

MAJESCOR RESOURCES INC.
(A development stage Company)
Consolidated Financial Statements
February 28, 2009 and February 29, 2008

Management's Report

The consolidated financial statements for the years ended February 28, 2009 and February 29, 2008 and the notes thereto are the responsibility of the management of Majescor Resources Inc. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, using management's best estimates and judgement 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 consolidated financial statements have been audited by Raymond Chabot Grant Thornton LLP, the independent auditors, in accordance with Canadian generally accepted auditing standards, on the behalf of the shareholders.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board of Directors carries out this responsibility through its Audit Committee. The Audit Committee, which is comprised of Directors, none of whom are employees or officers of the Company, meets with the external auditors, with and without management being present, to review the financial statements and to discuss audit and internal control related matters.

On recommendation of the Audit Committee, the Board of Directors approved the Company's consolidated financial statements.

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

(signed) Khadija Abounaim
Khadija Abounaim, CFO

June 18, 2009

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

	February 28, 2009	February 29, 2008
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	355,694	1,084,874
Marketable securities (Note 7)	42,696	1,590,382
Accounts receivable	27,731	641,100
Tax credits and mining duties receivable	715,677	364,637
Advances to operators	-	6,708
Prepaid expenses	6,853	132,717
	<u>1,148,651</u>	<u>3,820,418</u>
Long-term investment (Note 8)	-	36,000
Property, plant and equipment (Note 9)	135,236	48,881
Goodwill (Note 10)	-	30,000
Mineral exploration properties (Note 11)	284,817	1,110,082
Deferred exploration expenses (Note 11)	1,127,025	3,821,581
	<u>2,695,729</u>	<u>8,866,962</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 13)	343,718	408,657
Amount due to a related party (Note 12)	43,006	-
Amount due to operators	-	43,235
	<u>386,724</u>	<u>451,892</u>
Long-term liabilities		
Liability component of debenture (Note 14)	136,290	123,139
	<u>523,014</u>	<u>575,031</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 15)	21,224,338	21,133,723
Warrants (Note 15)	753,177	653,782
Contributed surplus (Note 16)	1,707,523	1,458,917
Equity component of debenture (Note 14)	39,525	39,525
Deficit	(21,547,468)	(14,348,398)
Accumulated other comprehensive loss (Note 17)	(4,380)	(645,618)
	<u>2,172,715</u>	<u>8,291,931</u>
	<u>2,695,729</u>	<u>8,866,962</u>

Going concern assumption (Note 2)

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

On behalf of the Board,

(signed) "Marc-André Bernier"
Marc-André Bernier, Director

(signed) "Alain Krushnisky"
Alain Krushnisky, Director

Majescor Resources Inc.
(A development stage Company)
Consolidated Operations
For the years ended

	February 28, 2009	February 29, 2008
	\$	\$
Expenses		
Management and consulting fees	170,920	196,905
Stock-based compensation	143,320	439,501
Salaries and benefits	184,134	223,722
Travel and promotion	39,526	101,102
Report to shareholders	57,660	28,231
Professional fees	211,486	70,865
General expenses	181,035	154,123
Amortization of property, plant and equipment	33,475	13,861
	<u>1,021,556</u>	<u>1,228,310</u>
Other items		
Interest income	(13,900)	(12,052)
Interest on convertible debenture	31,204	19,433
Allowance for (recovery of) bad debt	(203)	98,466
Loss (gain) on sale of marketable securities (Note 7)	1,431,577	(294,535)
Impairment of marketable securities (Note 7)	149,324	-
Impairment of long term investment (Note 8)	36,000	324,000
Loss (gain) on sale of property, plant and equipment	1,896	(8,938)
Impairment of goodwill	30,000	-
Gain on sale of mineral properties	-	(3,053,344)
Gain on optioning of mineral properties	-	(32,882)
Part XII.6 Tax	25,810	76,226
Write-down of mineral exploration properties and deferred exploration expenses (Note 11)	4,477,061	2,515,656
Loss on foreign exchange	831	5,341
	<u>6,169,600</u>	<u>(362,629)</u>
Loss before income taxes	7,191,156	865,681
Income taxes		
Current	7,914	505,657
Net loss	<u>7,199,070</u>	<u>1,371,338</u>
Basic and diluted net loss per common share	<u>0.72</u>	<u>0.14</u>
Basic and diluted weighted average number of common shares outstanding	<u>10,063,522</u>	<u>9,763,613</u>

The accompanying notes are an integral part of these consolidated financial statements and Note 6 provides other information on consolidated operations.

Majescor Resources Inc.

(A development stage Company)

Consolidated Mineral Exploration Properties and Deferred Exploration Expenses

For the years ended

	<u>February 28, 2009</u>	<u>February 29, 2008</u>
	\$	\$
Balance, beginning of the year	4,931,663	6,200,992
Additions		
Drilling	310,050	267,950
Project consulting	38,348	111,896
Geophysical survey	18,826	1,369,304
Geological survey	694,395	801,265
Geochemical survey	591	214,793
Report preparation	51,144	27,901
Property evaluation	67,394	62,878
Renewal of licenses and permits	239,611	487,129
General field expenses	42,044	100,065
	<u>1,462,403</u>	<u>3,443,181</u>
Contribution from partners	(83,982)	(268,094)
Cost of shares acquired from partner	-	(260,000)
Write-down of mineral exploration properties and deferred exploration expenses (Note 11)	(4,477,061)	(2,515,656)
Acquisition of mineral exploration properties (Note 11)	144,190	477,055
Option payments	(41,500)	(404,130)
Cost of mineral exploration properties sold	-	(1,536,072)
Tax credits and mining duties	(523,871)	(205,613)
	<u>(3,519,821)</u>	<u>(1,269,329)</u>
Balance, end of the year	<u><u>1,411,842</u></u>	<u><u>4,931,663</u></u>

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

Majescor Resources Inc.

