MAJESCOR RESOURCES INC.
(An exploration stage Company)

Consolidated Financial Statements

February 28, 2011 and 2010

Management's Responsibility for Financial Statements

To the Shareholders of Majescor Resources Inc.

The consolidated financial statements and the notes thereto for the years ended February 28, 2011 and 2010 are the responsibility of the management of Majescor Resources Inc. These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, using management's best estimates and judgements where appropriate.

Management has developed and maintained a system of internal controls to provide reasonable assurance that all assets are safeguarded and to facilitate the preparation of relevant, reliable and timely financial information.

The consolidated financial statements have been audited by Raymond Chabot Grant Thornton LLP, the independent auditors, in accordance with Canadian generally accepted auditing standards, on behalf of the shareholders.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board of Directors carries out this responsibility through its Audit Committee. The Audit Committee, which is comprised of Directors, none of whom are employees or officers of the Company, meets with the external auditors, with and without management being present, to review the financial statements and to discuss audit and internal control related matters.

On recommendation of the Audit Committee, the Board of Directors approved the Company's consolidated financial statements.

(signed) Daniel Hachey
Daniel Hachey, CEO

(signed) Khadija Abounaim
Khadija Abounaim, CFO

June 28, 2011

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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 balance sheets as at February 28, 2011 and 2010 and the consolidated statements of operations, mineral exploration properties and deferred exploration expenses, comprehensive loss and deficit, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles 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 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, 2011 and 2010 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of matters

Without qualifying our opinion, we draw attention to Notes 2 and 3 a) in the financial statements.

Note 2 indicates that the Company incurred a net loss of $761,686 for the year ended February 28, 2011 and as of that date, the Company's working capital was $1,118,213 and the Company's accumulated deficit amounts to $24,216,374. The Company will require additional financing to meet all of its cash flow needs for the coming year. This situation, with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Note 3 a) indicates the Company did not have effective control or significant influence of its investment in, Simact Alliance Copper Gold Inc. ("SACG") as a consequence, the investment was presented at cost at year-end. On May 7, 2011 the Company established control and expects to re-evaluate the accounting method for its investment in SACG in the preparation of its financial statements for the next reporting period.

Raymond Chabot Grant Thornton LLP

Chartered Accountants,
Licensed Public Accountants

Ottawa, Canada
June 28, 2011

Majescor Resources Inc.
(An exploration stage Company)
Consolidated Balance Sheets
As at February 28

	2011	2010
	$	$
ASSETS		
Current assets		
Cash and cash equivalents (Note 5)	577,333	111,480
Short-term investments (Note 5)	503,153	-
Marketable securities (Note 7)	11,947	97,604
Accounts receivable	29,602	33,802
Tax credits and mining duties receivable	83,844	222,988
Prepaid expenses	87,282	28,654
	1,293,161	494,528
Long-term investments (Note 8)	4,621,825	1,304,652
Property, plant and equipment (Note 9)	68,140	71,535
Mineral exploration properties (Note 10)	24,520	24,520
Deferred exploration expenses (Note 10)	249,999	249,999
	6,257,645	2,145,234
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 12)	174,948	396,023
SHAREHOLDERS' EQUITY		
Share capital (Note 13)	27,318,027	22,639,384
Warrants (Note 13)	665,797	184,491
Contributed surplus (Note 14)	2,321,376	2,239,419
	30,305,200	25,063,294
Accumulated other comprehensive (loss) income (Note 15)	(6,129)	25,028
Deficit	(24,216,374)	(23,339,111)
	(24,222,503)	(23,314,083)
	6,082,697	1,749,211
	6,257,645	2,145,234

Going concern assumption (Note 2)

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

On behalf of the Board,

(signed) "Daniel Hachey"
Daniel Hachey, Director

(signed) "Alain Krushnisky"
Alain Krushnisky, Director

	$	$
Expenses		
Management and consulting fees	216,083	191,723
Stock-based compensation	85,080	138,622
Salaries and benefits	160,651	31,569
Travel and promotion	156,002	96,828
Report to shareholders	12,684	16,221
Professional fees	187,620	53,545
General expenses	174,326	124,813
Amortization of property, plant and equipment	3,395	6,049
	995,841	659,370
Other items		
Interest and other income	(8,378)	(1,129)
Interest on convertible debenture	-	31,710
Provision for uncollectible tax credits	-	79,512
Gain on sale of marketable securities (Note 7)	(22,842)	(81,405)
Impairment of property, plant and equipment (Note 9)	-	37,289
Loss on sale of property, plant and equipment	-	3,527
Flow-through interest and tax expense (Note 12)	(202,219)	7,680
Write-down of mineral exploration properties and deferred exploration expenses	-	1,057,323
Gain on foreign exchange	(716)	(2,234)
	(234,155)	1,132,273
Net loss	761,686	1,791,643
Basic and diluted net loss per common share	0.03	0.11
Basic and diluted weighted average number of common shares outstanding	31,008,195	16,540,831

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

Majescor Resources Inc.
(An exploration stage Company)
Consolidated Mineral Exploration Properties and Deferred Exploration Expenses
For the years ended February 28

