

MAJESCOR RESOURCES INC.
(An exploration stage Company)

Interim Consolidated Financial Statements

For the three months ended May 31, 2010

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Management's Responsibility for Interim Financial Statements

To the Shareholders of Majescor Resources Inc.

The unaudited interim consolidated financial statements and the notes thereto for the three months ended May 31, 2010 are the responsibility of the management of Majescor Resources Inc. These unaudited interim consolidated 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 Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the unaudited interim consolidated financial statements together with other financial information. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process and the unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

The auditors of Majescor Resources Inc. have not performed a review of the interim consolidated financial statements for the three months ended May 31, 2010.

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

(signed) Daniel Hachey
Daniel Hachey, CEO

(signed) Khadija Abounaim
Khadija Abounaim, CFO

July 21, 2010

Majescor Resources Inc.
(An exploration stage Company)
Consolidated Balance Sheets
As at

	May 31, 2010 (Unaudited) \$	February 28, 2010 (Audited) \$
ASSETS		
Current assets		
Cash and cash equivalents (Note 5)	18,211	111,480
Marketable securities (Note 6)	83,368	97,604
Accounts receivable	15,848	33,802
Tax credits and mining duties receivable	190,206	222,988
Prepaid expenses	14,716	28,654
	<u>322,349</u>	<u>494,528</u>
Long-term investments (Note 7)	1,348,364	1,304,652
Deferred corporate transaction costs (Note 7)	4,895	-
Property, plant and equipment (Note 8)	70,750	71,535
Mineral exploration properties (Note 9)	24,520	24,520
Deferred exploration expenses (Note 9)	249,999	249,999
	<u>2,020,877</u>	<u>2,145,234</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 11)	445,339	396,023
SHAREHOLDERS' EQUITY		
Share capital (Note 12)	22,639,384	22,639,384
Warrants (Note 12)	184,491	184,491
Contributed surplus (Note 13)	2,242,964	2,239,419
	<u>25,066,839</u>	<u>25,063,294</u>
Accumulated other comprehensive income (Note 14)	10,792	25,028
Deficit	<u>(23,502,093)</u>	<u>(23,339,111)</u>
	<u>(23,491,301)</u>	<u>(23,314,083)</u>
	<u>1,575,538</u>	<u>1,749,211</u>
	<u>2,020,877</u>	<u>2,145,234</u>

Going concern assumption (Note 2)

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

On behalf of the Board,

(signed) "Daniel Hachey"
Daniel Hachey, Director

(signed) "Alain Krushnisky"
Alain Krushnisky, Director

Majescor Resources Inc.
(An exploration stage Company)
Consolidated Operations (unaudited)

	Three months Ended May 31, 2010	Three months Ended May 31, 2009
	\$	\$
Expenses		
Management and consulting fees	55,844	45,055
Stock-based compensation	3,545	19,263
Salaries and benefits	40,934	23,454
Travel and promotion	10,180	828
Report to shareholders	1,218	1,882
Professional fees	27,295	26,196
General expenses	23,303	11,961
Amortization of property, plant and equipment	785	7,338
	<u>163,104</u>	<u>135,977</u>
Other items		
Interest income	(89)	(215)
Interest on convertible debenture	-	8,352
Loss on sale of property, plant and equipment	-	3,527
Gain on foreign exchange	(33)	(894)
	<u>(122)</u>	<u>10,770</u>
Net loss	<u>162,982</u>	<u>146,747</u>
Basic and diluted net loss per common share	<u>0.01</u>	<u>0.01</u>
Basic and diluted weighted average number of common shares outstanding	<u>18,873,209</u>	<u>12,519,591</u>

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

Majescor Resources Inc.

(An exploration stage Company)

Consolidated Mineral Exploration Properties and Deferred Exploration Expenses (unaudited)

	Three months Ended May 31, 2010	Three months Ended May 31, 2009
	\$	\$
Balance, beginning and end of the period	<u>274,519</u>	<u>1,411,842</u>

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

Majescor Resources Inc.

(An exploration stage Company)

Consolidated Comprehensive Loss and Deficit (unaudited)

	Three months Ended May 31, 2010	Three months Ended May 31, 2009
	\$	\$
COMPREHENSIVE LOSS		
Net loss for the period	162,982	146,747
Other comprehensive loss (income)		
Changes in fair value of available-for-sale investments	14,236	(49,826)
Comprehensive loss for the period	<u>177,218</u>	<u>96,921</u>
DEFICIT		
Balance, beginning of the period	23,339,111	21,547,468
Net loss	162,982	146,747
Balance, end of the period	<u>23,502,093</u>	<u>21,694,215</u>
Accumulated other comprehensive income (Note 14)	<u>(10,792)</u>	<u>(45,446)</u>
Total accumulated deficit and other comprehensive loss	<u>23,491,301</u>	<u>21,648,769</u>

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

Majescor Resources Inc.

