MAJESCOR RESOURCES INC.
Condensed Consolidated Interim Financial Statements
Six Months Ended August 31, 2014

(Expressed in Canadian Dollars)

Management's Responsibility for consolidated financial statements

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

The condensed consolidated interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the condensed consolidated interim financial statements and (ii) the condensed consolidated interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the condensed consolidated interim financial statements.

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

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

(signed)
C.Tucker Barrie
President & Acting Chief Executive Officer

(signed)
Sabino Di Paola
Chief Financial Officer

Ottawa, Canada
October 29, 2014

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

		August 31, 2014		February 28, 2014
Assets				
Current assets				
Cash	**$**	**148,300**	$	31,114
Marketable securities		**-**		510
Accounts receivable		**12,859**		2,875
Prepaid expenses		**2,965**		-
Total current assets		**164,124**		34,499
Property and equipment (note 6)		**19,000**		19,000
Total assets	**$**	**183,124**	$	53,499
Liabilities and Equity				
Current liabilities				
Trade payables	**$**	**703,830**	$	817,041
Debt obligations (note 8)		**2,176,775**		2,207,670
Total current liabilities		**2,880,605**		3,024,711
Long-term debt		**4,870**		4,873
Total liabilities		**2,885,475**		3,029,584
Equity				
Share capital (note 9)		**33,961,280**		33,822,480
Contributed surplus		**5,164,990**		4,626,235
Warrants (note 10)		**224,155**		688,310
Accumulated other comprehensive income		**-**		(5,865)
Deficit		**(40,303,754)**		(40,392,568)
Equity attributable to equity holders of the Parent Company		**(953,329)**		(1,261,408)
Equity attributable to non-controlling interest (note 14)		**(1,749,022)**		(1,714,677)
Total equity		**(2,702,351)**		(2,976,085)
Total liabilities and equity	**$**	**183,124**	$	53,499

Going concern (note 2)
Contingencies (note 22)
Events after the reporting period (note 23)

Approved on behalf of the Board:

(signed) "Andre Audet"
Andre Audet, Director

(signed) "C. Tucker Barrie"
C. Tucker Barrie, Director

Majescor Resources Inc.

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

	Three Months Ended		Six Months Ended	
	August 31, 2014	August 31, 2013	**August 31, 2014**	August 31, 2013
Expenses				
Exploration and evaluation expenditures	**$ 9,361**	$ 74,861	**$ 33,614**	$ 134,706
General and administrative (note 15)	**27,119**	275,444	**114,571**	542,262
Loss (gain) on foreign exchange	**10,958**	(32,274)	**(36,844)**	(31,246)
Gain on sale of royalty (note 12)	**(12,902)**	-	**(137,902)**	-
(Loss) gain before the following	**(34,536)**	(318,031)	**26,291**	(645,722)
Interest and other income	**4,529**	2,367	**28,178**	2,367
Accretion expense	**-**	(43,155)	**-**	(85,200)
Net (loss) gain for the period	**$ (30,007)**	$ (358,819)	**$ 54,469**	$ (728,555)
Attributable to:				
Equity holders of the Parent Company	**(13,088)**	(310,509)	**$ 88,814**	$ (660,119)
Non-controlling interest (note 14)	**(16,919)**	(48,310)	**(34,345)**	(68,436)
	$ (30,007)	$ (358,819)	**$ 54,469**	$ (728,555)
Basic and diluted loss per share (note 13)	**$ (0.00)**	$ (0.00)	**$ 0.00**	$ (0.01)

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

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

	Three Months Ended		Six Months Ended	
	August 31, 2014	August 31, 2013	**August 31, 2014**	August 31, 2013
Net (loss) gain for the period	**$ (30,007)**	$ (358,819)	**$ 54,469**	$ (728,555)
Other comprehensive loss				
Reclassification of net realized (loss) gain on available-for-sale marketable securities	**-**	(57)	**5,865**	(312)
Comprehensive (loss) gain for the period	**$ (30,007)**	$ (358,876)	**$ 60,334**	$ (728,867)
Attributable to:				
Equity holders of the Parent Company	**$ (13,008)**	$ (310,566)	**$ 94,679**	$ (660,431)
Non-controlling interest	**(16,919)**	(48,310)	**(34,345)**	(68,436)
	$ (30,007)	$ (358,876)	**$ 60,334**	$ (728,867)

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

Majescor Resources Inc.