	2011	2010
	$	$
Balance, beginning of the year	274,519	1,411,842
Write-down of mineral exploration properties and deferred exploration expenses	-	(1,057,323)
Option payments	-	(80,000)
	-	(1,137,323)
Balance, end of the year	274,519	274,519

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

Majescor Resources Inc.
(An exploration stage Company)
Consolidated Comprehensive Loss and Deficit
For the years ended February 28

	2011	2010
	$	$
COMPREHENSIVE LOSS		
Net loss for the year	761,686	1,791,643
Black-Scholes value of extended warrants	115,577	-
Other comprehensive loss (income)		
Changes in fair value of available-for-sale investments	8,315	(110,813)
Realized gain on sale of marketable securities transferred to consolidated operations (Note 7)	22,842	81,405
Comprehensive loss for the year	908,420	1,762,235

	2011	2010
DEFICIT		
Balance, beginning of the year	23,339,111	21,547,468
Net loss	761,686	1,791,643
Black-Scholes value of extended warrants	115,577	-
Balance, end of the year	24,216,374	23,339,111
Accumulated other comprehensive loss (income) (Note 15)	6,129	(25,028)
Total accumulated deficit and other comprehensive loss	24,222,503	23,314,083

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

Majescor Resources Inc.
(An exploration stage Company)
Consolidated Cash Flows
For the years ended February 28

	2011	2010
	$	$
OPERATING ACTIVITIES		
Net loss	(761,686)	(1,791,643)
Non-cash items		
Amortization of property, plant and equipment	3,395	6,049
Stock-based compensation	85,080	138,622
Interest on convertible debenture	-	31,710
Provision for uncollectible tax credits	-	79,512
Write-down of mineral exploration properties and deferred exploration expenses	-	1,057,323
Loss on sale of property, plant and equipment	-	3,527
Impairment of property, plant and equipment	-	37,289
Gain on sale of marketable securities	(22,842)	(81,405)
Changes in non-cash working capital items (Note 16)	(274,555)	(8,922)
Cash flows used in operating activities	(970,608)	(527,938)
INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	-	16,836
Proceeds from sale of marketable securities (Note 7)	77,342	135,905
Short-term investments	(503,153)	-
Long-term investments	(817,173)	(1,004,652)
Deferred exploration expenses	-	(35,703)
Tax credits and mining duties received	139,144	440,346
Cash flows used in investing activities	(1,103,840)	(447,268)
FINANCING ACTIVITIES		
Common shares issued	2,550,000	650,000
Warrants exercised	200,000	98,500
Options exercised	4,500	-
Share issue costs	(213,250)	(16,391)
Cash flows from financing activities	2,541,250	732,109
Effect of exchange rate fluctuations on cash and cash equivalents	(949)	(1,117)
Increase (decrease) in cash and cash equivalents	465,853	(244,214)
Cash and cash equivalents, beginning of the year	111,480	355,694
Cash and cash equivalents, end of the year	577,333	111,480
Cash and cash equivalents:		
Cash	125,176	44,416
Cash equivalents	452,157	67,064
	577,333	111,480
Non-cash supplemental information:		
Deferred exploration expenses included in accounts payable	7,038	7,038
Common shares issued to acquire interest in investee company	2,500,000	300,000
Common shares issued in payment of interest on debenture	-	18,000
Common shares issued in payment of principal on debenture	-	150,000
Marketable securities received on extension of option agreement	-	80,000
Fair value of exercised warrants and options	56,861	26,262
Fair value of expired warrants	-	370,980
Warrants issued in private placement	355,812	145,946

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

1. Governing statutes and nature of operations

Majescor Resources Inc. (the "Company" or "Majescor'') was incorporated under the Canada Business Corporations Act (Alberta) on February 23, 1996. The nature of operations involves the acquisition, exploration and development of mineral resource properties. The Company is in the exploration stage and does not derive any revenue from the development of its properties.

Until it is determined that the Company's properties contain mineral reserves or resources that can be economically mined, they are classified as mineral exploration properties. The recoverability of mineral exploration property costs and deferred exploration expenses is dependent upon: the discovery of economically recoverable reserves and resources; securing and maintaining title and beneficial interest in the properties; the ability to obtain necessary financing to complete exploration, development and construction of processing facilities; obtaining certain government approvals; and attaining profitable production.

2. Going concern assumption

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and on the basis of a going concern assumption meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties relating to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, as explained in the following paragraph.

As at February 28, 2011, the Company had a working capital of $1,118,213, including $577,333 in cash and cash equivalents, $503,153 in short-term investments and current liabilities totalling $174,948. The Company anticipates having sufficient funds to undertake a portion of the exploration program on the SOMINE property (a $2 million exploration commitment over the two year period ending June 22, 2012) and meet its general and administrative costs for several months. However, the Company will require additional financing, through various means including but not limited to equity financing, to meet all of its general and administrative costs, to continue its exploration program on the SOMINE property and/or to acquire additional exploration properties. There is no assurance that the Company will be successful in raising the additional required funds.

The carrying amounts of assets, liabilities and expenses presented in these consolidated financial statements and the balance sheet classifications have not been adjusted as would be required if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these consolidated financial statements, adjustments to the carrying value of assets and liabilities and expenses and balance sheet classification, which could be material, may be necessary.

