

MAJESCOR RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED AUGUST 31, 2010.

The following Management Discussion and Analysis ("MD&A") of the operating results, financial condition and future prospects of Majescor Resources Inc. (the "Company" or "Majescor"), current as of October 27, 2010 should be read in conjunction with the unaudited interim consolidated financial statements of the Company and notes to the unaudited interim consolidated financial statements for the three and six months ended August 31, 2010 as well as the Company's audited consolidated financial statements of the Company and notes to the consolidated financial statements for the fiscal years ended February 28, 2010 and 2009. Said financial statements were prepared in accordance with Canadian generally accepted accounting principles. The reporting currency is in Canadian dollars. Unless specified as \$US, references in this MD&A to dollars are to Canadian dollars.

This MD&A contains or may refer to certain statements that may be deemed "forward-looking statements". Forward-looking statements include estimates and statements that describe the Company's future development plans, objectives or goals, including words to the effect that the Company expects a stated condition or result to occur. Forward-looking statements may be identified by such terms as "anticipates", "believes", "could", "estimates", "expects", "may", "shall", "will", or "would". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices for mineral commodities; exploration successes; new opportunities; continued availability of capital and financing; general economic, market or business conditions; and litigation, legislative, environmental or other judicial, regulatory, political and competitive developments. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. Majescor Resources Inc. does not undertake to update any forward-looking statement that may be made from time to time by Management or on its behalf, except in accordance with applicable public disclosure rules and regulations.

Nature of Business

Majescor is a Canadian mineral exploration and development company incorporated under the *Canada Business Corporations Act*. The Company is engaged in the acquisition, exploration and development of mineral properties. Its focus is presently on projects located in Haiti, Canada and Madagascar. The Company also continues to evaluate other opportunities outside the current area of operations. The Company has not yet determined whether its properties contain resources or mineral reserves. The Company will periodically have to raise additional funds to continue operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Common shares of the Company are listed for trading on the TSX Venture Exchange ("TSXV") under the symbol "MJX". Majescor's head office is in Montreal, Quebec.

Completion of the acquisition of SIMACT Alliance Copper Gold Inc. ("SACG")

On July 27, 2010, the Company completed the acquisition of all of the remaining issued and outstanding common shares of SACG, further to the exercise in January 2010 of the option granted to Majescor pursuant to a letter agreement with SACG and its principal shareholders (the "Principals") dated April 22, 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. SOMINE's mineral rights and obligations were assigned under a mining convention executed with the Government of Haiti on May 5, 2005 and are valid until June 22, 2012. The mining convention is valid until March 9, 2020.

On May 26, 2009, Majescor acquired an initial 10% interest in SACG by issuing 2,000,000 common shares at a fair value of \$0.15. On January 26, 2010, Majescor exercised its option to purchase the remaining 90% interest in SACG after having made a \$200,000 cash payment to SACG and having incurred \$600,000 in exploration work on the SOMINE property. On July 27, 2010, Majescor issued another 10,000,000 common shares at a fair value of \$0.25 to complete the acquisition of the remaining 90% interest in SACG, and closed a concurrent \$2.5 million non-brokered private placement.

Also, under the terms of the acquisition agreement, and subject to certain conditions including the preparation by SACG's affiliate, SOMINE S.A., of a technical report compliant with NI 43-101 demonstrating indicated mineral resources on the Somine's properties located in Haiti of at least 1,000,000 ounces of gold or its equivalent in copper and silver, SACG's former shareholders will be entitled to a minimum of 3,000,000 and a maximum of 6,000,000 additional common shares in the share capital of Majescor.

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 most of 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.

Closing of a \$2.5 million non-brokered private placement

Concurrently with the closing of the acquisition of SIMACT, the Company has completed a non-brokered private offering of 10,000,000 units (the "Units") at a price of \$0.25 for gross proceeds of \$2,500,000. Each Unit consists of one common share of the Company (a "Common Share") and one-half common share purchase warrant (each, a "Warrant"). Each Warrant entitles its holder to acquire one additional Common Share of the Company at a price of \$0.40 per share until July 27, 2012. Two insiders of the Company have participated in the Offering for gross proceeds of \$100,000. The proceeds of the private placement will be used to fund the Company's general working capital and exploration program on the SOMINE Copper-Gold property in Haiti.