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

	Share capital (note 9)	Contributed surplus	Warrants (note 10)	Accumulated other comprehensive income	Deficit	Equity attributable to equity holders of the Parent Company	Non-controlling interest (note 14)	Total
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**
Units issued for cash	190,000	-	-	-	-	190,000	-	190,000
Cost of issue	(2,650)	-	-	-	-	(2,650)	-	(2,650)
Warrants	(91,800)	-	91,800	-	-	-	-	-
Warrants expired	-	1,212,312	(1,212,312)	-	-	-	-	-
Transactions with owners	95,550	-	(1,120,512)	-	-	187,350	-	187,350
Net loss for the period	-	-	-	-	(660,119)	(660,119)	(68,436)	(728,555)
Unrealized loss on available-for-sale marketable securities	-	-	-	(312)	-	(312)	-	(312)
Comprehensive loss	-	-	-	(312)	(660,119)	(660,431)	(68,436)	(728,867)
Balance, August 31, 2013	**$ 33,745,835**	**$ 4,604,324**	**$ 690,766**	**$ (6,092)**	**$ (38,046,095)**	**$ 988,738**	**$ (1,210,478)**	**$ (221,740)**
Units issued for cash	50,000	-	-	-	-	50,000	-	50,000
Shares issued to settle legal transaction	25,000	-	-	-	-	25,000	-	25,000
Share based payments	-	21,100	-	-	-	21,100	-	21,100
Warrants	1,645	811	(2,456)	-	-	-	-	-
Transactions with owners	76,645	21,911	(2,456)	-	-	96,100	-	96,100
Net loss for the period	-	-	-	-	(2,346,473)	(2,346,473)	(504,199)	(2,850,672)
Unrealized loss on available-for-sale marketable securities	-	-	-	227	-	227	-	277
Comprehensive loss	-	-	-	227	(2,346,473)	(2,348,246)	(504,199)	(2,850,395)
Balance, February 28, 2014	**$ 33,822,480**	**$ 4,626,235**	**$ 688,310**	**$ (5,865)**	**$ (40,392,568)**	**$ (1,261,408)**	**$ (1,714,677)**	**$ (2,976,085)**
Units issued for cash	229,000	-	-	-	-	229,000	-	229,000
Cost of issue	(15,600)	-	-	-	-	(15,600)	-	(15,600)
Cost of issue – options	(15,600)	15,600	-	-	-	-	-	-
Warrants	(59,000)	-	59,000	-	-	-	-	-
Warrants expired	-	523,155	(523,155)	-	-	-	-	-
Transactions with owners	138,800	538,755	(464,155)	-	-	213,400	-	213,400
Net gain (loss) for the period	-	-	-	5,865	88,314	94,679	(34,345)	60,334
Balance, August 31, 2014	**$ 33,961,280**	**$ 5,164,990**	**$ 224,155**	**$ -**	**$ (40,303,754)**	**$ (953,329)**	**$ (1,749,022)**	**$ (2,702,351)**

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

Majescor Resources Inc.
(An exploration stage company)
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)

	Three Months Ended		Six Months Ended	
	August 31, 2014	August 31, 2013	**August 31, 2014**	August 31, 2013
Operating activities				
Net loss for the period	**$ (30,007)**	$ (358,819)	**$ 54,469**	$ (728,555)
Adjustments for:				
Amortization of property and equipment	**-**	9,812	-	19,953
Share based payments	**-**	-	**-**	-
Loss on sale of marketable securities	-	-	**5,948**	-
Accretion expense	**-**	43,155	**-**	85,200
Changes in working capital items (note 16)	**(27,069)**	254,922	**(126,160)**	458,742
Net cash used in operating activities	**(57,076)**	(50,930)	**(65,743)**	(164,660)
Investing activities				
Proceeds from sale of marketable securities	**-**	-	**427**	-
Tax credit and mining duties received	**-**	-	**-**	-
Purchase of property and equipment	**-**	-	**-**	-
Net cash provided by investing activities	**-**	-	**427**	-
Financing activities				
Proceeds from issue of common shares, net of costs	**-**	73,891	**213,400**	172,350
Net cash provided by financing activities	**-**	73,891	**213,400**	172,350
Effect of foreign currency translation	**5,938**	(26,217)	**(30,898)**	(20,938)
Net change in cash and cash equivalents	**(51,138)**	(3,256)	**117,186**	(13,248)
Cash beginning of period	**199,438**	49,226	**31,114**	49,226
Cash end of period	**$ 148,300**	$ 45,970	**$ 148,300**	$ 45,970

