

**MAJESCOR RESOURCES INC.**  
**(A development stage Company)**  
**Interim Consolidated Financial Statements**  
**May 31, 2007**

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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, 2007 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, 2007.

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

(signed) Marc Carbonneau  
Marc Carbonneau, CFO

**Majescor Resources Inc.**

(A development stage Company)

## Consolidated Balance Sheet

	May 31, 2007	February 28, 2007
	(Unaudited)	(Audited)
	\$	\$
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	3,685,620	2,564,011
Marketable securities (Note 4)	1,799,802	-
Accounts receivable	133,130	78,041
Amount due from related parties (Note 5)	205,474	377,071
Tax credits and mining duties receivable	183,644	273,247
Advances to operators	72,389	101,630
Prepaid expenses	16,124	118,340
	<u>6,096,183</u>	<u>3,512,340</u>
Long term investment (Note 6)	300,000	100,000
Property, plant and equipment (Note 7)	11,939	9,448
Mineral properties (Note 8)	1,157,842	1,028,848
Deferred exploration expenses (Note 8)	4,191,986	5,172,144
	<u>11,757,950</u>	<u>9,822,780</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	183,481	438,267
Amount due to related parties (Note 5)	42,714	71,488
	<u>226,195</u>	<u>509,755</u>
Long term liabilities		
Liability component of debenture (Note 9)	119,681	112,776
	<u>345,876</u>	<u>622,531</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 10)	20,829,941	19,958,235
Warrants (Note 10)	695,842	867,941
Contributed surplus (Note 11)	1,130,400	1,021,608
Equity component of debenture (Note 9)	39,525	39,525
Accumulated other comprehensive loss	239,802	-
Deficit	(11,523,436)	(12,687,060)
	<u>11,412,074</u>	<u>9,200,249</u>
	<u>11,757,950</u>	<u>9,822,780</u>

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

**Majescor Resources Inc.**

(A development stage Company)  
Consolidated Operations (unaudited)

	Three months Ended May 31, 2007	Three months Ended May 31, 2006
	\$	\$
Administrative expenses		
Management and consulting fees	127,475	47,163
Salaries and benefits	126,765	36,637
Travel and promotion	21,253	6,061
Report to shareholders	2,062	2,530
Conferences and subscription	8,957	2,290
Stationery and office supplies	2,158	1,333
Professional fees	23,085	17,190
Insurance	3,214	3,838
Bank charges and interest	7,760	591
General expenses	53,238	13,976
Loss on foreign exchange	4,437	1,109
Amortization of property, plant and equipment	1,326	1,518
	<u>381,730</u>	<u>134,236</u>
Other expenses (income)		
Interest and other income	(75)	(21)
Loss on sale of marketable securities	-	65
Gain on sale of mineral properties (note 3)	(2,050,310)	-
Write-down of mineral properties and deferred exploration expenses (Note 3)	505,031	12,258
	<u>(1,545,354)</u>	<u>12,302</u>
Net earnings (loss)	<u>1,163,624</u>	<u>(146,538)</u>
Basic and diluted net earnings (loss) per common share	<u>0.012</u>	<u>(0.002)</u>
Basic and diluted weighted average number of common shares outstanding	<u>96,537,375</u>	<u>60,781,731</u>

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**Majescor Resources Inc.**

(A development stage Company)

Consolidated Mineral Properties and Deferred Exploration Expenses (unaudited)

	Three months Ended May 31, 2007	Three months Ended May 31, 2006
	\$	\$
Balance, beginning of period	6,200,992	4,658,398
Additions		
Drilling	15,541	443,920
Project consulting	50,921	17,307
Geophysical survey	330,150	21,720
Geological survey	18,680	-
Geochemical survey	3,500	8,850
Sampling	15,978	175,971
Assaying	4,967	7,589
Report preparation	5,531	5,232
Property evaluation	19,297	10,069
Renewal of licences and permits	200,328	643
General field expenses	23,673	31,412
	688,566	722,713
Contribution of partners	(30,000)	(406,379)
Write-down of mineral properties and deferred exploration expenses	(505,031)	(12,258)
Acquisition of mineral properties	228,750	143,544
Cost of shares acquired from partner	(200,000)	-
Option payment	(110,000)	-
Cost of mining properties sold	(923,449)	-
Tax credits and mining duties	-	2,674
	(1,539,730)	(272,419)
Balance, end of period	5,349,828	5,108,692

