MAJESCOR RESOURCES INC.

Consolidated Financial Statements
Three Months Ended May 31, 2016

(Expressed in Canadian Dollars)

Management's Responsibility for Consolidated financial statements

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

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

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the audited consolidated annual financial statements.

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

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

(signed)
Andre Audet
Interim Chief Executive Officer

(signed)
Sabino Di Paola
Chief Financial Officer

Ottawa, Canada
July 28, 2016

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

		May 31, 2016		February 29, 2016
Assets				
Current assets				
Cash	**$**	**495,768**	$	63,987
Accounts receivable		**9,425**		14,710
Prepaid expenses		**300**		1,934
Total assets	**$**	**505,493**	$	80,631
Liabilities and Equity				
Current liabilities				
Trade payables (Note 9)	**$**	**74,467**	$	102,833
Flow through shares premium liability (Note 10)		**52,580**		-
Total liabilities		**127,047**		102,833
Equity				
Share capital (Note 11)		**34,433,836**		34,043,280
Contributed surplus		**5,358,950**		5,292,468
Warrants (Note 12)		**380,778**		311,778
Deficit		**(39,795,118)**		(39,669,728)
Total equity		**378,446**		(22,202)
Total liabilities and equity	**$**	**505,493**	$	80,631

Going concern (Note 3)
Commitments and contingencies (Note 21)
Events after the reporting period (Note 22)

Approved on behalf of the Board:

(signed) "Andre Audet"
Andre Audet, Director

(signed) "Michel Fontaine"
Michel Fontaine, Director

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

Majescor Resources Inc.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Three Months Ended May 31, 2016	May 31, 2015
Expenses		
Exploration and evaluation expenditures	**$ -**	$ 5,485
General and administrative	**76,984**	52,757
Loss on foreign exchange	**-**	1,612
Stock based compensation (Notes 13)	**65,100**	-
Operating loss before the following:	**(142,048)**	(59,854)
Interest and other income	**16,694**	26
Net loss for the period before discontinued operations	**(125,390)**	(59,828)
Gain from SOMINE S.A. operations, net of tax effect of $Nil	**-**	18,467
Net loss and comprehensive loss for the period	**$ (125,390)**	$ (41,361)
Attributable to:		
Equity holders of the Parent Company	**$ (125,390)**	$ (45,470)
Non-controlling interest	**-**	4,109
	$ (125,390)	$ (41,361)
Basic and diluted loss per share (Note 14)		
Loss per share from continued operations	**$ (0.01)**	$ -
Loss per share from SOMINE operations and its deconsolidation	**-**	-
Total loss per share attributable to equity holders of the parent	**$ (0.01)**	$ -
Weighted average number of shares outstanding (Note 14)		
Basic and Diluted	**17,924,911**	13,021,107

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

Majescor Resources Inc.

Condensed Consolidated Interim Statements of Changes in Equity
(Canadian Dollars)

	Share Capital (Note 11)	Contributed surplus	Warrants (Note 12)	Deficit	Equity attributable to equity holders of the Parent Company	Non-controlling interest	Total
Balance, February 28, 2015	**$ 33,911,780**	**$ 5,260,890**	**$ 228,755**	**$ (40,767,974)**	**$ (1,366,549)**	**$ (1,785,020)**	**$ (3,151,569)**
Warrants expired	-	25,895	(25,895)	-	-	-	-
Transactions with owners	-	25,895	(25,895)	-	-	-	-
Net loss for the period	-	-	-	(45,470)	(45,470)	4,109	(41,361)
Balance, May 31, 2015	**$ 33,911,780**	**$ 5,286,785**	**$ 202,861**	**$ (40,813,444)**	**$ (1,412,019)**	**$ (1,780,911)**	**$ (3,192,930)**
Common shares issued on debt settlement	61,500	-	-	-	61,500	-	61,500
Common shares for property	70,000	-	-	-	70,000	-	70,000
Warrants extended	-	-	114,600	(114,600)	-	-	-
Warrants expired	-	5,683	(5,683)	-	-	-	-
Transactions with owners	131,500	5,683	108,917	(114,600)	131,500	-	131,500
Net gain (loss) and comprehensive gain (loss) for the year	-	-	-	1,294	1,294	(35,498)	(34,204)
Gain on deconsolidation of SOMINE S.A. (Note 2)	-	-	-	1,257,022	1,257,022	1,816,409	3,073,431
Balance, February 29, 2016	**$ 34,043,280**	**$ 5,292,468**	**$ 311,778**	**$ (39,669,728)**	**$ (22,202)**	**$ -**	**$ (22,202)**
Common shares issued in private placement	$ 550,500	$ -	$ -	-	$ 550,500	$ -	$ 550,500
Share issue costs	(38,364)	1,382	-	-	(36,982)	-	(36,982)
Warrants issued in private placment	(69,000)	-	69,000	-	-	-	-
Flow through premium	(52,580)	-	-	-	(52,580)	-	(52,580)
Stock based compensation	-	65,100	-	-	65,100	-	65,100
Transactions with owners	390,556	66,482	69,000	-	526,038	-	526,038
Net loss and comprehensive loss for the period	-	-	-	(125,390)	(125,390)	-	(125,390)
Balance, May 31 2016	**$ 34,433,836**	**$ 5,358,950**	**$ 380,778**	**$ (39,795,118)**	**$ 378,446**	**$ -**	**$ 378,446**