(An exploration stage Company)

Consolidated Cash Flows (unaudited)

	Three months Ended May 31, 2010	Three months Ended May 31, 2009
	\$	\$
OPERATING ACTIVITIES		
Net loss	(162,982)	(146,747)
Non-cash items		
Amortization of property, plant and equipment	785	7,338
Stock-based compensation	3,545	19,263
Interest on convertible debenture	-	8,352
Unrealized gain on foreign exchange	(33)	(894)
Loss on sale of property, plant and equipment	-	3,527
Changes in non-cash working capital items (Note 15)	81,241	(8,342)
Cash flows used in operating activities	<u>(77,444)</u>	<u>(117,503)</u>
INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	-	14,500
Long-term investments	(43,712)	(160,994)
Mineral exploration properties and deferred exploration expenses	-	(10,000)
Tax credits and mining duties received	32,782	-
Cash flows used in investing activities	<u>(10,930)</u>	<u>(156,494)</u>
FINANCING ACTIVITIES		
Common shares issued	-	50,000
Deferred corporate transaction costs (Note 7)	(4,895)	-
Share issue costs	-	(3,179)
Cash flows (used in) from financing activities	<u>(4,895)</u>	<u>46,821</u>
Decrease in cash and cash equivalents	(93,269)	(227,176)
Cash and cash equivalents, beginning of the period	111,480	355,694
Cash and cash equivalents, end of the period	<u>18,211</u>	<u>128,518</u>
Non-cash supplemental information:		
Deferred exploration expenses included in accounts payable	7,038	32,741
Common shares issued to acquire interest in investee company	-	300,000

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

Majescor Resources Inc.

(An exploration stage Company)

Notes to Consolidated Financial Statements

Three months ended May 31, 2010

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 nature of operations involves the 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 unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and on the basis of a going concern assumption meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties relating to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, as explained in the following paragraph.

As at May 31, 2010, the Company had a negative working capital of \$122,990, including \$18,211 in cash. Subsequent to quarter end, the Company sold marketable securities for net proceeds of \$77,342 (Note 18). As a result of the Company's limited financial resources, the Company currently has insufficient cash resources to meet all of its general and administrative costs and undertake exploration programs on its exploration properties for the next twelve months. As mentioned in Note 7 and Note 18, the Company is awaiting the closing of the acquisition of SIMACT as well as a concurrent private placement for a minimum amount of \$3,500,000, which is expected to occur on July 27, 2010.

The Company requires additional financing, through various means including but not limited to equity financing, to undertake exploration programs on its properties and/or to acquire additional exploration properties and 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.

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Notes to Consolidated Financial Statements

Three months ended May 31, 2010

3. Accounting changes

The accompanying unaudited interim 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. These unaudited interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the years ended February 28, 2010 and February 28, 2009.

Future accounting standards

Business Combinations, Consolidated Financial Statements and Non-controlling Interests

In October 2008, the CICA issued Handbook Sections 1582, "Business Combinations", 1601 "Consolidated Financial Statements", and 1602 "Non-controlling Interests". CICA 1582 establishes standards for the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed, CICA 1601 carries forward the existing Canadian guidance on aspects of the preparation of consolidated financial statements subsequent to acquisition other than non-controlling interests, and CICA 1602 establishes guidance for the treatment of non-controlling interests subsequent to acquisition through a business combination. These new standards are effective for the Company on March 1, 2011. The Company is currently evaluating the impact of the adoption of these new standards.

4. Financial instruments, risk management and capital management

Financial instruments

The Company's financial instruments consist of cash and cash equivalents, marketable securities, long-term investments and accounts payable and accrued liabilities. The fair value of these instruments approximates their carrying value, given their short-term nature. It is management's opinion that the Company is not exposed to significant credit risks arising from these financial instruments. The fair value of the long-term investments has not been provided since they are investments in equity instruments that do not have quoted market prices in an active market.

In accordance with the amendments to Section 3862, "Financial Instruments – Disclosures", fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value of cash equivalents and marketable securities are based on unadjusted quoted prices in active markets, and therefore classified in level 1.