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

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

	Three months Ended May 31, 2007	Three months Ended May 31, 2006
	\$	\$
Deficit, beginning of period	(12,687,060)	(11,199,085)
Net earnings (loss)	1,163,624	(146,538)
Deficit, end of period	<u>(11,523,436)</u>	<u>(11,345,623)</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, 2007	Three months Ended May 31, 2006
	\$	\$
Net earnings (loss) for the period	1,163,624	(146,538)
Other comprehensive loss		
Unrealized loss on available-for-sale investments	(239,802)	-
Comprehensive earnings (loss) for the period	<u>923,822</u>	<u>(146,538)</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, 2007	Three months Ended May 31, 2006
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net earnings (loss)	1,163,624	(146,538)
Non-cash items		
Amortization of property, plant and equipment	1,326	1,518
Stock based compensation	114,161	15,090
Interest accrued on debenture	6,905	-
Write-down of mineral properties and deferred exploration expenses	505,031	12,258
Loss on sale of marketable securities	-	65
Gain on disposal of mineral properties	(2,050,310)	-
Changes in non-cash working capital items (Note 12)	220,840	269,707
Cash flows used in operating activities	<u>(38,423)</u>	<u>152,100</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(3,816)	(2,500)
Proceeds from sale of mineral properties	1,473,758	-
Option payments	50,000	-
Proceeds from sale of marketable securities	-	9,435
Mineral properties and deferred exploration expenses	(1,015,001)	(636,337)
Tax credits and mining duties received	89,603	127,029
Cash flows from investing activities	<u>594,545</u>	<u>(502,373)</u>
<b>FINANCING ACTIVITIES</b>		
Common shares issued	<u>565,488</u>	<u>349,285</u>
Cash flows from financing activities	<u>565,488</u>	<u>349,285</u>
Increase (decrease) in cash and cash equivalents	1,121,609	(988)
Cash and cash equivalents, beginning of period	<u>2,564,011</u>	<u>1,149,157</u>
Cash and cash equivalents, end of period	<u><u>3,685,620</u></u>	<u><u>1,148,169</u></u>
Non-cash supplemental information:		
Change in deferred exploration expenses included in accounts payable	(256,435)	(285,609)
Common shares issued to increase interest in mineral properties	128,750	109,153
Long term investment in exchange of mineral properties	(200,000)	-

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

## **Majescor Resources Inc.**

(A development stage Company)

Notes to Consolidated Financial Statements (unaudited)

May 31, 2007

### **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.

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.

### **2. Basis of presentation and accounting estimates**

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 28, 2007 and 2006.

Effective March 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) under CICA Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments; Recognition and Measurement, Section 3861, Financial Instruments; Disclosure and Presentation and Section 3865, Hedges. These new Handbook sections, which apply to fiscal years beginning on or after March 1, 2007, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting.

Under Section 3855, all financial instruments are to be classified into one of five categories and measured at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are to be measured at amortized cost. Held-for-trading financial assets are to be measured at fair value and changes in fair value are to be recognized in net income. Available-for-sale financial instruments are to be measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired. Section 1530 establishes standards for the reporting of comprehensive income, defined as the change in equity from transactions and other events from non-owner sources.

As a result of the adoption of these new standards, the Company has classified its marketable securities as available-for-sale on March 1, 2007.

The preparation of consolidated financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates and assumptions are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from those estimates. Significant areas where management judgement is applied are carrying value of exploration projects, asset retirement obligation and stock-based compensation.

## Majescor Resources Inc.

(A development stage Company)

Notes to Consolidated Financial Statements (unaudited)

May 31, 2007

### 3. Sale of mineral properties, option agreement and write-down of mineral properties and deferred exploration expenses

On March 1, 2007, the company sold its 40% interest in the Brauna property to Vaaldiam Resources Ltd. ("Vaaldiam") for a cash consideration of \$2,000,000 and 1,733,102 common shares valued at \$1,500,000. The Company realized a net gain of \$2,050,310 on the sale of this property

Also, during the period, the Company optioned a 66 2/3 % interest in the uranium rights on its Lac Laparre property to Santoy Resources Ltd and Melkior Resources Inc. In exchange, the Company received a cash payment of \$50,000, 100,000 shares of Melkior Resources Inc., valued at \$30,000 and 30,000 shares of Santoy Resources Ltd., valued at \$30,000.