The accompanying notes to the condensed consolidated interim 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. The Company's common shares are listed on the TSX Venture Exchange ("TSX.V") under the symbol MJX. The primary office is located at 5460 Canotek Road, Suite 99, Ottawa, Ontario, Canada, K1J 9G9.

These condensed consolidated interim financial statements were approved and authorized by the Board of Directors on October 29, 2014.

2. Going concern

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated revenues, net income nor cash flows from its operations. The Company has incurred a gain in the current period and losses in the prior years, with a current net gain of $54,469 during the period ended August 31, 2014 (August 31, 2013 – deficit $728,867) and has an accumulated deficit of $40,303,754 (February 28, 2014 - $40,392,568).

As at August 31, 2014, the Company had negative working capital of $2,716,481 (February 28, 2014 - negative working capital of $2,990,212), including $148,300 (February 28, 2014 - $31,114) in cash and current liabilities totalling $2,880,605 (February 28, 2014 - $3,024,711), which includes a debt of US$ 302,000 (CAD $328,365) to a creditor of SOMINE S.A. ("SOMINE") as well as US$ 1,700,000 (CAD $1,848,410) that the Company's subsidiary 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 (notes 7 and 8). 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.

As of the reporting date the Haitian Government has not issued a demand for payment notice to SOMINE SA for failure to make the payments per the debt agreement (note 8). Should the Haitian Government issue a demand for payment notice to SOMINE SA, the Company is at risk of losing its two Mining Exploitation Permits on the SOMINE projects. These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern.

The carrying amount of assets, liabilities and expenses presented in the condensed consolidated interim 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. Those adjustments could be material.

3. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS")

4. Significant accounting policies (continued)

(a) Basis of presentation

These condensed consolidated interim 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 condensed consolidated interim financial statements incorporate the financial statements of the Company and its subsidiaries. Majescor Resources Inc. is the group's ultimate parent company. The parent controls a subsidiary if it is exposed, or has the rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. 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 transactions and balances between companies are eliminated upon consolidation, including unrealized gains and losses on transactions between companies.

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
SIMACT Alliance Copper Gold Inc. (1)	Montreal, Canada	100%	Exploration company

(1) SIMACT Alliance Cooper Gold Inc. ("SACG") owns approximately 78% of SOMINE S.A., a company incorporated under the laws of Haiti (note 21).
(2) Ampanihy Resources S.A.R.L (“Ampanihy”) is a Madagascar registered mining company created by Majescor's 100%-held subsidiary Tropic Diamonds ("Tropic") in 2004.

(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.

4. Significant accounting policies (continued)

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.

(d) Jointly-controlled exploration operations

Joint arrangements are arrangements were the Company has a joint control through a contractually agreed sharing of control arrangement. Joint control exists when decisions about the relevant activities require the unanimous consent of parties sharing control. Arrangements are classified and recognized as follows:

- Joint operations – when the Company has rights to assets, and obligations for the liabilities, relating to the joint arrangement and recognizes its assets, liabilities, revenue, expenses, and share of any joint transactions arising from the joint operations;
- Joint venture – when the Company has the rights to the net assets of the joint arrangement relating to the joint arrangement and recognizes its interest using the equity method like for investments in associates.

(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 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.

4. Significant accounting policies (continued)

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.

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.

Impairment of Financial assets
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)

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
Exploration equipment	20%	Declining balance

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

(i) 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.

4. Significant accounting policies (continued)

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 August 31, 2014 and February 28, 2014.

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.

(j) 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. No adjustment is made to any expense recognized in the prior period if the number of share options ultimately exercised is different from that estimated on vesting, 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.

(k) 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.

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

4. Significant accounting policies (continued)

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

The accumulated other comprehensive income 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.

(l) 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)

(m) 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.

(n) 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.

(o) 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.

(p) Standards, amendments and interpretations not yet effective

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company’s accounting policies for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company’s consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company’s consolidated financial statements.