(A development stage Company)

Consolidated Comprehensive Loss and Deficit

For the years ended

	February 28, 2009	February 29, 2008
	\$	\$
COMPREHENSIVE LOSS		
Net loss for the year	7,199,070	1,371,338
Other comprehensive loss, net of future income taxes of \$nil (Note 17)		
Changes in fair value of available-for-sale investments	975,663	969,618
Impairment on available-for-sale investments	(185,324)	(324,000)
Realized losses on sale of marketable securities transferred to consolidated operations (Note 7)	(1,431,577)	-
Comprehensive loss	<u>6,557,832</u>	<u>2,016,956</u>
DEFICIT		
Balance, beginning of year	14,348,398	12,977,060
Net loss	7,199,070	1,371,338
Balance, end of year	<u>21,547,468</u>	<u>14,348,398</u>
Accumulated other comprehensive loss (Note 17)	4,380	645,618
Total accumulated deficit and other comprehensive loss	<u>21,551,848</u>	<u>14,994,016</u>

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

Majescor Resources Inc.
(A development stage Company)
Consolidated Cash Flows
For the years ended

	February 28, 2009	February 29, 2008
	\$	\$
OPERATING ACTIVITIES		
Net loss	(7,199,070)	(1,371,338)
Non-cash items		
Amortization of property, plant and equipment	33,475	13,861
Stock-based compensation	143,320	439,501
Interest on convertible debenture	22,152	10,363
Allowance for bad debt	20,131	98,466
Impairment of long term investment	36,000	324,000
Write-down of mineral exploration properties and deferred exploration expenses	4,477,061	2,515,656
Loss (gain) on sale of marketable securities	1,431,577	(294,535)
Impairment of marketable securities	149,324	-
Impairment of goodwill	30,000	-
Loss (gain) on sale of property, plant and equipment	1,896	(8,938)
Gain on disposal of mineral exploration properties	-	(3,053,344)
Gain on optioning of mineral exploration properties	-	(32,882)
Changes in non-cash working capital items (Note 18)	524,894	(54,313)
Cash flows used in operating activities	<u>(329,240)</u>	<u>(1,413,503)</u>
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	11,475	9,998
Acquisition of property, plant and equipment	(133,201)	(54,354)
Goodwill	-	(30,000)
Proceeds from sale of mineral exploration properties	-	2,079,415
Option payments	12,500	317,012
Proceeds from sale of marketable securities	767,023	558,535
Mineral exploration properties and deferred exploration expenses	(1,423,667)	(3,748,601)
Tax credits and mining duties received	172,831	114,224
Cash flows used in investing activities	<u>(593,039)</u>	<u>(753,771)</u>
FINANCING ACTIVITIES		
Common shares issued and cash flows from financing activities	200,000	688,137
Share issue costs	(6,903)	-
Cash flows from financing activities	<u>193,097</u>	<u>688,137</u>
Decrease in cash and cash equivalents	(729,182)	(1,479,137)
Cash and cash equivalents, beginning of the year	1,084,874	2,564,011
Cash and cash equivalents, end of the year	<u><u>355,692</u></u>	<u><u>1,084,874</u></u>
Non-cash supplemental information:		
Deferred exploration expenses included in accounts payable	42,741	36,996
Common shares issued to increase interest in mineral exploration properties	93,200	271,000
Common shares issued in payment of interest on debenture	9,000	-
Long term investment in exchange of mineral exploration properties	-	260,000
Value of marketable securities receivable from Vaaldiam	-	130,000
Value of marketable securities received on sale of properties	-	2,500,000
Marketable securities received on option of mineral exploration properties	29,000	-
Marketable securities received on sale of mineral exploration properties	130,000	-

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

Majescor Resources Inc.

(A development stage Company)

Notes to Consolidated Financial Statements

February 28, 2009 and February 29, 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 mineral exploration property costs and 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.

On December 4, 2008, the Company consolidated its issued and outstanding common shares on a one common share for ten common shares basis. As a result, all references to shares in these consolidated financial statements have been restated to reflect this share consolidation.

2. Going concern assumption

These 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. However, certain conditions may cast significant doubt as to the appropriateness of the going concern assumption. Specifically, given that the Company has not yet found a mineral property containing mineral deposits that are economically recoverable, the Company has not generated any income or cash flows from operations and at February 28, 2009, had an accumulated deficit of \$21,547,468. The Company conducted extensive exploration work programs on its properties over the last few years and based on the analysis of the data collected during this period, the Company decided either to sell, option and/or write-down accumulated costs on most of its properties. Also, as a result of the Company's limited financial resources, all of the Company's exploration projects have been put on a care and maintenance program as the Company currently has insufficient cash resources to undertake exploration programs on its exploration properties.

At February 28, 2009, the Company had a working capital of \$761,927 and \$355,694 in cash and cash equivalents and together with the proceeds from the non-brokered private placements completed subsequent to year-end for an amount of \$650,000 (note 22) and the expected receipt of provincial tax credits later in 2009, it anticipates having sufficient cash to meet its current obligations, undertake a portion of the exploration work on the SOMINE property in Haiti (note 22) and meet its corporate administrative expense for several months. However, the Company will require additional financing, through various means including but not limited to equity financing, to complete the initial exploration program on the SOMINE property, to undertake exploration programs on its properties and/or to acquire additional exploration properties and to meet all of its general and administrative costs. There is no assurance that the Company will be successful in raising the additional required funds.

The carrying amounts of assets, liabilities and expenses presented in these consolidated financial statements and the balance sheet classifications have not been adjusted as would be required if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these consolidated financial statements, adjustments to the carrying value of assets and liabilities and expenses and balance sheet classification, which could be material, may be necessary.

Majescor Resources Inc.

(A development stage Company)

Notes to Consolidated Financial Statements

February 28, 2009 and February 29, 2008

3. Changes in accounting policies

On March 1, 2008, in accordance with the applicable transitional provisions, the Company adopted these new sections of the Canadian Institute of Chartered Accountants ("CICA"): Section 3862, "Financial Instruments – Disclosures", Section 3863, "Financial Instruments – Presentation" and Section 1535, "Capital Disclosures". The Company also applied the new recommendations of Section 1400, "General Standards of Financial Statement Presentation" dealing with the going concern assumption. These new standards relate only to disclosure and presentation and have no impact on the Company's results.