3. Accounting policies

a) Basis of presentation

These consolidated financial statements, which are expressed in Canadian dollars, have been prepared by management in accordance with accounting principles generally accepted in Canada and include all of the assets, liabilities and expenses of the Company, its wholly-owned Madagascar subsidiaries, Daraina Exploration S.A.R.L. (''Daraina'') and Ampanihy Resources S.A.R.L, and its wholly-owned Canadian subsidiary: Tropic Diamonds Inc. All inter-company balances and transactions have been eliminated upon consolidation.

The Company has recorded its investment in Simact Alliance Copper Gold Inc. (''SACG''), at cost given that the Company did not have either effective control or significant influence over SACG since acquisition (see note 8 a). Subsequent to year-end, the Company was able to gain full control over SACG and therefore management is re-evaluating the accounting method for the Company's investment in SACG for the next reporting period.

Majescor Resources Inc. and its subsidiaries are collectively referred to herein as the "Company" or "Majescor".

3. Accounting policies (continued)

b) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the notes thereto.

The most significant items requiring the use of management estimates and valuation assumptions are related to the recoverable value of mining assets (mineral exploration properties and deferred exploration expenses), the ability of the Company to continue as a going concern and the valuation of the stock-based compensation, warrants, tax credits and mining duties receivable. The estimates and valuation assumptions related to the recoverable value of mining assets were made by management using careful judgment, based on the most current geological information available and its planned course of action, as well as on assumptions about future business, economic and capital market conditions. The estimates that are inherent in the calculation of stock-based compensation and warrants are based on management's current judgment of future dividend disbursements, volatility of the Company's stock price, interest rates, and the life of the options and warrants. Actual results could differ from estimates used in preparing these consolidated financial statements and such differences could be material.

c) Financial assets and liabilities

On initial recognition, all financial assets and liabilities are measured and recognized at their fair value, except for financial assets and liabilities resulting from certain related party transactions. Transaction costs from loans and receivables increase the carrying amount of the related financial assets. Transaction costs from other financial liabilities reduce the carrying amount of the related financial liabilities. Transaction costs from held for trading and available for sale financial assets and liabilities are recorded in earnings. Subsequently, financial assets and liabilities are measured and recognized as follows:

Cash, cash equivalents and short term investments are classified as held for trading and are measured at fair value with changes in the fair value recognized in operations in the periods in which they arise.

Marketable securities are classified as available-for-sale financial assets and are measured at fair value with changes in fair value recorded in other comprehensive income until the financial asset is derecognized or impaired.

Accounts receivable are classified as loans and receivables. They are measured at amortized cost, which is generally the initially recognized amount, less any allowance for doubtful accounts.

The long-term investments represent share investments in private companies and are classified as available-for-sale investments. The share investments in private companies are recognized at cost less impairment. Any impairment loss is directly recognized in consolidated operations.

Accounts payable and accrued liabilities are classified as other financial liabilities. They are measured at amortized cost using the effective interest rate method.

d) Cash and cash equivalents

Cash and cash equivalents include investments with maturities at the date of acquisition of three months or less which are readily convertible into cash.

3. Accounting policies (continued)

e) Property, plant and equipment

Property, plant and equipment are tested for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying amount of a long-lived asset is not recoverable when it exceeds the sum of the undiscounted cash flows expected from its use and eventual disposal. In such a case, an impairment loss must be recognized and is equivalent to the excess of the carrying amount of a long-lived asset over its fair value.

The Company provides for amortization on property, plant and equipment at the following rates:

- Office furniture and equipment – 20% declining balance
- Computer equipment – 30% declining balance
- Exploration equipment – 30% declining balance
- Web site development – 30% declining balance

f) Mineral exploration properties and deferred exploration expenses

The Company records its interest in mining properties and areas of geological interest at cost less option payments and other recoveries.

Exploration costs relating to the Company's interests and projects are capitalized on the basis of specific claim blocks or areas of geological interest until the mining properties to which they are related are placed into production, sold, allowed to lapse or abandoned. Management reviews the carrying values of mining properties on a regular basis to determine whether any write downs are necessary. These costs will be amortized over the estimated useful life of mining properties following commencement of production or written off if the mining properties or projects are sold, allowed to lapse or abandoned. General exploration expenditures not related to specific mining properties are expensed as incurred.

Mineral exploration properties are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that their carrying value may not be recoverable. The Company performs a recoverability test when estimates of future cash flows are available. In the event that management has insufficient information about its mineral exploration properties to estimate future cash flows to test for recoverability of the capitalized costs, the Company will test for impairment by comparing the fair value to the carrying amount without performing a test for recoverability. To test for impairment, management, directors and technical advisors constantly review the merits of each mineral property interest to assess whether the property merits further exploration and development expenditures. Empirical evidence such as geochemical analysis, drilling results, assays, mapping and field observation are the primary sources of evidence that are then assessed against other factors such as commodity markets, exchange rates, and closeness to other known operations when making decisions on whether impairment exists.

Although the Company has taken steps to verify title to the mineral claims in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

g) Environmental and reclamation costs

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly from country to country and are not predictable. The Company's policy is to meet or, if possible, surpass standards set by relevant legislation by the application of technically proven and economically feasible measures.