IFRS 9, Financial Instruments

The International Accounting Standards Board (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 as well as the chapter dealing with hedge accounting have been published. The chapter dealing with impairment methodology is still being developed. In November 2011, the IASB decided to consider making limited modifications to IFRS 9 financial asset classification model to address application issues. In addition, in November 2013, the IASB decided to defer to a date to be announced the implementation of IFRS 9. The Company’s management has yet to assess the impact of this new standard on the Company’s consolidated financial statements. Management does not expect to implement IFRS 9 until it has been completed and its overall impact can be assessed.

5. Critical accounting estimates

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;

- The estimation of share-based payment costs requires the selection of an appropriate valuation model and data and consideration as to the volatility of the Company's own share, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model;

- determining whether facts and circumstances suggest that the carrying amount and impairment of exploration and evaluation assets and property and equipment 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.

  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;

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;

- determination of the functional currency of the Company and the functional currency of each of its subsidiaries, based on the facts and circumstances that existed during the period.

(Canadian Dollars)

6. Property and equipment

Cost	Office furniture and equipment	Computer equipment	Exploration equipment	Total
Balance, August 31, 2014 & February 28, 2014	19,735	39,967	294,869	354,571

Accumulated depreciation	Office furniture and equipment	Computer equipment	Exploration equipment	Total
Balance, August 31, 2014 & February 28, 2014	**$ 19,735**	**$ 39,967**	**$ 275,869**	**$ 335,571**

On April 3, 2014, the Company announced that it was seeking to diversify operations and management determined that property and equipment held in SOMINE are impaired. Management has estimated the value of the assets to their fair value loss costs of disposal of has remained at $19,000 as at August 31, 2014 ($19,000 – February 28, 2014).

Net book value	Office furniture and equipment	Computer equipment	Exploration equipment	Total
Balance, August 31, 2014 & February 28, 2014	**$ -**	**$ -**	**$ 19,000**	**$ 19,000**

7. Exploration and evaluation assets

	Somine, Haiti	Mistassini, Quebec	Total
Balance, August 31, 2014 & February 28, 2014	**$ -**	**$ -**	**$ -**

a) Somine, Haiti

The Somine project in Haiti is operated by the Company's wholly-owned subsidiary 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
- 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.

7. Exploration and evaluation assets (continued)

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 Haiti SA (now SOMINE) as part of the Mining Convention. SOMINE negotiated a 12 month period payment schedule (note 14) with the Government of Haiti. SOMINE SA is currently in arrears on its payments to the Haitian Government and should the Government of Haiti issue a demand for payment notice, there is a risk that the two Mining Exploitation Permits previously issued by the Government may be revoked.

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 based on “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.

The Company’s inability to raise sufficient funds in 2014 to carry out further exploration as well as the Company announcing that it was looking to diversify operations were indicators that the project should further impaired. As at February 28, 2014, the Company wrote down the SOMINE project by $2,600,000 (February 28, 2013 - $5,765,967). There were no reversal of impairments as at August 31, 2014.

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.

On March 28, 2013 the Québec government announced a minimum two-year freeze on all new land use permits and other authorisations for uranium exploration in the province. The freeze will be in effect until the Office of Public Hearings on the Environment (“BAPE”) had conducted a public review on Quebec's uranium industry and as submitted its report to the Government. As a result of the freeze on permitting, all planned work on the Mistassini Uranium property has been suspended indefinitely.

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.

7. Exploration and evaluation assets (continued)

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.

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 January 14, 2014, the Company received notification that Sunridge was pulling out of Daraina SARL and out of the Besakoa project returning its 50% stake in Daraina SARL to Majescor.

8. Debt obligations

a) The first amount represents $328,365 (February 28, 2014 - $334,465) which is due to a creditor of SOMINE to settle an outstanding debt of US$ 302,000. The debt is due on demand and did not bear interest. The Company has not received any demand notices for the outstanding debt.

b) The second amount represents $1,848,410 (February 28, 2013 - $1,873,205) which is the carrying value of the due to the Government of Haiti to settle the US$ 1,700,000 remainder of the US$ 1,800,000 debt as discussed in note 7a. During the period ended August 31, 2014, the Company realized an accretion expense of $NIL (August 31, 2013 - $85,200). The debt does not bear interest and was due in instalments, with the final instalment payable on August 31, 2013. Payments were not made and are now overdue. As at the date of these financial statements the Company has not received a demand for payment notice from the Government of Haiti in regards to the above debt.