The new recommendations in 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 3862 describes the required disclosure for the assessment of the significance of financial instruments for an entity's financial position and performance and the evaluation of the nature and extent of risks 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 users' 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".

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. It describes the disclosure of the entity's objectives, policies and processes for managing capital, whether the entity has complied with any capital requirements, and, if it has not complied, the consequences of such non-compliance.

On January 20, 2009, the Emerging Issues Committee ("EIC") issued Abstract EIC-173, Credit Risk and the Fair Value of Financial Assets and Liabilities. This abstract is to be applied retrospectively, without restatement, to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. The Company has taken into account the consensus reached in this abstract in preparing its 2009 consolidated financial statements.

On March 27, 2009, the EIC issued Abstract EIC-174, Mining exploration costs regarding the capitalization and impairment of exploration costs. This abstract is to be applied to all financial statements issued after March 27, 2009. The company has taken into account the consensus reached in this abstract in preparing its 2009 consolidated financial statements.

Recently issued accounting pronouncements

In February 2008, the CICA published new section 3064, "Goodwill and Intangible assets", to replace Section 3062, "Goodwill and Other Intangible Assets". Publication of this new section resulted in the withdrawal of Section 3450, "Research and Development Costs", and consequential amendments to certain recommendations in the CICA Handbook. The new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets by profit-oriented enterprises. This new section is effective for fiscal years beginning on or after October 1, 2008 and the Company will implement it as of March 1, 2009. The Company's management does not expect that the application of this new section will have a significant impact on its financial statements.

The Accounting Standards Board of the CICA requires all public companies to adopt International Financial Reporting Standards ("IFRS") for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal period. The transition from Canadian Generally Accepted Accounting Principles to IFRS will be applicable for the Company's first quarter period ending May 31, 2011. The Company is assessing the impact of implementing IFRS and is developing plans to facilitate a timely conversion.

Majescor Resources Inc.

(A development stage Company)

Notes to Consolidated Financial Statements

February 28, 2009 and February 29, 2008

4. Accounting policies

a) Basis of presentation

These financial statements, which are expressed in Canadian dollars, have been prepared by management in accordance with accounting principles generally accepted in Canada and include all of the assets, liabilities and expenses of the Company, its wholly-owned Madagascar subsidiaries, Daraina Exploration S.A.R.L. ("Daraina") and Ampanihy Resources S.A.R.L, and its wholly-owned Canadian subsidiary: Tropic Diamonds Inc. All inter-company balances and transactions have been eliminated upon consolidation. Majescor Resources Inc. and its subsidiaries are collectively referred to herein as the "Company" or "Majescor".

b) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the notes thereto.

The most significant items requiring the use of management estimates and valuation assumptions are related to the recoverable value of mining assets (mineral exploration properties and deferred exploration expenses), the ability of the Company to continue as a going concern and the valuation of the stock-based compensation cost. These estimates and valuation assumptions were made by management using careful judgment, based on the most current geological information available and its planned course of action, as well as on assumptions about future business, economic and capital market conditions. Actual results could differ from estimates used in preparing these financial statements and such differences could be material.

c) Financial assets and liabilities

On initial recognition, all financial assets and liabilities are measured and recognized at their fair value, except for financial assets and liabilities resulting from certain related party transactions. Transaction costs from loans and receivables increase the carrying amount of the related financial assets. Transaction costs from other financial liabilities reduce carrying amount of the related financial liabilities. Subsequently, financial assets and liabilities are measured and recognized as follows:

Cash and cash equivalents are classified as held for trading and are measured at fair value with changes in the fair value recognized in operations in the periods in which they arise.

Marketable securities are classified as available-for-sale financial assets and are measured at fair value with changes in fair value recorded in other comprehensive income until the financial asset is derecognized or impaired.

Accounts receivable and advances to operators are classified as loans and receivables. They are measured at amortized cost less any allowance for doubtful accounts.

The long-term investment represents a share investment in a private company and is classified as an available-for-sale investment. The share investment in a private company is recognized at cost until the financial asset is derecognized or impaired.

Accounts payable and accrued liabilities, amount due to related party and amount due to operators are classified as other financial liabilities. They are measured at amortized cost using the effective interest rate method.

The liability component of debenture is classified as other financial liabilities and is measured at fair value on initial recognition with subsequent measurement at amortized cost using the effective rate method.

Majescor Resources Inc.

(A development stage Company)

Notes to Consolidated Financial Statements

February 28, 2009 and February 29, 2008

4. Accounting policies (continued)

d) Property, plant and equipment

Property, plant and equipment are accounted for at cost and amortized over their estimated useful lives. The Company provides for amortization on property, plant and equipment at the following rates:

- Office furniture and equipment – 20% declining balance
- Computer equipment – 30% declining balance
- Computer software – 100% declining balance
- Analysis and drill equipment – 30% declining balance
- Web site development – 30% declining balance

e) Goodwill

Goodwill is the excess of the cost of acquired enterprises over the net of the amounts assigned to assets acquired and liabilities assumed. Goodwill is not amortized. It is tested for impairment annually or more frequently if events or changes in circumstances indicate that it is impaired. Goodwill is allocated to reporting units and any potential goodwill impairment is identified by comparing the carrying amount of a reporting unit with its fair value. Any excess of the carrying amount over the fair value is charged to operations. Assumptions underlying fair value estimates are subject to significant risks and uncertainties.

f) Mineral exploration properties and deferred exploration expenses

The Company records its interest in mining properties and areas of geological interest at cost less option payments and other recoveries.

Exploration costs relating to the Company's interests and projects are capitalized on the basis of specific claim blocks or areas of geological interest until the mining properties to which they are related are placed into production, sold, allowed to lapse or abandoned. Management reviews the carrying values of mining properties on a regular basis to determine whether any write downs are necessary. These costs will be amortized over the estimated useful life of mining properties following commencement of production or written off if the mining properties or projects are sold, allowed to lapse or abandoned. General exploration expenditures not related to specific mining properties are expensed as incurred.

