

MAJESCOR RESOURCES INC.
(A Development Stage Company)
UNAUDITED FINANCIAL STATEMENTS
For the three months ended May 31, 2006
Stated in Canadian dollars

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Majescor Resources Inc.
(a development stage company)
Interim Consolidated Balance Sheets
(Expressed in Canadian dollars)

	Three months Ended May 31, 2006 \$ (unaudited)	Year Ended February 28, 2006 \$ (audited)
Assets		
Current assets		
Cash and cash equivalents	1,148,169	1,149,157
Marketable securities	-	9,500
Amounts receivable	218,699	573,066
Tax credit and mining duties receivable	750,281	879,983
Prepaid expenses	3,366	8,162
	2,120,515	2,619,868
Property, plant and equipment (note 4)	12,206	11,223
Mining properties and deferred exploration expenses (note 5)	5,108,692	4,658,398
	7,241,413	7,289,489
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	361,468	705,192
Accounts payable – related party (note 6)	102,319	132,460
Amount due to operators	21,079	22,279
	484,866	859,931
Shareholders' Equity		
Share capital (note 7)	16,962,222	16,622,838
Warrants (note 7)	618,235	538,916
Contributed surplus (note 9)	521,713	466,889
Deficit	(11,345,623)	(11,199,085)
	6,756,547	6,429,558
	7,241,413	7,289,489

Going concern assumption (note 1)

(Signed) "André Audet"
André Audet, Director

(Signed) "Marc Carbonneau"
Marc Carbonneau, CFO

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

Majescor Resources Inc.

(a development stage company)

Interim Consolidated Statements of Deficit (unaudited)

(Expressed in Canadian dollars)

	Three months Ended May 31, 2006 \$	Three months Ended May 31, 2005 \$
Balance – Beginning of period	11,199,085	7,729,099
Net loss for the period	146,538	337,254
Balance – End of period	<u>11,345,623</u>	<u>8,066,353</u>

The accompanying notes form an integral part of these interim consolidated financial statements

Majescor Resources Inc.

(a development stage company)

Interim Consolidated Statements of Operations (unaudited)

(Expressed in Canadian dollars)

	Three months Ended May 31,2006 \$	Three months Ended May 31,2005 \$
General and administrative expenses		
Management and consultant fees	68,477	36,451
Salaries and fringe benefits	36,637	2,647
Professional fees	19,888	9,150
Maintenance fees	1,494	(235)
Office expenses	10,351	13,575
Travel and entertainment	9,045	14,537
Insurance	3,838	-
Advertising	2,602	10,987
Interest and bank charges	591	1,049
Loss on sale of marketable securities	65	-
Write-down of marketable securities	-	1,900
Amortization of property, plant and equipment	1,518	1,365
Exchange loss (gain)	1,109	84
Total General and administrative expenses	155,614	91,511
Write-down of mining properties sold or abandoned	12,258	300,105
	167,872	391,616
Other Income		
Work management fees	21,313	540
Interest income	21	6,701
Gain on sale of mining properties	-	47,121
Total other income	21,334	54,362
Net loss for the period	(146,538)	(337,254)
Net loss per common share, basic and diluted	(0.002)	(0.007)
Weighted average number of shares outstanding, basic and diluted	60,781,731	47,938,483

The accompanying notes form an integral part of these interim consolidated financial statements

Majescor Resources Inc.

(a development stage company)

Interim Consolidated Statements of Cash Flows (unaudited)

(Expressed in Canadian dollars)

