Management Discussion and Analysis of Financial Condition and Results of Operation

Special note regarding forward-looking statements

This document may contain or refer to certain forward-looking statements relating but not limited to Majescor's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may", and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, and is based on current expectations that involve a number of business risks and uncertainties. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Majescor undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

Introduction

Management's discussion and analysis ("MD&A") of the operating results and financial condition of Majescor Resources Inc. (the "Company"), dated July 21, 2006, should be read in conjunction with the interim consolidated balance sheets of the Company as at May 31, 2006 and the interim consolidated statements of operations and deficit, deferred exploration expenses and cash flows for the three-months period ended May 31, 2006.

The MD&A is prepared in conformity with National Instrument 51-102 FI and has been approved by the Board of Directors prior to release.

Nature of activities

The Company, incorporated under the Canada Business Corporations Act, is in the business of exploring for diamonds. It has not yet determined whether its properties contain diamond reserves that are economically recoverable. The recoverability of the amounts shown for mining properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposal of properties. The Company will periodically have to raise additional funds to continue operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Majescor is primarily engaged in diamond exploration. Its activities are primarily located in central Quebec which consists of archean bedrock which is known to be prospective for economic diamond deposits. The area is also characterized by its accessibility and by the existence of clear agreements governing land access and mining rights. Majescor is one of the most active diamond exploration companies in Quebec where it owns a large portfolio of properties.

Majescor also holds options or interests in a number of properties located in Nunavut and the Northwest Territories (NWT). All are on the Slave Craton which hosts the Ekati and Diavik diamond mines. The Company has also concluded partnerships to explore new territories in the NWT, Quebec and Brazil for primary diamond sources, in areas that have been neglected in terms of modern exploration. The Company also holds, through its subsidiaries 2,456km^2 of exploration permits in Madagascar.

Exploration Activities

Gross exploration expenditures for the period amount to $459,878 ($1,476,486 in 2005). The level of expenditures incurred during the period ended May 31, 2006 is less than for the corresponding period ended May 31, 2005. This is mainly due to low exploration expenditures incurred on the Hardy Lake project compared to the same period the preceding year, and also to recoveries of exploration expenditures from joint venture partners, notably on the Portage project.

<u>Québec</u>

Gayot
No fieldwork was undertaken on the Gayot property during the reporting period.

Lac Laparre
The magnetic data are currently being processed by a consultant geophysicist whose mandate is the prioritization of magnetic targets in prevision for a geophysical follow-up on the ground using other discrimination methods. A scenario has been elaborated regarding biodiversity studies; the acquisition of all relevant documentation has already been initiated.

Mistassini
No fieldwork was undertaken on the project. The follow-up of the uranium anomaly identified previously in core drill hole **MISF-02-08** is deemed of interest.

Nottaway
No fieldwork was undertaken on the project. Five staked claims were allowed to lapse, as will a number of other mining titles during the next few months owing to insufficient work credits. Majescor is still seeking a partner to further advance the Nottaway project.

Portage
Following the agreement inked in July 2005 with Forest Gate, exploration expenditures totaling $1,700,000 were realized on the Portage property which directly adjoins Soquem/Ashton's Foxtrot project on which a number of significantly diamondiferous kimberlites were discovered in recent years.

During the reporting period, the ground geophysical work carried out in the sector of the Remick dyke lead to the core drilling of 14 holes, 11 of which intersected kimberlite over lengths varying from 4 to 85 cm. A petrography study performed by Mineral Services of Vancouver supports the interpretation that these kimberlite intersections are an extension of the Remick dyke.

A total of 146 lake sediment samples were collected in sectors of the property where glacial sediments are anomalous in kimberlitic indicator minerals. The conclusions drawn from the preliminary report appear to indicate that the method is applicable in the environment of the Portage property. However, Majescor will await reception of the final report before considering applying the methodology across the property.

Complete visual results were also received for the 2005 glacial sediment sampling campaign. The results are currently being processed and interpreted, but cursory reviews have shown that a number of the sectors under study have yielded kimberlitic indicator minerals. The positive results should help better define the dispersion trains. Majescor is awaiting microprobe analysis results for some 900 visually positive grains.