The recoverability of the amounts shown for mining interests is dependent on the existence of economically recoverable reserves, the ability of the Company to obtain financing to complete the development of such reserves and meet its obligations under various agreements and the success of future operations or dispositions. The Company has not yet determined whether its resource properties contain economically recoverable reserves.

Although the Company has taken steps to verify title to the mineral claims 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. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

g) Environmental and reclamation costs

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly from country to country and are not predictable. The Company's policy is to meet or, if possible, surpass standards set by relevant legislation by the application of technically proven and economically feasible measures.

Majescor Resources Inc.

(A development stage Company)

Notes to Consolidated Financial Statements

February 28, 2009 and February 29, 2008

4. Accounting policies (continued)

An estimate for the future costs of site restoration is made based upon estimates that consider the anticipated method and extent of site reclamation required to meet legal standards. If required, a provision for the estimated costs is recognized by increasing the carrying amount of the related long-lived asset by the same amount as the liability.

Reclamation costs incurred are charged against this provision. The effects of changes in regulations and cost assumptions are recognized when determined. As at February 28, 2009 and February 29, 2008, there was no material asset retirement obligation.

h) Loss per share

Basic loss per share is computed by dividing the net loss for the year available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted loss per share assumes the conversion or exercise of securities only when such conversion or exercise would have a dilutive effect on earnings per share. The dilutive effect of outstanding stock options and warrants described in Note 15 is reflected in diluted loss per share by application of the treasury stock method.

i) Share capital

The proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company.

Share capital issued for non-monetary consideration is recorded at an amount based on fair market value based upon the trading price of those shares on the TSX.V the day before the transaction date.

Share issue expenses are recorded as a reduction of share capital when the related shares are issued.

Proceeds from unit placements are allocated between shares and warrants issued according to their fair value using the residual method. Under this method, the warrant component is valued first and the difference between the proceeds from the unit placements and the fair value of the amounts is assigned to the share capital component.

j) Stock-based compensation

The Company measures the compensation cost of stock options issued under employee and non-employee compensation plans using a fair value-based method. Compensation costs are measured at the grant date based on the fair value of the award using Black-Scholes pricing model and are recognized over the related service period as an expense with a corresponding increase to contributed surplus.

k) Foreign currency translation

The functional currency of the Company is the Canadian dollar. Monetary assets and liabilities denominated in currencies other than the Canadian dollar and integrated foreign operations are translated using the exchange rate in effect at the balance sheet date, whereas other assets and liabilities are translated at the exchange rate in effect at the transaction date. Expenses are translated at exchange rates in effect during the period with the exception of expenses relating to non-monetary assets and liabilities which are translated at the historical rate. Translation gains or losses are included in the determination of income or loss in the statement of operations in the period in which they arise.

l) Income taxes

The Company accounts for income taxes under the asset and liability method that requires the recognition of future income tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities. The Company provides a valuation allowance on net future tax assets when it is more likely than not, that such assets will not be realized.

Majescor Resources Inc.

(A development stage Company)

Notes to Consolidated Financial Statements

February 28, 2009 and February 29, 2008

4. Accounting policies (continued)

m) Tax credits and mining duties

The Government of Québec provides a non-taxable refundable credit for losses to help operators meet exploration, mineral deposit evaluation and mine development costs by refunding part of eligible expenditures incurred. The credit is equal to 12% of the lesser of:

- the amount of the annual loss; and
- the exploration, mineral deposit evaluation and mine development expenses.

The Government of Québec also offers businesses having establishments and that carry on activities in Québec a refundable tax credit for mineral exploration activities, covering up to 45% of exploration expenses.

Tax credits and mining duties which are earned as a result of qualifying mineral exploration expenses, are recognized when the exploration expenses are incurred. They are applied to reduce related mineral exploration expenses in the period recognized.

5. Financial instruments, risk management and capital management

Financial instruments

The Company's financial instruments at February 28, 2009 consist of cash and cash equivalents, marketable securities, accounts receivable, accounts payable and accrued liabilities, amount due to a related party and debenture, 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.

Risk management

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk, currency risk, interest rate risk and political risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's financial assets exposed to credit risk are primarily composed of cash and cash equivalents, an amount receivable from the sale of marketable securities and investments. To mitigate exposure to credit risk, the Company has revised its policy to limit the concentration of credit risk, to ensure counterparties demonstrate minimum acceptable worthiness, and to ensure liquidity of available funds. The Company's cash and cash equivalents are held at one large financial institution.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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, 180-day and 360-day lookout periods. The Company's working capital totals \$761,927 at February 28, 2009, including cash and cash equivalents of \$355,694 and current liabilities totalling \$386,724, due within the next 12 months. Given its limited financial resources, the Company's ability to complete the initial exploration program on the SOMINE property (note 22), to fund exploration programs on its exploration properties and to meet its corporate and administrative obligations on a continuous basis is dependent on its obtaining additional financing, through various means including but not limited to equity financing (note 2). The amount and timing of additional funding will be impacted by, among others, the strength of the capital markets.

Majescor Resources Inc.

(A development stage Company)

Notes to Consolidated Financial Statements

February 28, 2009 and February 29, 2008

5. Financial instruments, risk management and capital management (continued)

Currency risk

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

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not entered into any derivative contracts to manage this risk.

The Company's policy as it relates to its cash balances is to invest excess cash in highly liquid, low-risk, short-term interest-bearing investments (such as banker's acceptances, term deposits, guaranteed investment certificates or treasury bills) with maturities of 180 days or less from the original date of acquisition.

Political risk

The Company carries out some of its exploration activities in Madagascar. These activities may be subject to political, economical or other risks that could influence the Company's exploration activities and future financial situation.

