MAJESCOR RESOURCES INC.

Consolidated Financial Statements

Years Ended February 28, 2017 and February 29, 2016

(Audited - Expressed in Canadian Dollars)

Majescor Resources Inc.

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Management's Responsibility for the 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 years 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)
Michael Fontaine
Chief Executive Officer

(signed)
Lucie Letellier
Chief Financial Officer

Ottawa, Canada
June 7, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Majescor Resources Inc.,

We have audited the accompanying consolidated financial statements of Majescor Resources Inc., which comprise the consolidated statement of financial position as at February 28, 2017, and the consolidated statements of operations, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Majescor Resources Inc. as at February 28, 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other Matters

The consolidated financial statements of Majescor Resources Inc. as at and for the year ended February 29, 2016 were audited by other auditors, who expressed an unmodified opinion on those statements in their report to the shareholders dated June 28, 2016.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 3 in the consolidated financial statements which indicates that the Company has limited working capital, losses since inception and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters as set forth in Note 3, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
June 7, 2017

Majescor Resources Inc.
Consolidated Statements of Financial Position
February 28, 2017
(Expressed in Canadian Dollars)

		February 28, 2017		February 29, 2016
Assets				
Current assets				
Cash	**$**	**284,131**	$	63,987
Accounts receivable		**9,547**		14,710
Prepaid expenses		**480**		1,934
Total current assets		**294,158**		80,631
Total assets	**$**	**294,158**	$	80,631
Liabilities and Equity				
Current liabilities				
Accounts payable and accrued liabilities (note 9)	**$**	**125,812**	$	102,833
Flow through premium (note 10)		**16,667**		-
Total liabilities		**142,479**		102,833
Equity				
Share capital (note 11)		**34,825,331**		34,043,280
Subscriptions received		**95,000**		-
Contributed surplus		**5,469,468**		5,292,468
Warrants		**375,240**		311,778
Deficit		**(40,613,360)**		(39,669,728)
		151,679		(22,202)
Total liabilities and equity	**$**	**294,158**	$	80,631

"Andre Audet" — Director

"Michel Fontaine" — Director

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

Majescor Resources Inc.
Consolidated Statements of Operations
(Expressed in Canadian Dollars)

	Year Ended February 28, 2017	February 29, 2016
Expenses		
Exploration and evaluation expenditures (note 7)	**$ 515,833**	$ 131,837
General and administrative	**267,501**	238,968
Stock based compensation	**177,000**	-
Gain on sale of royalty	**-**	(279,000)
Gain on settlement of trade payables	**-**	(159,917)
Loss on foreign exchange	**-**	2,604
	960,334	(65,508)
Operating (loss) gain before the following	**(960,334)**	65,508
Interest and other income	**16,702**	-
	(943,632)	65,508
Net (loss) gain for the year before discontinued operations	**(943,632)**	65,508
Loss from SOMINE S.A. operations, net of tax effect of $Nil	-	(141,073)
Gain on deconsolidation of SOMINE S.A. net of tax effect of $Nil	-	1,257,022
Net (loss) gain for the year	**(943,632)**	1,181,457
Attributable to:		
Equity holders of the Parent Company	**(943,632)**	1,212,845
Non-controlling interest	**-**	(31,389)
	$ (943,632)	$ 1,181,457
Basic and diluted (loss) gain per share (Note 14)		
(Loss) gain per share from continued operations	**$ (0.04)**	$ 0.01
(Loss) gain per share from SOMINE operations and its deconsolidation	**-**	0.08
Total (loss) gain per share attributable to equity holders of the parent	**$ (0.04)**	$ 0.09
Weighted average number of shares outstanding (Note 14)	**25,835,213**	13,731,981