(Canadian Dollars)

9. Share capital

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

Common shares	Number of shares	Amount
Balance, February 28, 2013	**7,474,441**	**$ 33,650,285**
Units issued for cash (ii) (ii) (iii)	1,480,000	240,000
Shares issued to settle legal transaction (iv)	416,666	25,000
Cost of issue (i) (ii) (iii)	-	(2,650)
Warrants valuation (i) (ii) (iii)	-	(90,155)
Balance, February 28, 2014	**9,371,107**	**$ 33,822,480**
Units issued for cash (v)	3,650,000	229,000
Cost of issue (v)	-	(31,200)
Warrants valuation (v)	-	(59,000)
Balance, August 31, 2014	**13,021,107**	**$ 33,961,280**

(i) On May 17, 2013, the Company completed a non-brokered private placement of 200,000 units at a price of $0.50 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 $1.00 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 $2.00 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. The Company incurred cash costs of $1,542.

The 200,000 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 $0.25, risk free interest rate of 1.01%, expected life of warrants of 2 years, annualized volatility rate of 126% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.

(ii) On June 26, 2013, the Company completed a non-brokered private placement of 30,000 units at a price of $0.50 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 $1.00 until June 25, 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 $2.00 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. The Company incurred cash costs of $932.

The 30,000 warrants issued in connection to the private placement have been recorded at a value of $4,800 based on the proportional method based on the Black-Scholes option pricing model, using the following assumptions: share price of $0.20, risk free interest rate of 1.25%, expected life of warrants of 2 years, annualized volatility rate of 236% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.

(iii) On August 12, 2013, the Company completed the first tranche of a non-brokered private placement (the “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. Each whole warrant entitles the holder to acquire one additional common share at a price of $0.50 until August 12, 2014 and at a price of $1.00 until August 12, 2015. The Company incurred cash costs of $176.

9. Share capital (continued)

The 500,000 warrants issued in connection to the private placement have been recorded at a value of $33,500 based on the proportional method based on the Black-Scholes option pricing model, using the following assumptions: share price of $0.10, an average exercise price of $0.70, risk free interest rate of 1.25%, expected life of warrants of 2 years, annualized volatility rate of 225% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.

On September 9, 2013, the Company announced the closing of the second and final tranche of its Private Placement which was originally completed on August 12, 2013. Gross proceeds of the second tranche totalling $75,000 have been received in connection with the issuance of 750,000 units of the Company, at a price of $0.10 per unit. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share of the Company until September 9, 2015 at a price of $0.50 per share in year one and $1.00 per share in year two.

The 750,000 warrants issued in connection to the private placement have been recorded at a value of $31,855 based on the proportional method based on the Black-Scholes option pricing model, using the following assumptions: share price of $0.10, an average exercise price of $0.70, risk free interest rate of 1.21%, expected life of warrants of 2 years, annualized volatility rate of 225% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.

The Private Placement was conducted In accordance with the TSX Venture Exchange's (the "Exchange") Bulletin dated April 12, 2013 Re: Private Placements – Extension and Modification of Temporary Relief From Certain Pricing Requirements.

(vi) 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.

November 28, 2013, the Company agreed to settle an aggregate of $45,900 payable in cash and common shares of Majescor. The settlement required the Company to make two payments of $10,450 as well as $25,000 payable in the issuance of 416,666 common shares of the Company at an issuance price of $0.06 per common share. The shares were issued to ATP on February 27, 2014. As a result of the settlement the Company recognized a gain on settlement of trade payables of $14,654 in the consolidated statement of loss.

(v) In March 2014, the Company received $25,000 and issued 250,000 units in relation to a subscription agreement received from the August 12, 2013 private placement. The 250,000 units were issued at a price of $0.10 each for gross proceeds of $25,000. 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 $0.50 until August 12, 2014 and at a price of $1.00 until August 12, 2015.

On April 1, 2014 the Company completed a non-brokered private placement by issuing 3,150,000 units of the Corporation for gross proceeds of $189,000. Each Unit consisted of (i) one common share of the Company at a price of $0.06 per common share and (ii) one common share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share in the capital of the Company at a price of $0.12 per common share for a period of eighteen (18) months.

