

MAJESCOR RESOURCES INC.
(An exploration stage Company)

Interim Consolidated Financial Statements

For the three and nine months ended November 30, 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 and nine months ended November 30, 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 and nine months ended November 30, 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

January 28, 2011

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

	November 30, 2010	February 28, 2010
	(Unaudited)	(Audited)
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents (Note 5)	514,484	111,480
Short-term investments (Note 5)	501,431	-
Marketable securities (Note 6)	12,636	97,604
Accounts receivable	111,868	33,802
Tax credits and mining duties receivable	167,368	222,988
Prepaid expenses	20,754	28,654
	<u>1,328,541</u>	<u>494,528</u>
Long-term investments (Note 7)	4,668,886	1,304,652
Property, plant and equipment (Note 8)	69,180	71,535
Mineral exploration properties (Note 9)	24,520	24,520
Deferred exploration expenses (Note 9)	249,999	249,999
	<u>6,341,126</u>	<u>2,145,234</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 11)	403,595	396,023
SHAREHOLDERS' EQUITY		
Share capital (Note 12)	26,890,088	22,639,384
Warrants (Note 12)	716,159	184,491
Contributed surplus (Note 13)	2,291,404	2,239,419
	<u>29,897,651</u>	<u>25,063,294</u>
Accumulated other comprehensive (loss) income (Note 14)	(5,440)	25,028
Deficit	(23,954,680)	(23,339,111)
	<u>(23,960,120)</u>	<u>(23,314,083)</u>
	<u>5,937,531</u>	<u>1,749,211</u>
	<u>6,341,126</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 November 30, 2010	Three months Ended November 30, 2009	Nine months Ended November 30, 2010	Nine months Ended November 30, 2009
	\$	\$	\$	\$
Expenses				
Management and consulting fees	45,239	83,720	146,088	219,338
Stock-based compensation	3,755	37,069	55,108	59,877
Salaries and benefits	33,322	-	114,407	23,454
Travel and promotion	109,050	-	119,936	6,316
Report to shareholders	2,385	2,226	10,939	14,438
Professional fees	24,731	2,709	108,590	49,235
General expenses	31,630	16,851	86,240	50,296
Amortization of property, plant and equipment	785	6,095	2,355	19,528
	<u>250,897</u>	<u>148,670</u>	<u>643,663</u>	<u>442,482</u>
Other items				
Interest and other income	(2,727)	(679)	(5,051)	(18,250)
Interest on convertible debenture	-	8,833	-	25,821
Gain on sale of marketable securities (Note 6)	-	(81,405)	(22,842)	(81,405)
Loss on sale of property, plant and equipment	-	-	-	3,527
Write-down of mineral exploration properties and deferred exploration expenses	-	-	-	808,784
Gain on foreign exchange	(278)	(708)	(201)	(2,210)
	<u>(3,005)</u>	<u>(73,959)</u>	<u>(28,094)</u>	<u>736,267</u>
Net loss	<u>247,892</u>	<u>74,711</u>	<u>615,569</u>	<u>1,178,749</u>
Basic and diluted net loss per common share	<u>0.01</u>	<u>0.01</u>	<u>0.02</u>	<u>0.07</u>
Basic and diluted weighted average number of common shares outstanding	<u>39,170,242</u>	<u>18,139,973</u>	<u>28,233,100</u>	<u>15,916,177</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 November 30, 2010	Three months Ended November 30, 2009	Nine months Ended November 30, 2010	Nine months Ended November 30, 2009
	\$	\$	\$	\$
Balance, beginning of the period	274,519	523,058	274,519	1,411,842
Write-down of mineral exploration properties and deferred exploration expenses	-	-	-	(808,784)
Option payments	-	-	-	(80,000)
	-	-	-	(888,784)
Balance, end of the period	274,519	523,058	274,519	523,058

