



**MANAGEMENT DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

FOR THE YEAR ENDED DECEMBER 31, 2020

(Expressed in US dollars)

**Majestic Gold Corp.
Management's Discussion and Analysis
For The Year Ended December 31, 2020**

INTRODUCTION

The following Management Discussion and Analysis ("MD&A") dated April 5, 2021, discusses the financial condition and results of operations of Majestic Gold Corp. (TSX-V: MSJ) ("Majestic" or "the Company") for the year ended December 31, 2020. The MD&A should be read in conjunction with the accompanying audited consolidated financial statements of the Company and notes thereto for the year ended December 31, 2020 (the "Financial Report").

The financial information in this MD&A is derived from the Company's financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in US dollars unless otherwise indicated.

This discussion focuses on key statistics from the consolidated annual financial statements for the year ended December 31, 2020, and up to the date of this MD&A and pertains to known risks and uncertainties relating to the gold exploration and development and mining industry. This discussion should not be considered all-inclusive, as it excludes changes that may occur in general economic, political, and environmental conditions.

Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's website www.majesticgold.com.

CORONA VIRUS ("COVID-19") DISCUSSION

Since mid-January 2020, there has been a widespread of COVID-19, which in March 2020, the World Health Organization categorized as a pandemic within the Peoples Republic of China ("PRC") and globally outside the PRC. COVID-19 had affected more than 200 countries. As a result, businesses in major cities in the PRC, including Yantai city where the Company's operations are located, had been temporarily suspended in order to contain and mitigate the current outbreak.

To comply with the PRC government's measures to contain and mitigate the COVID-19 outbreak, the Company also had suspended certain office administrative functions in the PRC for approximately three weeks in February 2020. During this period, the Company had experienced a temporary suspension in the delivery of our gold concentrate to the gold refineries although there was no suspension in the mining and processing operations, with full operations resuming on February 24, 2020.

TEMPORARY GOVERNMENT SUSPENSION OF MINING OPERATIONS

On March 1, 2021, the Company reported the provincial government in Shandong mandated the immediate closure of all non-coal operations in the province following a second major mine accident that occurred in the region. The provincial and city governments initiated a provincial wide program to inspect all underground gold mines in Shandong and mandate compliance with provincial safety standards. The government expects to have the inspections of all operating non-coal mines completed by June 2021. Majestic has operated the Songjiagou open pit gold mine accident free since production commenced in 2011 and has also been accident free at its underground operation since production began there in 2018. The Company confirms that its safety permits for both its underground and open pit mines are valid until September 1, 2022 and March 1, 2023 respectively.

CHANGE OF YEAR-END

In November 2019, the Company, pursuant to Section 4.8(2) of National Instrument 51-102, provided Notice that the Company changed its financial year end from September 30 to December 31 for reporting and planning purposes in order to allow for greater efficiencies in the administration, accounting and compilation of its annual audited consolidated financial statements. As a result, the Company's annual audited financial statements for the year ended December 31, 2020 ("FY2020") are with comparatives as at and for the fifteen-month period ended December 31, 2019 ("FY2019").

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PERFORMANCE HIGHLIGHTS

Three months ended December 31, 2020

- **Gold revenue** increased by 88% to \$15 million from \$7.9 million for the same period in FY2019.
- **Gross profit** from mining operations increased to \$9.2 million, compared to \$1.6 million for the same period in FY2019.
- **Net income** was \$3.8 million, an increase of \$5.1 million over a net loss of \$1.3 million for the same period for FY2019.
- **Gold production** increased by 36% to 9,089 ounces from 6,704 ounces produced for the same in FY2019.
- **Total cash costs and all-in sustaining costs ("AISC")** were \$592 per ounce and \$744 per ounce, compared to \$758 per ounce and \$924 per ounce for the same period in FY2019; Refer to pages 17-19 of the MD&A for the computation of this Non-IFRS financial measure.
- **Adjusted EBITDA** was \$8.7 million, compared to \$1.8 million for the same period in FY2019. Refer to pages 17-19 of the MD&A for the computation of this Non-IFRS financial measure.

