (CAD $1,662,093) that the Company's subsidiary Somine S.A. ("SOMINE") owes to the Government of Haiti, per the terms of the Mining Convention executed between SOMINE and the State of Haiti on May 5, 2005 and of the two (2) Mining Exploitation Permits granted to SOMINE on December 21, 2012 (note 12). Subsequent to year-end, the Company raised $265,000 from three private placements (note 32). However, the Company must secure additional funding to be able to discharge its liabilities, to fund its ongoing working capital requirements and to continue its exploration program on the SOMINE project. 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. Therefore, there remains a significant doubt regarding the Company's ability to continue as a going concern.

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

These consolidated financial statements have been prepared in accordance and compliance with International Financial Reporting Standards ("IFRS").

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. Majescor Resources Inc. is the group's ultimate parent company. 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 (2)	Madagascar	100%	Holding company
SIMACT Alliance Copper Gold Inc. (1)	Montreal, Canada	100%	Exploration company

(1) SIMACT Alliance Cooper Gold Inc. ("SACG") owns approximately 79% of SOMINE S.A., a company incorporated under the laws of Haiti (note 13).
(2) Ampanihy Resources S.A.R.L (“Ampanihy”) is a Madagascar registered mining company created by Majescor.

(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”). Majescor’s functional currency is the Canadian dollar. The functional currency of all the subsidiaries is the Canadian dollar. The functional currency for Majescor 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 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 of the Company are classified into the following categories at their initial recognition:

- loans and receivables;
- available for sale investments.

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.

Loans and receivables
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 and accounts receivable, except sales tax, fall into this category of financial instruments.

Available-for-sale financial assets
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)

Financial liabilities at amortized cost:
The Company's financial liabilities include trade and other payables, debt obligations 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. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
- no further exploration or evaluation expenditures in the area are planned or budgeted;
- no commercially viable deposit have been discovered, and the decision has been made to discontinue exploration in the area;
- sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

4. Significant accounting policies (continued)

(f) Impairment of non-financial assets (continued)

Where such an indication exists, the recoverable amount of the asset is estimated. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are largely independent cash inflows (Cash-generating units or "CGU"). 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.

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

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

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.

4. Significant accounting policies (continued)

(i) Cash and cash equivalents

Cash and cash equivalents in the consolidated 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) Tax credits and mining duties

The Company is entitled to a refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the *Quebec Mining Tax Act*. These tax credits are recognized as a reduction of the exploration costs incurred.

(k) Provisions and contingent liabilities

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 28, 2013 and February 29, 2012.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with the currents laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

4. Significant accounting policies (continued)

(l) Equity-settled share based payment transactions

The Company operates equity-settled share based remuneration plans (share 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. Share based payments incorporate 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 with a corresponding credit to contributed surplus, in equity. At the same time, upon exercise of a share option, the proceeds received net of any directly attributable transaction costs are recorded as share capital. 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.

(m) 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 contributed surplus and warrants.

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

<u>*Other elements of equity*</u>
Reserves include the accumulated other comprehensive income reserve, the contributed surplus reserve and the warrants reserve.

The accumulated other comprehensive income reserve 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 include 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.

4. Significant accounting policies (continued)

(n) 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.

(o) 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.

However, since the Company is in the exploration phase and has no taxable income, tax expense recognized in profit or loss is currently comprised only of deferred tax.

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.

Changes in deferred tax assets and liabilities are recognized as deferred income tax expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

4. Significant accounting policies (continued)

(p) 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, by reducing the loss per share.

(q) 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.

(r) 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 the consolidated statement of loss on a straight-line basis over the period of the lease.

(s) 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 that are expected to be relevant to the Company's financial statements are listed below, none of which have been early adopted by the Company. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

(i) IFRS 9, Financial Instruments

The IASB aims to replace IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning on or after 1 January 2015. Chapters dealing with impairment methodology and hedge accounting are still being developed. Further, in November 2012, the IASB published an exposure draft in order to made limited modifications to IFRS 9's financial asset classification model to address application issues. The Company's management have yet to assess the impact of this new standard on the Company's consolidated financial statements. However, management does not expect to implement IFRS 9 until all of its chapters have been published and they can comprehensively assess the impact of all changes.

