

**MAJESCOR RESOURCES INC.**  
**(A development stage Company)**  
**Interim Consolidated Financial Statements**  
**For the three months ended May 31, 2008**

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## Management's Responsibility for Interim Financial Statements

To the Shareholders of Majescor Resources Inc.

The interim consolidated financial statements and the notes thereto for the three-month period ended May 31, 2008 are the responsibility of the management of Majescor Resources Inc. These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles, using management's best estimates and judgements where appropriate.

Management has developed and maintained a system of internal controls to provide reasonable assurance that all assets are safeguarded and to facilitate the preparation of relevant, reliable and timely financial information.

The auditors of Majescor Resources Inc. have not performed a review of the consolidated financial statements for the three months ended May 31, 2008.

(signed) Marc-André Bernier  
Marc-André Bernier, CEO

(signed) Marc Carbonneau  
Marc Carbonneau, CFO

**Majescor Resources Inc.**  
(A development stage Company)  
Consolidated Balance Sheets (unaudited)  
As at

	May 31, 2008	February 29, 2008
	(Unaudited)	(Audited)
	\$	\$
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	736,467	1,084,874
Marketable securities (Note 5)	1,259,593	1,590,382
Accounts receivable	287,277	641,100
Tax credits and mining duties receivable	423,040	364,637
Advances to operators	-	6,708
Prepaid expenses	187,195	132,717
	<u>2,893,572</u>	<u>3,820,418</u>
Long term investment	36,000	36,000
Property, plant and equipment (Note 6)	146,822	48,881
Goodwill	30,000	30,000
Mineral exploration properties (Note 7)	1,194,584	1,110,082
Deferred exploration expenses (Note 7)	4,041,694	3,821,581
	<u>8,342,672</u>	<u>8,866,962</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	474,948	408,657
Amount due to related parties (Note 8)	13,006	-
Amount due to operators	-	43,235
	<u>487,954</u>	<u>451,892</u>
Long term liabilities		
Liability component of debenture (Note 10)	130,682	123,139
	<u>618,636</u>	<u>575,031</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 11)	21,176,923	21,133,723
Warrants (Note 11)	548,495	653,782
Contributed surplus (Note 12)	1,616,277	1,458,917
Equity component of debenture (Note 10)	39,525	39,525
	<u>23,381,220</u>	<u>23,285,947</u>
Accumulated other comprehensive loss (Note 13)	(976,407)	(645,618)
Deficit	(14,680,777)	(14,348,398)
	<u>(15,657,184)</u>	<u>(14,994,016)</u>
	<u>7,724,036</u>	<u>8,291,931</u>
	<u>8,342,672</u>	<u>8,866,962</u>

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

On behalf of the Board  
(signed) "Marc-André Bernier"  
Marc-André Bernier, Director

On behalf of the Board  
(signed) "André Audet"  
André Audet, Director

**Majescor Resources Inc.**  
(A development stage Company)  
Consolidated Operations (unaudited)

	Three months Ended May 31, 2008	Three months Ended May 31, 2007
	\$	\$
Operating expenses		
Management and consulting fees	94,147	127,475
Salaries and benefits	60,641	126,765
Travel and promotion	13,026	21,253
Report to shareholders	4,887	2,062
Conferences and subscription	4,498	8,957
Stationery and office supplies	223	2,158
Professional fees	93,328	23,085
Insurance	5,921	3,214
Interest on convertible debenture	7,543	6,905
General expenses	24,875	54,093
Loss (gain) on foreign exchange	614	4,437
Allowance for bad debt	10,990	-
Amortization of property, plant and equipment	6,670	1,326
Gain on sale of mineral properties	-	(2,555,967)
Write-down of mineral properties and deferred exploration expenses	12,058	505,031
	<hr/>	<hr/>
Loss from operations	339,421	(1,669,206)
Other income		
Interest income (Note 4)	(7,042)	(75)
	<hr/>	<hr/>
Earnings (loss) before income taxes	(332,379)	1,669,281
Foreign income tax	-	(505,657)
	<hr/>	<hr/>
Net earnings (loss)	(332,379)	1,163,624
	<hr/> <hr/>	<hr/> <hr/>
Basic and diluted net earnings (loss) per common share	(0.003)	0.012
	<hr/> <hr/>	<hr/> <hr/>
Basic and diluted weighted average number of common shares outstanding	99,451,312	96,537,375
	<hr/> <hr/>	<hr/> <hr/>