Capital management

The Company manages its capital to ensure its ability to continue as a going concern and to provide an adequate return to its shareholders. In the management of capital, the Company includes the components of shareholders' equity and the debenture. As long as the Company is in the exploration stage of its mining properties, it is not the intention of the Company to contract additional debt obligations to finance its work programs. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets. The Company is not subject to any externally imposed capital requirements. In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

6. Information included in consolidated operations

	For the year ended February 28, 2009	For the year ended February 29, 2008
	\$	\$
Interest from available-for-sale financial assets	8,134	1,770
Interest from held-for-trading financial assets	5,766	10,282

Majescor Resources Inc.

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7. Marketable securities

	February 28, 2009			February 29, 2008		
	Cost \$	Impairment \$	Unrealized gain (loss) \$	Fair value \$	Cost \$	Fair value \$
234,023 (1,733,102 in 2008) common shares of Vaaldiam Resources Inc.	130,000	(118,299)	(4,680)	7,021	1,500,000	883,882
42,500 (700,000 in 2008) common shares of Diamonds North Resources Ltd.	37,400	(31,025)	(1,700)	4,675	616,000	637,000
200,000 (nil in 2008) common shares of Sunridge Gold Corp.	29,000	-	2,000	31,000	-	-
Others	-	-	-	-	120,000	69,500
	<u>196,400</u>	<u>(149,324)</u>	<u>(4,380)</u>	<u>42,696</u>	<u>2,236,000</u>	<u>1,590,382</u>

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.

On October 16, 2008, pursuant to an option agreement with Sunridge Gold Corp. ("Sunridge") dated September 25, 2008 on four properties in Madagascar; the Company received 200,000 common shares of Sunridge for a total value of \$29,000 (note 11).

During the year, the Company sold 1,733,102 shares of Vaaldiam, 200,000 shares of Melkior Resources Inc., 60,000 shares of Santoy Resources Ltd and 657,500 Diamonds North Resources Ltd. ("Diamonds North") for total proceeds of \$767,023 and a loss of \$1,431,577.

During the year, the carrying amount of shares held in Vaaldiam and Diamonds North was reduced and an impairment of respectively \$118,299 and \$31,025 was recorded.

8. Long term investment

In 2006 and 2007, the Company acquired 3,600,000 common shares in Uranium World Energy ("UWE"), a privately-held company, at a total cost of \$360,000. The shares, which were acquired subsequent to the execution of an option agreement between the Company and UWE whereby UWE could acquire an 80% interest in the Company's Baker Lake property uranium rights, represent approximately 29% of the outstanding shares of UWE. As at February 29, 2008, the carrying amount of the common shares was reduced to its estimated fair value of \$36,000 and an impairment of \$324,000 was recorded. During the year ended February 28, 2009, the carrying amount of these shares was reduced to \$nil and a further impairment of \$36,000 was recorded as UWE became inactive and its net fair value negative.

9. Property, plant and equipment

	February 28, 2009		February 29, 2008	
	Cost \$	Accumulated Amortization \$	Net Book Value \$	Net Book Value \$
Office furniture and equipment	10,392	3,591	6,801	8,501
Computer equipment	28,509	15,093	13,416	19,401
Computer software	14,812	13,637	1,175	1,917
Analysis and drilling equipment	136,373	23,053	113,320	18,314
Web site development expenses	7,485	6,961	524	748
	<u>197,571</u>	<u>62,335</u>	<u>135,236</u>	<u>48,881</u>

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

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10. Goodwill

In June 2007, the Company purchased the remaining three percent for \$30,000 of its Malagasy subsidiaries: Daraina Exploration S.A.R.L. and Ampanihy Resources S.A.R.L. This acquisition resulted in goodwill of \$30,000. As at February 28, 2009, the Company performed an impairment test of goodwill which resulted in a full impairment for \$30,000, following the Company's decision to option its properties in Madagascar.

11. Mineral properties and deferred exploration expenses

	February 28, 2009		February 29, 2008	
	Acquisition Cost	Deferred Exploration Expenses	Acquisition Cost	Deferred Exploration Expenses
	\$	\$	\$	\$
Canada				
Québec				
a) Portage	-	-	52,096	447,904
b) Mirabelli	4,842	250,133	23,055	1,149,201
c) South Rae	-	-	367,600	829,587
d) Mistassini	1,921	124,630	931	115,193
e) West Minto	-	-	186,400	314,603
f) Lac Laparre	-	-	-	-
Nunavut				
g) Baker Lake	50,000	503,810	-	467,788
International				
h) Madagascar	228,054	248,452	480,000	497,305
	<u>284,817</u>	<u>1,127,025</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 \$5,000,000 over 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. During the year ended February 28, 2009, the Company wrote down the cost of the property to nil as the project no longer fits the Company's strategy (\$52,096 in acquisition costs and \$458,207 in deferred exploration expenses).

b) Mirabelli

In September 2006, the Company entered into an option agreement with De Beers Canada Exploration Inc. ("De Beers") on the Mirabelli property in Northern Quebec to form a 51:49 Joint Venture by spending \$3.0 million on diamond exploration and to earn an 80% interest by spending \$1.9 million on 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 in consideration for a 1% royalty on any diamond or non-diamond project developed to commercial production by the Company over the property.

During the year, the Company wrote down the costs of the project by \$959,189 (\$18,213 in acquisition costs and \$940,976 in exploration expenses).

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11. Mineral properties and deferred exploration expenses (continued)

c) South Rae

On January 22, 2007, the Company signed a letter of intent with Azimut Exploration Inc. ("Azimut") regarding the South Rae Uranium property, located in the Ungava Region of Northern Quebec. Majescor could acquire a 50% interest by spending \$4.6 million in exploration over a 5-year period and could acquire an additional 15% interest upon delivery of a bankable feasibility study.

During the year, the Company terminated the letter of intent with Azimut with respect to the property. Consequently, the Company wrote down the accumulated costs on the property to \$nil (\$367,600 in acquisition costs and \$1,348,596 in exploration expenses).

d) Mistassini

In March 2007, the Company entered into an agreement with its joint-venture partner Northern Superior Resources Inc. (previously Superior Diamonds Inc.) to acquire 100% of the uranium rights on the Mistassini property located in the Otish Mountains district of Quebec. Northern Superior Resources Inc. retained 100% of the diamonds rights on the property. The terms of the Agreement stipulate that in exchange for providing 100% of the rights for uranium to Majescor, Northern Superior Resources Inc. retains 100% of the 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, Northern Superior Resources 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 entered into an option agreement allowing Strateco Resources Inc. to acquire an option to earn an undivided 60% interest in Majescor's uranium rights on the Mistassini property by incurring a total of \$1.3 million in exploration expenditures over three years.