4. Significant accounting policies (continued)

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

(ii) 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's management expects this will change the current presentation of items in other comprehensive income; however, it will not affect the measurement or recognition of such items.

5. Critical accounting estimates, judgements and assumptions

Significant estimates, judgements and 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 estimates, judgements and assumptions made, relate to, but are not limited to, the following:

Estimates

- the estimated useful lives and residual value of PE;

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. Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases (see note 4(f)).

  When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount the individual asset or the cash-generating units must be estimated.

  In assessing impairment, the Company made some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recoverable from either future exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company’s capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.
- determination of the functional currency of the parent Company and the functional currency of each of its subsidiaries, based on the facts and circumstances that existed during the period.

(Canadian Dollars)

6. Cash and cash equivalents

	February 28, 2013	February 29, 2012
Cash and cash equivalents		
Cash	**$ 59,218**	$ 2,472,659
Money market fund	**-**	699,444
	$ 59,218	$ 3,172,103

7. Marketable securities

As at February 28, 2013, the marketable securities consisted of the following:

February 28, 2013	Cost	Impairment	Unrealized loss	Fair value
Adamera Resources Corp. - 5,665 common shares (i)	$ 37,400	$ (31,025)	$ (5,780)	$ 595

(i) In February 2013, Diamonds North Resources Ltd. ("Diamonds") amalgamated with Uranium North and changed it name to Adamera Resources Corp. ("Adamera"). The Company was issued 0.1333 Adamera shares for each Diamonds share held.

During the year ended February 28, 2013, the Company sold 18,721 common shares of Vaaldiam Mining Inc. for proceeds of $4,960 and 225,000 common shares of Sunridge Gold Corp. for proceeds of $49,265. As a result, a loss on sale of marketable securities of $107,776 was recorded.

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

February 29, 2012	Cost	Impairment	Unrealized 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

(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 12).

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

(Canadian Dollars)

8. Accounts receivable

	February 28, 2013	February 29, 2012
Sales tax receivable (Canada)	**$ 17,871**	$ 112,614
Other receivable	**-**	1,791
	$ 17,871	$ 114,405

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.

During the year ended February 28, 2013, the Company received a $163,356 refund of refundable tax credits and refundable mining duties. As a result, the Company recorded a gain on tax credits of $79,512 for amounts which had been impaired in a previous period and expensed in exploration and evaluation expenditures.

10. Prepaid expenses

	February 28, 2013	February 29, 2012
Exploration advances	**$ 37,096**	$ 615,567
Prepaid exploration supplies	**20,180**	67,318
Prepaid general and administrative expenses	**4,761**	76,754
	$ 62,037	$ 759,639

11. Property and equipment

Cost	Office furniture and equipment	Computer equipment	Exploration equipment	Total
Balance, February 28, 2011	$ 14,060	$ 26,081	$ 77,169	$ 117,310
Additions	3,335	-	112,803	116,138
Disposal	(7,485)	-	-	(7,485)
Balance, February 29, 2012	9,910	26,081	189,972	225,963
Additions	9,825	13,886	104,897	128,608
Balance, February 28, 2013	**$ 19,735**	**$ 39,967**	**$ 294,869**	**$ 354,571**

(Canadian Dollars)

11. Property and equipment (continued)

Accumulated depreciation	Office furniture and equipment	Computer equipment	Exploration equipment	Total
Balance, February 28, 2011	$ 11,482	$ 20,519	$ 38,769	$ 70,770
Depreciation	515	1,669	30,374	32,558
Disposal	(7,485)	-	-	(7,485)
Balance, February 29, 2012	4,512	22,188	69,143	95,843
Depreciation	1,774	6,377	34,339	42,490
Impairment (i)	-	-	24,576	24,576
Balance, February 28, 2013	**$ 6,286**	**$ 28,565**	**$ 128,058**	**$ 162,909**