In connection with the private placement, the Company paid finder's fees totalling \$150,600 and issued 602,400 non-transferable finder's fee warrants, each warrant entitling the holder to acquire one Common Share of the Company at a price of \$0.25 per share until July 27, 2012. All securities issued in the Offering are subject to a four month hold period expiring on November 28, 2010.

Signing of an Investor relations agreement

On August 23, 2010, Majescor announced that it has retained Allyson Taylor Partners Inc. ("ATP") as its investor relations consultant. The company carefully selected ATP to help increase its exposure to institutional and retail investors throughout North America and Europe. The agreement with ATP is effective August 12, 2010, is for a 12-month term, and may be terminated on a 60-day notice. ATP will be paid a monthly fee of \$10,000 plus all pre-approved expenses. The Board has granted ATP 200,000 stock options priced at \$0.25 per share, expiring in two years. The stock options will vest on a quarterly-basis. In accordance with the Company's stock option plan and TSX Venture Exchange Policy 4.4, these options will expire 30 days following the termination date.

Going concern assumption

In assessing whether the Company's 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.

The carrying amounts of assets, liabilities and expenses presented in the 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 the 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.

Exploration

Majescor is a junior explorer focusing on emerging mineral districts. The Company's exploration activities cover three geographic regions of interest. In addition to the SOMINE property in Haiti (controlled by SACG's Haitian affiliate, SOMINE), Majescor's project portfolio includes the Mistassini-uranium property (100%-owned; under option to Strateco Resources Inc.), located in the James Bay territory of northern Quebec. In Madagascar, Majescor owns 100% mineral rights to the Besakoa gold and base metal property (under option to Sunridge Gold Corp.).

Throughout the reporting period, two properties saw active exploration work, namely geophysical data compilation (SOMINE, Haiti) and geological mapping, prospecting geochemical sampling and ground gravity surveying on the optioned Malagasy Besakoa property.

SOMINE property, North-East Haiti (Copper-Gold):

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. The Cap-Haitian area of Northeast Haiti, where the SOMINE property is located, was not impacted by the quake. Prospecting other geological data acquisition activities have continued on the property under the leadership of SOMINE SA. In March 2010, Majescor sponsored a geographic information system ("GIS") based geological compilation of historical and recent exploration data from the SOMINE Property.

In September 2010, Majescor awarded a contract to geophysical consultant M. Boivin of MB Geosolutions to reprocess historical airborne geophysical data from the SOMINE Property and broader property area. The principal objectives of this work are to (a) identify and map the main magnetic, electromagnetic and structural features associated with the copper and gold mineralisation observed in the field; and (b) select priority areas for deep-penetrating ground IP geophysical surveying and for follow-up prospecting. The results of the geophysical data interpretation work are expected in early November.

Pending the availability and timeline for the mobilisation of a Canadian surveying team, the deep-penetrating ground IP survey at the SOMINE property could commence as early as the end of November. The results of the IP survey will guide the Company in the selection of targets for a comprehensive property-scale core-drilling program scheduled to commence in early 2011, as per the recommendations of the NI 43-101 technical report.

SOMINE S.A had a commitment to file a feasibility study (a non NI 43-101 compliant report) related to Faille B gold prospect with the Haitian Bureau of Mines and Energy ("BME") by September 2010. However, as a result of delays caused by the defavourable circumstances in Haiti since the January 12, 2010 earthquake; SOMINE S.A is committed to submit the report to BME in the near future.

Mistassini, Otish Mountains, Quebec (Uranium): Uranium rights optioned to Strateco Resources Inc.

The Mistassini property is host to the Lac Mantouchiche uranium prospect. The property, optioned by Strateco Resources Inc. ("Strateco") in 2008, is comprised of 171 map-designated claims with a total surface area of 9,115 hectares. The property is located in the Otish Mountains of Quebec, 50 km southwest of Strateco's Matoush property.