Year ended December 31, 2020

- **Gold revenue** increased by 30% to \$52.4 million for FY2020, from \$40.4 million for FY2019;
- **Gross profit** from mining operations increased by 127% to \$28.2 million, from \$12.4 million for FY2019;
- **Net income** increased to \$15.1 million for FY2020, from \$4.3 million for FY2019;
- **Gold production** decreased to 34,236 ounces for FY2020, from 35,099 ounces produced for FY2019;
- **Cash flow** from operating activities increased to \$37 million for FY 2020, from \$8.1 million from FY2019;
- **Total cash costs and all-in sustaining costs ("AISC")** for FY2020, were \$588 per ounce and \$716 per ounce, compared to \$641 per ounce and \$786 per ounce for FY2019; Refer to pages 17-19 of the MD&A for the computation of this Non-IFRS financial measure;
- **Adjusted EBITDA** for FY2020, was \$29.8 million, compared to \$15.8 million for FY2019. Refer to pages 17-19 of the MD&A for the computation of this Non-IFRS financial measure;
- On June 11, 2020, the Company announced the renewal of its mining license for the Songjiagou Gold Mine with the Shandong Natural Resource Bureau until May of 2031;
- On June 15, 2020, the Company announced that it had cancelled intercorporate debt in the total aggregate amount of CAD\$62 million owed to the Company by its 94% owned subsidiary, Sinogold Resources Holdings Group Co., Ltd..
- On March 17, 2021, the Company reported results from its recently completed drill program at the Fair Adelaide Project. The drill program consisted of a total of 21 holes drilled with 1,144 meters of aircore drilling, testing two gold targets and one nickel-cobalt target identified in previous exploration programs on the property.
- On March 31, 2021, the Company renewed its mining license for the Songjiagou North Underground Mine with the Shandong Natural Resource Bureau until February of 2031,

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OUTLOOK

- The Company is currently in the process of completing governmental safety inspections of its operations, following the mandated closure by the Shandong Provincial Government of all non-coal operations in the province pending governmental cautionary safety inspections. The governmental inspectors arrived onsite on March 31, 2021. The Company anticipates the safety inspection process will take several weeks which are then be followed by an application process approving Zhongjia to resume normal operations. The Company is optimistic that Songjiagou Gold Mine will be in full operations by early June 2021.
- The Company has not experienced any significant impact on its operations as result of the COVID-19 pandemic. The Company has been operating without significant interruption since March 2020, when the World Health Organization categorized COVID-19 as a global pandemic. The Company continues to monitor the health of its employee and its supply chains to be able to respond to any potential disruptions.
- The Company is focused on the continued expansion of its mining operations at the Songjiagou Gold Mine under its expanded mining permit.
- As part of the Company's growth strategy, Majestic is pursuing potential property acquisitions, continuing to explore corporate financings opportunities as well as other development opportunities.
- The Company is evaluating the potential of further exploration work on its Fair Adelaide East Project located in Australia.

DESCRIPTION OF BUSINESS

Majestic is a Vancouver, Canada based gold producer with mining operations in China and exploration and evaluation properties held directly or under option agreement in Australia, China and Canada. The Company's main business involves the acquisition, exploration and development of mineral properties. At December 31, 2020, and at the date of this MD&A, the Company's mineral property interests and mining operations are located in China, with the Songjiagou Gold Mine as the Company's flagship project as well holding directly or under options on early-stage exploration properties in China, Australia and Canada. The Company is a TSX Venture Exchange listed mining company trading under the symbol "MJS".

SONGJIAGOU GOLD MINE

The Company's principal mining operation is the Songjiagou Gold Mine ("Songjiagou Project" and "Songjiagou") located in Shandong province, China. The Company commenced commercial gold production at the Songjiagou Gold Mine in May 2011. Majestic holds its 75% interest in Songjiagou through its 94% owned subsidiary Majestic Yantai Gold Ltd. The remaining 25% of Songjiagou is held by Yantai Dahedong Processing Co. Ltd.. The Company's mining license for the Songjiagou Gold Mine is valid until May 17, 2031.

RESOURCE

The Company filed an amended technical report titled "Independent Technical Report of Songjiagou Project, Shandong Province, The People's Republic of China" (the "Amended Report") dated January 19, 2016, as prepared by SRK Consulting (China) Ltd. ("SRK").

The Amended Report is an amendment of the initial technical report in support of the Preliminary Economic Assessment ("PEA") for the Songjiagou Gold Mine dated August 2, 2013, and prepared by SRK Consulting (China) Ltd. The Amended Report is available under the Company's profile on SEDAR at www.sedar.com and on the Company's website www.majesticgold.com.