3. Accounting policies (continued)

An estimate for the future costs of site restoration is made based upon estimates that consider the anticipated method and extent of site reclamation required to meet legal standards. If required, a provision for the estimated costs is recognized by increasing the carrying amount of the related long-lived asset by the same amount as the liability.

Reclamation costs incurred are charged against this provision. The effects of changes in regulations and cost assumptions are recognized when determined.

h) Loss per share

Basic loss per share is computed by dividing the net loss for the year available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted loss per share assumes the conversion or exercise of securities only when such conversion or exercise would have a dilutive effect on earnings per share. The dilutive effect of outstanding stock options and warrants described in Note 13 is not reflected in diluted loss per share by application of the treasury stock method as they are anti-dilutive.

i) Share capital

The proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company.

Share capital issued for non-monetary consideration is recorded at an amount based on fair market value based upon the trading price of those shares on the TSX.V the day before the transaction date.

Share issue expenses are recorded as a reduction of share capital when the related shares are issued.

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

j) Stock-based compensation

The Company measures the compensation cost of stock options issued under employee and non-employee compensation plans using a fair value-based method. Under the fair value method, stock-based payments to employees are measured at fair value and amortized over the vesting period and stock-based payments to non-employees are measured at either the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable, and are recognized over the related service period as an expense or an asset, with a corresponding increase to contributed surplus. If the stock options are exercised, the proceeds are credited to share capital and the value of the options exercised is reclassified from contributed surplus to share capital.

k) Foreign currency translation

The functional currency of the Company is the Canadian dollar. Monetary assets and liabilities denominated in currencies other than the Canadian dollar and integrated foreign operations are translated using the exchange rate in effect at the balance sheet date, whereas other assets and liabilities are translated at the exchange rate in effect at the transaction date. Expenses are translated at exchange rates in effect during the period with the exception of expenses relating to non-monetary assets and liabilities which are translated at the historical rate. Translation gains or losses are included in the determination of income or loss in the statement of operations in the period in which they arise.

3. Accounting policies (continued)

l) Income taxes

The Company accounts for income taxes under the asset and liability method that requires the recognition of future income tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities. The Company provides a valuation allowance on net future tax assets when it is more likely than not, that such assets will not be realized.

m) Tax credits and mining duties

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

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

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

Tax credits and mining duties which are earned as a result of qualifying mineral exploration expenses are recognized when the exploration expenses are incurred. They are applied to reduce related mineral exploration expenses in the period recognized.

4. Financial instruments, risk management and capital management

Financial instruments

The Company's financial instruments consist of cash and cash equivalents, short-term investments, marketable securities, accounts receivable, long-term investments and accounts payable and accrued liabilities. The fair value of these instruments approximates their carrying value. It is management's opinion that the Company is not exposed to significant credit risks arising from these financial instruments. The fair value of the long-term investments has not been provided since they are investments in equity instruments that do not have quoted market prices in an active market.

In accordance with the amendments to Section 3862, "Financial Instruments – Disclosures", fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value of cash and cash equivalents, short-term investments and marketable securities is based on unadjusted quoted prices in active markets, and therefore classified in level 1.

Risk management

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk, currency risk, interest rate risk, market risk and political risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's financial assets exposed to credit risk are primarily composed of cash and cash equivalents, accounts receivable and short-term investments. To mitigate exposure to credit risk, the Company has revised its policy to limit the concentration of credit risk, to ensure counterparties demonstrate minimum acceptable worthiness, and to ensure liquidity of available funds. The Company's cash is held at several large financial institutions.

4. Financial instruments, risk management and capital management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, including 30-day, 180-day and 360-day lookout periods. The Company had a working capital of $1,118,213 at February 28, 2011, including cash and cash equivalents of $577,333, short-term investments of $503,153 and current liabilities totalling $174,948. The Company anticipates having sufficient funds to undertake a portion of the exploration program on the SOMINE property (Note 8 a) and to meet its general and administrative costs for several months. However, the Company's ability to continue its exploration program on the SOMINE property and to meet all of its corporate and administrative obligations on a continuous basis is dependent on its obtaining additional financing, through various means including but not limited to equity financing (Note 2). The amount and timing of additional funding will be impacted by, among others, the strength of the capital markets.

Currency risk

The Company has limited exposure to financial risk arising from fluctuations in foreign exchange rates (US dollars, Magalasy Ariary (MGA) and Haitian Gourde (HTG)) and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not entered into any derivative contracts to manage this risk.

The Company's policy as it relates to its cash 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) with maturities of 90 days or less from the original date of acquisition.

The Company has limited exposure to financial risk arising from fluctuations in interest rates earned on cash equivalents and short-term investments and the volatility of these rates. As at February 28, 2011, cash equivalents and short-term investments total $1,080,486 ($67,064 – 2010) and the interest income derived from these investments during the year was $6,078 ($1,129 – 2010).

Market risk

The Company holds publicly listed shares of companies in the mineral exploration industry. The Company is exposed to market risk in trading these shares and unfavourable market conditions could result in the disposal at less than its value at February 28, 2011. As at February 28, 2011, the value of these listed shares is $11,947 ($97,604 - 2010). At February 28, 2011, had the bid price for these publicly listed shares been 10% lower, the comprehensive loss for the year would have been approximately $1,200 higher. Conversely, had the bid price been 10% higher, the comprehensive loss for the year would have been approximately $1,200 lower.