Concerning the ultramafic float discovered last year in sector S2, five diamonds were recovered from the caustic fusion of 104 kg of material by SGS laboratories of Lakefield, Ontario. The following table summarizes the results

No.	Stone dimension (mm)			Weight				Preservation	Stone description/morphology
	X	Y	Z	mg	Carat	Colour	Clarity	(%)	
	-425 / + 300 µm fraction								
1	0.51	0.46	0.32			Yellow	Translucent	85%	Cubic, partially distorted, graphite inclusions
1				0.116	0.000580	**Subtotal**			
	-212 / + 150 µm fraction								
1	0.23	0.23	0.20			White	Translucent	85%	Cubic, twinned, graphite inclusions
1				0.017	0.000085	**Subtotal**			
	-150 / + 105 µm fraction								
1	0.20	0.14	0.12			White	Translucent	85%	Cubic surface fragment
2	0.14	0.11	0.09			White	Translucent	75%	Fragment with crystal faces
3	0.17	0.14	0.11			White	Translucent	85%	Cubic
3				0.016	0.000080	**Subtotal**			

Nunavut and Northwest Territories

Baker Lake
A NI 43-101 standard technical report is currently being drafted. The report will serve to establish an exploration strategy for the project.

Banks Island
Majescor and Diamonds North have targeted a high-priority sector of the property for airborne geophysical surveying. The later is slated to start in mid-July, 2006. The presence of G10 pyrope garnet and diamond-inclusion chemistry eclogitic garnet in the stream sediments suggests that the source kimberlites have a high diamond potential.

Hardy Lake
No fieldwork was undertaken on the project.

Upper Carp Lake
No fieldwork was undertaken on the project.

Brazil

Vaaldiam Resources, Majescor's partner and the project operator, has continued the core drilling campaign initiated at the start of the year; a total of 4,531 m have been realized to date. The work has resulted in an increase of the size of the Brauna-3 pipe to approximately 1.7 ha (325 m in length by 80 to 110 m in with). A new kimberlite, labeled Brauna-18, was discovered in May of 2006. This brings to 17 the total of known kimberlites on the property. The kimberlite is dyke-like, extending for 250 m in a north-west direction, the width reaching up to 25 m. It remains open along strike. The discovery was realized in the course of ground–checking a magnetic anomaly identified by a campaign of detailed ground geophysics which concluded las t April. A total of eight magnetic anomalies were identified by the campaign. They will be followed up in the months to come. The start of the bulk sampling program is slated for the next trimester.

Madagascar

A reconnaissance campaign was performed on the Daraina property following the agreement reached with a local partner in January,. The work included geological reconnaissance of the zone and sampling. In the process, all gold diggings, both actual and past, were located and sampled. In total, 72 soil samples, 31 bedrock samples and 20 stream sediment samples was collected. The samples were dispatched to ACME laboratories in Vancouver for analysis. Results are expected in mid-July.

A sampling program is planned for the fall on the diamond properties.

The following selected financial data are derived from the quarterly consolidated financial statements of the Company, which were prepared in accordance with Canadian generally accepted principles.

Selected Consolidated Financial Information

	Three months Ended May 31,2006	Three months Ended May 31,2005
Unaudited Consolidated Statements of Operations		
	$	**$**
Revenues	21,334	54,362
Total general and administrative expenses	155,614	91,511
Write-down of mining properties sold or abandoned	12,258	300,105
Net loss	(146,538)	(337,254)
Basic and diluted net loss per common share	0.002	0.007
Weighted average number of common shares outstanding, basic and diluted	60,781,731	47,938,483
Unaudited Consolidated Statements of Mineral Properties		
Mining properties additions	459,878	1,476,486
Unaudited Consolidated Statements of Cash Flows		
Cash flows from (used in) operating activities	152,100	(315,100)
Cash flows from (used in) investing activities	(502,373)	(1,195,061)
Cash flows from financing activities	349,285	-
Net change in cash and cash equivalents	(988)	(1,510,161)

	Three months Ended May 31,2006 (unaudited)	Year Ended February 28,2006 (audited)
Consolidated Balance Sheets		
Cash and cash equivalents	1,148,169	1,149,157
Mining properties	5,108,692	4,658,398
Shareholders' equity	6,756,547	6,429,558
Total assets	7,241,413	7,289,489

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its exploration programs and its future growth, and any other factor that the board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

<u>Results of Operation</u>

Total loss for the period ended May 31, 2006 is $146,538 as compared to $337,254 at May 31, 2005. This is mostly due to less write-downs of mining properties.

Management and consulting fees for the period ended May 31, 2006, are $68,477, compared to $36,451 at May 31, 2005. This increase is mostly attributed to the increase in the cost of salaries and benefits shared with Everton Resources, and to the recognition of stock-based compensation in the amount of $12,022 (2005 - Nil).

Salaries for the period ended May 31, 2006, are $36,637 compared to $2,647 at May 31, 2005. This increase is mostly due to salaries paid to the new President of the Company, a new group insurance coverage and also the recognition of stock based compensation included in salaries which amounts to $3,068 (2005 – Nil).