In February 2010, Majescor received the final drill results and full 2009 technical report by Strateco for the Mistassini uranium property. Given the positive results of the 2009 drill campaign and following a structural and geological interpretation, Strateco plans to conduct further exploration work on the property during the fall of 2010. At first, a ground geophysical survey will be implemented to test for the possible presence of high-grade uranium lenses preferentially aligned along a north-south axis.

Under the terms of the February 2008 Agreement with Majescor, Strateco can earn a 60% interest in Majescor's uranium rights on the property by incurring \$1.3 million in exploration expenditures over three years, including a firm \$500,000 commitment in Year 1. During the option period, Strateco will be the sole operator for all uranium exploration and will have full and exclusive access to the property. Northern Superior Resources Inc., which holds 100% of the rights for diamonds and 50.5% of the rights for all mineral substances other than diamonds and uranium, is entitled to a 2.0% Yellow Cake Royalty on the Property. Strateco met the work commitments for the first and second year for \$500,000 and \$400,000 respectively.

Madagascar gold and base metal properties: Optioned to Sunridge Gold Corp. ("Sunridge")

Under the terms of the September 15, 2008 agreement, and the extension agreement of July 2009, between Sunridge, Majescor and its Malagasy affiliate company Daraina Exploration SARL, Sunridge can acquire up to a 100% interest in the Company's 100% owned Malagasy subsidiary Daraina. Under the terms of the agreement, Sunridge can earn 50% interest by spending \$2.0 million in qualifying expenditures over 3 years and issuing 500,000 common shares. Within 90 days following its initial obligations, Sunridge can obtain an additional 25% by expending an additional \$2,500,000 by the end of the third anniversary of the Agreement and by issuing an additional 500,000 common shares.

In March 2010, Sunridge Gold Corp. ("Sunridge") advised Majescor of its intention not to pursue exploration work on three out of four of the Company's gold and base metal properties under option to Sunridge in Madagascar (Analalava, Daraina, and Analalava). Sunridge will continue with the Besakoa property exploration program. Subsequent to Sunridge's notice, the Company has elected to let the Analalava, Daraina, and Analalava properties lapse. Sunridge is the operator of the Besakoa VMS property exploration program.

The Besakoa property hosts a series of historical polymetallic (copper-zinc-silver-gold) showings, including the Besakoa volcanogenic massive sulphide ("VMS") prospect, the principal VMS occurrence in Madagascar. Preliminary near-surface core drilling of the Besakoa VMS prospect by Majescor in December 2006 (8-hole, 431m program) returned encouraging results including a 21.5 m intersection grading 0.7% copper, 0.5 g/t gold, 1.1% zinc and 21.4 g/t silver (see Majescor Press Release dated February 8, 2007).

Ground exploration work by Sunridge on the Besakoa property, originally slated to start in April of 2009, was postponed until 2010.

On July 12, 2010, Majescor announced that exploration work was underway at the Besakoa gold-copper-zinc volcanogenic-massive-sulphide ("VMS") property. The current work program at Besakoa will focus on several high priority geophysical anomalies that coincide with the VMS-type surface gossan showings. The Besakoa VMS property is in a similar geological environment as Sunridge's Asmara Project in Eritrea where the company has had great success discovering large VMS deposits over the past five years.

A first phase of ground exploration work was started on the property in early June 2010 and ended on August 20, 2010. Initial exploration results were deemed encouraging and a second, more comprehensive phase of field work was initiated on September 20, 2010. Phase 2 is expected to end in late November 2010.