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

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

		February 28, 2017		February 29, 2016
Operating activities				
Net (loss) gain for the year	**$**	**(943,632)**	$	1,181,457
Items not affecting cash:				
Stock-based compensation		**177,000**		-
Exploration expenditures settled in common shares (note 7(b))		**225,000**		70,000
Gain on deconsolidation of Somine S.A.		**-**		(1,257,022)
Gain on forgiveness of debt		**-**		(37,992)
Gain on settlement of debt for shares		**-**		(121,062)
Discontinued operations		**-**		141,820
		(541,632)		(22,799)
Changes in non-cash working capital items:				
Accounts receivable		**5,163**		4,968
Prepaid expenses		**1,454**		5,954
Accounts payable and accrued liabilities		**22,979**		4,718
Cash flows used in operating activities		**(512,036)**		(7,159)
Investing activities				
Cash in SOMINE S.A. on deconsolidation (note 2)		**-**		(382)
Cash flows from investing activities		**-**		(382)
Financing activities				
Issuance of common shares		**644,180**		-
Subscriptions received		**95,000**		-
Share issue expenses		**(7,000)**		-
Cash flows from financing activities		**732,180**		-
Net changes in cash		**220,144**		(7,541)
Cash, beginning of year		**63,987**		71,528
Cash, end of year	**$**	**284,131**	$	63,987

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

Majescor Resources Inc.

Consolidated Statements of Changes in Equity

(Canadian Dollars)

	Share Capital (Note 11)	Subscriptions Received	Contributed Surplus (Note 13)	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**	**228,756**	**(40,767,974)**	**(1,366,548)**	**(1,785,020)**	**(3,151,568)**
Common shares issued on debt settlement	61,500	-	-	-	-	61,500	-	61,500
Common shares issued for property	70,000	-	-	-	-	70,000	-	70,000
Warrants extended	-	-	-	114,600	(114,600)	-	-	-
Warrants expired	-	-	31,578	(31,578)	-	-	-	-
Transactions with owners	131,500	-	31,578	83,022	(114,600)	131,500	-	131,500
Net loss and comprehensive loss for the year	-	-	-	-	(44,176)	(44,176)	(31,389)	(75,565)
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	311,500	-	-	-	-	311,500	-	311,500
Common shares issued for mineral property	225,000	-	-	-	-	225,000	-	225,000
Subscriptions received	-	95,000	-	-	-	95,000	-	95,000
Share issue costs	(8,364)	-	-	1,364	-	(7,000)	-	(7,000)
Warrants issued in private placement	(69,000)	-	-	69,000	-	-	-	-
Flow-through premium	(16,667)	-	-	-	-	(16,667)	-	(16,667)
Warrants exercised	50,582	-	-	(6,902)	-	43,680	-	43,680
Common stock issued for Flow-through	289,000	-	-	-	-	289,000	-	289,000
Stock based compensation	-	-	177,000	-	-	177,000	-	177,000
								-
Transactions with owners	782,051	95,000	177,000	63,462	-	1,117,513	-	1,117,513
Net loss and comprehensive loss for the year	-	-	-	-	(943,632)	(943,632)	-	(943,632)
Balance, February 28, 2017	**34,825,331**	**95,000**	**5,469,468**	**375,240**	**(40,613,360)**	151,679	**-**	**151,679**

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

1. Nature of operations

Majescor Resources Inc. (“Majescor’’ or 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.

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 maintains 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 received a 2% royalty on each of the two Mining Exploitation Permits (PEM) held by SOMINE. SOMINE retains 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 assessed that the redemption of its shares in SOMINE along with a decreased representation on the SOMINE board of directors 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 had 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. Therefore, 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.

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 its 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. The Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable and the Company has not yet generated revenues from its operations. As at February 28, 2017 the Company has incurred a loss of $ 943,632 during the year ended February 28, 2017 (2016 – gain of $1,181,457, including a gain on deconsolidation of $1,257,022) and the Company has an accumulated deficit of $40,613,360 (February 29, 2016 - $39,669,728). These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

As at February 28, 2017, the Company had working capital surplus of $151,679 (February 29, 2016 - deficiency of $22,202), including $284,131 (February 29, 2016 - $63,987) in cash and current liabilities totalling $142,479 including flow-through share premium liability of $16,667 (February 29, 2016 - $102,833, no flow-through share premium liability included).

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 (note 23 – Events after reporting date).

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.

4. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Reporting Standards ("IFRS") as issued by the International Financial Reporting Standards Board ("IFRIC")., The accounting policies applied in these consolidated financial statements are presented in note 5 and have been applied consistently to all years unless otherwise noted.

The preparation of the consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgements in applying the Company's accounting policies. The areas involving a higher degree of judgements or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 6.