Net book value	Office furniture and equipment	Computer equipment	Exploration equipment	Total
Balance, February 29, 2012	**$ 5,398**	**$ 3,893**	**$ 120,829**	**$ 130,120**
Balance, February 28, 2013	**$ 13,449**	**$ 11,402**	**$ 166,811**	**$ 191,662**

(i) During the year it was determined that there was no value to certain exploration equipment and therefore this exploration equipment has been impaired to a carrying value of $nil.

12. Exploration and evaluation assets

	Somine, Haiti	Mistassini, Quebec	Besakoa, Madagascar	Total
Balance, February 28, 2011	**$ -**	**$ 1,921**	**$ 22,599**	**$ 24,520**
Addition	6,718,631	-	-	6,718,631
Option payment received	-	-	(22,599)	(22,599)
Balance, February 29, 2012	**$ 6,718,631**	**$ 1,921**	**$ -**	**$ 6,720,552**
Addition	1,647,336	-	-	1,647,336
Impairment	(5,765,967)	(1,921)	-	(5,767,888)
Balance, February 28, 2013	**$ 2,600,000**	**$ -**	**$ -**	**$ 2,600,000**

a) Somine, Haiti

The Somine project in Haiti is operated by the Company's wholly-owned affiliate Simact Alliance Copper Gold Inc. (''SACG''), a Canadian private company, which holds title to 79% 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 two Exploitation mining permits on the SOMINE Copper-Gold project (the "Project"), located in the North-East Mineral district of Haiti:

- One (1) 25 square km Mining Exploitation Permit covering the Blondin-Douvray-Dos Rada porphyry copper system (the "Douvray Permit"), which contains the Douvray porphyry copper-gold prospect; and

12. Exploration and evaluation assets (continued)

a) Somine, Haiti (continued)

- One (1) 20 square km Mining Exploitation Permit covering the Faille B vein gold prospect and host shear structure (the "Faille B permit").

These Exploitation Permits which were granted to SOMINE on December 21, 2012, are valid for five (5) years, and are renewable until the start of commercial mining at which time the license shall be converted to a Mining Lease (valid for 25 years; renewable).

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 are valid until March 9, 2020.

During the year ended February 28, 2013, SOMINE made a first payment of US$100,000 (CAD 97,870) on a total debt of US$1,800,000 that it owes the Government of Haiti in reimbursement for historical data acquired by the United Nations Development Program (UNDP) in conjunction with the Haitian Bureau of Mines and Energy (BME) during the 1970s and 1980s and later made available to Ste Geneviève Haïti SA (now SOMINE) as part of the Mining Convention. SOMINE negotiated a 12 month period payment schedule (note 15) with the Government of Haiti.

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 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.

In the fourth quarter of 2013, an indicator of impairment was identified as the Company has been trying to raise funds since September 2012, but with the difficult market conditions, the Company is still unable to succeed in providing the needed funds to complete the planned exploration programs. The Company considers the Somine project to be a separate CGU. Accordingly, the Company determined the recoverable amount to be "fair value less costs to sell" ("FVLCTS") based on comparable deposits and companies, considering grade, tonnage, stage of exploration/development, location, infrastructure and other factors, as well as market capitalization of other comparable companies. As at February 28, 2013, the Company wrote down the Somine project by $5,765,967.

b) Mistassini, Quebec

On May 16, 2011, the Company executed a formal Joint Venture Agreement with Strateco Resources Inc. ("Strateco"), having an effective date as of February 14, 2011, whereby Strateco earned its 60% interest in the uranium rights on the property by spending $1.3 million in exploration expenditures over three years.

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 for uranium on the Mistassini property.

During the year ended February 28, 2013, the Company wrote-off the value of the exploration and evaluation asset following the moratorium on the issuance of permits for uranium projects announced by the Minister of Sustainable Development, Environment, Wildlife and Parks, ("MDDEFP").