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 November 30, 2010	Three months Ended November 30, 2009	Nine months Ended November 30, 2010	Nine months Ended November 30, 2009
	\$	\$	\$	\$
COMPREHENSIVE LOSS				
Net loss for the period	247,892	74,711	615,569	1,178,749
Other comprehensive loss (income)				
Changes in fair value of available-for-sale investments	(756)	(67,215)	7,626	(148,256)
Realized gain on sale of marketable securities transferred to consolidated operations (Note 6)	-	81,405	22,842	81,405
Comprehensive loss for the period	<u>247,136</u>	<u>88,901</u>	<u>646,037</u>	<u>1,111,898</u>
DEFICIT				
Balance, beginning of the period	23,706,788	22,651,506	23,339,111	21,547,468
Net loss	247,892	74,711	615,569	1,178,749
Balance, end of the period	<u>23,954,680</u>	<u>22,726,217</u>	<u>23,954,680</u>	<u>22,726,217</u>
Accumulated other comprehensive loss (income) (Note 14)	5,440	(62,471)	5,440	(62,471)
Total accumulated deficit and other comprehensive loss	<u>23,960,120</u>	<u>22,663,746</u>	<u>23,960,120</u>	<u>22,663,746</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 November 30, 2010	Three months Ended November 30, 2009	Nine months Ended November 30, 2010	Nine months Ended November 30, 2009
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net loss	(247,892)	(74,711)	(615,569)	(1,178,749)
Non-cash items				
Amortization of property, plant and equipment	785	6,095	2,355	19,528
Stock-based compensation	3,755	37,069	55,108	59,877
Interest on convertible debenture	-	8,833	-	25,821
Unrealized gain on foreign exchange	(208)	(201)	(131)	(1,092)
Accrued Interest on short-term investments	(1,431)	-	(1,431)	-
Write-down of mineral exploration properties and deferred exploration expenses	-	-	-	808,784
Loss on sale of property, plant and equipment	-	-	-	3,527
Gain on sale of marketable securities	-	(81,405)	(22,842)	(81,405)
Changes in non-cash working capital items (Note 15)	(63,146)	(62,740)	(62,464)	(97,175)
Cash flows used in operating activities	<u>(308,137)</u>	<u>(167,060)</u>	<u>(644,974)</u>	<u>(440,884)</u>
INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment	-	2,336	-	16,836
Proceeds from sale of marketable securities (Note 6)	-	135,905	77,342	135,905
Short-term investments	(500,000)	-	(500,000)	-
Long-term investments	70,840	(386,735)	(864,234)	(860,994)
Deferred exploration expenses	-	-	-	(35,703)
Tax credits and mining duties received	22,838	440,346	55,620	440,346
Cash flows (used in) from investing activities	<u>(406,322)</u>	<u>191,852</u>	<u>(1,231,272)</u>	<u>(303,610)</u>
FINANCING ACTIVITIES				
Common shares issued	-	44,500	2,475,000	748,500
Warrants exercised	13,000	-	13,000	-
Options exercised	-	-	4,500	-
Share issue costs	(1,509)	-	(213,250)	(14,042)
Cash flows from financing activities	<u>11,491</u>	<u>44,500</u>	<u>2,279,250</u>	<u>734,458</u>
(Decrease) increase in cash and cash equivalents	(702,968)	69,292	403,004	(10,036)
Cash and cash equivalents, beginning of the period	<u>1,217,452</u>	<u>276,366</u>	<u>111,480</u>	<u>355,694</u>
Cash and cash equivalents, end of the period	<u><u>514,484</u></u>	<u><u>345,658</u></u>	<u><u>514,484</u></u>	<u><u>345,658</u></u>
Non-cash supplemental information:				
Deferred exploration expenses included in accounts payable	7,038	7,038	7,038	7,038
Common shares issued to acquire interest in investee company	-	-	2,500,000	300,000
Common shares issued in payment of interest on debenture	-	-	-	8,926
Marketable securities received on extension of option agreement	-	-	-	80,000
Share subscriptions receivable	-	-	75,000	-

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 and nine months ended November 30, 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.

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.