These consolidated financial statements were authorized for issue by the Board of Directors on June 7, 2017.

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.

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).

5. Significant accounting policies (continued)

(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.

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.

(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.

<u>Loans and receivables</u>
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.

5. Significant accounting policies (continued)

(e) Financial Instruments (continued)

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 investment in SOMINE at February 29, 2017 falls into this category.

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 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.

5. Significant accounting policies (continued)

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

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

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.

All exploration and evaluation expenditures are expensed in the statement of operations.

(h) Provisions and contingent liabilities

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. The Company had no material provisions or contingent liabilities as at February 28, 2017 and February 29, 2016.

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.

(i) 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.

5. Significant accounting policies (continued)

(i) Equity-settled share based payment transactions (continued)

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.

(j) 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.

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. Any revaluation of warrants based on the extension of warrants life, modification of exercise price, etc., issued in the prior years are recorded directly in deficit.

Deficit includes all current and prior period profits or losses.

(k) 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.

5. Significant accounting policies (continued)

(k) Income taxes (continued)

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.

(l) 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. Diluted loss per share 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.

(m) 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.

5. Significant accounting policies (continued)

(n) Standards, amendments and interpretations not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the February 28, 2017, reporting year. 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:

Estimates

- 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.

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 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.

7. Exploration and evaluation assets

a) Eastmain - 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 year ended February 28, 2017, the Company incurred exploration and evaluation expenses of $137,656 (year ended February 29, 2016 - $126,352) on this property.

b) Montagne 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.

On August 30, 2016, the Company issued 2,500,000 common shares to Optionors and made a cash payment of $25,000 upon receipt of approval from the TSX Venture.

After receiving and reviewing the initial exploration results on the property, and based on those results, the Company provided a termination notice on September 21, 2016, to the Optionors and returned the property.

During the year ended February 28, 2017, the Company incurred exploration and evaluation expenses of $340,237 (year ended February 29, 2016 - $Nil) on this property.

c) Mistassini, Québec

The Company had interest in the Mistassini property (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”) has 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 year ended February 28, 2017, the Company incurred mineral property costs and exploration and evaluation expenses of $Nil (year ended February 29, 2016 - $5,485) on this property.

7. Exploration and evaluation assets (continued)

d) Rupert – James Bay, Québec

On June 15, 2016, the Company entered into an option agreement to acquire 20 claims that are located respectively south east from the Whabouchi lithium deposit of Nemaska and south west from the Cyr deposit.

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.

During the year ended February 28, 2017, the Company incurred exploration and evaluation expenses of $22,290 (year ended February 29, 2016 - $Nil) on this property.

As at February 28, 2017, the Company had not acquired these claims.

e) Nelly Neilson

On October 25, 2016, the Company entered into a four-year option agreement to acquire 16 claims in the region of Monts Otish situated near the centre of the province of Québec, North of Chibougamau. The company has the right to acquire 100% interest in the 16 claims by spending at least $2,000 per claim in exploration expenditures in the first two years and, a total of $4,000 per claim during the four years of the agreement. The Company must also pay $2,500 per claim and, the Company will issue shares for a value of $2,500 per claim. The Nelly Neilson claims will be subject to a 1% NSR of which 0.5% can be purchased by Majescor for $1,000,000.

During the year ended February 28, 2017, the Company incurred $40,650 (year ended February 29, 2016 - $Nil) of exploration and evaluation expenditures on assessing the potential of this property.

As at February 28, 2017, the Company had not acquired these claims.

f) Other

During the year, the Company map staked a number of new properties for gold and Diamond exploration in Quebec. The following is a brief summary of the recent acquisitions:

Mirabelli

Two claim blocks totaling more than 2,550 ha were map staked in close proximity to the Radisson Road in the James-Bay area. The Company also staked additional ground totaling 6,120 ha. The new claim block totaling 6,120 ha is located just to the southeast of the claims covering a probable Banded Iron Formation.

Laparre

The property is located in the Otish Mountains and totals 452 ha.

Nottaway

The property is located roughly 105 km west of the town of Mattagami and totals 1,825 ha.