	Three months Ended May 31,2006 \$	Three months Ended May 31,2005 \$
Cash flows from (used in)		
Operating activities		
Net loss for the period	(146,538)	(337,254)
Items not affecting cash –		
Write-down of marketable securities	–	1,900
Amortization of property, plant and equipment	1,518	1,365
Gain on sale of mining properties	–	(47,121)
Loss on sale of Marketable securities	65	–
Write-down of mining properties sold or abandoned	12,258	300,105
Stock-based compensation	15,090	–
	<u>(117,607)</u>	<u>(81,005)</u>
Change in non-cash working capital items –		
Amounts receivable	354,367	(251,598)
Prepaid expenses	4,796	–
Accounts payable and accrued liabilities	(89,456)	17,503
	<u>152,100</u>	<u>(315,100)</u>
Financing activity		
Issue of share capital	<u>349,285</u>	–
Investing activities		
Proceeds from sale of mining properties	–	75,000
Proceeds from sale of marketable securities	9,435	–
Additions to property, plant and equipment	(2,500)	(6,510)
Acquisition of mining properties and exploration expenses	(636,337)	(1,263,551)
Tax credits and mining rights cashed	127,029	–
	<u>(502,373)</u>	<u>(1,195,061)</u>
Net change in cash and cash equivalents	(988)	(1,510,161)
Cash and cash equivalents – Beginning of period	<u>1,149,157</u>	<u>2,685,714</u>
Cash and cash equivalents – End of period	<u>1,148,169</u>	<u>1,175,553</u>
Additional information		
Purchase of mining properties included in/by issue of:		
accounts payable and accrued liabilities	(285,609)	212,935
shares	109,153	–
Issue of warrants during financing	119,053	49,118

The accompanying notes form an integral part of these interim consolidated financial statements

Majescor Resources Inc.

(a development stage company)

Interim Consolidated Statements of Mineral Properties (unaudited)

(Expressed in Canadian dollars)

	Three months Ended May 31,2006 \$	Three months Ended May 31,2005 \$
Balance – Beginning of period	4,658,398	6,211,943
Additions		
Drilling	443,920	1,017,891
Project consulting	17,307	27,960
Geophysical Survey - ground	21,720	181,838
Geophysical Survey - airborne	-	-
Geological Survey	-	-
Geochemical Survey	8,850	9,472
Sampling	175,971	121,794
Assaying	7,589	19
Line Cutting	-	11,156
Report Preparation	5,232	12,990
Property evaluation	10,069	416
Renewal of Licences and Permits	643	50,573
General Field Expenses	31,412	42,377
Total Additions	<u>722,713</u>	<u>1,476,486</u>
Recoveries from joint venture partners	(406,379)	-
Acquisition of mining properties	<u>143,544</u>	-
	<u>459,878</u>	<u>1,476,486</u>
Deductions		
Write-down of mining properties sold or abandoned	(12,258)	(300,105)
Cost of sold properties	-	(27,879)
Tax credit, mining duties and grants	2,674	(59,747)
	<u>450,294</u>	<u>1,088,755</u>
Balance – End of period	<u><u>5,108,692</u></u>	<u><u>7,300,698</u></u>

The accompanying notes form an integral part of these interim consolidated financial statements

Majescor Resources Inc.

Notes to Interim Consolidated Financial Statements (unaudited)
(Expressed in Canadian dollars)

1. Going concern assumption

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

These financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and discharge of liabilities in the normal course of business as they come due. These interim consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

For the period ended May 31, 2006, the Company reported a loss of \$146,538 and an accumulated deficit of \$11.4 million at that date. In addition to ongoing working capital requirements, the Company must secure sufficient funding for its existing commitments for exploration and development programs and general and administration costs. These circumstances lend substantial doubt as to the ability of the Company to meet its commitments as they come due.

In recognition of these circumstances, the Company obtained in April 2006, a non-brokered private placement for gross proceeds of \$381,000 to fund its general and administration costs. These undertakings are not sufficient in and of themselves to enable the Company to fund all aspects of its operations and, accordingly, management is pursuing other financing alternatives so it can continue as a going concern. While management expects that the Company will be able to secure the necessary financing through the issue of new equity or debt instruments and the entering into joint venture arrangements, there is no assurance that these initiatives will be successful.

These interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. Incorporation and Nature of Business

The Company was incorporated under the Canada Business Corporations Act on February 23, 1996. The principal activities of the Company comprise the acquisition and exploration of mining properties.

3. Basis of presentation

These interim consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles in Canada and use the same accounting policies and methods as in the preparation of the company's most recent annual financial statements. All disclosures required for annual financial statements have not been included in these financial statements. Accordingly, these interim financial statements should be read in conjunction with the company's most recent annual financial statements.

The financial information as at May 31, 2006 and May 31, 2005 is unaudited; however, in the opinion of management, all adjustments necessary to present fairly the results of these periods have been included. The adjustments made were of a normal recurring nature. Interim results may not necessarily be indicative of results anticipated for the year.