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, market 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. 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 is 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 has a negative working capital of \$122,990 at May 31, 2010, including cash of \$18,211 and current liabilities totalling \$445,339, due within the next 12 months. Given its limited financial resources, the

Majescor Resources Inc.

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Notes to Consolidated Financial Statements

Three months ended May 31, 2010

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

Company's ability to carry out an exploration program on the SOMINE property 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.

Currency risk

The Company has limited exposure to financial risk arising from fluctuations in foreign exchange rates (US dollars and Magalasy Ariary (MGA)) 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 has limited exposure to financial risk arising from fluctuations in interest rates earned on cash equivalents and the volatility of these rates. As at May 31, 2010, cash equivalents were Nil.

Market risk

The Company holds publicly listed shares of companies in the mineral exploration industry. The Company is exposed to market risk in trading these shares and unfavourable market conditions could result in the disposal at less than its value at May 31, 2010. As at May 31, 2010, the value of these listed shares is \$83,368 (\$97,604 as at February 28, 2010). At May 31, 2010, had the bid price for these publicly listed shares been 10% lower, the comprehensive loss for the period would have been approximately \$8,300 higher. Conversely, had the bid price been 10% higher, the comprehensive loss for the period would have been approximately \$8,300 lower.

Political risk

The Company carries out some of its exploration activities in Haiti and 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. As long as the Company is in the exploration stage of its mining properties, it is not the intention of the Company to contract 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.

5. Cash and cash equivalents

As at May 31, 2010, cash and cash equivalents total \$18,211 (\$111,480 as at February 28, 2010) and include investment savings account balances totalling \$Nil (\$67,064 as at February 28, 2010).

Majescor Resources Inc.

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Notes to Consolidated Financial Statements

Three months ended May 31, 2010

6. Marketable securities

	May 31, 2010			February 28, 2010		
	Cost	Impairment	Unrealized (loss) gain	Fair value	Cost	Fair value
	\$	\$	\$	\$	\$	\$
18,721 common shares of Vaaldiam Mining Inc. (1)	130,000	(118,299)	(6,832)	4,869	130,000	8,192
42,500 common shares of Diamonds North Resources Ltd.	37,400	(31,025)	2,124	8,499	37,400	10,412
200,000 common shares of Sunridge Gold Corp.	54,500	-	15,500	70,000	54,500	79,000
	<u>221,900</u>	<u>(149,324)</u>	<u>10,792</u>	<u>83,368</u>	<u>221,900</u>	<u>97,604</u>

(1) In March 2010, Tiomin Resources Inc ("Tiomin") acquired all of the outstanding common shares of Vaaldiam Resources Ltd ("Vaaldiam") in consideration of 0.08 Tiomin common shares for each Vaaldiam common share. In connection with the arrangement, Tiomin changed its name to Vaaldiam Mining Inc. As a result, the 234,023 common shares of Vaaldiam held by the Company at that date were converted to 18,721 common shares of Vaaldiam Mining Inc.

7. Long term investments

	May 31, 2010	February 28, 2010
	\$	\$
SIMACT Alliance Copper Gold Inc. (a)		
Initial 10% investment	360,994	360,994
Option to acquire remaining 90% investment		
Cash payment	200,000	200,000
Exploration work	600,000	600,000
Management fee (15%) on \$600,000 work commitment	90,000	90,000
Deferred corporate transaction costs (1)	97,370	53,658
	<u>1,348,364</u>	<u>1,304,652</u>
Uranium World Energy Inc. (b)	-	-
	<u>1,348,364</u>	<u>1,304,652</u>

(1) In accordance with EIC-94, direct costs related to the acquisition of the remaining 90% of SACTG, such as legal and consulting fees, have been deferred and will be included in the acquisition cost upon completion of the transaction.

(a) SIMACT Alliance Copper Gold

SIMACT Alliance Copper Gold Inc. ("SACTG"), through its 59.3% 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. SOMINE's mineral rights and obligations were assigned under a mining convention with the State of Haiti on May 5, 2005 and are valid until June 22, 2012. The mining convention is valid until March 9, 2020.