(Expressed in Canadian Dollars)

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. Accounts payable and accrued liabilities

	February 28, 2017	February 29, 2016
Falling due within the year		
Accounts payable and accrued liabilities	**$ 125,812**	$ 102,833

10. Flow through share premium liability

The Company periodically issues flow through shares, to fund Canadian exploration programs, 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. Based on Canadian tax law, the Company is required to spend the amounts raised on eligible exploration expenditures by the end of the year subsequent to the date the expenditures were renounced.

On May 12, 2016, the Company raised $239,000 by issuing 4,780,000 flow through shares at $0.05 per share. The premium paid by investors in excess of the market price of the shares was $Nil.

On January 25, 2017, the Company raised $50,000 by issuing 416,666 flow through shares at $0.12 per share. The premium paid by investors in excess of the market price of the shares was $16,667. Based on Canadian tax law, the Company is required to spend the $50,000 on eligible exploration expenditures by December 31, 2018.

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

Balance at February 29, 2016	$ -
Premium liability incurred on flow-through shares	16,667
Balance at February 28, 2017	$ 16,667

11. Share capital

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

(Expressed in Canadian Dollars)

11. Share capital (Continued)

Common shares	**Number of Shares**	**Amount**
Balance, February 28, 2015	**13,021,109**	**$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	**15,651,109**	**$34,043,280**
Common shares issued in private placement (iii)	6,230,000	311,500
Common shares issued for exploration property (iv)	2,500,000	225,000
Common shares issued on exercise of warrants (vi)	624,000	50,582
Flow-through shares issued (v)	5,196,666	289,000
Share issue costs	-	(8,364)
Warrants issue as part of the private placement	-	(69,000)
Flow through premium	-	(16,667)
Balance, February 28, 2017	**30,201,775**	**$34,825,331**

2016 Issuance

(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 in the areas of interest by issuing 1,400,000 common shares with a fair value of $70,000.

2017 Issuance

(iii) On May 12, 2016, the Company 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%.

In connection with the private placement, the Company paid a cash finder's fee of $7,000, and issued 124,000 finder's warrants, exercisable at $0.07 for a period of twenty-four (24) months from the closing date. The finder's 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)

11. Share capital (continued)

2017 Issuance (continued)

On May 12, 2016, the Company issued 4,780,000 flow through common shares at a price of $0.05 per share for gross proceeds of $239,000. No amount was recorded as a flow through share premium liability.

(iv) On September 2, 2016, the Company issued 2,500,000 common shares as part of the Montagne B option agreement (note 7(b)).

(v) On December 31, 2016, the Company issued 416,666 flow through common shares at a price of $0.12 per share for gross proceeds of $50,000 of which $33,333 was recorded in share capital and the remaining $16,667 was recorded as a flow through shares premium liability (note 10).

(vi) During the year, 624,000 warrants were exercised at a price of $0.07 per share for gross proceeds of $43,680.

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 (iii))	6,230,000	0.07
Exercised (note 11 (vi))	(500,000)	0.07
Balance, February 28, 2017	**10,630,000**	**$ 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 was 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
5,730,000	63,463	0.07	May 12, 2018
10,630,000	**375,241**	**0.09**	

(Expressed in Canadian Dollars)

12. Warrants and agent options (continued)

b) Finder's warrants

The following table shows the continuity of finder's warrants:

	Number of Finder's warrants	Weighted Average Exercise Price
Balance, February 28, 2015	**260,000**	**$ 0.06**
Expired	(260,000)	0.06
Balance, February 29, 2016	**-**	**$ -**
Issued (note 11 (iii))	124,000	0.07
Exercised (note 11 (vi))	(124,000)	0.07
Balance, February 28, 2017	**-**	**$ -**

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)	0.08
Outstanding at February 29, 2016	**97,500**	**$ 2.04**
Granted	2,925,000	0.06
Expired	(72,500)	2.22
Outstanding at February 28, 2017	**2,950,000**	**$ 0.08**

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.

On October 31, 2016, the Company granted 1,500,000 options to officers, directors and consultants for a period of five years at an exercise price of $0.07 per options. The stock options have a Black-Scholes option pricing value of $92,200 and have been expensed in the Statement of Comprehensive Loss.

On June 30, 2016, 60,000 stock options expired unexercised.

On September 9, 2016, 12,500 stock options expired unexercised.