12. Exploration and evaluation assets (continued)

c) Besakoa, Madagascar

Pursuant to an Option Agreement dated September 15, 2008 and an amendment agreement dated June 19, 2009 with Sunridge Gold Corp. ("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 15, 2012, Sunridge failed to fulfill the above conditions to earn an additional 25% interest in Daraina. Therefore, Sunridge will maintain its 50% interest in Daraina.

Subsequent to February 28, 2013, the Company entered into a non-binding Letter Agreement whereby the Company and Sunridge agree to sell their respective 50% interest in Daraina (note 32).

13. 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.

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.

(Canadian Dollars)

13. Acquisition of subsidiary (continued)

SIMACT Alliance Copper Gold Inc. (continued)

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 16)	(2,000)
Minority interest	(1,538,420)
	$ 5,122,353

(Canadian Dollars)

14. Trade and other payables

	February 28, 2013	February 29, 2012
Falling due within the year		
Trade payables	$ 636,365	$ 687,020

15. Debt obligations

The amount is made up of two separate debt obligations.

The first amount represents $309,825 (2012 - $290,079) which is due to a creditor of SOMINE to settle an outstanding debt of US$ 302,000. The debt is due on demand and does not bear interest.

The second amount represents $1,662,093 (2012 - $nil) which is the carrying value of the due to the Government of Haiti to settle the US$ 1,700,000 remainder of the US$ 1,800,000 debt (note 12). The debt does not bear interest and is due over a 12 month period based on a payment schedule negotiated with the Government of Haiti as follows:

	US$	Equivalent in CDN$
December 31, 2012 (i)	500,000	514,250
March 31, 2013 (i)	600,000	617,100
August 31, 2013	600,000	617,100
Total	$ 1,700,000	$ 1,748,450

(i) Payments were not made and are now overdue.

16. Long-term debt

An amount of $3,323 (2012 - $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.

(Canadian Dollars)

17. 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, February 28, 2011	**40,753,209**	**$ 28,442,363**
Units issued for cash (i)(ii)(iii)(iv)	30,340,000	6,585,000
Cost of issue (i)(ii)(iii)(iv)	-	(751,740)
Warrants valuation (i)(ii)(iii)(iv)	-	(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	-	200,000
Shares issued to acquire SOMINE shares (v)	275,000	64,625
Balance, February 29, 2012	**71,704,409**	**$ 33,429,971**
Balance, February 29, 2012	**71,704,409**	**$ 33,429,971**
Units issued for cash (vi)(vii)	3,040,000	360,000
Cost of issue (vi)(vii)	-	(37,686)
Warrants valuation (vi)(vii)	-	(102,000)
Balance, February 28, 2013	**74,744,409**	**$ 33,650,285**

(i) 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: share price of $0.21, 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: share price of $0.21, 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%.

17. Share capital (continued)

(ii) 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: share price of $0.16, 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: share price of $0.16, 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%.

(iii) 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: share price of $0.245, 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: share price of $0.245, 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%.

17. Share capital (continued)

(iv) 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: share price of $0.23, 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: share price of $0.23, 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%.

(v) 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.

(vi) 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 March 22, 2014. In addition, the Company incurred cash cost of $18,662.

The 270,000 warrants issued in connection to the private placement have been recorded at a value of $27,000 based on the proportional method based on the Black-Scholes option pricing model, using the following assumptions: share price of $0.22, risk free interest rate of 1.24%, expected life of warrants of 2 years, annualized volatility rate of 111% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.

The 32,000 agent warrants issued in connection to the private placement have been recorded at a value of $3,840 based on the Black-Scholes option pricing model, using the following assumptions: share price of $0.22, risk free interest rate of 1.24%, expected life of warrants of 2 years, annualized volatility rate of 111% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.