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

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

	Three Months Ended	
	May 31, 2016	May 31, 2015
Operating activities		
Net loss for the period	**$ (125,390)**	$ (41,387)
Adjustments for:		
Stock based compensation	**65,100**	-
Changes in working capital items (Note 15)	**(21,429)**	1,338
Net cash (used in) operating activities	**(81,719)**	(40,049)
Financing activities		
Proceeds from issue of common shares	**550,000**	-
Share issue costs	**(37,000)**	-
Net cash provided by financing activities	**513,500**	-
Effect of foreign currency translation	**-**	(13,187)
Net change in cash	**431,781**	(53,236)
Cash beginning of the period	**63,987**	71,528
Cash end of the period	**$ 495,768**	$ 18,292

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’’ of the “Company”) 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 Company’s office is located at 5460 Canotek Road, Suite 99, Ottawa, Ontario, Canada, K1J 9G9.

The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities. The recoverability of the amounts shown for exploration and evaluation property costs and property and equipment is dependent upon the Company obtaining the necessary financing to complete the exploration and evaluation properties, the discovery of economically recoverable reserves and future profitable operations.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, indigenous claims, and noncompliance with regulatory and environmental requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on July 28, 2016.

2. Deconsolidation of SOMINE S.A.

On August 31, 2015, the Company entered into an agreement with the minority shareholders of SOMINE S.A. (“SOMINE”) for the redemption of 740,210 common shares of SOMINE. The SOMINE shares are held by Majescor’s wholly owned subsidiary SIMACT Alliance Copper-Gold Inc. ("SACG"). After the redemption of the SOMINE shares, SACG will maintain 40,000 of the 263,274 remaining common shares of SOMINE, which represents approximately 15.5% of the outstanding SOMINE shares.

In compensation for the redemption of the SOMINE shares, the Company will received a 2% royalty on each of the two Mining Exploitation Permits (PEM) held by SOMINE. SOMINE will retain the right to purchase at any time the royalties in whole or in part in the amount of $1,000,000 for 1% per royalty. Management has assessed that the redemption of its shares in SOMINE along with a decreased representation on the SOMINE board of directors has resulted in a loss of control of SOMINE for financial reporting purposes. Upon redemption, control of SOMINE was transferred to SOMINE’s previous minority shareholders which are arms-length from Majescor.

Due to the current exploration stage of the mining permits as well as the past difficulty in raising funds to continue exploration of the projects, the royalties and the remaining interest in SOMINE were valued at $Nil.

Starting August 31, 2015, the Company has no power to govern the financial and operating policies of SOMINE due to the loss of power to cast the majority of votes at Shareholder and Board of Directors meetings, the Company derecognized related assets, liabilities and non-controlling interests of SOMINE. As management has determined that the Company is unable to exert significant influence on SOMINE, the remaining interest has been classified as an available for sale asset.

(Expressed in Canadian Dollars)

2. Deconsolidation of SOMINE S.A. (continued)

The gain on the deconsolidation of SOMINE recognized in the consolidated statement of operations for the year ended February 29, 2016, is measured as follows:

Net liabilities as at deconsolidation date	$	3,073,431
Non-controlling interest		(1,816,409)
Gain on deconsolidation of SOMINE	**$**	**1,257,022**

The following is an analysis of the assets and liabilities over which the Company lost control upon deconsolidation of SOMINE.