Majescor Resources Inc.

Notes to Interim Consolidated Financial Statements (unaudited)
(Expressed in Canadian dollars)

4. Property, plant and equipment

	Three months Ended May 31, 2006			Year ended February 28, 2006		
	Cost \$	Accumulated amortization \$	Net \$	Cost \$	Accumulated amortization \$	Net \$
Office furniture and equipment	1,346	812	534	1,346	784	562
Computer equipment	9,899	5,252	4,647	9,899	4,875	5,024
Computer software	5,038	1,233	3,805	2,538	381	2,157
Analysis equipment	6,700	4,893	1,807	6,700	4,746	1,954
Web site development expenses	7,485	6,072	1,413	7,485	5,959	1,527
	<u>30,468</u>	<u>18,262</u>	<u>12,206</u>	<u>27,968</u>	<u>16,745</u>	<u>11,223</u>

5. Mining properties and deferred exploration expenses

	Three months Ended May 31, 2006		Year ended February 28, 2006	
	Acquisition cost \$	Deferred exploration expenses \$	Acquisition cost \$	Deferred exploration expenses \$
Canada				
Quebec				
Nottaway	924	68,969	1,073	76,945
Portage	234,884	1,692,964	234,884	1,692,964
Wemindji	2,075	—	2,075	—
Gayot	—	350	—	—
Mistassini	3,012	7,065	3,323	7,795
Laparre	44,408	56,542	44,408	56,542
Crater Quebec	—	27,479	—	27,479
NWT				
Upper Carp Lake	—	91,744	—	91,665
Carat	—	303	—	—
Big Island	30,000	333,723	30,000	337,489
Hardy Lake	174,000	923,204	174,000	922,704
Ontario				
Crater Ontario	—	1,967	—	1,967
Nunavut				
Baker Lake Uranium	—	10,905	—	9,682
International				
Brauna/Brazil	2,552	595,061	2,552	333,686
Madagascar	500	636,138	500	585,314
Tres Marias area	164,896	5,027	21,351	—
	<u>657,251</u>	<u>4,451,441</u>	<u>514,166</u>	<u>4,144,232</u>
Deferred exploration expenses	<u>4,451,441</u>		<u>4,144,232</u>	
	<u>5,108,692</u>		<u>4,658,398</u>	

Majescor Resources Inc.

Notes to Interim Consolidated Financial Statements (unaudited)

(Expressed in Canadian dollars)

6. Related party transactions

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

During the period, the Company paid \$4,250 (2005 - Nil) to a director of the Company for consulting fees.

The Company reimburses the cost of shared salaries and benefits paid by Everton Resources Inc. (which shares a common CEO and President). Included in accounts payable is \$102,319 due to Everton Resources Inc. (\$132,460 as at February 28, 2006).

7. Share capital

a) Authorized

Unlimited number of common shares without par value.

b) Issued

	Three months ended May 31, 2006		Year ended February 28, 2006	
	Number Of Shares	\$	Number of Shares	\$
Balance – beginning of period	59,018,639	16,622,838	47,938,483	15,823,693
Shares issued for cash (net of issue costs and fair value of warrants)	2,540,000	230,231	11,080,156	1,232,145
Shares issued to increase participation in mining properties	992,300	109,153	-	-
Tax effect of flow-through shares	-	-	-	(433,000)
Balance – ending period	62,550,941	16,962,222	59,018,639	16,622,838

The following table summarizes information about the common shares issued during the period ended May 31, 2006:

Date	Number	Price \$	\$		Consideration	Commission
Apr-06	2,540,000	0.15	230,231	(1)	Private placement	7% in cash, 7% in warrants
May-06	992,300	0.11	109,153		Acquisition of a mining property	
	3,532,300		339,384			

(1) This amount is net of share issue costs of \$31,716 and net of the fair value of the 2,540,000 accompanying warrants for \$109,272 and the 177,800 agent's warrants for \$9,781.

Majescor Resources Inc.