(Canadian Dollars)

17. Share capital (continued)

(vii) On January 18, 2013, the Company completed a non-brokered private placement of 2,500,000 units at a price of $0.09 each for gross proceeds of $225,000. Each unit consists of one common share and one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of $0.15 until January 18, 2015. The warrants are subject to an accelerated expiry if the published closing trade price of the common shares on the TSX.V is equal or greater than $0.30 for a period of 20 consecutive trading days any time after the expiry of the four 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. The Company incurred cash cost of $7,184.

The 2,500,000 warrants issued in connection to the private placement have been recorded at a value of $75,000 based on the proportional method based on the Black-Scholes option pricing model, using the following assumptions: share price of $0.065, risk free interest rate of 1.18%, expected life of warrants of 2 years, annualized volatility rate of 115% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.

18. Warrants

The following table reflects the continuity of warrants:

	Number of warrants	Weighted average exercise price
Balance, February 28, 2011	**8,768,400**	**$ 0.35**
Granted (note 17(i)(ii)(iii)(iv))	17,299,200	0.35
Exercised	(71,200)	0.17
Balance, February 29, 2012	**25,996,400**	**$ 0.35**
Granted (note 17(vi)(vii))	2,802,000	0.18
Expired	(4,996,800)	0.28
Balance, February 28, 2013	**23,801,600**	**$ 0.35**

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

Number of Warrants	Fair Value	Exercise Price	Expiry Date
5,000,000	428,954	0.40	July 27, 2013 (i)
8,475,000	678,000	0.35	July 28, 2013
100,000	8,858	0.40	August 6, 2013 (i)
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
270,000	27,000	0.40	March 22, 2014
32,000	3,840	0.25	March 22, 2014
2,500,000	75,000	0.15	January 18, 2015
23,801,600	**$ 1,811,278**	**$ 0.35**	

(Canadian Dollars)

18. Warrants (continued)

(i) During the year ended February 28, 2013, the Company extended the expiry of these warrants for a one-year period. Consequently, an additional Black-Scholes value of $82,000 was recorded to deficit using the following weighted average assumptions: share price of $0.11, risk free interest rate of 1.04%, expected life of warrants of 1 year, annualized volatility rate of 120% (based on the Company's historical volatility for 1 year up to the extension date) and dividend rate of 0%.

19. Share options

The following table shows the continuity of options:

	Number of Options	Weighted Average Exercise Price
Outstanding at February 28, 2011	**2,122,200**	**$ 0.48**
Granted (i)(ii)(iii)(iv)(v)	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**
Granted (vi)(vii)	1,600,000	0.15
Expired	(422,000)	0.86
Forfeited	(232,500)	0.43
Outstanding at February 28, 2013	**5,328,000**	**$ 0.22**

The weighted average share price at the date of exercise was $nil (2012 - $0.22). During the year, the Company expensed $183,200 (2012 - $416,298) of share based payments.

(i) On June 18, 2011, 250,000 share 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.

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

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

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

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

(Canadian Dollars)

19. Share options (continued)

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 share 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

(vi) On June 27, 2012, 1,100,000 share options were granted to Officers, Directors and employees of the Company at an exercise price of $0.15 per share, expiring on June 27, 2017.

(vii) On August 14, 2012, 500,000 share options were granted to an Officer of the Company at an exercise price of $0.15 per share, expiring on August 14, 2017.

The weighted average fair value of each option granted during the year ended February 28, 2013 of $0.11 is estimated using the Black-Scholes option pricing model with the following weighted average assumption:

Average share price at date of grant	$0.12
Expected dividend yield	0.00%
Expected share price volatility	167%
Risk-free interest rate	1.28%
Expected life of options	5 years
Average exercise price at date of grant	$0.15

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 28, 2013:

Range of exercise price	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable
$0.15	1,660,000	4.26	$ 0.15	1,660,000
$0.21 - $0.28	3,660,000	2.88	$ 0.24	3,660,000
$1.50 - $1.70	8,000	0.07	$ 1.50	8,000
	5,328,000			**5,328,000**

(Canadian Dollars)

19. Share options (continued)

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**

20. Loss per common share

The calculation of basic and diluted loss per share for the year ended February 28, 2013 was based on the loss attributable to common shareholders of $8,428,649 (year ended February 29, 2012 - $3,191,740) and the weighted average number of common shares outstanding of 72,492,683 (year ended February 29, 2012 - 52,830,824). Diluted loss per share did not include the effect of 5,328,000 stock options (year ended February 29, 2012 - 4,382,500) and 23,801,600 warrants (year ended February 29, 2012 - 25,996,400) as they are anti-dilutive.