As of the reporting date, the following surveys have been completed on the property:

1. Soil Geochemistry: Over 8,000 soil samples have been collected and analyzed for base metals with a portable mineral analyzer. Of these samples, approximately 200 samples have been sent to a laboratory for both base metal and precious metal analysis. Results are pending.
2. Rock Samples: Over 400 rock grab samples have been taken and analyzed for base metals with a portable mineral analyzer. Of these samples, over 100 samples have been sent to a laboratory for both base metal and precious metal analysis. Results are pending.
3. Trenching: Forty-four (44) rock samples have been collected from five trenches that have been hand dug across the outcrops of VMS-style gossans. These samples were analyzed for base metals with a portable mineral analyzer. Assay results from the laboratory are pending.
4. Gravity Survey: To date, an initial gravity survey has been completed over an area of approximately of 40 km². In addition, a more detailed follow-up gravity survey has been conducted over an area of 10 km².
5. Audio-Magneto-Telluric (“AMT”) survey: The geophysical survey started in early October and is ongoing. To date, AMT readings have been taken from about 100 stations covering a total of 4 line kilometres.
6. Over 30 VMS-style gossans have been mapped and sampled.

Sunridge will also be doing some reconnaissance work to assess the vanadium potential of the Besakao property. The Besakao property is located 9 km to the North and along geological trend to Energizer Resources Inc.’s (“Energizer”) 100%-owned Green Giant vanadium property. In May 2010, Energizer announced that the completion of a NI 43-101 compliant resource estimate on the Green Giant property. The Green Giant property hosts an Indicated Mineral Resource of 21.74 million tonnes at an average grade of 0.759% V₂O₅ containing 363.8 million pounds of V₂O₅, and an Inferred Mineral Resource of 4.15 million tonnes at an average grade of 0.655% V₂O₅ containing 59.8 million pounds of V₂O₅.

7. To date, over 40 rock samples have been taken and sent to a laboratory for vanadium analysis; results are pending.

Princess Mary Lake base camp, Nunavut.

On October 4, 2010, Majescor awarded a contract to Discovery Mining Services Ltd of Yellowknife to undertake the full demobilisation of the Princess Mary Lake (“PML”) base camp, located in the East Thelon basin area of Nunavut. Construction work on the PML camp was started by Uranium World Energy Inc. (“UWE”) in 2007, in preparation for the Baker Lake property uranium exploration program, but was never completed. In October of 2007, Majescor terminated its agreement with UWE.

Camp demobilisation work, originally scheduled to start in early October has been delayed owing to unfavourable weather conditions in the Baker Lake area.

Qualified person

The above technical information was confirmed and/or reviewed by Marc-André Bernier, M.Sc., P.Geo., Majescor’s Vice-President of Exploration, and a qualified person under NI 43-101.

Financial Information

The following selected financial data is derived from the consolidated financial statements of the Company that were prepared in accordance with Canadian generally accepted principles:

Selected Consolidated Financial Information

	Three months Ended August 31, 2010 \$	Three months Ended August 31, 2009 \$	Six months Ended August 31, 2010 \$	Six months Ended August 31, 2009 \$
Operations				
Net loss	204,695	957,291	367,677	1,104,038
Basic and diluted net loss per common share	0.01	0.06	0.02	0.07
Weighted average number of common shares outstanding	26,774,731	17,113,139	22,823,970	14,816,365
Cash Flows				
Cash flows used in operating activities	259,393	156,321	336,837	273,824
Cash flows used in investing activities	814,020	(338,968)	824,950	(495,462)
Cash flows from financing activities	2,272,654	643,137	2,267,759	689,958
Increase (decrease) in cash and cash equivalents	1,199,241	147,848	1,105,972	(79,328)
Balance Sheet				
			August 31, 2010 \$	February 28, 2010 \$
Cash			1,217,452	111,480
Marketable securities			11,880	97,604
Long-term investments			4,739,726	1,304,652
Mineral exploration properties			24,520	24,520
Deferred exploration expenses			249,999	249,999
Total assets			6,559,331	2,145,234
Shareholders' equity			6,169,421	1,749,211

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its exploration programs and its future growth, and any other factor that the board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

Results of Operations for the three-month and six-month periods ended August 31, 2010

Net loss for the three-month and six-month periods ended August 31, 2010 is \$204,695 and \$367,677 respectively, as compared to \$957,291 and \$1,104,038 respectively in 2009. This decrease is mostly attributable to the absence of write-down of mineral properties and deferred exploration expenses in 2010, as compared to \$808,784 in 2009, and the recognition of a gain on sale of marketable securities for \$22,842 during the period (\$Nil in 2009). This decrease in the loss was partially offset by the following changes:

- an increase in stock-based compensation further to the grant of stock options during the three-month and six-month periods ended August 31, 2010 to an officer and consultants (\$47,808 and \$51,353 respectively in 2010 as compared to \$3,545 and \$22,808 respectively in 2009)
- an increase in professional fees as well as management and administrative costs during the period, due to the business development of the Company during the last few months, including the acquisition of SIMACT.