*The accompanying notes are an integral part of these interim consolidated financial statements and Note 4 provides other information on consolidated operations.*

**Majescor Resources Inc.**

(A development stage Company)

Consolidated Mineral Properties and Deferred Exploration Expenses (unaudited)

	Three months Ended May 31, 2008	Three months Ended May 31, 2007
	\$	\$
Balance, beginning of the period	4,931,663	6,200,992
Additions		
Drilling	17,003	15,541
Project consulting	11,923	50,921
Geophysical survey	8,634	330,150
Geological survey	52,867	39,625
Geochemical survey	-	3,500
Report preparation	26,462	5,531
Property evaluation	39,972	19,297
Renewal of licenses and permits	188,969	200,328
General field expenses	23,346	23,673
	369,176	688,566
Contribution of partners	(74,801)	(30,000)
Cost of shares acquired from partner	-	(200,000)
	294,375	458,566
Write-down of mining properties and deferred exploration expenses	(12,058)	(505,031)
Acquisition of mining properties	93,200	228,750
Cost of mining properties sold	-	(923,449)
Option payment	(12,500)	(110,000)
Tax credits and mining duties	(58,402)	-
	304,615	(851,164)
Balance, end of the period	5,236,278	5,349,828

**Majescor Resources Inc.**  
(A development stage Company)  
Consolidated Deficit (unaudited)

	Three months Ended May 31, 2008	Three months Ended May 31, 2007
	\$	\$
Deficit, beginning of the period	(14,348,398)	(12,977,060)
Net earnings (loss)	<u>(332,379)</u>	<u>1,163,624</u>
Deficit, end of the period	<u><u>(14,680,777)</u></u>	<u><u>(11,813,436)</u></u>

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

**Majescor Resources Inc.**  
(A development stage Company)  
Consolidated Comprehensive Loss (unaudited)

	Three months Ended May 31, 2008	Three months Ended May 31, 2007
	<u>\$</u>	<u>\$</u>
Net loss for the period	(332,379)	(1,163,624)
Other comprehensive gain (loss)		
Unrealized gain (loss) on available-for-sale investments (Note 13)	<u>(330,789)</u>	<u>239,802</u>
Comprehensive loss for the period	<u>(663,168)</u>	<u>(923,822)</u>

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

**Majescor Resources Inc.**

(A development stage Company)

Consolidated Cash Flows (unaudited)

	Three months Ended May 31, 2008	Three months Ended May 31, 2007
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net loss	(332,379)	1,163,624
Non-cash items		
Amortization of property, plant and equipment	6,670	1,326
Stock based compensation	52,073	114,161
Interest on convertible debenture	7,543	6,905
Allowance for bad debt	10,990	-
Write-down of mineral properties and deferred exploration expenses	12,058	505,031
Gain on disposal of mineral properties	-	(2,555,967)
Changes in non-cash working capital items (Note 14)	323,075	220,840
Cash flows from (used in) operating activities	80,030	(544,080)
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(104,611)	(3,816)
Proceeds from sale of mineral properties	-	1,979,415
Option payments	12,500	50,000
Mineral properties and deferred exploration expenses	(336,326)	(1,015,001)
Tax credits and mining duties received	-	89,603
Cash flows from (used in) investing activities	(428,437)	1,100,202
<b>FINANCING ACTIVITIES</b>		
Common shares issued	-	565,488
Cash flows from financing activities	-	565,488
Increase (decrease) in cash and cash equivalents	(348,407)	1,121,609
Cash and cash equivalents, beginning of period	1,084,874	2,564,011
Cash and cash equivalents, end of period	736,467	3,685,620
Non-cash supplemental information:		
Deferred exploration expense included in accounts payable	45,045	148,020
Common shares issued to increase interest in mineral properties	43,200	128,750
Long term investment in exchange of mineral properties	-	200,000

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

## **Majescor Resources Inc.**

(A development stage Company)

Notes to Consolidated Financial Statements (unaudited)

May 31, 2008

### **1. Governing statutes and nature of operations**

Majescor Resources Inc. (the "Company" or "Majescor") was incorporated under the Canada Business Corporations Act (Alberta) on February 23, 1996. The current nature of operations involves acquisition, exploration and development of mineral resource properties. The Company is in the exploration stage and does not derive any revenue from the development of its properties.