21. Non-controlling interest

Balance,February 28, 2011	**$ -**
Acquisition (i)	1,538,420
Change in ownership interest (note 17 (v))	(89,625)
Share of net loss	(665,749)
Balance, February 29, 2012	**$ 783,046**
Share of net loss	(1,925,088)
Balance, February 28, 2013	**$ (1,142,042)**

The non-controlling interest pertains to the 21.30% (February 29, 2012 - 27.11%) interest in SOMINE that the Company does not own. Non-controlling interest of 40% was initially recorded when the Company gained control of its 100% owned subsidiary SACG 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.

(Canadian Dollars)

22. General and administrative

	Year Ended February 28, 2013	February 29, 2012
Management and consulting fees	**$ 477,833**	$ 449,064
Share based payments	**183,200**	416,298
Salaries and benefits	**301,498**	229,685
Travel and promotion	**171,875**	426,604
Shareholder information	**43,145**	34,134
Professional fees	**245,912**	172,138
Office and general expenses	**198,276**	105,259
Amortization of property and equipment	**42,490**	32,558
Bad debt	**-**	13,751
	$ 1,664,229	$ 1,879,491

23. Income taxes

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

	2013	2012
Loss before income taxes	**$ (10,353,737)**	$ (3,857,489)
Expected income tax recovery	**(2,785,155)**	(1,085,883)
Tax effect of the following:		
Difference between future and statutory rate	**(10,202)**	11,936
Tax impact of temporary difference for which no deferred tax asset was booked	**342,542**	720,018
Share based payments	**49,281**	117,188
Change in the opening tax rate of deferred tax assets	**-**	(233,300)
Non deductible portion of loss on investments	**14,496**	-
Non deductible losses in Haiti	**2,679,156**	-
Foreign exchange on conversion	**72,284**	-
Effect of tax rate in foreign subsidiary	**(280,528)**	468,495
Other temporary differences	**(81,874)**	1,546
Provision for income taxes	**$ -**	$ -

Major components of the deferred tax recovery are as follows:

	2013	2012
Origination and reversal of timing differences	**(332,340)**	(498,654)
Difference in statutory and deferred tax rate	**(10,202)**	11,936
Change in the opening tax rate of deferred tax assets	**-**	(233,300)
Tax effect of temporary difference for which no tax asset is recorded	**342,542**	720,018
Deferred tax recovery	**$ -**	$ -

The Canadian statutory income tax rate of 26.90% (2012 - 28.15%) is comprised of federal income tax at approximately 15.00% (2012 - 16.25%) and provincial tax rate at approximately 11.90% (2012 - 11.90%).

(Canadian Dollars)

23. Income taxes (continued)

As at February 29, 2013 and February 29, 2012 the amounts of deductible temporary differences for which no deferred tax assets were recognized, were as follows:

	2013	2012
Income tax loss carry forwards	**$ 7,911,000**	$ 8,592,000
Investments	**18,403**	(90,000)
Resource properties	**6,882,955**	6,920,061
Fixed and intangible assets	**210,582**	139,078
Share issue costs	**474,907**	619,134
Temporary differences for which no deferred tax assets were recognized	**$ 15,497,847**	$ 16,180,273

As at February 29, 2013, 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
2015	$ 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	900,000	693,000
2032	1,440,000	1,427,000
2033	1,119,000	1,115,000
	$ 7,911,000	$ 6,509,000

As at February 29, 2013, the Company has deductible capital losses of $113,070 for which no deferred tax asset has been recorded in the consolidated statements of financial position. These deductible capital losses can be carried forward indefinately.