Cash and cash equivalents	$	382
Property and equipment		19,000
Trade payables		(453,912)
Debt obligation		(2,634,031)
Long-term debt		(4,870)
Net liabilities deconsolidated	**$**	**(3,073,431)**

The Company has had no involvement with the operations of SOMINE after the share redemption and deconsolidation.

Certain expenses and other income items in the statement of operations for the year ended February 28, 2015, were restated to reflect the accounting for the operations of SOMINE as discontinued operations as a result of the disposal on August 31, 2015. A reconciliation of the May 31, 2015, statement of operations is provided below:

	Initial May 31, 2015	Deconsolidation adjustment	Restated May 31, 2015
	$	$	$
Expenses			
Exploration and evaluation expenditures	7,032	(1,547)	5,485
General and administrative	52,948	(191)	52,757
Loss on foreign exchange	(18,593)	20,205	1,612
Operating loss before the following:	**(41,387)**	**(18,467)**	**(59,854)**
Interest and other income	26	-	26
Net loss for the period before discontinued operations	**(41,361)**	**(18,467)**	**(59,828)**
Loss from SOMINE S.A. operations, net of tax effect of Nil	-	18,467	18,467
Net loss for the period	**(41,361)**	**-**	**(41,361)**

3. Going concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated revenues, net income nor cash flows from its operations. The Company has incurred a loss of $125,390 (2015 – $41,361) as well as losses prior

3. Going concern (continued)

periods, during the three months ended May 31, 2016 and has an accumulated deficit of $39,795,118 (February 29, 2016 - $39,669,728). These conditions indicate that the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

As at May 31, 2016, the Company had working capital surplus of $378,446 (February 29, 2016 - deficiency of $22,202), including $495,768 (February 29, 2016 - $63,987) in cash and current liabilities totalling $127,047 (February 29, 2016 - $102,833). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company must secure additional funding to be able to discharge its liabilities and to fund its ongoing working capital requirements. Management is evaluating various alternatives to secure the necessary financing so that the Company can continue as a going concern. Nevertheless, there is no assurance that these initiatives will be successful.

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

Those adjustments could be material.

4. Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, taking into account the accounting policies that the Company intends to adopt for its financial statements for the year ending February 28, 2017. Accordingly, these condensed interim financial statements do not include all of the information required for full annual financial statements required by IFRS and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The policies applied in these condensed interim financial statements are based on IFRSs issued and outstanding as of May 31, 2016. The same accounting policies and methods of computation are followed in these condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended February 29, 2016.

5. Significant accounting policies

(a) Basis of presentation

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

(b) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Majescor Resources Inc. is the group's ultimate parent company. 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.

5. Significant accounting policies (continued)

Where the ownership of a subsidiary is less than 100%, and a non-controlling interest thus exists, any losses of that subsidiary are attributed to the owners of the parent and to the non-controlling interests even if that results in the non-controlling interest having a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

The following companies have been consolidated within the consolidated financial statements:

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

SIMACT Alliance Copper Gold Inc., which owned 77.75% of the outstanding common shares of SOMINE until the share redemption on August 31, 2015 (Note 2). The activities of SOMINE have been recorded in the consolidated statement of operations as discontinued operations.

(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 of the subsidiaries is the Canadian dollar. The functional currency for Majescor and its subsidiaries has remained unchanged during 2015 and 2016.

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

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period: monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at that date; non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are retranslated at the rates of exchange prevailing at the date the fair value was determined; and, non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated. Such exchange differences arising from retranslation at period-end are recognized in net loss.

(d) Jointly-controlled exploration operations

Joint arrangements are arrangements where the Company has 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.

5. Significant accounting policies (continued)

(e) Standards, amendments and interpretations not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the May 31, 2016, reporting period. Updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company is currently assessing the impact of these new standards, if any, on its consolidated financial statements.

IFRS 9 – Financial Instruments ("IFRS 9") was recently released by the IASB in 2014, representing the completion of its project to replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. This new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new "expected credit loss" model for impairment of financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

6. Critical accounting estimates and judgements

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:

<u>Estimates</u>

- 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 price, 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;

<u>Judgements</u>

- 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 3;

- The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made

- 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.

7. Exploration and evaluation assets

a) James Bay, Québec

On September 23, 2015, the Company acquired certain claims in the James Bay area of Quebec for $24,974 from a director of the Company. There are no exploration work requirements on the property.