	<u>Exploration Expenses</u>
	\$
On or before February 14, 2008	267,012 (1)
On or before February 14, 2009	232,988 (2)
On or before February 14, 2010	400,000
On or before February 14, 2011	400,000
	<u>1,300,000</u>

(1) Strateco reimbursed the Company in April 2008 for the cost of the drilling program completed in December 2007.

(2) These exploration expenses were incurred on or before the date noted in the agreement.

e) West Minto

On March 12, 2007, the Company signed a letter of intent with Azimut regarding the West Minto Uranium property, located in the Nunavik District of Northern Quebec. The Company could 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 could further increase its interest in the project to 65% upon delivery of a bankable feasibility study. During the year, the Company terminated the letter of intent with Azimut with respect to the property. Consequently, the Company wrote down the accumulated costs on the property to \$nil (\$279,600 in acquisition costs and \$501,234 in exploration expenses).

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11. Mineral properties and deferred exploration expenses (continued)

f) 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. ("Santoy") and its 50% partner Melkior Resources Inc. ("Melkior") (solely Santoy starting March 31, 2009). 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 February 28, 2009, the Company had received \$50,000 in cash, 200,000 shares of Melkior and 60,000 shares of Santoy. During the year ended February 28, 2009, the Company further wrote down the costs of the project to Nil (\$16,287 in exploration expenses).

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 an 80% interest in the Mineral Rights for diamonds and uranium by carrying out exploration and development work on the Mineral Rights.

In August 2006, the Company entered into an option agreement with Uranium World Energy Inc. whereby Uranium World Energy Inc. could 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 totalling 19 permits which are still held by De Beers Canada Exploration Inc. To earn its 80% interest, Uranium World Energy Inc. was to 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.

On June 5, 2008, in replacement of the option agreement and letter agreement, the Company signed an acquisition agreement with De Beers Canada Inc. whereby the Company acquired a 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 July 4, 2008, the Company issued 36,231 common shares at a price of \$1.38 for a total value of \$50,000.

h) Madagascar

On September 15, 2008, the Company signed an option agreement with Sunridge Gold Corp ("Sunridge") by which Sunridge can acquire up to a 100% interest in the Company's 100% owned Malagasy subsidiary Daraina ("Daraina"). Sunridge can earn a 50% interest by spending \$2.0 million in qualifying expenditures over 2 years and issuing 500,000 of its common shares to the Company. 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 of its common shares to the Company. Within one year following all of its obligations, Sunridge can obtain the remaining undivided 25% interest in Daraina by paying to Majescor the fair market value of the 25% interest in Daraina.

To earn its initial 50% interest in Daraina, Sunridge must make cash payments and incur exploration expenses in the following timelines:

	Exploration Expenses	Common Shares
	\$	
Upon execution of the agreement		200,000 (1)
On or before September 15, 2009	500,000	-
On or before September 15, 2010	1,500,000	300,000
	<u>2,000,000</u>	<u>500,000</u>

Majescor Resources Inc.

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11. Mineral properties and deferred exploration expenses (continued)

(1) On October 16, 2008, the Company received 200,000 shares from Sunridge valued at \$29,000.

During the year, the Company wrote down the cost of the property by \$482,193 (\$228,054 in acquisition costs and \$254,139 in deferred exploration expenses) further to a significant decline in base metals prices and the occurrence of a political instability in Madagascar.

12. 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 year, the cost of shared salaries and benefits were \$102,534 (\$155,792 in 2008) and rent and office expenses were \$42,400 (\$36,987 in 2008). Included in Amount due to related party is \$43,006 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 to Uranium World Energy Inc., in addition to a 10% management fee. As at February 29, 2008, the Company recorded a 100% allowance for bad debt related to an amount due from Uranium World Energy Inc. to the Company, and during the year ended February 28, 2009, the Company recovered \$16,334 of the amount receivable, and reversed the allowance for the same 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 (to) related parties are without interest and terms of repayment.

13. Accounts payable and accrued liabilities

During fiscal 2006, the Company filed for flow-through renunciations totalling \$1,352,650 and recorded renounced exploration expenditures of \$711,000 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, the Company is potentially liable to its investors. An estimated accrual was set up as of February 28, 2007 in the amount of \$290,000. During the year ended February 29, 2008, this accrual was increased by \$25,000 to \$315,000 as a result of estimated interest. During the year ended February 28, 2009, this accrual has been reduced by the amounts claimed and paid to investors and the Company has recorded additional estimated further interest, the ending balance is \$194,540.

14. 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 \$1.7 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 \$2.

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Notes to Consolidated Financial Statements

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14. Convertible debenture (continued)

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.

On August 4, 2008, the Company issued 7,826 post-consolidation common shares at a price of \$1.15 in payment of interest on the debenture.

	February 28, 2009		February 29, 2008	
	Liability component	Equity component	Liability component	Equity component
		\$		\$
Balance – beginning of year	123,139	39,525	112,776	39,525
Interest accrued (1)	31,204	-	19,433	-
Interest paid	(18,053)	-	(9,070)	-
Balance – end of year	<u>136,290</u>	<u>39,525</u>	<u>123,139</u>	<u>39,525</u>

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

15 Share capital

On December 4, 2008, the Company proceeded with the consolidation of its common shares. The consolidation was approved at the special meeting of the shareholders of the Company held on December 1, 2008 and was subsequently approved by the TSXV. The consolidation results in each shareholder of the Company receiving one post-consolidation share for every ten pre-consolidation common shares held. The number of shares, warrants and options and earnings per share data presented in these financial statements, have all been adjusted to reflect the impact of this share consolidation.

a) Authorized

Unlimited number of common shares without par value.