On February 24, 2017, the Company granted 200,000 options to an officer, for a period of five years at an exercise price of $0.10 per option. The stock option has a Black-Scholes option pricing value of $19,700 and have been expensed in the Statement of Comprehensive Loss.

(Expressed in Canadian Dollars)

13. Stock options (continued)

The following table shows the options outstanding as at February 28, 2017:

Range of exercise price	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable
$1.50	25,000	0.33	$ 1.50	25,000
$0.07	1,500,000	4.67	$ 0.07	1,500,000
$0.05	1,225,000	4.14	$ 0.05	1,225,000
$0.10	200,000	4.99	$ 0.10	200,000
	2,950,000		**$ 0.08**	**2,950,000**

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

Grant Date	April 18, 2016	October 31, 2016	February 24, 2017
Number of options	1,225,000	1,500,000	200,000
Exercise price	$0.05	$0.07	$0.10
Exercise price compared to the market	Lower	Equal	Equal
Risk free interest	0.89%	0.68%	0.96%
Expected volatility	136.09%	137.75%	215.69%
Expected life (years)	5	5	5
Vesting		100% at date of grant	
Share price at the date of grant	$0.06	$0.07	$0.10
Estimate fair value per option	$0.05	$0.061	$0.98
Estimated fair value	$65,100	$92,200	$19,700
Forfeiture rate	0.00%	0.00%	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.

In total, $177,000 (2016 - $Nil) of the stock-based payments were included in stock-based compensation in profit or loss for the reporting period ended February 28, 2017, and credited to contributed surplus.

14. Loss per common share

The calculation of basic and diluted loss per share for year ended February 28, 2017, was based on the loss attributable to common shareholders of the parent company of $943,632 (2016 – gain of $1,212,845) respectively, and the basic and diluted weighted average number of common shares outstanding of 25,835,213 (2016 – 13,731,981) respectively. Diluted loss per share did not include the effect of stock options, warrants, and agent options as they are anti-dilutive for both 2017 and 2016.

(Expressed in Canadian Dollars)

15. Changes in non-cash working capital items

	February 28, 2017	February 29, 2016
Accounts receivable	**$ 5,163**	$ 4,968
Prepaid expenses	**1,454**	5,954
Accounts payable and accrued liabilities	**22,979**	4,718
	$ 29,596	$ 15,640

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. These transactions were measured by the exchange amount that is the amount agreed upon by the transacting parties and are on terms and conditions similar to non-related entities.

(a) Transactions with key management personnel

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

	February 28, 2017	February 29, 2016
Consulting fees, including director's fees	**$ 110,000**	$ 88,607
Share based compensation	**177,000**	-
Total	**$ 287,000**	$ 88,607

As at February 28, 2017, directors and key management personnel, as well as former officers and directors, were owed $18,235 (February 29, 2016- $18,325), included in accounts payables and accrued liabilities.

1) Management fees include $65,000 (2016 - $Nil) paid to a Company controlled by Andre Audet, the Company's Chief Executive Officer.

2) Management fees include $45,000 paid to Sabino Di Paola, the Company's former Chief Financial Officer and Corporate Secretary.

(b) Transactions with related companies

Majescor entered into the following transactions with related companies:

	February 28, 2017	February 29, 2016
Everton Resources Inc. ("Everton")	**$ 11,158**	$ 9,038

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 February 28, 2017 totalled a surplus of $151,679 (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 year ended February 28, 2017, as well as the year ended February 29, 2016.

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.

19. Financial risk factors (continued)

(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 February 28, 2017, the Company had cash of $284,131 (February 29, 2016 - $63,987) and current liabilities of $142,479, this amount includes a Flow-Through premium of $16,667 (February 29, 2016 - $102,833, $Nil Flow-Through premium). The Company's financial liabilities (without the Flow-Through premium) 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.

(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 February 28, 2017, 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

	February 28, 2017	February 29, 2016
Financial assets:		
Cash	**$ 284,131**	$ 63,987
Financial liabilities:		
Accounts payable and accrued liabilities	**$ 125,812**	$ 102,833

20. Categories of financial instruments (continued)

As of February 28, 2017, 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).

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.

<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.

<u>Mining claims</u>

On November 17, 2016, the Company had entered into an agreement, subject to TSX Venture approval, to acquire 131 mining claims near the Renard diamond mine and Adamantin project in Quebec. The 131 claims total 6,875 hectares.