During the period, the Company recorded a write-down of \$505,031 further to the abandon of 25% of the Portage property claims.

### 4. Marketable securities

	Cost \$	Unrealized gain (loss) \$	Fair value \$
1,733,102 common shares of Vaaldiam Resources Ltd.	1,500,000	233,102	1,733,102
100,000 common shares of Melkior Resources Inc.	30,000	11,500	41,500
30,000 common shares of Santoy Resources Ltd.	30,000	(4,800)	25,200
	<u>1,560,000</u>	<u>239,802</u>	<u>1,799,802</u>

### 5. 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 & benefits, rent and office expenses paid by Everton Resources Inc. (which shares a common CFO and Directors). During the period, the cost of shared salaries and benefits was \$ 54,632 (2006 - \$43,307) and rent and office expenses were \$8,280 (2006 - Nil). Included in Amount due to related parties is \$42,714 due to Everton Resources Inc. (\$71,488 as at February 28, 2007). Also, included in Amount due from related parties is \$60,308 due from Everton Resources Inc. related to the amount invoiced by the Company for exploration expenses incurred on the Mirabelli project.

Under an agreement between the Company and its joint venture partner Forest Gate Resources Inc. (which share a common Director), the Company was the operator for the Portage project. All exploration expenditures incurred on the project and paid by the Company were invoiced to Forest Gate Resources Inc. in addition to 5%-10% management fees on these expenditures. Included in Amount due from related parties is \$82,831 due from Forest Gate Resources Inc.

## Majescor Resources Inc.

(A development stage Company)

Notes to Consolidated Financial Statements (unaudited)

May 31, 2007

Under a joint venture agreement between the Company and Uranium World Energy Inc (in which the Company detains a participation and shares a common Director), the Company was the operator for the Uranium project. All exploration expenditures incurred on the project and paid by the Company were invoiced in addition to 10% management fees. Included in Amount due from related parties is \$62,335 due from Uranium World Energy Inc. (\$233,932 as at February 28, 2007).

Under an agreement between the Company and one of its Directors, the Company paid \$3,000 (2006–\$4,250) in consulting fees.

### 6. Long term investment

On May 15, 2007, the Company acquired 2,000,000 common shares of Uranium World Energy Inc. at a deemed price of \$0.10 per share subsequent to the execution of an option agreement between the Company and Uranium World Energy Inc. whereby Uranium World Energy Inc. can acquire an 80% interest in the Company's Baker Lake property uranium rights. As at May 31, 2007, the common shares were valued at \$200,000. The investment is accounted for at cost.

### 7. Property, plant and equipment

	May 31, 2007		February 28, 2007	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Office furniture and equipment	5,163	1,014	4,149	449
Computer equipment	9,899	6,646	3,253	3,517
Computer software	8,628	6,344	2,284	3,045
Analysis equipment	6,700	5,436	1,264	1,367
Web site development expenses	7,485	6,496	989	1,070
	<u>37,875</u>	<u>25,936</u>	<u>11,939</u>	<u>9,448</u>

**Majescor Resources Inc.**

(A development stage Company)

Notes to Consolidated Financial Statements (unaudited)

May 31, 2007

**8. Mineral properties and deferred exploration expenses**

	May 31, 2007		February 28, 2007	
	Acquisition Cost \$	Deferred Exploration Expenses \$	Acquisition Cost \$	Deferred Exploration Expenses \$
Canada				
Québec				
a) Portage	176,180	1,339,495	234,884	1,701,822
b) Mirabelli	-	773,535	-	509,308
c) Lac Laparre	5,908	12,281	44,408	82,802
d) Nottaway	597	49,629	598	48,926
e) South Rae	192,300	129,007	100,000	754
f) Mistassini	1,011	43,059	1,011	8,039
g) West Minto	136,450	49,564	-	-
North West Territories				
h) Banks	-	382,623	-	435,551
Nunavut				
i) Baker Lake	-	213,170	-	408,255
International				
j) Brauna/Brazil	-	-	2,552	920,897
j) Tres Marias Area/Brazil	164,895	90,613	164,895	73,536
k) Madagascar	480,500	1,109,009	480,500	982,253
	<u>1,157,842</u>	<u>4,191,986</u>	<u>1,028,848</u>	<u>5,172,144</u>

**a) Portage**

On May 7, 2007, Forest Gate Resources Inc. ("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 period, the property was written down by \$505,031 further to the abandon of 25% of the claims during the period.