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Amended Resource Estimate* (in Amended Report dated January 19, 2016)

Global Resource

Open Pit		Underground
Indicated (MT)	Inferred	Inferred
(0.30 g/t Au) cutoff	(0.30 g/t Au) cutoff	(0.80 g/t Au) cutoff
26.6 MT @ 1.40 g/t Au	23.4 MT @ 1.45 g/t Au	5.6 MT @ 2.60 g/t Au

Within Original Mining License

Open Pit		Underground
Indicated (MT)	Inferred	Inferred
(0.30 g/t Au) cutoff	(0.30 g/t Au) cutoff	(0.80 g/t Au) cutoff
24.1 MT @ 1.44 g/t Au	18.0 MT @ 1.29 g/t Au	4.9 MT @ 2.60 g/t Au

**The resource estimate is categorized as Indicated and Inferred as defined by the CIM guidelines for resource reporting. Mineral resources do not demonstrate economic viability, and there is no certainty that these mineral resources will be converted into mineable reserves once economic considerations are applied.*

A PEA should not be considered to be a prefeasibility or feasibility study, as the economics and technical viability of the Songjiagou Project have not been demonstrated at this time. A PEA is preliminary in nature; it includes inferred mineral resources considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves; there is no certainty that the preliminary assessment will be realized.

SONGJIAGOU NORTH UNDERGROUND MINE

The Songjiagou North Underground Mine ("Songjiagou Underground") project area lies immediately north of the Songjiagou Gold Mine, within the project's mining license boundary. The area underlain by precious metal mineralized vein structures was converted to a five-year, 0.414 sq. km. mining license that was granted on February 18, 2016 and is valid until February 18, 2031. The mining license area covers a continuation of the gold mineralization that is currently being developed in the adjacent Songjiagou Gold Mine.

The Songjiagou Underground mine development includes a 2,650 metre access ramp, a main auxiliary shaft, air shafts, and inclined shafts connecting the five levels developed at +49, +9, -40m, -80m and -160 m. The Company commenced production at Songjiagou North Underground in October 2019, and for FY2020 mined an average 240 tonnes per day at an average grade of 1.74 g/t.

SRK Consulting (China) Ltd, is working with the Company to update the Company's NI 43-101 Technical Report which includes the Songjiagou North underground Mine into the updated Technical Report and will be published following its completion.

EXPLORATION

Australia - Fair Adelaide East Project

In December 2019, Majestic has entered into a letter agreement (the "Agreement") with Plutus Resources Pty. Ltd. ("Plutus"), a privately owned Australian company, whereby Majestic has been granted an option to acquire a 51% interest in Fair Adelaide East Project which consists of eight tenements located in Western Australia.

The eight contiguous tenements owned by Plutus, collectively called the Fair Adelaide East Project, are within the Eastern Goldfields Province of Western Australia. The property is located about 60 kilometres northwest of Kalgoorlie and comprise a total area of 1,322 hectares. The property covers a prospective portion of ultramafic rocks on the western limb of the Goongarrie–Mt Pleasant anticline in the prolific Kalgoorlie gold district which also hosts significant base metal occurrences. The geology of the project area covers predominantly mafic – ultramafic rock types which in part are covered by alluvial soils of varying depths and these areas along with a number of other prospective targets remain untested.

The project is also located adjacent and on strike to the Cawse lateritic nickel project. The project is considered to be prospective for economic Archaean lode-style gold as well as Komatiite nickel sulphide mineralisation.

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The Company reported its March 2021 exploration results at the Fair Adelaide East and Queen Adelaide prospect. The exploration program tested eighteen holes for near surface gold mineralization near the western boundary of the property. Greenstone rocks that host gold mineralization at these prospects play host regionally to the Siberia, Mt. Pleasant and Paddington gold deposits.

Five of the holes drilled by the Company at these prospects returned anomalous results, with the best hole returning 0.54 g/t gold over 7.0 meters, from 32.0 to 39.0 meters depth, including 2.52 g/t gold over 1.0 meter from Hole 15.

The Company drilled 3 holes at Puzzle Bear, testing mineralization that was drilled by Crusader Resources in 2004. Holes 20 and 21 drilled by the Company returned anomalous nickel and cobalt values starting at surface, as follows:

- Hole 20 intersected 0.26% nickel and 0.031% cobalt over 8.0 meters
- Hole 21 intersected 0.24% nickel and 0.020% cobalt over 7.0 meters

The Company is currently evaluating whether any follow-up exploration work will be undertaken on the property.

Pursuant to the Agreement, Majestic may acquire a 51% interest in the full eight tenements by paying Plutus AUD\$30,000 on execution of the Agreement, a further AUD\$30,000 which was paid in December 2020 and expending a total AUD\$2,000,000 in exploration expenses on the properties during the ensuing two years ending December 15, 2023, provided that Majestic expends a minimum of AUD\$500,000 on the properties during the year commencing December 15, 2021 and ending December 15, 2022.