Until it is determined that the Company's properties contain mineral reserves or resources that can be economically mined, they are classified as mineral exploration properties. The recoverability of deferred exploration expenses 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.

### **2. Going concern assumption**

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and on the basis of a going concern assumption meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

For the period ended May 31, 2008, the Company reported a loss of \$332,379 and an accumulated deficit of approximately \$14.7 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. Management is pursuing financing activities 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.

The carrying amounts of assets, liabilities, revenues and expenses presented in the financial statements and the balance sheet classifications have not been adjusted as would be required if the going concern assumption was not appropriate.

### **3. Accounting changes**

The accompanying unaudited consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). They are consistent with the policies and practices used in the preparation of the Company's audited annual consolidated financial statements, except for the adoption of new standards described in the following paragraphs. These interim unaudited consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the years ended February 29, 2008 and February 28, 2007.

Effective March 1, 2008, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) under CICA Handbook Section 1400, "General Standards of Financial Statement Presentation", Section 1535, "Capital Disclosures", Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation". These new standards relate only to disclosure and presentation, and have no impact on the Company's financial results.

Section 1400 requires that management make an assessment of the Company's ability to continue as a going concern over a period of at least, but not limited to, twelve months from the balance sheet date.

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed to enable users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.

## Majescor Resources Inc.

(A development stage Company)

Notes to Consolidated Financial Statements (unaudited)

May 31, 2008

### 3. Accounting changes (continued)

Section 3862 describes the required disclosure for the assessment of the significance of financial instruments on an entity's financial position and performance and of the nature and extent of risk arising from financial instruments to which the entity is exposed and how the entity manages those risks.

The purpose of Section 3863 is to enhance the Financial Statements user's understanding of the significance of financial instruments to the Company's financial position, performance and cash flows. It carries forward the presentation-related requirements of Section 3861 "Financial Instruments – Disclosure and Presentation".

### 4. Information included in consolidated operations

	Three months Ended May 31, 2008	Three months Ended May 31, 2007
	\$	\$
Interest from available-for-sale financial assets	3,547	75
Interest from held-for-trading financial assets	3,495	-

### 5. Marketable securities

	Cost \$	Unrealized gain (loss) \$	As at May 31, 2008 Fair value \$	As at February 29, 2008 Fair value \$
1,733,102 common shares of Vaaldiam Resources Inc.	1,500,000	(945,407)	554,593	883,882
200,000 common shares of Melkior Resources Inc.	60,000	(24,000)	36,000	47,000
60,000 common shares of Santoy Resources Ltd.	60,000	(42,000)	18,000	22,500
700,000 common shares of Diamonds North Resources Ltd.	616,000	35,000	651,000	637,000
	<u>2,236,000</u>	<u>(976,407)</u>	<u>1,259,593</u>	<u>1,590,382</u>

### 6. Property, plant and equipment

	Cost \$	Accumulated Amortization \$	May 31, 2008 Net Book Value \$	February 29, 2008 Net Book Value \$
Office furniture and equipment	10,392	2,316	8,076	8,501
Computer equipment	32,255	11,972	20,284	19,401
Computer software	14,812	11,318	3,494	1,917
Analysis equipment	21,546	4,606	16,940	18,314
Exploration Equipment	99,833	2,496	97,337	-
Web site development	7,485	6,793	692	748
	<u>186,323</u>	<u>39,501</u>	<u>146,822</u>	<u>48,881</u>

The cost and accumulated amortization was \$81,712 and \$32,831 respectively as at February 29, 2008.

## Majescor Resources Inc.

(A development stage Company)

Notes to Consolidated Financial Statements (unaudited)

May 31, 2008

### 7. Mineral properties and deferred exploration expenses

	May 31, 2008		February 29, 2008	
	Acquisition Cost	Deferred Exploration Expenses	Acquisition Cost	Deferred Exploration Expenses
	\$	\$	\$	\$
Canada				
Québec				
a) Portage	52,096	449,717	52,096	447,904
b) Mirabelli	23,055	1,156,586	23,055	1,149,201
c) Lac Laparre	-	2,704	-	-
d) South Rae	367,600	926,610	367,600	829,587
e) Mistassini	931	118,285	931	115,193
f) West Minto	279,600	400,475	186,400	314,603
Nunavut				
g) Baker Lake	-	481,551	-	467,788
International				
h) Madagascar	471,302	505,768	480,000	497,305
	<u>1,194,584</u>	<u>4,041,694</u>	<u>1,110,082</u>	<u>3,821,581</u>