Under the terms of the executed agreement, Majescor paid $50,000 in cash and issued 2,500,000 common shares to Diagnos. The agreement provides for Majescor to spend a minimum of $150,000 on exploration work on the targets sold by Diagnos in the first year following the signature of the agreement and spend a total of $300,000, including the first year exploration work, on the targets sold by Diagnos during the second year following the signature of the agreement.

(Expressed in Canadian Dollars)

22. Income taxes

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

	2017	2016
(Loss) gain before income taxes	**$ (943,632)**	$ 1,181,457
Expected income tax (recovery) expense	**(245,000)**	313,000
Other permanent and temporary differences	**179,000**	-
Change in benefit of tax assets not recognized	**66,000**	(313,000)
Provision for income taxes	**$ -**	$ -

As at February 29, 2017 and February 28, 2016 the amounts of deductible temporary differences for which no deferred tax assets were recognized, were as follows:

	2017	2016
Income tax loss carry forwards	**$ 9,831,000**	$ 8,155,000
Capital losses carried forward	**8,805,000**	1,892,000
Resource properties	**7,053,000**	6,751,000
Fixed and intangible assets	**32,000**	210,000
Share issue costs	**6,000**	39,000
Temporary differences for which no deferred tax assets were recognized	**$ 25,727,000**	$ 17,047,000

As at February 28, 2017, the Company has deductible capital losses of $8,805,000 (2016 -$1,892,000) for which no deferred tax asset has been recorded in the consolidated statements of financial position. These deductible capital losses can be carried forward indefinitely.

As at February 28, 2017, the Company has income tax loss carry forwards for which no deferred tax asset has been recorded in the consolidated statements of financial position that can be carried forward over the following years:

	Federal
2026	$ 626,000
2027	827,000
2028	945,000
2029	1,183,000
2030	792,000
2031	1,395,000
2032	1,379,000
2033	1,088,000
2034	479,000
2035	685,000
2036	181,000
2037	251,000
	$ 9,831,000

23. Events after reporting date

On March 1, 2017, 1,000,000 warrants were exercised at $0.07 for gross proceeds of $70,000 (which was in subscriptions received at February 28, 2017).

On March 2, 2017, 100,000 stock options where exercised at a price of $0.05 per share for gross proceeds of $5,000.

On March 13, 2017 - Majescor Resources Inc. announced the signing of an agreement with Diagnos Inc. ("DIAGNOS") for the purchase of its assets from the mining division, including the Computer Aided Resources Detection System ("CARDS"), for total value of $800,000.

Under the terms of the agreement, Majescor issued 8,000,000 common shares of its share capital to DIAGNOS, at a deemed price of $0.10 per share, in payment for the acquisition of the assets, consisting of DIAGNOS' mining claims, royalty agreements, and the CARDS system. Additionally, Majescor will remit to DIAGNOS (i) 50% of any payment that Majescor receives from the royalty agreements forming part of the acquired assets, and (ii) 5% of revenues generated by the commercialization of the CARDS system.

On April 7, 2017 - Majescor Resources Inc. issued 6,550,000 units for gross proceeds of $655,000. Each unit contains one warrant that entitles the holder thereof to acquire one additional common share in the capital of the Corporation at a price of $0.16 per common share for a period of twenty-four (24) months expiring on April 7, 2019.

The warrants are subject to a forced exercise provision that, should the Corporation's common shares trade at a price of $0.24 or more for thirty (30) consecutive days, the warrant holder will then have 30 days following the 30th day of trading to exercise the warrants before they expire.

In connection with the private placement, the Company is paying a cash finder's fee of $15,200 and will issue 76,000 common shares and 76,000 non-transferable finder's warrants. Each finder's warrant entitles the holder to purchase one additional common share at a price of $0.16 per share for a period of twenty-four months expiring April 7, 2019.

On May 22, 2017, the Company granted 1,000,000 stock options. These options are exercisable at $0.10 per share, and expire five years from the grant date, on May 22, 2022.

On May 31, 2017, the Company granted 750,000 stock options. These options are exercisable at $0.10 per share, and expire five years from the grant date, on May 31, 2022.