Quarterly information

The following selected financial data is derived from the unaudited interim consolidated financial statements of the Company, which were prepared in accordance with Canadian generally accepted accounting principles.

Quarter Ended	Other Income	Net Loss	Basic and diluted Net Loss per common share
	\$	\$	\$
31/08/2010	2,235	204,695	0.01
31/05/2010	89	162,982	0.01
28/02/2010	235	612,894	0.03
30/11/2009	679	74,711	0.01
31/08/2009	-	957,291	0.06
31/05/2009	215	146,747	0.01
28/02/2009	558	4,169,928	0.40
30/11/2008	1,899	535,967	0.06

Net loss and the basic and diluted net loss per common share were significantly higher during the quarter ended February 28, 2009 as compared to the other quarters, due to higher write-down of mining properties and deferred exploration expenses which were \$3,914,366.

Liquidity, Capital Resources and Going Concern

The Company's working capital stands at \$1,085,211 including \$1,217,452 in cash at August 31, 2010 as compared to \$98,505 at February 28, 2010. This significant increase is mostly due to a \$2.55 million proceeds from a non-brokered private placement that the Company completed on July 27, 2010. Also, during the three and six months ended August 31, 2010, the Company sold marketable securities for net proceeds of \$77,445 and received a mining duties refund for \$32,782.

The Company currently has sufficient cash resources to meet its general and administrative costs and undertake an exploration program on the SOMINE property for several months. However, the Company requires additional financing, through various means including but not limited to equity financing, to continue exploration programs on the SOMINE property 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.

Off Balance Sheet Arrangements

As of August 31, 2010, the Company has no off balance sheet arrangements.

Related Party Transactions

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 six month periods ended August 31, 2010, the cost of shared salaries and benefits was \$19,250 and \$33,500 respectively (2009 - \$14,250 and \$28,500) and rent and office expenses was \$714 and \$1,428 respectively (2009 - \$714 and \$1,428).

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 six month periods ended August 31, 2010, the cost of consulting fees paid to Woodcliff was \$3,500 and \$14,000 respectively (2009 - \$10,500 and \$28,000).

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.

Mining Property Book Values

At the end of each quarter, management reviews the carrying value of its resource properties to determine whether any write-downs are necessary. Following this analysis, no write-down was deemed necessary during the three-month and six-month periods ended August 31, 2010 (\$808,784 in 2009 further to the abandonment of the Baker Lake and the Mirabelli properties' claims).

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, marketable securities 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. A plus or minus 10% change in the value of the marketable securities would affect shareholders' equity by approximately \$1,200.

Critical Accounting Policies and Estimates

The preparation of the Company's interim consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect amounts reported in the interim consolidated financial statements and accompanying notes. The Company's significant accounting policies and estimates are fully described in note 4 to the consolidated financial statements for the years ended February 28, 2010 and 2009. There were no changes in accounting standards during the three-month period ended August 31, 2010 that would have an impact on the Company's financial reporting.

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.

International Financing Reporting Standards

The Accounting Standards Board of the CICA requires all public companies to adopt International Financial Reporting Standards (“IFRS”) for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal period. The transition from Canadian Generally Accepted Accounting Principles to IFRS will be applicable for the Company’s first quarter of fiscal 2012. Although IFRS employs a conceptual framework that is similar to Canadian GAAP, there are some differences in recognition, measurement, and disclosure. It is anticipated however that the Company’s financial results and financial position as disclosed in the Company’s current Canadian GAAP financial statements will not be significantly different when presented in accordance with IFRS.