#### a) Portage

On July 6, 2005, the Company signed a memorandum of understanding with Forest Gate Resources Inc. ("Forest Gate"), by which Forest Gate could earn up to 55% interest in Portage by spending a total of 5 million dollars in 5 years on claim renewals and exploration. On May 7, 2007, Forest Gate announced its decision to withdraw from the Portage project, before having met its obligations to acquire a 50% interest in the property.

#### b) Mirabelli

In September 2006, the Company entered into an option agreement with De Beers Canada Exploration Inc. ("De Beers") on Mirabelli property in Northern Quebec to form a 51:49 Joint Venture by spending \$3.0 million on diamond exploration and to earn 80% interest by spending \$1.9 million in the gold and base metals exploration. Effective March 31, 2008, the option agreement between the Company and "De Beers" on the Mirabelli property was terminated, and replaced with an acquisition agreement effective April 1, 2008, which grants 100% ownership of the property to the Company.

#### c) Lac Laparre

On February 19, 2007, the Company entered into an agreement to option up to a 66 2/3% interest in the uranium rights on its Lac Laparre property to a Uranium Joint Venture comprised of Santoy Resources Inc. and its 50% partner Melkior Resources Inc. The Company will retain exclusive rights for diamonds. The terms of the Option Agreement call for an exploration work commitment of \$2.5 million over five years (with a guaranteed minimum of \$300,000 in year one), an up-front cash payment of \$50,000, the issuance of 200,000 shares of Melkior and 60,000 shares of Santoy in tranches over a one year period, and the retention of a 1.5% Net Smelter Return royalty interest, one half of which can be purchased at any time prior to commercial production for \$1 million. As at May 31, 2008, the Company had received \$50,000 in cash, 200,000 shares of Melkior Resources Inc. and 60,000 shares of Santoy Resources Ltd.

**Majescor Resources Inc.**

(A development stage Company)

Notes to Consolidated Financial Statements (unaudited)

May 31, 2008

**d) South Rae**

On January 22, 2007, the Company signed a letter of intent with Azimut Exploration Inc. regarding South Rae Uranium property, located in the Ungava Region of Northern Quebec. Majescor can acquire a 50% interest by spending \$4.6 million in exploration over a 5-year period and may acquire an additional 15% interest upon delivery of a bankable feasibility study. As at May 31, 2008, the remaining commitments are as follows:

	Cash Payments	Exploration Expenses
	\$	\$
On or before January 22, 2009	50,000	600,000
On or before January 22, 2010	50,000	900,000
On or before January 22, 2011	50,000	1,000,000
On or before January 22, 2012	-	1,500,000
	<u>150,000</u>	<u>4,000,000</u>

**e) Mistassini**

In March 2007, the Company entered into an agreement with its joint-venture partner Superior Diamonds Inc. to acquire 100% of the uranium rights on the Mistassini property located in the Otish Mountains district of Quebec. Superior Diamonds will retain 100% of the diamonds rights on the property. The terms of the Agreement stipulate that in exchange for providing 100% rights for uranium to Majescor, Superior Diamonds will retain 100% diamonds rights and a 2% Yellow Cake Royalty for uranium. Majescor retains a 2% royalty for diamonds. If minerals other than diamonds or uranium are discovered on the property, Superior Diamonds Inc. will have a 50.5% interest and Majescor will have a 49.5% interest in such minerals, and the parties shall jointly explore and exploit for such minerals.

In February 2008, the Company signed a Letter of Intent allowing Strateco Resources Inc. to acquire an option to earn an undivided 60% interest in Majescor's uranium rights by incurring a total of \$1.3 million in exploration expenditures over three years. As at May 31, 2008, the remaining commitments are as follows:

	Exploration Expenses
	\$
On or before February 14, 2009	232,988
On or before February 14, 2010	400,000
On or before February 14, 2011	400,000
	<u>1,032,988</u>

## Majescor Resources Inc.

(A development stage Company)

Notes to Consolidated Financial Statements (unaudited)