24. Changes in non-cash working capital items

	Year Ended February 28, 2013	Year Ended February 29, 2012
Accounts receivable	**$ 96,534**	$ (11,444)
Prepaid expenses	**678,405**	(659,846)
Tax credit and mining duties receivable	**83,844**	-
Trade and other payables	**(50,655)**	473,382
	$ 808,128	$ (197,908)

(Canadian Dollars)

25. 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 28, 2013	February 29, 2012
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:

	Year Ended February 28, 2013	February 29, 2012
Salaries and benefits, including directors fees	**$ 207,742**	$ 209,217
Consulting fees	**$ 102,300**	$ 111,150
Share based payments	**$ 177,850**	$ 375,950
Total	**$ 487,892**	$ 696,317

As at February 28, 2013 directors and key management personnel were owed $81,908 (February 29, 2012 - $74,533), included in trade and other payables.

26. 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 28, 2013	February 29, 2012
Canada	**$ 4,375**	$ 38,597
Haiti	**2,787,287**	6,812,075
Total	**$ 2,791,662**	$ 6,850,672

27. 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 28, 2013 totalled $1,461,819 (February 29, 2012 - $9,356,090).

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 28, 2013.

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

28. 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 29. 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.

28. Financial risk factors (continued)

(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, and accounts receivable. Cash and cash equivalents 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.

(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 28, 2013, the Company had cash and cash equivalents of $59,218 (February 29, 2012 - $3,172,103) and current liabilities of $2,608,283 (February 29, 2012 - $977,099). All of the Company's financial liabilities have contractual maturities of less than 30 days, except certain debt obligations (see note 15), 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 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 28, 2013. 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.

(Canadian Dollars)

28. 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 28, 2013, the Company held the following monetary assets and liabilities in foreign currencies:

	Canadian Dollar Equivalent	
Denominated in:	USD	HTG
Cash	(5,397)	102
Prepaid expenses	1,859	-
Trade and other payables	(249,572)	(20,397)
Debt obligation	(1,971,918)	-
Net exposure	(2,225,028)	(20,295)

As at February 28, 2013, the foreign exchange risk on HTG is not significant. As at February 28, 2013, had the exchange rates for USD been 1% lower/higher, the net income (loss) for the period would have been approximately $22,000 higher or lower.

(iii) As at February 28, 2013, the value of the publicly listed shares held by the Company is $595. At February 28, 2013, had the bid price for these publicly listed shares been 50% lower/higher, the comprehensive loss for the period would have been approximately $300 higher/lower.

29. Categories of financial instruments

	February 28, 2013	**February 29, 2012**
Financial assets:		
Loans and receivables		
Cash and cash equivalents	**$ 59,218**	$ 3,172,103
Accounts receivable	**$ -**	$ 1,791
Available-for-sale		
Marketable securities	**$ 595**	$ 137,572
Financial liabilities:		
Financial liabilities at amortized cost		
Trade and other payables	**$ 636,365**	$ 687,020
Debt obligations	**$ 1,971,918**	$ 290,079
Long-term debt	**$ 3,323**	$ 2,000

29. Categories of financial instruments (continued)

As of February 28, 2013 and February 29, 2012, the fair value of all the Company's financial instruments, excluding long-term debt and Government of Haiti debt included in debt obligations, approximated the carrying value, due to their short-term nature.

Long-term debt was valued at acquisition by performing a present value calculation on the expected cash outflows using a discount rate of 50% and a starting period of 6.5 years in the future.

The Government of Haiti debt was valued at acquisition by performing a present value calculation on the expected cash outflows using a discount rate of 10%.

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

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

30. Commitment

The Company has two office lease agreements for:

(i) a lease ending April 30, 2013 for an annual amount of $17,934.
(ii) a lease ending June 30, 2013 for an annual amount of $13,171.