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Notes to Consolidated Financial Statements

Three months ended May 31, 2010

7. Long term investments (continued)

On May 26, 2009, and further to an agreement dated April 22, 2009 between Majescor and SACG and its principal shareholders, which include the Chairman of Majescor, Majescor acquired a 10% interest in SACG through the issuance of 2,000,000 shares at a price of \$0.15 per share, for a total cost of \$360,994, including legal and due diligence-related costs of \$60,994. Also, Majescor was granted an option to acquire the remaining 90% interest in SACG by making a cash payment of \$200,000 to SACG and carrying out of \$600,000 in exploration work on the SOMINE Property. Having met all these conditions, Majescor advised SACG, on January 26, 2010, of its intention to exercise its option to acquire the remaining 90% interest in SACG, which was executed subsequent to quarter end (Note 18). Under the terms of the acquisition, the shareholders of SACG, excluding the Company, will receive 10,000,000 common shares of the Company to be issued at a price of \$0.30 per share. The closing of the acquisition, which is expected to occur on July 27, 2010, is subject to certain conditions including, but not limited to, the receipt of all required regulatory approvals and the completion of a concurrent minimum financing of \$3,500,000 (as previously announced on February 26, 2010. For more details, see Note 9 (a) to audited consolidated financial statements for the years ended February 28, 2010 and 2009).

In accordance with EIC-94, ongoing costs related to the private placement, totaling \$4,895 at May 31, 2010, have been deferred and will be recorded as a reduction of share capital when the related shares are issued.

Also, the Company has signed a Memorandum of Understanding with a creditor of SOMINE SA to settle the outstanding debt of US\$ 302,000 due from SOMINE SA to its creditor, in exchange for common shares of the Company to be issued at a price of \$0.29 per share. The settlement of the debt is subject to certain conditions, including regulatory approval, the closing of the acquisition and the conversion of the debt into voting shares of the Company.

Given that the Company does not exercise significant influence with its 10% interest at May 31, 2010, this investment is carried at cost as it does not have a quoted market price in an active market.

(b) Uranium World Energy Inc.

The Company owns 3,600,000 common shares of Uranium World Energy Inc. ("UWE") (a privately-held company) representing approximately 29% of its issued and outstanding shares. The carrying value of these shares was written down to nil in a prior period as UWE is inactive.

8. Property, plant and equipment

	May 31, 2010			February 28, 2010	
	Cost	Accumulated Amortization	Impairment	Net Book Value	Net Book Value
	\$	\$		\$	\$
Office furniture and equipment	6,575	3,514	-	3,061	3,222
Computer equipment	26,081	18,731	-	7,350	7,946
Computer software	12,462	12,462	-	-	-
Drilling equipment	114,458	17,169	37,289	60,000	60,000
Web site development expenses	7,485	7,146	-	339	367
	<u>167,061</u>	<u>59,022</u>	<u>37,289</u>	<u>70,750</u>	<u>71,535</u>

As at February 28, 2010, the cost, accumulated amortization and impairment were \$167,061, \$58,237 and \$37,289 respectively.

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Notes to Consolidated Financial Statements

Three months ended May 31, 2010

9. Mineral exploration properties and deferred exploration expenses

	May 31, 2010		February 28, 2010	
	Acquisition Cost	Deferred Exploration Expenses	Acquisition Cost	Deferred Exploration Expenses
	\$	\$	\$	\$
Canada				
Québec				
a) Mistassini	1,921	124,630	1,921	124,630
International				
b) Madagascar	22,599	125,369	22,599	125,369
	<u>24,520</u>	<u>249,999</u>	<u>24,520</u>	<u>249,999</u>

a) Mistassini

By an agreement dated March 2007, Majescor acquired 100% of the uranium rights on the Mistassini property in exchange of 100% of the diamonds rights on the property for Northern Superior Resources Inc. 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.

As at May 31, 2010, the remaining commitments for Strateco Resources Inc. are as follows:

	Exploration Expenses
	\$
On or before February 14, 2011	<u>400,000</u>

b) 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.

As at May 31, 2010, the remaining commitments for Sunridge to earn its initial 50% interest in Daraina are as follows:

	Exploration Expenses	Common Shares
	\$	
On or before September 15, 2010	500,000	-
On or before September 15, 2011	<u>1,500,000</u>	<u>300,000</u>
	<u>2,000,000</u>	<u>300,000</u>

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Notes to Consolidated Financial Statements

Three months ended May 31, 2010

10. Related party transactions

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

Under an agreement between the Company and Everton Resources Inc ("Everton"), the Company reimburses the cost of shared salaries and benefits, rent and office expenses paid by Everton (which shares common management). During the three month period ended May 31, 2010, the cost of shared salaries and benefits was \$14,250 (2009 - \$14,250) and rent and office expenses was \$714 (2009 - \$714).

Under an agreement between the Company and Woodcliff Capital Inc. ("Woodcliff"), a management company wholly-owned by the Chairman of Majescor, the Company pays consulting fees to Woodcliff. During the three month period ended May 31, 2010, the cost of consulting fees paid to Woodcliff was \$10,500 (\$17,500 in 2009).