May 31, 2008

### f) West Minto

On March 12, 2007, the Company signed a letter of intent with Azimut Exploration Inc. regarding the West Minto Uranium property, located in the Nunavik District of Northern Quebec. The Company can acquire a 50% interest in the property by spending \$3.8 million in exploration over a 5-year period, including \$500,000 in year-one. The Company can further increase its interest in the project to 65% upon delivery of a bankable feasibility study. On March 12, 2008, the Company issued 270,000 common shares at a price of \$0.16 to Azimut for a total value of \$43,200. As at May 31, 2008, the remaining commitments are as follows:

	Cash Payments	Exploration Expenses
	\$	\$
On or before March 12, 2009	50,000	600,000
On or before March 12, 2010	50,000	800,000
On or before March 12, 2011	50,000	900,000
On or before March 12, 2012	-	1,000,000
	<u>150,000</u>	<u>3,300,000</u>

### g) Baker Lake

On October 8, 2005, the Company and De Beers Canada Inc. entered into an option agreement and a letter agreement whereby the Company could acquire a 80% interest in the Mineral Rights for diamonds and uranium by carrying out exploration and development work on the Mineral Rights. The option agreement and letter agreement were replaced by an acquisition agreement (Note 18).

In August 2006, the Company entered into an option agreement with Uranium World Energy Inc. whereby Uranium World Energy Inc. can acquire an 80% interest in the Company's Baker Lake property uranium rights which had previously been optioned by the Company from De Beers Canada Inc. The property consists of two continuous claim blocks totaling 19 permits which are still held by De Beers Canada Exploration Inc. To earn its 80% interest, Uranium World Energy Inc. must incur \$640,000 in exploration expenses, issue 3,600,000 of its common shares to the Company and have its common shares traded in the TSX Venture Exchange no later than January 31, 2007. As the last condition was not satisfied, the Option Agreement was terminated effective April 1, 2008.

### h) Madagascar

The Company holds a 100% interest in four gold and base metal properties: Daraina-extension, Analalava, Ankaramy and Besakoa.

In February 2008, the Company signed and executed a Letter of Intent with Sunridge Gold Corp ("Sunridge") by which Sunridge can acquire up to a 100% interest in four gold and base metal properties held by Majescor in Madagascar: Besakoa, Daraina, Ankaramy and Analalava. Sunridge can earn 50% interest by spending \$2.0 million in qualifying expenditures over 2 years and issuing 500,000 common shares. Within 90 days following its initial obligations, Sunridge can obtain an additional 25% by expending an additional \$2,500,000 by the end of the third anniversary of the Agreement and by issuing an additional 500,000 common shares.

## **Majescor Resources Inc.**

(A development stage Company)

Notes to Consolidated Financial Statements (unaudited)

May 31, 2008

During the period ended May 31, 2008, Sunridge made a non-refundable payment of \$25,000 to conduct legal and technical due diligence on the properties, and a reimbursement of exploration expenses for \$34,629. A finder's fee of \$12,500 was paid to a consultant in connection with the agreement entered into with Sunridge.

### **8. Related party transactions**

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

Under an agreement between the Company and Everton Resources Inc., the Company reimburses the cost of shared salaries and benefits, rent and office expenses paid by Everton Resources Inc. (which shares common management). During the period, the cost of shared salaries and benefits was \$27,888 (2007 - \$54,632) and rent and office expenses were \$10,600 (2007 - \$8,280). Included in Amount due to related parties is \$13,006 due to Everton Resources Inc. (Nil as at February 29, 2008).

Under a joint venture agreement between the Company and Uranium World Energy Inc (in which the Company retains a participation and shares a common director and CFO), the Company is the operator for Uranium project. All exploration expenditures incurred on the project and paid by the Company were invoiced in addition to 10% management fees to Uranium World Energy Inc. Included in amount due from related parties is \$98,466 due from Uranium World Energy Inc. (\$98,466 as at February 29, 2008). As at February 29, 2008, the Company recorded a 100% allowance for bad debt for this amount.

These transactions were measured at the exchange amount, that is the amount established and accepted by the parties and were conducted in the normal course of business.

The amounts due from related parties are without interest and terms of repayment.

### **9. Flow-through interest and tax expense**

The Company is permitted, under Canadian income tax legislation, to renounce flow-through related resources expenditures to investors in advance of the Company incurring the expenditures. In accordance with this legislation, the Company has twelve months following the effective date of renunciation to incur the expenditures. The Company begins incurring interest charges for unspent funds after one month.