(Canadian Dollars)

9. Share capital (continued)

In connection with the private placement of the units, the Company paid a cash finder's fee of $15,600 (10% on gross proceeds raised, excluding Directors' participation), and issue 260,000 agent's options (10% of the units issued, excluding Directors' participation), exercisable at the issue price of $0.06 for a period of eighteen (18) months from the closing date.

On April 22, 2014 the Company announced that it has completed the second tranche of a non-brokered private placement (First tranche closed April 1, 2014) by issuing 250,000 units of the Company for gross proceeds of $15,000. Each unit consisted of (i) one common share of the Company at a price of $0.06 per common share and (ii) one common share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share in the capital of the Company at a price of $0.12 per common share for a period of eighteen (18) months.

10. Warrants

The following table reflects the continuity of warrants:

	Number of warrants	**Weighted average exercise price**
Balance, February 28, 2013	**2,380,160**	**$ 3.50**
Granted (note 9(i)(ii)(iii))	1,480,000	1.00
Expired	(1,510,000)	2.10
Balance, February 28, 2014	**2,350,160**	**$ 2.00**
Granted (note 9(v))	3,400,000	0.12
Expired	(620,160)	3.82
Balance, August 31, 2014	**5,380,000**	**$ 0.18**

Re-pricing of Share Purchase Warrants

On April 3, 2014, the Company re-priced the following previously issued share purchase warrants:

Number of warrants	Initial Exercise Price ($)	Revised Exercise Price ($)	Issue Date
500,000	0.50/1.00	0.10/0.10	August 12, 2013 &
750,000	0.50/1.00	0.10/0.10	September 9, 2013
200,000	1.00	0.10	May 17, 2013
30,000	1.00	0.10	June 26, 2013

In accordance with the policies of the TSX-V, if the Company's common shares trade at a closing price of $0.1333 or higher for ten consecutive trading days, the exercise period of the warrants will be shortened to a period of 30 days commencing one week after the final such trading day.

(Canadian Dollars)

10. Warrants (continued)

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
250,000	75,000	1.50	January 18, 2015
200,000	20,000	0.10	May 17, 2015
30,000	4,800	0.10	June 25, 2015
750,000	33,500	0.10/0.10	August 12, 2015
750,000	31,855	0.10/0.10	September 9, 2015
3,150,000	54,662	0.12	October 1, 2015
250,000	4,338	0.12	October 17, 2015
5,380,000	**$ 244,155**	**$ 0.18**	

As part of the April 3, 2014, private placement the Company issued 260,000 agent's options, exercisable at the issue price of $0.06 for a period of eighteen (18) months from the closing date. The options are exercisable into one common share and one common share purchase warrant. The warrant will be exercisable for a period of eighteen (18) months.

Number of Agent Options	Fair Value	Exercise Price	Expiry Date
260,000	15,600	0.06	October 1, 2015

11. Stock options

There were no stock options issued during the period ended August 31, 2014.

The following table shows the continuity of options:

	Number of Options	Weighted Average Exercise Price
Outstanding at February 28, 2013	**532,800**	**$ 2.20**
Granted (iii)	300,000	0.07
Expired	(800)	1.50
Expired	(25,000)	2.50
Forfeited	(53,000)	2.14
Outstanding at February 28, 2014	**754,000**	**$ 1.32**
Forfeited	(97,500)	2.04
Expired	(6,000)	1.50
Outstanding at August 31, 2014	**651,000**	**$ 1.20**

(Canadian Dollars)

11. Stock options (continued)

The following table shows the options outstanding as at August 31, 2014:

Range of exercise price	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable
$0.07	300,000	1.24	$ 0.07	300,000
$1.50	95,000	2.89	$ 1.50	95,000
$2.20 - $2.80	256,000	1.23	$ 2.44	256,000
	651,000		$ 1.20	**651,000**

12. Sale of Royalty

On December 17, 2013, the Company was notified by the purchasers of their intention to purchase, pursuant to section 2.1 (b) of the Option, an additional 0.25% interest in the Royalty on or before March 31, 2014. Majescor received the second tranche of payment ($125,000) from the Purchasers on March 31, 2014, and accordingly, the Company’s Gross Sales Royalty in the Brauna diamond property has been reduced from 0.75% to 0.50%.