For the period ended November 30, 2010, the Company reported a loss of \$247,892 and an accumulated deficit of approximately \$24 million at that date. Also, as at November 30, 2010, the Company had a working capital of \$924,946, including \$514,484 in cash and cash equivalents, \$501,431 in short-term investments and current liabilities totalling \$403,595. The Company anticipates having sufficient funds to undertake a portion of the exploration program on the SOMINE property (Note 7) and meet its general and administrative costs for several months. However, the Company will require additional financing, through various means including but not limited to equity financing, to meet all of its general and administrative costs, to continue its exploration program on the SOMINE property and/or to acquire additional exploration properties. 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.

3. Basis of presentation and accounting estimates

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 2009.

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the notes thereto. 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. 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, warrants and tax credits and mining duties receivable.

Majescor Resources Inc.

(An exploration stage Company)

Notes to Consolidated Financial Statements

Three and nine months ended November 30, 2010

3. Basis of presentation and accounting estimates (continued)

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, short-term investments, 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 and cash equivalents, short-term investments and marketable securities is 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 and short-term 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 is held at several 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 working capital of \$924,946 at November 30, 2010, including cash and cash equivalents of \$514,484, short-term investments of \$501,431 and current liabilities totalling \$403,595. The Company anticipates having sufficient funds to undertake a portion of the exploration program on the SOMINE property

Majescor Resources Inc.

(An exploration stage Company)

Notes to Consolidated Financial Statements

Three and nine months ended November 30, 2010

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

(Note 7) and to meet its general and administrative costs for several months. However, the Company's ability to continue its exploration program on the SOMINE property and to meet all of 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, Magalasy Ariary (MGA) and Haitian Gourde (HTG)) 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 investment savings accounts, term deposits or guaranteed investment certificates) with maturities of 90 days or less from the original date of acquisition.

The Company has limited exposure to financial risk arising from fluctuations in interest rates earned on cash equivalents and short-term investments and the volatility of these rates. As at November 30, 2010, cash equivalents and short-term investments total \$1,015,915.

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 November 30, 2010. As at November 30, 2010, the value of these listed shares is \$12,636 (\$97,604 as at February 28, 2010). At November 30, 2010, had the bid price for these publicly listed shares been 10% lower, the comprehensive loss for the period would have been approximately \$1,300 higher. Conversely, had the bid price been 10% higher, the comprehensive loss for the period would have been approximately \$1,300 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

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(An exploration stage Company)

Notes to Consolidated Financial Statements

Three and nine months ended November 30, 2010

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

deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

5. Cash and cash equivalents and short-term investments

As at November 30, 2010, cash and cash equivalents total \$514,484 (\$111,480 as at February 28, 2010) and include investment savings account balances totalling \$450,698 (\$67,064 as at February 28, 2010).

As at November 30, 2010, short-term investments total \$501,431 (\$Nil as at February 28, 2010) and consist of a flexible guaranteed investment certificate with an interest rate of 1.40%, maturing 12 months from the date of acquisition and redeemable after 30 days.

6. Marketable securities

	November 30, 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)	(6,926)	4,775	130,000	8,192
42,500 common shares of Diamonds North Resources Ltd.	37,400	(31,025)	1,486	7,861	37,400	10,412
Nil (200,000 at Feb 28, 2010) common shares of Sunridge Gold Corp ("Sunridge") (2)	-	-	-	-	54,500	79,000
	<u>167,400</u>	<u>(149,324)</u>	<u>(5,440)</u>	<u>12,636</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.

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

7. Long-term investments

	November 30, 2010	February 28, 2010
	\$	\$
SIMACT Alliance Copper Gold Inc. (a)		
Acquisition cost	3,903,027	1,304,652
Advance to SACG for exploration work on the SOMINE property	200,000	-
Cash payments to SACG for settlement of its debts	565,859	-
	<u>4,668,886</u>	<u>1,304,652</u>
Uranium World Energy Inc. (b)		
	<u>-</u>	<u>-</u>
	<u>4,668,886</u>	<u>1,304,652</u>

Majescor Resources Inc.

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Notes to Consolidated Financial Statements

Three and nine months ended November 30, 2010

7. Long-term investments (continued)

a) SIMACT Alliance Copper Gold Inc.