Political risk

The Company carries out some of its exploration activities in Haiti and Madagascar. These activities may be subject to political, economical or other risks that could influence the Company's exploration activities and future financial situation.

4. Financial instruments, risk management and capital management (continued)

Financial risk

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

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

Capital management

The Company manages its capital to ensure its ability to continue as a going concern and to provide an adequate return to its shareholders. In the management of capital, the Company includes the components of shareholders' equity. As long as the Company is in the exploration stage of its mining properties, it is not the intention of the Company to contract debt obligations to finance its work programs. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets. The Company is not subject to any externally imposed capital requirements. In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors. This is consistent with the previous year.

5. Cash and cash equivalents and short-term investments

As at February 28, 2011, cash and cash equivalents total $577,333 ($111,480 as at February 28, 2010) and include investment savings account balances totalling $452,157 ($67,064 as at February 28, 2010). These have interest rates ranging from 0.85% to 1.30%.

As at February 28, 2011, short-term investments total $503,153 ($Nil as at February 28, 2010) and consist of a flexible guaranteed investment certificate with an interest rate of 1.40%, maturing 12 months from the date of acquisition and redeemable after 30 days.

6. Information included in consolidated operations

	2011	2010
	$	$
Interest from held-for-trading financial assets	6,078	1,129
Other income	2,300	-
	8,378	1,129

7. Marketable securities

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

	February 28, 2011			
	Cost	Impairment	Unrealized (loss) gain	Fair value
	$	$	$	$
18,721 common shares of Vaaldiam Mining Inc. (1)	130,000	(118,299)	(6,552)	5,149
42,500 common shares of Diamonds North Resources Ltd.	37,400	(31,025)	423	6,798
Nil common shares of Sunridge Gold Corp. (2)	-	-	-	-
	167,400	(149,324)	(6,129)	11,947

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

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

As at February 28, 2010, marketable securities consist of the following:

	February 28, 2010			
	Cost	Impairment	Unrealized (loss) gain	Fair value
	$	$	$	$
234,023 common shares of Vaaldiam Resources Inc.	130,000	(118,299)	(3,509)	8,192
42,500 common shares of Diamonds North Resources Ltd.	37,400	(31,025)	4,037	10,412
200,000 common shares of Sunridge Gold Corp. (1) (2)	54,500	-	24,500	79,000
	221,900	(149,324)	25,028	97,604

(1) On August 4, 2009, the Company received an additional 200,000 shares of Sunridge Gold Corp. (valued at $80,000) in exchange for a one year extension on work commitments (Note 10).

(2) During the year ended February 28, 2010, the Company sold 200,000 shares of Sunridge Gold Corp. for net proceeds of $135,905, realizing a gain of $81,405.

8. Long-term investments

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

8. Long-term investments (continued)

a) SIMACT Alliance Copper Gold Inc.

On July 27, 2010, the Company completed the acquisition of all of the remaining issued and outstanding common shares of SIMACT Alliance Copper Gold Inc. ("SACG") (which shared a common Director up to July 27, 2010), further to the exercise in January 2010 of the option granted to Majescor pursuant to the letter agreement of April 2009. SACG is a Montreal-based private company which holds title to approximately 59.3% of the issued and outstanding common shares of SOMINE SA ("SOMINE"), a company incorporated under the laws of the Republic of Haiti. SOMINE's principal asset is its research permit on a copper-gold property, located in the North-East Mineral district of Haiti.

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

In the event that within a period of two years following the exercise of the option, a NI 43-101 technical report determines indicated mineral resources on the SOMINE property to be between 1,000,000 and 2,000,000 ounces of gold, or its equivalent in copper, Majescor shall, within 30 days of the report, issue an additional 3,000,000 common shares to former SACG shareholders. In the event that the indicated mineral resources on the SOMINE property are determined by the report to be equal to or greater than 2,000,000 ounces of gold or its equivalent in copper, Majescor shall, within 30 days of the report, issue an additional 3,000,000 common shares to former SACG shareholders. These additional issuances of common shares will also be subject to all required corporate and regulatory approvals. As the outcome of the contingency cannot be determined beyond reasonable doubt, no amount has been recorded in consideration of the above.

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

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

(1) The fair value of the 2,000,000 shares issued to acquire the initial 10% interest in SACG was $300,000, based on the market price immediately prior to the date the terms of the purchase were agreed to and announced. The fair value of the 10,000,000 shares issued to acquire the remaining 90% interest in SACG was $2,500,000, based on the average of the market price the Company's shares for the two days prior to, the day of, and the two days subsequent to the date of the announcement of the exercise of the option.

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

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

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

8. Long-term investments (continued)

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

Given the above described circumstances, the Company assess that 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. Since acquisition, the Company has recorded its investment in SACG at cost. Subsequent to year-end, the Company was able to gain full control over SACG (whose main asset is its holding in SOMINE S.A), further to a special shareholders meeting held by SOMINE S.A on May 7, 2011, whereby a new board was elected and SACG was designated as operator for the SOMINE property. Consequently, management is re-evaluating the accounting method for the Company's investment in SACG for the next reporting period.

b) Uranium World Energy Inc.