**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. Under the terms of the agreement De Beers and the Company will form a 51:49 Joint Venture upon the Company spending \$3.0 million on diamond exploration by December 2009. For gold and base metals on the same project, the Company must spend \$1.2 million in exploration by March 2009 to earn a 50% interest. Subsequent to this, the Company can increase its interest to 80% in the gold and base metals by spending an additional \$700,000 on exploration. The Company will be the operator of both the diamond and gold/base metals exploration while earning its respective interest.

## **Majescor Resources Inc.**

(A development stage Company)

Notes to Consolidated Financial Statements (unaudited)

May 31, 2007

### **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 reservation of a 1.5% Net Smelter Return royalty interest, one half of which is purchasable at any time prior to commercial production for \$1 million. As at May 31, 2007, the Company received \$50,000, 100,000 shares of Melkior Resources Inc. valued at \$30,000 and 30,000 shares of Santoy Resources Ltd. valued at \$30,000.

### **d) Nottaway**

On October 11, 2002, the Company entered into a non-binding letter of intent with BHP Diamonds Inc. with respect to the mineral claims of Nottaway. The Company completed the initial work program of at least \$25,000 on the Nottaway claims and therefore earned a 100% interest in such claims.

### **e) South Rae**

On January 31, 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. A cash payment of \$100,000 was paid on signing, \$83,000 is due on the first anniversary and \$50,000 on the three subsequent anniversaries for a total of \$333,000. In March 2007, the Company issued 710,000 common shares valued at \$92,300 and an additional 710,000 common shares are due on the first anniversary (subject to a 4 month hold period).

### **f) 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, which is subject to regulatory approval, 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.

### **g) West Minto**

In March 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. A cash payment of \$100,000 was paid on signing of the agreement, and \$50,000 is due on the four subsequent anniversaries for a total of \$300,000. Majescor also issued 270,000 common shares on signing and an additional 270,000 common shares is due on the first anniversary of the agreement (subject to a 4 month hold period).

### **h) Banks**

In November 2003, the Company formed a 50:50 joint venture with its partner Diamonds North Resources Ltd., to jointly fund the Banks project. Diamonds North Resources Ltd. is the operator of the project. During the period, the deferred exploration expenses were reduced by \$52,928 further to the receipt of a refund from the government of Canada regarding deposits on some permits.

## Majescor Resources Inc.

(A development stage Company)

Notes to Consolidated Financial Statements (unaudited)

May 31, 2007

### i) Baker Lake

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 and issue 3,000,000 of its common shares to the Company. As at May 31, 2007, Uranium World Energy Inc. met all these conditions and earned its 80% interest in the Company's Baker Lake property. During the period, the deferred exploration expenses were reduced by \$200,000 corresponding to the value of the 2,000,000 shares received from Uranium World Energy Inc.

### j) Brauna and Tres Marias Area/Brazil

In February 2007, the Company signed a letter of intent with Vaaldiam Resources Ltd for the sale of the Company's 40% interest in the Brauna diamond deposit and for the Company's 100% interest in the Tres Marias property, both of which are located in Brazil. Under the terms of a subsequent agreement for the Brauna interest, Majescor received a cash payment of \$2,000,000 on March 1, 2007, 1,733,102 common shares of Vaaldiam valued at \$1,500,000 and a 1% Gross Sales Royalty right on diamond production from the property. The Company realized a net gain of \$2,050,310 on the sale of this property.

### k) Madagascar

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

## 9. 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 units 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.

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.

	\$
Liability component as at February 28, 2007	112,776
Equity component as at February 28, 2007	<u>39,525</u>
	<u>152,301</u>
Convertible debenture	112,776
Interest accrual	<u>6,905</u>
Total liability component at February 28, 2007	<u>119,681</u>

Interest expense on the liability component is \$6,905 for the quarter ended May 31, 2007, of which \$2,405 represents accretion of liability component.

**Majescor Resources Inc.**

(A development stage Company)

Notes to Consolidated Financial Statements (unaudited)

May 31, 2007

**10. Share capital****a) Authorized**

Unlimited number of common shares without par value.