On September 15, 2015, the Company acquired a list of targets on these claims for 1,400,000 common shares with an estimated fair value of $70,000, as well as a 2% royalty on the net return of the smelting revenues associated with the minerals and concentrates to be extracted from the targets identified. The Company has the right to purchase 1% of the royalty for $1,000,000.

During the three months ended May 31, 2016, the Company incurred exploration and evaluation expenses of $Nil (February 29, 2016 - $126,352) on this property.

b) Central, Québec

On May 25, 2016, the Company entered into an option agreement with Genius Properties Ltd. and two other vendors to purchase 100% of the Montagne B lithium properties (approximately 708 hectares) in central Quebec.

Majescor will issue 2,500,000 common shares to Optionors on receipt of approval from the TSX Venture, and additional 2,500,000 common shares within six months of signing. Majescor will also be required to make an option payment of $25,000 upon receipt of approval from the TSX Venture with an additional $25,000 payable within six months.

The Montagne B properties are subject to a 2% NSR of which 1% can be purchased by Majescor for $1,000,000.

As at May 31, 2016, the Company had not yet received approval from the TSX Venture.

c) Mistassini, Québec

The Company had interest in the Mistassini property, see Note 8. 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 has 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.

On April 10, 2014, Majescor advised Strateco Resources Inc., of the Company’s decision to suspend payments of its pro-rata share of exploration and exploration-related expenditures on the Mistassini uranium property. The Company’s interest in the Mistassini uranium property will be adjusted subsequently, per the terms of the agreement.

During the year ended February 29, 2016, Majescor and Strateco allowed the claims to lapse by not renewing them with the Quebec government by the prescribed date. During the three months ended May

(Expressed in Canadian Dollars)

31, 2016, the Company incurred mineral property costs and exploration and evaluation expenses of $Nil (February 29, 2016 - $5,485) on this property.

8. Joint arrangements

The Company entered into a Joint Control Agreement, with Strateco to share costs and risks associated with exploration and evaluation activities on the Mistassini property. As long as Strateco retains a 50% interest on uranium rights, Strateco will be the Operator of the Joint Venture and will lead the management committee for exploration of uranium on the Mistassini property and will have full and exclusive access to the property. Northern Superior Resources Inc., which holds 100% of the diamond rights and 50.5% of all other mineral rights to the exception of diamonds and uranium rights, renounced to conduct exploration and exploitation works for diamonds on the property during the duration of the Joint Venture Agreement and is entitled to a 2.0% Yellow Cake Royalty for uranium on the Mistassini property (Note 7). This arrangement was classified as joint operations. During 2016, Strateco notified Majescor of its resignation as Operator of the Joint Venture.

9. Trade payables

	May 31, 2016	February 29, 2016
Falling due within the year		
Trade payables	**$ 74,467**	$ 102,833

10. Flow through share premium liability

The Company periodically issues flow through shares with any resulting flow through premium recorded as a flow through share premium liability. The liability is subsequently reduced when the required exploration expenditures are made, and accordingly, a recovery of flow through premium is recorded as income.

On May 12, 2016, the Company raised $239,000 by issuing flow-through shares. The premium paid by investors in excess of the market price of the shares was $52,580. Based on Canadian tax law, the Company is required to spend this amount on eligible exploration expenditures by December 31, 2017.

The following is a continuity schedule of the liability portion of the flow-through share issuances.

	Issued on May 12, 2016
Balance at February 29, 2016	**$ -**
Premium liability incurred on flow-through shares (Note 11)	52,580
Reduction of flow-through share liability on incurring qualifying expenditures	-
Balance at May 31, 2016	**$ 52,580**

(Expressed in Canadian Dollars)

11. Share capital

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

Common shares	**Number of shares**		**Amount**
Balance, February 28, 2015	**13,021,107**	**$**	**33,911,780**
Common shares issued for debt settlement (i)	1,230,000		61,500
Common shares issued for exploration expenses (ii)	1,400,000		70,000
Balance, February 29, 2016	**15,651,107**	**$**	**34,043,280**
Common shares issued in private placement (iii)	11,010,000		550,500
Share issue costs	-		(38,364)
Warrants issue as part of the private placement	-		(69,000)
Flow through premium	-		(52,580)
Balance, May 31, 2016	**26,661,107**	**$**	**34,433,836**

(i) On September 18, 2015, the Company negotiated agreements to issue shares for debt settlements with certain creditors, three of whom are former directors and/or officers of the Company as well as the current CEO of the Company. In consideration for settlement of a total combined debt of $223,099 owing to the creditors by the Company, the Company issued to the creditors 1,230,000 common shares of the Company with a fair market value of $0.05 per share based on the quoted market price of the Company's shares as well as total payments of $22,000 to be paid by September 18, 2017. The common shares will be escrowed with 1/3 released in 6 months, 1/3 released in 12 months and the balance released in 18 months.