During fiscal 2006, the Company filed for flow-through renunciations totaling \$1,352,650 and recorded renounced exploration expenditures of \$1,352,650 as a reduction of share capital and an increase in future income tax liability.

As at December 31, 2006, the Company had incurred \$718,256 of the required flow-through expenditures and a \$77,187 Part XII.6 tax expense on the monthly unspent balance of flow-through funds. Since the Company had not spent the entire \$1,352,650 of flow-through funds by December 31, 2006, and as a result of indemnifications provided to investors, the Company is potentially liable to its investors for an estimated amount of \$315,000 which has been accrued as a liability.

### **10. Convertible debenture**

On January 25, 2007, the Company completed a private placement of unsecured convertible debenture of \$150,000 to fund its Mirabelli project. The debenture matures on January 25, 2010 and bears interest at the rate of 12% per annum, payable semi-annually either in cash or in shares. The principal is convertible at the option of the holder into common shares of the Company at \$0.17 per unit. Each unit consists of one common share and one share subscription warrant entitling the owner to subscribe to one common share of the Company for 24 months at a price of \$0.20.

**Majescor Resources Inc.**

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Notes to Consolidated Financial Statements (unaudited)

May 31, 2008

The debenture is accounted for in accordance with its substance and is presented in the financial statements in its component parts, measured at their respective fair values at the time of issue. The liability component has been calculated as the present value of the required principal and interest payments discounted at a rate approximating the interest rate that would have been applicable to non-convertible debt at the time the debenture was issued.

**10. Convertible debenture (continued)**

	May 31, 2008		February 29, 2008	
	Liability component	Equity component	Liability component	Equity component
		\$		\$
Balance – beginning of period	123,139	39,525	112,776	39,525
Interest accrued (1)	7,543	-	19,433	-
Interest paid	-	-	(9,070)	-
Balance – end of period	130,682	39,525	123,139	39,525

(1) Interest expense on the liability component also includes the accretion of the liability component.

**11. Share capital****a) Authorized**

Unlimited number of common shares without par value.

**Issued**

	Number of shares	Three months Ended May 31, 2008
Balance - beginning of period	99,213,595	21,133,723
Shares issued to increase participation in mineral properties	270,000	43,200
Balance - end of period	99,483,595	21,176,923

**Majescor Resources Inc.**

(A development stage Company)

Notes to Consolidated Financial Statements (unaudited)

May 31, 2008

**b) Warrants**

	Three months ended May 31, 2008		
	Number	Weighted average exercise price	Black-Scholes Value
		\$	\$
Balance – Beginning of period	11,398,956	0.20	653,782
Expired	(2,397,800)	0.20	(105,287)
Balance – End of period	<u>9,001,156</u>	<u>0.20</u>	<u>548,495</u>

As at May 31, 2008 the following stock purchase warrants were outstanding and exercisable:

Number	Exercise Price	Black-Scholes Value	Expiry Date
	\$	\$	
7,847,310	0.20	505,054	August 31, 2008
<u>1,153,846</u>	<u>0.20</u>	<u>43,441</u>	<u>December 4, 2008</u>
<u>9,001,156</u>		<u>548,495</u>	

**c) Stock option plan**

The Company has a stock option plan approved by its shareholders. At the 2006 annual general meeting, the shareholders approved a resolution to increase the number of shares reserved for issuance under its stock option plan, subject to regulatory approval, from 4,793,848 options to 9,374,409 options, representing 10% of the outstanding shares as at February 28, 2007. A maximum of 9,374,409 stock options (maximum of 5% of the number of common shares outstanding in favour of one person) may be granted. These options may be granted to the Company's employees, officers, directors, and non-employees, subject to regulatory terms and approval. The exercise price of each option can be set equal to or greater than the closing market price, less allowable discounts, of the common shares on the TSX Venture Exchange on the day prior to the date of the grant of the option. Options have a maximum term of ten years and terminate 60 days following the termination of the optionee's employment, except in cases of retirement or death. Vesting of options is made at the discretion of the Board of Directors at the time the options are granted.