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

9. Property, plant and equipment

	February 28, 2011			February 28, 2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$	$	$	$
Office furniture and equipment	6,575	3,997	2,578	3,222
Computer equipment	26,081	20,519	5,562	7,946
Exploration equipment	77,169	17,169	60,000	60,000
Web site development expenses	7,485	7,485	-	367
	117,310	49,170	68,140	71,535

As at February 28, 2010, the cost (net of impairment) and accumulated amortization were $129,772 and $58,237 respectively.

For the year ended February 28, 2011, the Company did not record any amortization for the exploration equipment listed above because it was not in use.

10. Mineral exploration properties and deferred exploration expenses

	February 28, 2011		February 28, 2010	
	Acquisition Cost	Deferred Exploration Expenses	Acquisition Cost	Deferred Exploration Expenses
	$	$	$	$
Canada				
Québec				
a) Mistassini	1,921	124,630	1,921	124,630
International				
b) Madagascar	22,599	125,369	22,599	125,369
	24,520	249,999	24,520	249,999

a) Mistassini

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

In February 2008, the Company entered into an option agreement allowing Strateco Resources Inc. to earn an undivided 60% interest in Majescor's uranium rights on the Mistassini property by incurring a total of $1.3 million in exploration expenditures over three years. As at February 14, 2011, the above condition was met and Strateco earned its 60% interest in the property.

b) Madagascar

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

10. Mineral exploration properties and deferred exploration expenses (continued)

To earn its initial 50% interest in Daraina, Sunridge must make cash payments and incur exploration expenses in the following timelines:

	Exploration Expenses	Common Shares
	$	
Upon execution of the agreement	-	200,000 (1)
On or before September 15, 2010	500,000 (2)	-
On or before September 15, 2011	1,500,000	300,000
	2,000,000	500,000

(1) On October 16, 2008, the Company received 200,000 shares from Sunridge valued at $29,000.

(2) On August 4, 2009, the Company granted one additional year to Sunridge to fulfill its work commitment in consideration of 200,000 common shares of Sunridge (valued at $80,000). Under this amendment, all other dates in the agreement are postponed by one year. These exploration expenses were incurred on or before the date noted in the agreement.

During the year ended February 28, 2010, the Company wrote down the cost of three of its four Madagascar properties to Nil further to the decision to abandon all of the properties' claims ($167,167 in acquisition costs and $81,371 in deferred exploration expenses).

11. Related party transactions

Related party transactions not disclosed elsewhere in these interim consolidated financial statements are as follows:

Under an agreement between the Company and Everton Resources Inc ("Everton"), the Company reimburses the cost of shared salaries and benefits, rent and office expenses paid by Everton (which shares common management). During the year ended February 28, 2011, the cost of shared salaries and benefits was $62,000 (2010 - $57,000) and rent and office expenses was $2,856 (2010 - $2,856).

Under an agreement between the Company and Woodcliff Capital Inc. (''Woodcliff''), a management company wholly-owned by the former Chairman of Majescor, the Company paid consulting fees to Woodcliff up to June 30, 201During the year ended February 28, 2011, the cost of consulting fees paid to Woodcliff was $14,000 (2010 - $49,000).

These transactions were measured at the exchange amount, that is the amount established and accepted by the parties, and were conducted in the normal course of business.

Amounts due to related parties are without interest and terms of repayment.

12. Accounts payable and accrued liabilities

During fiscal 2006, the Company filed for flow-through renunciations totaling $1,352,650 and recorded renounced exploration expenditures of $711,000 as a reduction of share capital and an increase in future income tax liability. As at December 31, 2006, the Company had incurred $718,256 of the required flow-through expenditures and a $77,187 Part XII.6 tax expense on the monthly unspent balance of flow-through funds. Since the Company had not spent the entire $1,352,650 of flow-through funds by December 31, 2006, the Company was potentially liable to its investors for an estimated amount of $315,000 which had been accrued as a liability since February 28, 2007 (and of which $112,781 was reimbursed to investors in 2008) . As at February 28, 2011, the Company revised the remaining estimate of $202,219 to nil as no reimbursement requests were received for the last three years.)

13. Share capital

a) Authorized

Unlimited number of common shares without par value.

Issued

	Number of shares	$
Balance - February 28, 2009	11,992,417	21,558,959
Shares issued for cash (1) (2)	3,500,000	490,774
Shares issued to acquire interest in investee company	2,000,000	300,000
Shares issued on the exercise warrants	800,000	124,762
Shares issued in payment of principal and interest on debenture	580,792	164,889
Balance - February 28, 2010	18,873,209	22,639,384
Shares issued for cash (net of issue costs of $259,506) (3) (4)	10,200,000	1,934,682
Shares issued on acquisition of SACG (net of issue costs of $17,400) (Note 8)	10,000,000	2,482,600
Shares issued on the exercise of options	30,000	7,623
Shares issued on the exercise of warrants	1,650,000	253,738
Balance - February 28, 2011	40,753,209	27,318,027

(1) On March 20, 2009, the Company completed a non-brokered private placement of 500,000 units at a price of $0.10 each for gross proceeds of $50,000. Each unit consists of one common share and one common share purchase warrant, which entitles the holder to acquire one additional common share at a price of $0.13 until March 20, 2011. Directors of the Company subscribed for 300,000 units for $30,000. Warrants have been recorded at a value of $16,881 based on the Black-Scholes option pricing model using the following assumptions: risk free interest of 1.02%, expected life of warrants of 2 years, annualized volatility rate of 88% and dividend rate of 0%. The value of the warrants and other issue costs for $3,179 were presented as a reduction of share capital.