(ii) On September 15, 2015, under the terms of a data purchase and sale agreement, Majescor purchased a list of targets on the areas of interest by issuing 1,400,000 common shares with a fair value of $70,000 based on the Company's quoted market price (Note 9d).

(iii) On May 12, 2016, completed a non-brokered private placement by issuing 6,230,000 units of the Corporation for gross proceeds of $311,500. Each unit consisted of (i) one common share at a price of $0.05 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 Corporation at a price of $0.07 per common share for a period of twenty-four (24) months.

The 6,230,000 warrants issued in connection to the private placements listed above have been recorded at a value of $69,000 based on the proportional method based on the Black-Scholes option pricing model, using the following assumptions: share price of $0.039, an average exercise price of $0.07, risk free interest rate of 0.63%, expected life of warrants of 2 years, annualized volatility rate of 80.81% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.

The Corporation has also issued 4,780,000 flow through common shares at a price of $0.05 per share of the Corporation for gross proceeds of $239,000 of which $186,420 was recorded in share capital and the remaining $52,580 was recorded as a flow through shares premium liability (Note 10).

In connection with the private placement, the Company paid a cash finder's fee of $37,000, and issue 124,000 finder's warrants, exercisable at $0.07 for a period of twenty-four (24) months from the closing date. The finders warrants have been recorded at a value of $1,364 based on the proportional method based on the Black-Scholes option pricing model, using the following assumptions: share price of $0.039, an average exercise price of $0.07, risk free interest rate of 0.63%, expected life of warrants of 2 years, annualized volatility rate of 80.81% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.

(Expressed in Canadian Dollars)

12. Warrants and agent options

a) Warrants

The following table reflects the continuity of warrants:

	Number of warrants	Weighted average exercise price
Balance, February 28, 2015	**5,130,000**	**$ 0.11**
Expired	(230,000)	0.10
Balance, February 29, 2016	**4,900,000**	**$ 0.11**
Issued (Note 11)	6,230,000	0.07
Balance, May 31, 2016	**11,130,000**	**$ 0.09**

On July 30, 2015, the Company announced the extension for a three year period of the expiry date of 1,500,000 common share purchase warrants of which 750,000 common share purchase warrants scheduled to expire on August 12, 2015, and 750,000 common share purchase warrants scheduled to expire on September 9, 2015. Subsequent to the extension all 1,500,000 warrants will expire on August 12, 2018.

The 1,500,000 warrants extension above has been recorded at a value of $45,600 based on the Black Scholes option pricing model, using the following assumptions: share price of $0.04, an average exercise price of $0.10, risk free interest rate of 0.45%, expected life of warrants of 3.04 years, annualized volatility rate of 167% (based on the Company's historical volatility for 3.04 years up to the re-pricing date) and dividend rate of 0%.

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

Number of Warrants	Grant Date Fair Value ($)	Exercise Price ($)	Expiry Date
750,000	78,412	0.10	August 12, 2018
750,000	76,766	0.10	August 12, 2018
3,150,000	145,300	0.12	October 1, 2017
250,000	11,300	0.12	October 1, 2017
6,230,000	69,000	0.07	May 12, 2018
11,130,000	**380,778**	**0.09**	

b) Agent options

	Number of options	Weighted average exercise price
Balance, February 28, 2015	**260,000**	**$ 0.06**
Expired	(260,000)	0.06
Balance, February 29, 2016	**-**	**$ -**
Issued (Note 11)	124,000	0.07
Balance, May 31, 2016	**124,000**	**$ 0.07**

On October 1, 2015, 260,000 agent options expired unexercised. The 260,000 agent options had been recorded at a value of $36,500 based on the Black Scholes option pricing model, using the following assumptions: share price of unit produced from broker warrant $0.17, a combined option and warrant exercise price of $0.18, risk free interest rate of 1.06%, expected life of warrants of 1.5 years (weighted average), annualized volatility rate of 206% (based on the Company's historical volatility for 1.5 years up to the re-pricing date) and dividend rate of 0%.