Issued

	Number of shares	\$
Balance - February 28, 2007	9,374,410	19,958,235
Shares issued on the exercise of warrants	370,950	888,618
Shares issued on the exercise of options	7,000	15,870
Shares issued to increase participation in mineral exploration properties	<u>169,000</u>	<u>271,000</u>
Balance - February 29, 2008	9,921,360	21,133,723
Shares issued for cash (net of issue costs of \$6,903) (1)	2,000,000	58,875
Shares issued to increase participation in mineral exploration properties	63,231	93,200
Shares issued in payment of interest on debenture	7,826	9,000
Black-Scholes value of extended warrants (2)	<u>-</u>	<u>(70,460)</u>
Balance - February 28, 2009	<u><u>11,992,417</u></u>	<u><u>21,224,338</u></u>

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15 Share capital (continued)

- (1) On February 13, 2009, the Company completed a non-brokered private placement of 2,000,000 units at a price of \$0.10 each for gross proceeds of \$200,000. Each unit is comprised of one common share and one common share purchase warrant, which entitles the holder to acquire one additional common share at a price of \$0.12 until February 13, 2011. Warrants have been recorded at a fair value of \$134,222 based on the Black-Scholes option pricing model using the following assumptions: risk free interest of 1.2%, expected life of warrants of 2 years, annualized volatility rate of 80% and dividend rate of 0%. The value of the warrants and other issue costs were presented as a reduction of share capital. Directors and officers of the Company participated in the private placement for a total amount of approximately \$15,000.
- (2) During the year, the Company extended the expiry date of 900,116 post-consolidation warrants for a one year period, and an additional Black-Scholes value was recorded as a reduction to share capital.

b) Warrants

	February 28, 2009			February 29, 2008		
	Number of warrants	Weighted average exercise price	Black-Scholes Value	Number of warrants	Weighted average exercise price	Black-Scholes Value
		\$	\$		\$	\$
Balance – beginning of the year	1,139,896	2.00	653,782	1,515,871	2.00	867,941
Granted	2,000,000	0.12	134,222	-	-	-
Extended (1)	-	-	70,459	-	-	-
Exercised	-	0.00	-	(370,950)	1.80	(210,981)
Expired	(239,780)	2.00	(105,286)	(5,025)	4.50	(3,178)
Balance – end of the year	2,900,116	1.31	753,177	1,139,896	2.00	653,782

As at February 28, 2009, the following stock purchase warrants were outstanding and exercisable:

Number	Exercise Price	Black-Scholes Value	Expiry Date
	\$	\$	
784,731	2.00	575,514	August 31, 2009 (1)
115,385	2.00	43,441	December 4, 2009 (1)
2,000,000	0.12	134,222	February 13, 2011
2,900,116		753,177	

- (1) During the year, the Company extended the expiry date of these warrants for a one year period and an additional Black-Scholes value of \$70,460 was recorded as a reduction to share capital.

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.

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15. Share capital (continued)

	February 28, 2009		February 29, 2008	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance – beginning of the year	743,816	1.80	360,316	1.50
Granted	-	-	420,500	2.10
Exercised	-	-	(7,000)	1.50
Cancelled	(202,800)	2.08	(30,000)	2.80
Balance – end of the year	541,016	1.69	743,816	1.80

As at February 28, 2009 the following options were outstanding and exercisable:

Exercise price	Number outstanding	Weighted average remaining contractual life	Number exercisable
\$1.50-\$1.70	428,516	2.92 years	428,516
\$2.80	112,500	3.25 years	112,500
	541,016		541,016

The outstanding and exercisable options as at February 29, 2008 were 7,438,162 and 5,880,662 respectively.

The fair value of options granted for the year ended February 29, 2008 was estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

Expected dividend yield	0.00%
Expected stock price volatility	80%
Risk-free interest rate	4.00%
Expected life of options	5 years
Weighted average fair value	\$0.15

16. Contributed surplus

Contributed surplus consists of the following components:

	February 28, 2009	February 29, 2008
	\$	\$
Balance – beginning of the year	1,458,917	1,021,608
Stock based compensation	143,320	439,501
Stock options exercised	-	(5,370)
Black-Scholes value of expired warrants	105,286	3,178
Balance – end of the year	1,707,523	1,458,917

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17. Accumulated other comprehensive loss

Accumulated other comprehensive loss consists of the following components:

	February 28, 2009	February 29, 2008
	\$	\$
Balance, beginning of the year	645,618	-
Changes in fair value of available for sale investments	975,663	969,618
Impairment on available-for-sale investments	(185,324)	(324,000)
Realized losses on sale of marketable securities transferred to consolidated operations (Note 7)	(1,431,577)	-
	<hr/>	<hr/>
Balance, end of the year	<u>4,380</u>	<u>645,618</u>

18. Changes in non-cash working capital items

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

	February 28, 2009	February 29, 2008
	\$	\$
Accounts receivable	463,238	(433,059)
Amount due from related parties	-	278,605
Advances to operators	6,708	94,922
Prepaid expenses	125,864	(14,377)
Accounts payable and accrued liabilities	(70,687)	47,849
Amount due to related parties	43,006	(71,488)
Amount due to operators	(43,235)	43,235
	<hr/>	<hr/>
Total changes in non-cash working capital	<u>524,894</u>	<u>(54,313)</u>

19. Income taxes

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

	February 28, 2009	February 29, 2008
	\$	\$
Loss before income taxes	(7,191,156)	(865,681)
Expected statutory rate (Federal 19.94%, Quebec 11.15%)	31.09%	31.83%
Expected recovery of income tax	(2,235,730)	(275,546)
Stock based compensation	44,558	139,893
Loss on the sale of marketable securities	445,077	-
Share issue costs	(48,920)	(181,056)
Other permanent differences	51,719	354,959
Change in valuation allowance	1,826,543	(250,858)
Foreign income taxed at other than Canadian statutory rates	7,914	505,657
Effect of tax rate changes	(115,995)	24,644
Other	32,748	187,964
	<hr/>	<hr/>
Provision for income taxes	<u>7,914</u>	<u>505,657</u>