On July 27, 2010, the Company completed the acquisition of all of the remaining issued and outstanding common shares of SIMACT Alliance Copper Gold Inc. ("SACG"), further to the exercise in January 2010 of the option granted to Majescor pursuant to the letter agreement of April 2009. SACG is a Montreal-based private company which holds title to approximately 59.3% of the issued and outstanding common shares of SOMINE SA ("SOMINE"), a company incorporated under the laws of the Republic of Haiti. SOMINE's principal asset is its research permit on a copper-gold property, located in the North-East Mineral district of Haiti.

Majescor acquired an initial 10% interest in SACG on May 26, 2009 by issuing 2,000,000 common shares at a price of \$0.15. Subject to making a \$200,000 cash payment and incurring \$600,000 in exploration work on the SOMINE property, Majescor was granted an option to purchase the remaining 90% interest in SACG. On July 27, 2010, Majescor completed the acquisition of all of the remaining issued and outstanding common shares of SACG by issuing another 10,000,000 common shares. In total, the Company acquired 18,882,000 SACG shares.

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 former SACG shareholders. 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 an additional 3,000,000 common shares to former SACG shareholders. These additional issuances of common shares will also be subject to all required corporate and regulatory approvals. As the outcome of the contingency cannot be determined beyond reasonable doubt, no amount has been recorded in consideration of the above.

Total consideration paid by the Company for all outstanding common shares of SACG was as follows:

	Number	\$
Common shares issued (1)	12,000,000	2,800,000
Cash payment and related acquisition costs (2)		1,103,027
		<u>3,903,027</u>

(1) The fair value of the 2,000,000 shares issued to acquire the initial 10% interest in SACG was \$300,000, based on the market price immediately prior to the date the terms of the purchase were agreed to and announced. The fair value of the 10,000,000 shares issued to acquire the remaining 90% interest in SACG was \$2,500,000, based on the average of the market price the Company's shares for the two days prior to, the day of, and the two days subsequent to the date of the announcement of the exercise of the option.

(2) Cash payment and related acquisition costs include the following:

Cash payment to SACG	<u>200,000</u>
Exploration work	690,000
Other related acquisition costs	213,027
	<u>1,103,027</u>

On January 12, 2010, Port-au-Prince, the capital of Haiti, and surrounding areas experienced a major earthquake, which resulted in significant loss of life, including a senior SOMINE SA employee, together with extensive damages to physical infrastructure and loss of most accounting records. As a result of these critical circumstances, the Company has not yet been able to fully reconcile all of the accounts of SOMINE SA. Management has therefore recorded its investment in SACG (whose main asset is its holding in SOMINE SA) at cost and will re-evaluate this situation in the next reporting period.

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Notes to Consolidated Financial Statements

Three and nine months ended November 30, 2010

7. Long-term investments (continued)

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

	November 30, 2010		February 28, 2010	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Office furniture and equipment	6,575	3,836	2,739	3,222
Computer equipment	26,081	19,923	6,158	7,946
Exploration equipment	77,169	17,169	60,000	60,000
Web site development expenses	7,485	7,202	283	367
	<u>117,310</u>	<u>48,130</u>	<u>69,180</u>	<u>71,535</u>

As at February 28, 2010, the cost and accumulated amortization were \$129,772 and \$58,237 respectively.

9. Mineral exploration properties and deferred exploration expenses

	November 30, 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 November 30, 2010, the remaining commitments for Strateco Resources Inc. are as follows:

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

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9. Mineral exploration properties and deferred exploration expenses (continued)

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 November 30, 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, 2011	1,500,000	300,000

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 and nine month periods ended November 30, 2010, the cost of shared salaries and benefits was \$14,250 and \$47,750 respectively (2009 - \$14,250 and \$42,750) and rent and office expenses was \$714 and \$2,142 respectively (2009 - \$714 and \$2,412).

Under an agreement between the Company and Woodcliff Capital Inc. ("Woodcliff"), a management company wholly-owned by the former Chairman of Majescor, the Company paid consulting fees to Woodcliff up to June 30, 2010. During the three and nine month periods ended November 30, 2010, the cost of consulting fees paid to Woodcliff was \$Nil and \$14,000 respectively (2009 - \$10,500 and \$38,500).