(Expressed in Canadian Dollars)

13. Stock options

The following table shows the continuity of options:

	Number of Options	Weighted Average Exercise Price
Outstanding at February 28, 2015	**347,500**	**$ 0.63**
Expired	(250,000)	0.075
Outstanding at February 29, 2016	**97,500**	**$ 2.04**
Granted	1,225,000	0.05
Outstanding at May 31, 2016	**1,322,500**	**$ 0.20**

On April 18, 2016, the Company granted 1,225,000 options to officers, directors and consultants for a period of five years at an exercise price of $0.05 per options. The stock options have a Black-Scholes option pricing value of $65,100 and have been expensed in the Statement of Comprehensive Loss.

The following table shows the options outstanding as at May 31, 2016:

Range of exercise price	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable
$1.50	45,000	1.07	$ 1.50	45,000
$2.50	20,000	0.05	$ 2.50	20,000
$2.50	32,500	0.28	$ 2.50	32,500
$0.05	1,225,000	4.88	$ 0.05	1,225,000
	1,322,500		**$ 0.20**	**1,322,500**

Stock-based compensation fair value was calculated on options based on the following assumptions:

Grant date	April 18, 2016
Number of options	1,225,000
Exercise price	$0.05
Exercise price compared to the market	Lower
Risk free interest	0.89%
Expected volatility	136.09%
Expected dividend	-
Expected life (years)	5
Vesting	100% at date of grant
Share price at the date of grant	$0.06
Estimated fair value per option	$0.05
Estimated fair value	$65,100

(Expressed in Canadian Dollars)

Forfeiture rate	0.00%

The underlying expected volatility was determined by reference to historical data of the Company's shares on the TSX-V over the expected average life of the options. No special features inherent in the options granted were incorporated into measurement of fair value.

13. Stock options (continued)

In total, $65,100 (2015 - $Nil) of the stock-based payments were included in stock-based compensation in profit or loss for the reporting period ended May 31, 2016, and credited to contributed surplus.

14. Loss per common share

The calculation of basic and diluted gain per share for three months ended May 31, 2016, was based on the loss attributable to common shareholders of the parent company of $125,390 (2015 – loss of $45,470) and the basic and diluted weighted average number of common shares outstanding of 17,924,911 (2015 – 13,021,107). Diluted loss per share did not include the effect of stock options, warrants, and agent options as they are anti-dilutive for both 2016 and 2015.

15. Changes in non-cash working capital items

	Three Months Ended	
	May 31, 2016	May 31, 2015
Accounts receivable	**$ 5,285**	$ 6,690
Prepaid expenses	**1,634**	(395)
Trade payables	**(28,348)**	(4,957)
	$ (21,429)	$ 1,338

16. 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	
	May 31, 2016	May 31, 2015
Consulting fees	**$ 32,700**	$ 6,000
Stock based compensation	**63,771**	-
Total	**$ 96,471**	$ 6,000

As at May 31, 2016, directors and key management personnel, as well as former officers and directors, were owed $18,235 (February 29, 2016 - $18,325), included in trade payables.

1) Management fees include $20,000 (2015 - $Nil) paid to a Company controlled by Andre Audet, the Company’s Chief Executive Officer. As at May 31, 2016, $Nil (2015 - $Nil) payables were due to Andre Audet.

(Expressed in Canadian Dollars)

2) Management fees include $12,700 (2015 - $6,000) paid to Sabino Di Paola, the Company's current Chief Financial Officer and Corporate Secretary. As at May 31, 2016, accounts payable of $Nil (2015 - $Nil) were due to Sabino Di Paola.

16. Related party balances and transactions (continued)

(b) Transactions with related companies

Majescor entered into the following transactions with related companies:

	Notes		Three months ended May 31, 2016		May 31, 2015
Everton Resources Inc. ("Everton")		**$**	**3,920**	$	2,260

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).

17. 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 in Canada.

18. 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 May 31, 2016 totalled a surplus of $378,446 (February 29, 2016 – a deficit of $22,202).

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 three months ended May 31, 2016 as well as the year ended February 29, 2016.

18. Capital management (continued)

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

19. 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 20. The main types of risks are credit risk, liquidity risk and market risk (including interest rate, foreign currency risk and commodity and equity price risk).