(2) On June 17, 2009, the Company completed a non-brokered private placement of 3,000,000 units at a price of $0.20 each for gross proceeds of $600,000. Each unit consists of one common share and one common share purchase warrant, which entitles the holder to acquire one additional common share at a price of $0.30 until June 17, 2010. These share purchase warrants are subject to an accelerated expiry if, at any time after October 17, 2009, the published closing trade price of the common shares on the TSX

Venture Exchange Inc. is equal or superior to $0.40 for any 10 consecutive trading days, in which event the Company may give the holder a written notice and the share purchase warrants will automatically expire, if not exercised, 30 days after receipt of such notice. An insider of the Company subscribed for 450,000 units for $90,000. Warrants have been recorded at a value of $129,065 based on the Black-Scholes option pricing model using the following assumptions: risk free interest of 1.34%, expected life of warrants of 1 year, annualized volatility rate of 85% and dividend rate of 0%. The value of the warrants and other issue costs for $10,101 were presented as a reduction of share capital.

13. Share capital (continued)

(3) On July 27, 2010, the Company completed a non-brokered private placement of 10,000,000 units at a price of $0.25 each for gross proceeds of $2,500,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of $0.40 until July 27, 2012. The Company paid finders' fees of $150,900 and issued 602,400 warrants, each warrant entitling the holder to purchase one common share of the Company at a price of $0.25 until July 27, 2012. Other share issuance costs total $40,951. The warrants issued in connection to the private placement have been recorded at a value of $348,954 based on the proportional method and warrants issued as finders' fees have been recorded at a value of $62,067 based on the Black-Scholes option pricing model, using the following assumptions: risk free interest rate of 1.65%, expected life of warrants of 2 years, annualized volatility rate of 87% and dividend rate of 0%.

(4) On August 6, 2010, the Company completed a non-brokered private placement of 200,000 units at a price of $0.25 each for gross proceeds of $50,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of $0.40 until August 6, 2012. The Company paid finders' fees of $4,000 and issued 16,000 warrants, each warrant entitling the holder to purchase one common share of the Company at a price of $0.25 until August 6, 2012. The warrants issued in connection to the private placement have been recorded at a value of $6,858 based on the proportional method and warrants issued as finders' fees have been recorded at a value of $1,588 based on the Black-Scholes option pricing model, using the following assumptions: risk free interest rate of 1.45%, expected life of warrants of 2 years, annualized volatility rate of 87% and dividend rate of 0%.

b) Warrants

	February 28, 2011			February 28, 2010		
	Number of warrants	Weighted average exercise price		Number of warrants	Weighted average exercise price	
		$	$		$	$
Balance – beginning of the year	4,700,000	0.24	184,491	2,900,116	0.70	435,787
Granted	5,718,400	0.38	419,467	3,500,000	0.28	145,946
Exercised	(1,650,000)	0.12	(53,738)	(800,000)	0.12	(26,262)
Extended	-	-	115,577	-	-	-
Expired	-	-	-	(900,116)	2.00	(370,980)
Balance – end of the year	8,768,400	0.35	665,797	4,700,000	0.24	184,491

As at February 28, 2011, the following stock purchase warrants were outstanding and exercisable:

Number	Exercise Price		Expiry Date
	$	$	
50,000	0.13	1,688	March 20, 2011
3,000,000	0.30	244,642	June 17, 2011 (1)
602,400	0.25	62,067	July 27, 2012
5,000,000	0.40	348,954	July 27, 2012
16,000	0.25	1,588	August 6, 2012
100,000	0.40	6,858	August 6, 2012
8,768,400		665,797	

13. Share capital (continued)

(1) During the year ended February 28, 2011, the Company extended the expiry date of these warrants for a one-year period and an additional Black-Scholes value of $115,577 was recorded as a reduction of share capital.

c) Stock options

The Company has a stock option plan approved by its shareholders. At the 2006 annual general meeting, the shareholders approved a resolution to increase the number of shares reserved for issuance under its stock option plan, subject to regulatory approval, from 4,793,848 options to 9,374,409 options, representing 10% of the outstanding shares as at February 28, 2007. A maximum of 9,374,409 stock options (maximum of 5% of the number of common shares outstanding in favour of one person) may be granted. These options may be granted to the Company's employees, officers, directors, and non-employees, subject to regulatory terms and approval. The exercise price of each option can be set equal to or greater than the closing market price, less allowable discounts, of the common shares on the TSX Venture Exchange on the day prior to the date of the grant of the option. Options have a maximum term of ten years and terminate 60 days following the termination of the optionee's employment, except in cases of retirement or death. Vesting of options is made at the discretion of the Board of Directors at the time the options are granted.