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 November 30, 2010.

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12. Share capital

a) Authorized

Unlimited number of common shares without par value.

Issued

	<u>Number of shares</u>	<u>\$</u>
Balance - February 28, 2010	18,873,209	22,639,384
Shares issued for cash (net of issue costs of \$259,506) (1) (2)	10,200,000	1,934,682
Share subscriptions receivable (1)	-	(75,000)
Shares issued on acquisition of SACG (net of issue costs of \$17,400) (Note 7)	10,000,000	2,482,600
Shares issued on the exercise of options	30,000	7,623
Shares issued on the exercise of warrants	100,000	16,376
Black-Scholes value of extended warrants	-	(115,577)
	<u>39,203,209</u>	<u>26,890,088</u>

- (1) On July 27, 2010, the Company completed a non-brokered private placement of 10,000,000 units at a price of \$0.25 each for gross proceeds of \$2,500,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of \$0.40 until July 27, 2012. The Company paid finders' fees of \$150,900 and issued 602,400 warrants, each warrant entitling the holder to purchase one common share of the Company at a price of \$0.25 until July 27, 2012. Other share issuance costs total \$40,951. The warrants issued in connection to the private placement have been recorded at a value of \$348,954 based on the proportional method and warrants issued as finders' fees have been recorded at a value of \$62,067 based on the Black-Scholes option pricing model, using the following assumptions: risk free interest rate of 1.65%, expected life of warrants of 2 years, annualized volatility rate of 87% and dividend rate of 0%. At November 30, 2010, the Company had received all of the proceeds from the private placement except for an amount of \$75,000.
- (2) On August 6, 2010, the Company completed a non-brokered private placement of 200,000 units at a price of \$0.25 each for gross proceeds of \$50,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of \$0.40 until August 6, 2012. The Company paid finders' fees of \$4,000 and issued 16,000 warrants, each warrant entitling the holder to purchase one common share of the Company at a price of \$0.25 until August 6, 2012. The warrants issued in connection to the private placement have been recorded at a value of \$6,858 based on the proportional method and warrants issued as finders' fees have been recorded at a value of \$1,588 based on the Black-Scholes option pricing model, using the following assumptions: risk free interest rate of 1.45%, expected life of warrants of 2 years, annualized volatility rate of 87% and dividend rate of 0%.

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Notes to Consolidated Financial Statements

Three and nine months ended November 30, 2010

12. Share capital (continued)**b) Warrants**

	Number of warrants	Weighted average exercise price
		\$
Balance, February 28, 2010	4,700,000	0.24
Granted	5,718,400	0.38
Exercised	(100,000)	0.13
Balance, November 30, 2010	<u>10,318,400</u>	<u>0.32</u>

As at November 30, 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
150,000	0.13	5,064 March 20, 2011
3,000,000	0.30	244,642 June 17, 2011 (1)
602,400	0.25	62,067 July 27, 2012
5,000,000	0.40	348,954 July 27, 2012
16,000	0.25	1,588 August 6, 2012
100,000	0.40	6,858 August 6, 2012
<u>10,318,400</u>		<u>716,159</u>

(1) During the period ended August 31, 2010, the Company extended the expiry date of these warrants for a one-year period and an additional Black-Scholes value of \$115,577 was recorded as a reduction of share capital.

c) Stock options

The following table reflects the continuity of stock options for the period ended November 30, 2010:

	Number of options	Weighted average exercise price
		\$
Balance, February 28, 2010	1,493,516	0.65
Granted to employees (3)	200,000	0.25
Granted to non-employees (1) (2)	337,500	0.25
Exercised	(30,000)	0.15
Forfeited	(41,500)	1.83
Expired	(32,500)	0.69
Balance, November 30, 2010	<u>1,927,016</u>	<u>0.52</u>

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12. Share capital (continued)

The stock options granted in items (1) (2) and (3) have an exercise price that is greater than or equal to the market price at the date of grant and a weighted average fair value of \$0.11.