During the year, the Company recognized lease expense of $31,253 (2012 - $27,168).

31. Contingencies

On August 12, 2010, the Company retained Allyson Taylor Partners Inc. (“ATP”) as its investor relations consultant for consideration of a monthly fee of $10,000. The agreement was for a minimum of 12-month term, with an early termination on a 60-day notice. On October 22, 2012, ATP filed a claim against the company before the court of Quebec for abusive termination of the agreement and unpaid invoices in the amount of $60,554 (recorded in trade and other payables). In defense to this action, the Company filed a cross-demand to claim the reimbursement of all invoices paid under said agreement, for a total amount of $216,143. Both parties filed a ‘‘a declaration of Readiness’’ on May 23, 2013 and are waiting for a trial date, which should not take place before 2014.

32. Subsequent events

On April 30, 2013, the Company announced it entered into a non-binding Letter Agreement with Olympic Resources Ltd. (“Olympic”) and Sunridge whereby the Company and Sunridge agree to sell their respective 50% interest in Daraina to Olympic.

Under the terms of the Letter Agreement, the Company and Sunridge agree to sell their respective 50% interest in Daraina and Olympic agrees to purchase 100% of the shares of Daraina under the following conditions: (i) the Company, Sunridge and Olympic shall enter into a definitive two-year option agreement; (ii) Upon signing of the definitive option agreement, Olympic shall pay a total of $150,000, split $75,000 to the Company and $75,000 to Sunridge; (iii) Before the second year anniversary of signing the definitive option agreement, Olympic must expend a minimum of $1,000,000 in exploration work on the Besakoa property, including a firm year-1 commitment of $300,000; (iv) Upon completion of the expenditures, Olympic may exercise its option to purchase 100% of the shares of Daraina by delivering notice and paying a total of $1,250,000, split $625,000 to the Company and $625,000 to Sunridge, subject to the retention by the Company and Sunridge of a 2% net smelter returns royalty on the Besakoa property, split 1% to the Company and 1% to Sunridge. Upon successful conclusion of due diligence, on direction of Olympic, the parties will seek to draft a definitive agreement, subject to each Company’s Board approval and to any regulatory approvals that may be required.

On May 17, 2013, the Company completed a non-brokered private placement of 2,000,000 units at a price of $0.05 each for gross proceeds of $100,000. Each unit consists of one common share and one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of $0.10 until May 17, 2015. The warrants are subject to an accelerated expiry if the published closing trade price of the common shares on the TSX.V is equal or greater than $0.20 for a period of 10 consecutive trading days any time after the expiry of the four 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.

On June 26, 2013, the Company completed a non-brokered private placement of 300,000 units at a price of $0.05 each for gross proceeds of $15,000. Each unit consists of one common share and one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of $0.10 until June 26, 2015. The warrants are subject to an accelerated expiry if the published closing trade price of the common shares on the TSX.V is equal or greater than $0.20 for a period of 10 consecutive trading days any time after the expiry of the four 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.

On August 12, 2013 the Company closed the first tranche of a non-brokered private placement of 7,500,000 units at a price of $0.01 each for gross proceeds of $75,000. Each unit consists of one common share and one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share until August 9, 2015 at a price of $0.05 per share in year one and $0.10 per share in year two.

In March and June 2013, the following 258,000 stock options expired without exercise:

- 8,000 stock options at an exercise price of $1.50 expired on March 24, 2013.
- 250,000 stock options at an exercise price of $0.25 expired on June 18, 2013.

In July and August 2013, the following 14,850,000 warrants expired without exercise:

- 5,000,000 warrants at an exercise price of $0.40 expired on July 27, 2013.
- 8,475,000 warrants at an exercise price of $0.35 expired on July 28, 2013.
- 100,000 warrants at an exercise price of $0.40 expired on August 6, 2013.
- 1,275,000 warrants at an exercise price of $0,35 expired on August 12, 2013.