**Issued**

	Three months ended May 31, 2007	
	Number of shares	\$
Balance - beginning of period	93,744,095	19,958,235
Shares issued on the exercise of warrants	2,958,500	727,087
Shares issued on the exercise of options	70,000	15,870
Shares issued to increase participation in mineral properties	980,000	128,750
Balance - end of period	<u>97,752,595</u>	<u>20,829,941</u>

**b) Warrants**

	May 31, 2007	
	Number	Weighted average exercise price \$
Balance – Beginning of period	15,158,706	0.21
Exercised	(2,958,500)	0.19
Balance – End of period	<u>12,200,206</u>	<u>0.21</u>

**Majescor Resources Inc.**

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Notes to Consolidated Financial Statements (unaudited)

May 31, 2007

As at May 31, 2007 the following warrants were outstanding and exercisable:

Number	Exercise Price	Black-Scholes Value	Expiry Date
	\$	\$	
551,250	0.15	26,022	November 28, 2007
50,000	0.45	3,166	January 23, 2008
2,220,000	0.20	95,506	April 4, 2008
177,800	0.15	9,781	April 4, 2008
8,047,310	0.20	517,926	August 31, 2008
1,153,846	0.20	43,441	December 4, 2008
<b>12,200,206</b>		<b>695,842</b>	

**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, from 4,793,848 options to 9,374,409 options, representing 10% of the outstanding shares as at February 28, 2007. 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, 2007	
	Number	Weighted average exercise price
		\$
Balance – beginning of period	3,603,162	0.15
Granted	1,985,000	0.28
Exercised	(70,000)	0.15
Balance – ending of period	<b>5,518,162</b>	<b>0.20</b>

**Majescor Resources Inc.**

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Notes to Consolidated Financial Statements (unaudited)

May 31, 2007

The fair value of each option granted is estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	Three months Ended May 31, 2007
Expected dividend yield	0.00%
Expected stock price volatility	80%
Risk-free interest rate	4.05%
Expected life of options	5 years
Weighted average fair value	\$0.22

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

	Three months Ended May 31, 2007	Three months Ended May 31, 2006
	\$	\$
Salaries and benefits	58,073	6,137
Management and consulting fees	56,089	19,177
Total stock based compensation	<u>114,162</u>	<u>25,314</u>

**11. Contributed surplus**

Contributed surplus consists of the following components:

	May 31, 2007
	\$
Balance – beginning of period	1,021,608
Stock options granted	114,161
Stock options exercised	(5,370)
Balance – end of period	<u>1,130,400</u>

**Majescor Resources Inc.**

(A development stage Company)

Notes to Consolidated Financial Statements (unaudited)

May 31, 2007

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

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

	Three months Ended May 31, 2007 \$	Three months Ended May 31, 2006 \$
Accounts receivable	(55,089)	9,087
Amount due from related parties	171,597	345,280
Advances to operators	29,241	-
Prepaid expenses	102,216	4,796
Accounts payable and accrued liabilities	1,649	(58,115)
Amount due to related parties	(28,774)	(30,141)
Amount due to operators	-	(1,200)
	<u>220,840</u>	<u>269,707</u>

**13. Segmented information**

The Company operates in one segment, being the acquisition, exploration and development of mineral properties for economically recoverable reserves. Total assets segmented by geographical area are as follows:

	May 31, 2007 \$	February 28, 2006 \$
Canada	9,901,682	7,126,112
Brazil	255,508	1,229,823
Madagascar	1,600,760	1,466,845
Total	<u>11,757,950</u>	<u>9,822,780</u>

**14. Comparative figures**

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

**15. Subsequent events**

On July 5, 2007, the Company reached an agreement with joint venture partner Diamonds North Resources Ltd. for the sale of the Company's 50% interest in the Banks Island diamond project in the Northwest Territories. Under the terms of the agreement, which is subject to regulatory approval, the Company will receive 1 million common shares of Diamonds North, 1 million warrants exercisable at \$1.50 for 2 years if kimberlite is confirmed by drilling an existing target and 1.5% Gross Sales Royalty on diamonds, metals and other mineral products in the 22 permits constituting the existing property.

In June 2007, the Company paid \$30,000 to two shareholders of its Madagascar subsidiary Daraina S.A.R.L in exchange of their 1% interest in the subsidiary.