	February 28, 2011		February 28, 2010	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Balance – beginning of the year	1,493,516	0.65	541,016	1.69
Granted to employees (1) (3) (4)	400,000	0.25	850,000	0.23
Granted to non-employees (2)	337,500	0.25	200,000	0.15
Exercised	(30,000)	0.15		
Forfeited	(41,500)	1.83	(81,000)	1.77
Expired	(37,316)	1.50	(16,500)	1.50
Balance – end of the year	2,122,200	0.48	1,493,516	0.65

The stock options granted in items (1) through (4) have an exercise price that is greater than or equal to the market price at the date of grant and a weighted average fair value of $0.12.

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

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

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

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

13. Share capital (continued)

As at February 28, 2011, the following options were outstanding and exercisable:

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

As at February 28, 2010, the following options were outstanding and exercisable:

Range of exercise price	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable
$0.15	385,000	2.68	$0.15	335,000
$0.24-$0.28	665,000	4.85	$0.25	665,000
$1.50-$1.70	346,016	2.16	$1.51	346,016
$2.80	97,500	2.10	$2.80	97,500
	1,493,516			1,443,516

The weighted average fair value of each option granted of $0.12 is estimated using the Black-Scholes option-pricing model with the following weighted average assumption:

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

14. Contributed surplus

Contributed surplus consists of the following components:

	February 28, 2011	February 28, 2010
	$	$
Balance – beginning of the year	2,239,419	1,690,292
Stock-based compensation to employees	52,210	127,987
Stock-based compensation to non-employees	32,870	10,635
Black-Scholes value of exercised options	(3,123)	-
Expired conversion option on debenture	-	39,525
Expiry of warrants	-	370,980
Balance – end of the year	2,321,376	2,239,419

15. Accumulated other comprehensive (loss) income

Accumulated other comprehensive (loss) income consists of the following components:

	February 28, 2011	February 28, 2010
	$	$
Balance, beginning of the year	25,028	(4,380)
Changes in fair value of available for sale investments	(8,315)	110,813
Impairment on available-for-sale investments	-	-
Realized (gains) losses on sale of marketable securities transferred to consolidated operations (Note 7)	(22,842)	(81,405)
Balance, end of the year	(6,129)	25,028

16. Changes in non-cash working capital items

Changes in the non-cash working capital consist of the following items:

	February 28, 2011	February 28, 2010
	$	$
Accounts receivable	4,200	(6,071)
Prepaid expenses	(58,628)	(21,801)
Tax credits and mining duties receivable	-	(27,169)
Accounts payable and accrued liabilities	(220,127)	89,125
Amount due to related parties	-	(43,006)
Total changes in non-cash working capital	(274,555)	(8,922)

17. Income taxes

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

	2011	2010
	$	$
loss before income taxes	(761,686)	(1,791,643)
Expected income tax recovery	(225,840)	(550,572)
Tax effect of the following:		
Stock based compensation	25,226	42,599
other non-taxable income and non-deductible expenses	(30,109)	(35,665)
Losses not recognized	229,716	155,419
accounting write down of exploration expenses		324,915
Other temporary differences	1,007	63,304
Provision for income taxes	-	-

17. Income taxes (continued)

The Canadian statutory income tax rate of 29.65% is comprised of federal income tax at approximately 17.75% and provincial tax rate at approximately 11.90%.

The primary temporary differences which give rise to future income taxes (recovery) at February 28, 2011 and 2010 are as follows:

	2011	2010
Future tax assets		
Income tax loss carry forwards	1,405,740	1,244,802
Investments	(41,817)	(252,153)
Resource properties	1,953,778	2,172,414
Fixed and intangible assets	29,490	30,223
	3,347,191	3,195,286
Less: Valuation Allowance	(3,347,191)	(3,195,286)
Net future tax assets	-	-
Future tax liabilities		
Investments	-	-
Net future tax asset (liability)	-	-

As at February 28, 2011, the Company has income tax loss carry forwards as follows:

	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	775,000	775,000
	5,227,000	4,049,000

18. 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. Long term assets segmented by geographical area are as follows:

	February 28, 2011	February 28, 2010
	$	$
Canada	194,691	198,086
Haiti	4,,621,825	1,304,652
Madagascar	147,968	147,968
Total	4,964,484	1,650,706

19. Commitments

The Company signed a office lease agreement for a one-year period ending April 30, 2012 for an annual amount of $17,244.

20. Comparative figures

Certain of the comparative figures have been reclassified to conform with the current year’s presentation.

21. Subsequent events

Execution of a Joint Venture Agreement on the Mistassini Uranium Property

On May 16, 2011, the Company executed a formal Joint Venture Agreement with Strateco, having an effective date as of February 14, 2011. Strateco has fulfilled its obligations pursuant to the Option Agreement, by incurring more than $1,300,000 in exploration expenses for the three year option period. Consequently, Strateco has acquired its 60% interest in the uranium rights on the Mistassini Uranium Property.

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

Extension of Common share warrants

In June 2011, the Company extended for a one-year period the expiry of 2,995,000 common share purchase warrants at an exercise price of $0.30, which were set to expire on June 17, 2011.

Grant of options

On June 18, 2011, in accordance with the Company’s compensation policy and stock option plan, the Company granted 950,000 stock options to Officers of the Company for a five-year period and 250,000 stock options to an employee and Consultants for twenty-four months. Each stock option entitles the holder to subscribe for one common share of the Company at a price of $0.25 per share.