- (1) On August 12, 2010, 200,000 stock options were granted to an investor relations consultant at an exercise price of \$0.25 per share, expiring on August 12, 2012.
- (2) On August 23, 2010, 137,500 stock options were granted to consultants of the Company at an exercise price of \$0.24 per share, expiring on August 23, 2015.
- (3) On August 23, 2010, 200,000 stock options were granted to an Officer of the Company at an exercise price of \$0.25 per share, expiring on August 23, 2015.

As at November 30, 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	355,000	1.8	\$0.15	355,000
\$0.24-\$0.28	1,202,500	3.88	\$0.25	1,102,500
\$1.50-\$1.70	282,016	1.58	\$1.51	282,016
\$2.80	87,500	1.34	\$2.80	87,500
	<u>1,927,016</u>			<u>1,827,016</u>

The weighted average fair value of each option granted of \$0.11 is estimated using the Black-Scholes option-pricing model with the following weighted average assumption:

Expected dividend yield	0.00%
Expected stock price volatility	87%
Risk-free interest rate	1.86%
Expected life of options	3.88 years

13. Contributed surplus

Contributed surplus consists of the following components:

	Three months Ended November 30, 2010	Three months Ended November 30, 2009	Nine months Ended November 30, 2010	Nine months Ended November 30, 2009
	\$	\$	\$	\$
Balance – beginning of period	2,287,649	2,052,290	2,239,419	1,690,292
Stock-based compensation to employees	-	33,524	25,993	52,787
Stock-based compensation to non-employees	3,755	3,545	29,115	7,090
Black-Scholes value of exercised options	-	-	(3,123)	-
Expiry of warrants	-	-	-	339,190
Balance – end of period	<u>2,291,404</u>	<u>2,089,359</u>	<u>2,291,404</u>	<u>2,089,359</u>

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14. Accumulated other comprehensive income

Accumulated other comprehensive income consists of the following components:

	Three months Ended November 30, 2010	Three months Ended November 30, 2009	Nine months Ended November 30, 2010	Nine months Ended November 30, 2009
	\$	\$	\$	\$
Balance - beginning of period	(6,196)	76,661	25,028	(4,380)
Increase (decrease) in fair value of available-for-sale investments	756	67,215	(7,626)	148,256
Realized gain on sale of available-for-sale investments transferred to statement of operations	-	(81,405)	(22,842)	(81,405)
Balance - end of period	<u>(5,440)</u>	<u>62,471</u>	<u>(5,440)</u>	<u>62,471</u>

15. Changes in non-cash working capital items

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

	Three months Ended November 30, 2010	Three months Ended November 30, 2009	Nine months Ended November 30, 2010	Nine months Ended November 30, 2009
	\$	\$	\$	\$
Accounts receivable	(70,486)	17,800	(78,066)	14,767
Prepaid expenses	(6,553)	1,437	7,900	2,206
Tax credits and mining duties receivable	-	(16,485)	-	(27,169)
Accounts payable and accrued liabilities	13,893	(60,492)	7,702	(43,973)
Amount due to related parties	-	(5,000)	-	(43,006)
Total changes in non-cash working capital	<u>(63,146)</u>	<u>(62,740)</u>	<u>(62,464)</u>	<u>(97,175)</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:

	November 30, 2010	February 28, 2010
	\$	\$
Canada	195,731	198,086
Haiti	4,668,886	1,304,652
Madagascar	147,968	147,968
Total	<u>5,012,585</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 event

On January 27, 2011, the Company sent a Notice of Claim to former shareholders ("Vendors") of SACG pursuant to the share purchase agreement dated July 27, 2010 ("the "SPA"), between Majescor, SACG and the Vendors. Majescor is withholding a portion of the escrowed payment shares of Majescor, which were to be released to certain Vendors on January 27, 2011, pending the resolution of issues related to SOMINE S.A, and to the damages caused by the conduct of such Vendors. Majescor is considering the exercise of recourse against such Vendors but remains optimistic that a positive resolution to the current situation is attainable in the short term. However, no commitment regarding such can be made with great certainty at this time.