	May 31, 2008	
	Number of options	Weighted average exercise price
		\$
Balance – beginning and end of period	<u>7,438,162</u>	<u>0.18</u>

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As at May 31, 2008 the following options were outstanding and exercisable:

Exercise price	Number outstanding	Weighted average remaining contractual life	Number exercisable
\$0.15-\$0.17	5,753,162	3.64 years	4,750,662
\$0.18-\$0.28	1,685,000	3.83 years	1,685,000
	<u>7,438,162</u>		<u>6,435,662</u>

The outstanding and exercisable options as at February 29, 2008 were 5,880,662.

The Company has recorded the following amounts as stock based compensation:

	Three months Ended May 31, 2008	Three months Ended May 31, 2007
	\$	\$
Management and consulting fees	11,779	58,073
Salaries and benefits	40,294	56,089
Total stock based compensation	<u>52,073</u>	<u>114,162</u>

**12. Contributed surplus**

Contributed surplus consists of the following components:

	Three months Ended May 31, 2008
	\$
Balance – beginning of period	1,458,917
Stock options granted	52,073
Black-Scholes value of expired warrants	<u>105,287</u>
Balance – end of period	<u>1,616,277</u>

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**13. Accumulated other comprehensive loss**

Accumulated other comprehensive loss consists of the following components:

	Three months Ended May 31, 2008
	<u>                    </u> \$
Balance, beginning of period	645,618
Unrealized loss on marketable securities	<u>330,789</u>
Balance, end of period	<u><u>976,407</u></u>

**14. Changes in non-cash working capital items**

Changes in the non-cash working capital consists of the following items:

	Three months Ended May 31, 2008	Three months Ended May 31, 2007
	<u>                    </u> \$	<u>                    </u> \$
Accounts receivable	342,832	(55,089)
Amount due from related parties	-	171,597
Advances to operators	6,708	29,241
Prepaid expenses	(54,478)	102,216
Accounts payable and accrued liabilities	58,242	1,649
Amount due to related parties	13,006	(28,774)
Amount due to operators	<u>(43,235)</u>	-
Total changes in non-cash working capital	<u><u>323,075</u></u>	<u><u>220,840</u></u>

**15. 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. Long term assets segmented by geographical area are as follows:

	May 31, 2008	February 29, 2008
	<u>                    </u> \$	<u>                    </u> \$
Canada	4,472,030	4,039,238
Madagascar	977,070	1,007,306
Total	<u><u>5,449,100</u></u>	<u><u>5,046,544</u></u>

## **Majescor Resources Inc.**

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### **16. Risk management, Financial instruments and Capital management**

The Company's risk management is coordinated by the officers of the Company, in close-cooperation with the members of the board of directors.

The Company's financial instruments at May 31, 2008 consist of cash and cash equivalents, marketable securities, receivables and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

The Company has limited exposure to financial risk arising from fluctuations in foreign exchange rates (US dollars and MGA (Magalasy Ariary) and the degree of volatility of these rates. As at May 31, 2008, financial assets and liabilities in foreign currency represent cash and accounts receivable totaling MGA 34,782,284 (CAD\$21,718) and USD \$634 (CAD\$637). The amount of expenditures in foreign currency during the three-month period ended May 31, 2008 is approximately USD\$9,106 (CAD\$8,823) and MGA 108,714,975 (CAD\$66,574).

The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, including 30-day projection, 180-day and 360-day lookout periods. Due to the nature of the activities of the Company, funding for long-term liquidity needs are dependent on the company's ability to obtain additional financing, through various means, including equity financing.

The Company's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to its shareholders. As long as the Company is in the exploration and development stages of its mining properties, it is not the intention of the Company to contract debt obligations to finance its work programs.

### **17. Subsequent events**

On June 5, 2008, in replacement of the Option Agreement and Letter Agreement dated October 8, 2005, the Company signed an acquisition agreement with De Beers Canada Inc. whereby the Company acquires 100% interest in the Mineral Rights for diamonds and uranium at the Baker Lake property in exchange for Majescor common shares with an aggregate value of \$50,000. On June 23, 2008, the Company issued 362,319 common shares at a price of \$0.138 for a total value of \$50,000.

On June 11, 2008, in execution of the purchase and sale agreement dated January 25, 2008, with Vaaldiam Resources Ltd. ("Vaaldiam") for the acquisition of Majescor's 100% interest in the Tres Marias property, the Company received \$100,000 and 234,023 common shares of Vaaldiam for a total value of \$130,000.

### **18. Comparative figures**

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