On March 30, 2014, the Company and its former joint venture partners on the Brauna Diamond project in Brazil signed an addendum to the September 20, 2013 Option Agreement. The terms of the Addendum stipulate that the purchase by the former joint venture partners of the Company’s remaining 0.5% interest in the original 1% diamond royalty shall take place by September 30, 2014.

On September 30, 2014, the Company was notified by the purchasers that they had declined to purchase Majescor’s remaining 0.5% of the Royalty.

13. Loss per common share

The calculation of basic and diluted gain (loss) per share for the period ended August 31, 2014 was based on the gain attributable to common shareholders of $88,814 (August 31, 2013 - $660,119) and the weighted average number of common shares outstanding of 13,021,107 and 12,367,303 (August 31, 2013 – 7,850,202 and 7,677,539) for the three and six months respectively. Diluted loss per share did not include the effect of 651,000 stock options (August 31, 2013 – 547,750), 5,380,000 warrants (August 31, 2013 – 1,850,160), and 260,000 agent options (August 31, 2013 – NIL) as they are anti-dilutive.

14. Non-controlling interest

Balance, February 29, 2012	$ 783,046
Share of net loss	(1,925,088)
Balance, February 28, 2013	$ (1,142,042)
Share of net loss	(572,635)
Balance, February 28, 2014	$ (1,714,677)
Share of net loss	(34,345)
Balance, August 31, 2014	$ (1,749,022)

(Canadian Dollars)

14. Non-controlling interest (continued)

The Company's 100% owned subsidiary SACG owns a subsidiary, SOMINE SA, which has a material non-controlling interest (NCI):

	Proportion of ownership interests and voting rights held by NCI		**Loss and comprehensive loss allocation to NCI**		**Accumulated NCI**	
Name	**August 31, 2014**	February 28, 2014	**August 31, 2014**	August 31, 2013	**August 31, 2014**	February 28, 2014
SOMINE SA	**21.18%**	20.99%	**$ 34,345**	$ 68,436	**$ 1,749,022**	$ 1,714,677

No dividends were paid to the NCI during the years 2014 and 2013.

	August 31, 2014	August 31, 2013
Loss attributable to the owners of the parent	**$ 127,813**	$ 95,884
Loss attributable to NCI	**34,345**	20,126
Total loss	**$ 162,158**	$ 116,010

	August 31, 2014	August 31, 2013
Net cash used in operating activities	**$ 19,154**	$ 40,008
Net cash used in investing activities	**-**	-
Net cash used in financing activities	**-**	-
Net cash flow	**$ 19,154**	$ 40,008

15. General and administrative

	Three months ended		**Six months ended**	
	August 31, 2014	August 31, 2013	**August 31, 2014**	August 31, 2013
Management and consulting fees	**$ 18,009**	$ 120,233	**$ 36,019**	$ 222,940
Salaries and benefits	**-**	60,057	**-**	126,098
Travel and promotion	**-**	3,732	**-**	10,710
Shareholder information	**3,549**	4,680	**3,601**	5,590
Professional fees	**367**	40,025	**38,873**	88,874
Office and general expenses	**5,194**	36,905	**36,078**	68,097
Amortization of property and equipment	**-**	9,812	**-**	19,953
	$ 27,119	$ 275,444	**$ 114,571**	$ 542,262

16. Changes in non-cash working capital items

	Three Months Ended		**Six Months Ended**	
	August 31, 2014	August 31, 2013	**August 31, 2014**	August 31, 2013
Accounts receivable	**$ (3,915)**	$ 7,410	**$ (9,984)**	$ (36)
Prepaid expenses	**(882)**	57,557	**(2,965)**	56,476
Trade and other payables	**(22,272)**	189,955	**(113,211)**	402,302
	$ (27,069)	$ 254,922	**$ (126,160)**	$ 458,742

(Canadian Dollars)

17. 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 key management personnel

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

	Three months ended		Six months ended	
	August 31, 2014	August 31, 2013	**August 31, 2014**	August 31, 2013
Salaries and benefits, including directors fees	**$ 4,500**	$ 38,551	**$ 9,000**	$ 94,769
Consulting fees	**11,250**	42,975	**22,500**	48,475
Total	**$ 15,750**	$ 81,526	**$ 31,500**	$ 143,244

As at August 31, 2014 directors and key management personnel, as well as former officers and directors, were owed $256,161 (February 28, 2014 - $235,593), included in trade and other payables.