Notes to Interim Consolidated Financial Statements (unaudited)
(Expressed in Canadian dollars)

c) Warrants

	Three-months ended May 31, 2006		Year ended February 28, 2006	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Balance – beginning of period	7,730,166	0.35	6,689,666	0.38
Granted	2,717,800	0.19	1,040,500	0.15
Cancelled	(625,000)	0.70	-	-
Balance – ending of period	9,822,966	0.28	7,730,166	0.35

As at May 31, 2006, the following stock purchase warrants were outstanding and exercisable:

Number	Exercise price \$	Black-Scholes Value	Expiry date
2,800,000	0.33	232,644	July 12, 2006
3,164,666	0.35	209,968	November 1, 2006
50,000	0.40	4,286	January 22, 2007
50,000	0.45	3,166	January 23, 2008
1,040,500	0.15	49,118	November 28, 2007
2,540,000	0.20	109,272	April 04, 2008
177,800	0.15	9,781	April 04, 2008
<u>9,822,966</u>		<u>618,235</u>	

Warrants issued are measured and recognized at the date of grant using the Black-Scholes pricing model with the following weighted average assumptions:

	Three months May 31, 2006	Year ended February 28, 2006
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	72%	71%
Risk-free interest rate	4.08%	3.72%
Expected life of warrants	2 years	2 years
Weighted average fair value	\$0.04-\$0.06	\$0.05

Majescor Resources Inc.

Notes to Interim Consolidated Financial Statements (unaudited)
(Expressed in Canadian dollars)

8. Stock option plan

The Company established a stock option plan under which certain key employees, officers, directors and consultants may be granted stock options of the Company. A maximum of 4,793,848 stock options (maximum of 5% of the number of common shares outstanding in favour of one person) may be granted.

Options granted expire after a maximum of ten years after the grant date.

	Three-months ended May 31, 2006		Year ended February 28, 2006	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Balance – beginning of period	3,778,162	0.49	3,288,662	0.56
Granted	100,000	0.15	660,000	0.15
Cancelled	-	-	(170,500)	0.46
Balance – ending of period	3,878,162	0.49	3,778,162	0.49

The following table sets out the outstanding options' features:

Range of exercise prices	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
\$0.15-\$0.35	2,013,162	4.93years	\$0.25	1,658,162	\$0.26
\$0.40-\$0.58	1,427,000	5.28 years	\$0.50	1,427,000	\$0.50
\$0.70-\$1.68	438,000	5.65 years	\$1.52	438,000	\$1.52

The Company's granted options vest at a rate of 25% after each quarter. During the period, the Company granted options to purchase up to 100,000 shares (of which 25,000 have vested in the period) of the Company's stock to a director at an exercise price of \$0.15 per share, with an estimated fair value of \$0.10 per share on the grant date. The company has recorded the following amounts as stock based compensation:

	Three months ended May 31, 2006	Three months ended May 31, 2005
	\$	\$
Salaries and benefits	3,068	-
Management and consulting fees	12,022	-
Total stock based compensation	15,090	-

Majescor Resources Inc.

Notes to Interim Consolidated Financial Statements (unaudited)

(Expressed in Canadian dollars)

The fair value of options granted was estimated using the Black-Scholes options pricing model with the following weighted average assumptions:

	<u>May 31, 2006</u>	<u>February 28, 2006</u>
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	72%	72%
Risk-free interest rate	4.12%	3.94%
Expected life of options	5 years	5 years
Weighted average fair value	\$0.10	\$0.08

9. Contributed Surplus

Contributed surplus consists of the following components:

	Three months Ended May 31, 2006	Year Ended February 28, 2006
	\$	\$
Balance – beginning of period	466,889	441,575
Stock options granted to employees, directors and officers (note 8)	15,090	25,314
Black-Scholes value of expired warrants	39,734	-
Balance – end of period	<u>521,713</u>	<u>466,889</u>

10. Segmented information

The Company operated in one segment being the acquisition, and exploration of mining properties in order to search for economically recoverable reserves. A breakdown of total assets by geographic segment is as follows:

	Canada	Brazil	Madagascar	Consolidated
	\$	\$	\$	\$
Three months ended May 31, 2006	5,829,781	767,536	644,096	7,241,413
Year ended February 28, 2006	6,339,049	357,589	592,851	7,289,489

11 Comparative figures

Certain comparative figures have been reclassified to conform with the current period's presentation.