The Company has developed and implemented a project plan to ensure full compliance with this requirement by 2011. The following is a summary of the four primary phases of the plan and the expected timing of activities related to the Company’s transition to IFRS.

- *Diagnostic impact assessment phase:* this phase consists in performing an Initial analysis of key areas for which changes to accounting policies may be required. While an analysis will be required for all current accounting policies, the Company has performed a review as to the most significant areas of difference to the Company which include:
 - IFRS 1 First-time adoption of International Financial Reporting Standards
 - IFRS 2 Share-based payment
 - IFRS 6 Exploration and evaluation
 - IAS 1 Presentation of financial statements
 - IAS 12 Accounting for income taxes
 - IAS 16 Property, plant and equipment
 - IAS 21 Effects of changes in foreign exchange rates
 - IAS 32 financial instruments presentation
 - IAS 36 Impairment of assets
- *Design, planning and solution development phase:* this phase involves the development of the detailed plan for convergence and implementation, analyses of policy alternatives allowed under IFRS, the specification of changes required to existing accounting policies, and the development of solutions for information systems and business processes. The Company is at the stage of completing its detailed analysis of the standards and expects to complete this phase by the end of the third period ending November 30 2010. To date, the Company has identified a number of accounting differences and policy alternatives, including one-time accounting alternatives under IFRS. As part of its analysis of potential changes to significant accounting policies, the Company is assessing what changes may be required to its accounting systems and processes. The Company believes that the changes identified to date are minimal and the current systems and processes will be able to accommodate the necessary changes. The Company’s staff which is involved in the preparation of financial statements is being trained on the relevant aspects of IFRS and the anticipated changes to accounting policies.
- *Implementation phase:* This phase includes the completion and formal authorization of recommended changes to accounting policies, including transition elections to apply changes retroactively or prospectively, the execution of changes to information systems and business processes, delivery of training programs across the Company and the preparation of the opening balance sheet and the quarterly and annual financial statements for both 2011 and the comparative 2010 year. In addition, the impact of IFRS on contractual arrangements will be addressed.
- *Post implementation phase:* This phase involves a compliance review of the conversion project to assess the accuracy and consistency with which IFRS accounting policies are being applied, the adoption of sustainable processes and procedures and the adequacy of information technology solutions, training programs and other business impact solutions.

Outstanding Share Data

Common shares and convertible securities outstanding at October 27, 2010 are as follows:

Securities	Expiry date	Exercise price	Securities outstanding
Common shares	-	-	39,203,209
Warrants	Up to August 6, 2012	\$0.12 to \$0.40	10,318,400
Options	Up to August 23, 2015	\$0.15 to \$2.80	1,944,516

Risk and uncertainties

Exploration of minerals and development of mineral properties involve significant risks, many of which are outside of the Company's control. In addition to the normal and usual risks of exploration and mining, the Company often works in remote locations that lack the benefit of infrastructure and easy access.

Financial risk

The Company is considered to be in the exploration stage, that it is dependant on obtaining regular financing in order to continue exploration. Despite previous success in acquiring this financing, there is no guarantee of obtaining any future financing, or that it will be available on acceptable terms.

The prices of metals fluctuate widely and are affected by many factors outside of the Company's control. The relative prices of metals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and mining exploration companies.

Foreign exchange risk

Some of the Company's expenditures are in US dollars or in MGA (Magalasy Ariary). Movement in the Canadian dollar against these currencies therefore has a direct impact on the Company's cost base. The Company does not use derivative instruments to reduce its exposure to foreign exchange risks.

Risk on the uncertainty of title

Although the Company has taken steps to verify title to mining properties 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.

Environmental risk

The Company is subject to various environmental incidents that can occur during exploration work. The Company maintains an environmental management system including operational plans and practices.

Additional information and continuous disclosure

This Management's Discussion and Analysis has been prepared as of October 27, 2010. Additional information on the company is available through regular filings of press releases, financial statements and its annual information form on SEDAR (www.sedar.com).

(s) "Daniel Hachey"

Daniel Hachey, Chief Executive Officer

(s) "Khadija Abounaim"

Khadija Abounaim, Chief Financial Officer