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.

Amounts due from (to) related parties are without interest and terms of repayment.

11. Accounts payable and accrued liabilities

During fiscal 2006, the Company filed for flow-through renunciations totaling \$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 for an estimated amount of \$202,219 which has been accrued as a liability as at May 31, 2010.

12. Share capital

a) Authorized

Unlimited number of common shares without par value.

Issued

	Number of shares	\$
Balance, February 28, 2010 and May 31, 2010	18,873,209	22,639,384

b) Warrants

	Number of warrants	Weighted average exercise price	
Balance, February 28, 2010 and May 31, 2010	4,700,000	0.24	\$ 184,491

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Notes to Consolidated Financial Statements

Three months ended May 31, 2010

12. Share capital (continued)

As at May 31, 2010, the following stock purchase warrants were outstanding and exercisable:

Number	Exercise Price		Expiry Date
	\$	\$	
1,450,000	0.12	46,986	February 13, 2011
250,000	0.13	8,440	March 20, 2011
<u>3,000,000</u>	0.30	<u>129,065</u>	June 17, 2010
<u>4,700,000</u>		<u>184,491</u>	

c) Stock options

The following table reflects the continuity of stock options for the period ended May 31, 2010:

	Number of options	Weighted average exercise price
		\$
Balance, February 28, 2010	1,493,516	0.65
Forfeited	(6,500)	1.59
Expired	(15,000)	1.50
Balance, May 31, 2010	<u>1,472,016</u>	<u>0.64</u>

As at May 31, 2010, the following options were outstanding and exercisable:

Range of exercise price	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable
\$0.15	385,000	2.43	\$0.15	385,000
\$0.24-\$0.28	665,000	4.60	\$0.25	665,000
\$1.50-\$1.70	324,516	2.00	\$1.50	324,516
\$2.80	97,500	1.84	\$2.80	97,500
	<u>1,472,016</u>			<u>1,472,016</u>

13. Contributed surplus

Contributed surplus consists of the following components:

	May 31, 2010	May 31, 2009
	\$	\$
Balance – beginning of period	2,239,419	1,707,523
Stock-based compensation to employees	-	19,263
Stock-based compensation to non-employees	<u>3,545</u>	-
Balance – end of period	<u>2,242,964</u>	<u>1,726,786</u>

Majescor Resources Inc.

(An exploration stage Company)

Notes to Consolidated Financial Statements

Three months ended May 31, 2010

14. Accumulated other comprehensive income

Accumulated other comprehensive income consists of the following components:

	\$
	<u>25,028</u>
Balance, February 28, 2010	25,028
Decrease in fair value of available for sale investments	(14,236)
	<u>10,792</u>
Balance, May 31, 2010	<u>10,792</u>

15. Changes in non-cash working capital items

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

	Three months Ended May 31, 2010	Three months Ended May 31, 2009
	\$	\$
Accounts receivable	17,954	(7,157)
Prepaid expenses	13,938	(8,566)
Accounts payable and accrued liabilities	49,349	45,387
Amount due to related parties	-	(38,006)
	<u>81,241</u>	<u>(8,342)</u>
Total changes in non-cash working capital	<u>81,241</u>	<u>(8,342)</u>

16. Segmented information

The Company has determined that it only operates in one segment, being acquisition, exploration and development of mineral properties for economically recoverable reserves. Long term assets segmented by geographical area are as follows:

	May 31, 2010	February 28, 2010
	\$	\$
Canada	202,196	198,086
Haiti	1,348,364	1,304,652
Madagascar	147,968	147,968
Total	<u>1,698,528</u>	<u>1,650,706</u>

17. Comparative figures

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

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18. Subsequent events

In June 2010, the Company extended for a one-year period the expiry date of 3,000,000 common share purchase warrants at an exercise price of \$0.30, which were set to expire on June 17, 2010.

In June 2010, the Company sold 200,000 shares of Sunridge Gold Corp. for net proceeds of \$77,342, realizing a gain of \$22,842.

In July 2010, 30,000 stock options at an exercise price of \$0.15 were exercised for total proceeds of \$4,500.

On July 21, 2010, Majescor executed the share purchase agreement for the acquisition of the 90% remaining issued and outstanding common shares of SACG (Note 7). The closing of the acquisition is subject to the fulfillment of certain conditions, including the closing of the previously announced concurrent private offering of Majescor for a minimum amount of \$3,500,000 and the receipt of the final approval from the TSX Venture Exchange Inc. The closing of the transaction is expected to occur on July 27, 2010.