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

(i) Credit risk

Credit risk is the risk of loss associated with a counter party’s inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. 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 May 31, 2016, the Company had cash of $495,768 (February 29, 2016 - $63,987) and current liabilities of $127,047 (February 29, 2016 - $102,833). All of the Company's financial liabilities have contractual maturities of less than 30 days, and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

(a) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian. The Company is therefore not exposed to fluctuations in the value of assets and liabilities as they are denominated in Canadian dollars.

(Expressed in Canadian Dollars)

19. 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. As at May 31, 2016, the Company does not hold any publicly listed shares of companies. The Company is not exposed to market risk from unfavourable market conditions.

20. Categories of financial instruments

		May 31, 2016		February 29, 2016
Financial assets:				
Available for sale Investment in SOMINE	**$**	**-**	$	-
Loans and receivables				
Cash		**495,768**		63,987
Financial liabilities:				
Financial liabilities at amortized cost				
Trade and other payables		**74,467**		102,833

As of May 31 2016 and February 29, 2016, the fair value of all the Company's financial instruments, approximated the carrying value due to the short term nature of these investments.

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 Company’s financial investments measured at fair value consist of its investment in SOMINE and has been classified as level 3 within the fair value hierarchy.

<u>Level 3 Hierarchy</u>

The following table presents the change in fair value measurements of financial instruments classified as Level 3 for the three months ended May 31, 2016 and the year ended February 29, 2016. These financial instruments are measured at fair value utilizing non-observable market inputs. The net realized losses and net realized gains are recognized in the consolidated statement of operations.

		Three months ended May 31, 2016		Year ended February 29, 2016
Investments, fair value				
Balance, beginning of the period	**$**	-	$	-
Deconsolidation of SOMINE		-		-
Balance, end of the period	**$**	**-**	$	**-**

Within Level 3, the Company includes private company investments which are not quoted on an exchange. The key assumptions used in the valuation of these instruments include (but are not limited to) the value at which a recent financing was done by the investee, company-specific information, trends in general market conditions and the share performance of comparable publicly-traded companies.

20. Categories of financial instruments (continued)

At May 31, 2016 and February 29, 2016, the investment in SOMINE, categorized as a level 3 hierarchy, had a fair value of $Nil used key valuation techniques and unobservable inputs relating to general market conditions.

As valuation of investments for which market quotations are not readily available, are inherently uncertain, may fluctuate within short periods of time and are based on estimates, determination of fair value may differ materially from values that would have resulted if a ready market existed for the investments.

For those investments value based on trends in general market conditions, the inputs used can be highly judgemental. A +/- 25% chance of change on the fair value of these investments would result in a corresponding +/- $Nil change in the total fair value of the investments. While this illustrates the overall effect of changing values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonable possible alternative assumptions may differ significantly between investments, given their different terms and circumstances. The sensitivity analysis is intended to reflect the significant uncertainty inherent in the valuation of private investments under current market conditions, and the results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the estimated fair value of these investments. Furthermore, the analysis does not indicate a probability of changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

21. Commitments and Contingencies

The Company is partially financed through the issuance of flow-through shares and, according to tax rules regarding this type of financing, the Company is committed to using the financing proceeds for mining exploration work.

These tax rules also set deadlines for carrying out the exploration work, which must be performed no later than the earlier of the following dates:

- Two years following the flow-through placements; or
- One year after the Company has renounced the tax deductions relating to the exploration work.

However, there is no guarantee that the Company's exploration expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

On May 12, 2016, the Company raised $239,000 in a private placement which is subject to the restrictions imposed by a flow through financing arrangement. As at May 31, 2016, the Company had incurred expenditures of $Nil according to the restrictions imposed by this financing arrangement and had a remaining obligation of $239,000.

<u>Environmental</u>

The Company's exploration and evaluation activities are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its activities are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

22. Events after the reporting period

On June 15, 2016, the Company entered into an option agreement to acquire two blocks of claims totaling 5.2 square kilometres that are located respectively south east from the Whabouchi lithium deposit of Nemaska and south west from the Cyr deposit which is actively explored by Galaxy Lithium.

Per the option agreement, Majescor has the right to acquire 100% interest in the claims for $20,000, payable half in cash and half in common shares. Majescor is also required to incur $4,000 in exploration expenditure per claim over a two-year period.

The claims will be subject to a 1% net smelter royalty, with Majescor having the right to purchase 0.5% of the royalty for $1,000,000.