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February 28, 2009 and February 29, 2008

19. Income taxes (continued)

The primary temporary differences which give rise to future income taxes (recovery) at February 28, 2009 and February 29, 2008 are as follows:

	<u>February 28, 2009</u>	<u>February 29, 2008</u>
Future tax assets		
Income tax loss carry forwards	1,264,372	995,110
Share issue costs	-	78,279
Financing fees	-	1,314
Investments	73,852	
Resource properties	1,892,298	500,227
Tangible and intangible assets	<u>22,823</u>	<u>10,044</u>
	<u>3,253,345</u>	<u>1,584,974</u>
Less: Valuation Allowance	<u>(3,253,345)</u>	<u>(1,426,802)</u>
Net future tax assets	<u>-</u>	<u>158,172</u>
Future tax liabilities		
Investments	<u>-</u>	<u>(158,172)</u>
Net future tax asset (liability)	<u>-</u>	<u>-</u>

As at February 28 2009, the Company has income tax loss carry forwards as follows:

	<u>Federal</u>	<u>Quebec</u>
2010	543,000	543,000
2014	442,000	411,000
2015	629,000	592,000
2026	626,000	572,000
2027	827,000	642,000
2028	945,000	39,000
2029	919,000	919,000
	<u>4,931,000</u>	<u>3,718,000</u>

20. 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:

	<u>February 28, 2009</u>	<u>February 29, 2008</u>
	\$	\$
Canada	1,070,572	4,039,238
Madagascar	476,506	1,007,306
Total	<u>1,547,078</u>	<u>5,046,544</u>

Majescor Resources Inc.

(A development stage Company)

Notes to Consolidated Financial Statements

February 28, 2009 and February 29, 2008

21. Comparative figures

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

22. Subsequent events

Non-brokered private placements

On March 20, 2009, the Company completed a non-brokered private placement offering for gross proceeds of \$50,000. The financing consisted of the issuance of 500,000 units at a price of \$0.10 per unit. Each unit consists of one common share of the Company and one common share purchase warrant which entitles the holder to acquire one additional common share of the Company at a price of \$0.13 until March 20, 2011. The funds raised will be used to fund the Company's general working capital requirements. Directors of the Company participated in the private placement subscribing for 300,000 units for \$30,000.

On June 17, 2009, the Company completed a non-brokered private placement for gross proceeds of \$600,000. The financing consisted of the issuance of 3,000,000 units at a price of \$0.20 per unit. Each unit consists of one common share of the Company and one common share purchase warrant, which entitles the holder to acquire one additional common share of the Company at a price of \$0.30 until June 17, 2010 or if the trading price of the common shares has been equal to or greater than \$0.40 for a period of 10 consecutive trading days commencing after October 17, 2009. An insider of the Company subscribed for 450,000 units for \$90,000.

Acquisition agreement with SIMACT Alliance Copper Gold Inc.

On April 23, 2009, the Company signed an agreement (the "Agreement") with SIMACT Alliance Copper Gold Inc. ("SIMACT") (in which Andre Audet, Chairman of Majescor, is also a shareholder and director of SIMACT) and its principal shareholders (the "Principals") whereby the Company will acquire a 10% interest in SIMACT, as well an option to acquire all of the remaining outstanding shares of SIMACT. SIMACT, through its 66.4%-owned Haitian affiliate mining company, Société Minière du Nord-Est S.A. ("SOMINE"), controls a gold and copper-bearing mineral exploration property, (the "SOMINE Property") located in the North-East mineral district of Haiti and whose mineral rights and obligations have been assigned under a mining convention with the State of Haiti on May 5, 2005 renewable on May 5, 2010. The terms of the Agreement with SIMACT and the Principals can be summarized as follows:

- (1) The initial acquisition by Majescor of a 10% interest in SIMACT for a cash payment of \$200,000 and the issuance of 2,000,000 common shares of Majescor is subject to, among other things: (1) a satisfactory technical and legal due diligence on SIMACT, SOMINE and the SOMINE Property, (2) all SIMACT shareholders accepting to be bound by the terms of the Agreement and (3), all legal and regulatory approvals.
- (2) Concurrently with the initial acquisition, Majescor was granted an option ("the Option") in consideration of the carrying out by Majescor of \$600,000 in exploration work on the SOMINE Property within 8 months following the execution of the Agreement, to purchase the remaining 90% interest in SIMACT in consideration for the issuance of 10,000,000 common shares of Majescor. This Option, which is also subject to complete and satisfactory due diligence, may be exercised by Majescor within 12 months from the date hereof.
- (3) Furthermore, in the event that within a period of two years following the exercise of the Option, a NI 43-101 technical report determines indicated mineral resources on the SOMINE Property to be between 1,000,000 and 2,000,000 ounces of gold, or its equivalent in copper, Majescor shall, within 30 days of the report, issue an additional 3,000,000 common shares to SIMACT. In the event that the indicated mineral resources on the SOMINE Property are determined by the Report to be equal to or greater than 2,000,000 ounces of gold or its equivalent in copper, Majescor shall, within 30 days of the Report issue another 3,000,000 common shares to SIMACT. These additional issuances of common shares will also be subject to all required corporate and regulatory approvals.

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22. Subsequent events (continued)

On June 18, 2009, the Board of Directors approved the grant of an additional consideration of \$200,000 to Simact in order to finance its administrative expenses.

Grant of options

On May 26, 2009, the Company granted 385,000 stock options to Officers, Directors, Employees and Consultants. Each stock option entitles the holder to subscribe for one common share of Majescor at a price of \$0.15 per share.

Sunridge agreement

On May 11, 2009, the Company granted one additional year to Sunridge to complete its \$500,000 work commitment on the Company's four properties in Madagascar in consideration for the issuance of 200,000 common shares of Sunridge to the Company. Under this amendment, Sunridge has until August 8, 2010 to fulfill its work commitment and accordingly all other dates in the agreement are postponed by one year.