Professional fees were $19,888 for the period ended May 31, 2006, compared to $8,102 at May 31, 2005. This increase is mostly due to legal fees paid in connection with the new acquisition in Brazil.

Advertising was $2,602 for the period ended May 31, 2006, compared to $10,987 at the end of May 31, 2005. This decrease is due to the decrease in marketing costs to promote the company, and to the annual reports costs being incurred after May 31, 2006 while last year they were incurred during the period ended May 31, 2005.

Write-down of mining properties is $12,258 for the period, compared to $301,153 at May 31, 2005.

Quarterly information

The following selected financial data are derived from the unaudited consolidated interim financial statements of the Company, which were prepared in accordance with Canadian generally accepted accounting principles.

Quarter Ended	Total Revenue	Net Loss	Net Loss per common share basic and diluted
31/05/2006	21,334	146,538	0.002
28/02/2006	101,782	2,271,137	0.040
30/11/2005	7,333	743,624	0.015
31/08/2005	105,576	117,971	0.002
31/05/2005	54,362	337,254	0.007
28/02/2005	29,758	109,168	0.002
30/11/2004	8,287	164,498	0.004
31/08/2004	12,856	177,349	0.005

Liquidity

The Company's working capital stands at $1,635,649 as at May 31, 2006, as compared to $1,759,937 as at February 28 2006. The Company has no long term debt.

The Corporation's principal requirements for cash during 2006 will be administrative expenditures and deferred exploration expenditures. The Corporation's direct exploration expenditures in 2006 are expected to be in the order of $1.5 million and administrative expenditures will be in the same order of magnitude as in 2005. On this basis, the Corporation will not have adequate cash on hand to meet its current and planned exploration and administration expenditures for 2006 and will have to raise additional financing.

Capital Resources

During the period, the Company closed one private financing for net proceeds of $349,285. This money is to be used for financing its general and administrative expenditures during the year 2006.

Off Balance Sheet Arrangements

As of May 31, 2006, the Company has no off Balance sheet arrangements.

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).

Mining Property Book Values

At the end of each quarter, exploration work on mining properties is reviewed to evaluate their potential. Following this analysis, write-offs are done if required. During the period ended May 31, 2006, a write-down of $12,258 was recorded, compared to $300,105 during the period ended May 31, 2005.

Changes in Accounting Policies

There were no changes made to accounting policies during the year.

Outstanding Share Data

Common shares and convertible securities outstanding at July 21, 2006 are as follows:

Securities	Expiry date	Exercise price	Securities outstanding
Common shares	-	-	62,550,941
Warrants	Up to April 04, 2008	$0.15 to $0.45	7,022,966
Options	Up to March 01, 2011	$0.15	3,423,162

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable. Management does not believe these financial instruments expose the Company to any significant interest, currency or credit risks arising from these financial instruments. The fair market value of these instruments approximates their carrying value.

Risk and uncertainties

Exploration of minerals and development of mining properties involve significant risks, many of which are outside of the Company's control. In addition to the normal and usual risks of exploration and mining, the Company often works in remote locations that lack the benefit of infrastructure and easy access.

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

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

Risk on the uncertain of title
Although the Company has taken steps to verify title to mining properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title.

Environmental risk
The Company is subject to various environmental incidents that can occur during exploration work. The Company maintains an environmental management system including operational plans and practices.

Management dependence
The Company's activities are managed by a very small number of key individuals who are intimately familiar with its operation. The market for experienced mining personnel is currently very competitive and the Company's ability to replace highly qualified personnel cannot be assured. At present, the Company does not maintain any key man life insurance.

Critical accounting estimates

Preparation of the Company's consolidated financial statements requires management to make estimates and assumptions that can affect the reported amounts of assets, liabilities, expenses. The most critical accounting estimates made by the Company relate to whether or not to write off the carrying value of deferred exploration expenditures with respect to individual properties. The carrying value of mineral exploration properties, and deferred exploration costs with respect thereto, are the Company's largest assets. Decisions on whether the carrying value of individual properties is greater than the future expected return from the property are based on a large amount of empirical geotechnical data, external financial and political considerations and the competitive environment with respect to the specific property. While the Company re-evaluates its estimates and assumptions on a regular basis, actual amounts may differ from those based on estimates and assumptions.

Additional information and continuous disclosure
This Management's Discussion and Analysis has been prepared as of July 21, 2006. Additional information on the company is available through regular filings of press releases, financial statements and its annual information form on SEDAR (www.sedar.com).

(s) André Audet	*(s) Marc Carbonneau*
Chairman of the Board	Chief Financial Officer