(b) Transactions with related companies

Majescor entered into the following transactions with related companies:

	Three months ended		Six months ended	
	August 31, 2014	August 31, 2013	**August 31, 2014**	August 31, 2013
Everton Resources Inc. (“Everton”)	**$ 2,260**	$ 2,260	**$ 4,520**	$ 4,520

(i) Under an agreement, which was signed on March 25, 2013 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).

(c) Transactions with management and a company controlled by a director of SOMINE

As at August 31, 2014, key management personnel of SOMINE and companies under their control were owed $290,762 (USD $ 267,417) (February 28, 2014 - $296,164 (USD $ 267,417)), included in trade and other payables.

(Canadian Dollars)

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. Non-current assets segmented by geographical area are as follows:

	August 31, 2014	February 28, 2014
Haiti	**$ 19,000**	$ 19,000

19. 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 attributable to equity holders of the parent company, which is comprised of share capital, reserves and deficit which at August 31, 2014 totalled $953,329 (February 28, 2013 - $1,261,405).

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 six months ended August 31, 2014 and year ended February 28, 2014.

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

20. 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 21. 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).

20. Financial risk factors (continued)

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

(i) Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable. Cash is 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 August 31, 2014, the Company had cash of $148,300 (February 28, 2014 - $31,114) and current liabilities of $2,880,605 (February 28, 2013 - $3,024,711). All of the Company's financial liabilities have contractual maturities of less than 30 days, and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

SOMINE SA is currently in arrears on its $1,848,000 (US$1,700,000) payments to the Haitian Government per the terms of the Mining Convention signed in 1997 and should the Government of Haiti issue a demand for payment notice, there is a risk that the two Mining Exploitation Permits previously issued by the Government may be revoked.

As of the reported date the Company does not have the funds to pay the Government of Haiti and should the Company be unable to ascertain proper funding to settle a demand for payment status it risks losing its two Mining Exploitation Permits on the SOMINE projects. The loss of these permits would pose a serious risk to the Company's ability to remain a going concern.

(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) 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.

20. Financial risk factors (continued)

(b) 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 August 31, 2014. The Company closely monitors commodity prices of precious minerals, individual equity movements, and the stock market in general to determine the appropriate course of action to be taken by the Company.

Sensitivity analysis

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

(i) As at August 31, 2014, the Company held the following monetary assets and liabilities in foreign currencies:

Denominated in Canadian Dollars:

	USD	**HTG**
Cash	**125,143**	**-**
Trade payables	**(323,272)**	**(15,354)**
Debt obligation	**(2,885,475)**	**-**
Net exposure	**(3,083,604)**	**(15,354)**

As at August 31, 2014, the foreign exchange risk on HTG is not significant. As at August 31, 2014, had the exchange rates for USD been 1% lower/higher, the net income (loss) for the period would have been approximately $30,836 higher or lower.

21. Categories of financial instruments

	August 31, 2014	February 28, 2014
Financial assets:		
Loans and receivables		
Cash	**$ 148,300**	$ 31,114
Available-for-sale		
Marketable securities	**-**	510
Total	**$ 148,300**	$ 31,624
Financial liabilities:		
Financial liabilities at amortized cost		
Trade and other payables	**703,830**	817,041
Debt obligations	**2,176,775**	2,207,670
Long-term debt	**4,870**	4,873
Total	**$ 2,885,475**	$ 3,029,584

As of August 31, 2014 and February 28, 2014, the fair value of all the Company's financial instruments, approximated the carrying value.

21. Categories of financial instruments (continued)

Long-term debt was valued at acquisition by performing a present value calculation on the expected cash outflows using a discount rate of 50% 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%. As of August 31, 2014, the fair value approximates the carrying value given that the debt is current.

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.

22. Contingencies

On December 19, 2013, the Company received a demand notice from its former CEO and director, in which, he claimed $90,000 in unpaid salary and $80,000 of unpaid expenses. The Company is in the process of attempting to reach a settlement.

23. Events after the reporting period

On September 30, 2014, the Company was notified by the purchasers that they had declined to purchase Majescor's remaining 0.5% of the Royalty.