Alternatively, Majestic may elect to acquire a 51% interest in fewer than the full eight tenements by making the two cash payments of AUD\$30,000 and electing to expend a minimum of AUD\$250,000 on any one or any number of tenements each and relinquishing the balance of the tenements back to Plutus, again provided Majestic expends a minimum of AUD\$500,000 during the period commencing December 15, 2021 and ending December 15, 2023.

Following Majestic having earned a 51% interest either in the full property or any fewer number, Plutus and Majestic shall either negotiate a joint venture for the further development of the then jointly-owned properties or negotiate a sale of a 44% interest by Plutus to Majestic.

China Exploration Projects

On October 23, 2019, the Company has entered into three separate non-binding Memorandums of Understanding ("MOUs") with three different groups (the "Parties") on four gold projects located in the Muping-Rushan gold belt in eastern Shandong Province, China.

Under the terms of each of the MOUs, Majestic and each of the Parties have agreed to a 12-month exclusivity period whereby Majestic shall have the right to carry out a thorough due diligence review of the business, finance and legal status of each party and its assets. Majestic has agreed to complete a Competent/Qualified Persons report for each of the four properties and upon completion of its due diligence, Majestic will decide upon a possible joint venture, merger or acquisition with each of the Parties and/or their assets.

Pursuant to the MOUs signed by Majestic, the Company has contracted SRK Consulting China Ltd. to prepare Competent/Qualified Persons reports for the four properties that are the subjects of the MOUs, as outlined below.

Baiheng

Majestic's October 2019 MOU replaces its 2015 MOU with Yantai Baiheng Gold Mine Co. Ltd. ("Baiheng") allowing more thorough due diligence of Baiheng and its two gold properties: Xia Yu Cun and Shuang Shan Tun. These two gold properties are in relative proximity to Majestic's Songjiagou Gold Mine, with the properties located 16.5 and 26 kilometres northeast of Songjiagou Gold Mine. Both properties were former

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gold producers and have been explored recently by Baiheng in order to expand gold mineralization laterally and at depth.

Baiheng has been focused on Shuang Shan Tun, a property with a 2.05 square kilometre Prospecting License and a 0.778 square kilometre Mining License. The previous operator of Shuang Shan Tun mined eight gold mineralized structures from near surface down to a depth of about 250 metres. Since taking over, Baiheng has since discovered 15 deep gold-mineralized vein structures down to a depth of about 1,000 metres. Baiheng has developed a production shaft down to 1,000 metres in order to develop the horizontal levels giving access to three of the higher-grade mineralized structures.

At Xia Yu Cun, Baiheng holds a 3.14 square kilometre Prospecting License and is in the process of renewing its 0.44 square kilometre Mining License. Mining by the previous operator at Xia Yu Cun was stopped at a depth of 100 metres. Baiheng has since delineated gold mineralization from eight distinct mineralized vein structures that are found from 100-800 metres below surface but Baiheng has not proceeded with any development on the property.

Moshan

Majestic's second MOU is with Moshan Fanda Mining Co. Ltd. ("Fanda"), owner of the Moshan property, located 14.5 kilometres northeast of Majestic's Songjiagou gold mine. Fanda owns a 5.2 square kilometre Exploration License that covers an area where they expanded mineralization on 15 gold-mineralized vein structures and discovered an additional four mineralized vein structures in exploration between 2015 and 2016.

Jiaxing

Majestic's third MOU is with Weihai Jiaxing Mining Co. Ltd. ("Jiaxing"), owner of the Waizhuang property, located approximately 25 kilometres southeast of Majestic's operation at Songjiagou. The property is comprised of a 10.15 square kilometre Exploration License. Jiaxing conducted detailed exploration of the property in 2015 and discovered a total six gold-mineralized vein structures

QUALIFIED PERSON

Stephen Kenwood, President and CEO of Majestic, is the Company's QP as defined by National Instrument 43-101 and is the non-independent QP that has read and approved the technical information contained in this MD&A.

SELECTED ANNUAL FINANCIAL INFORMATION

Due to the change of year-end in FY 2019, from September 30 to December 31, the Company is reporting the results for the fifteen months ended December 31, 2019.

The following table presents selected financial information for the last three audited fiscal years:

	Year ended December 31, 2020	Fifteen months ended December 31, 2019	Year ended September 30, 2018
Gold revenue	\$52,363,436	\$40,373,301	\$33,462,929
Net income	\$15,062,301	\$4,265,482	\$11,921,694
Net income per share	\$0.01	\$0.00	\$0.01
Total assets	126,715,193	98,682,737	102,824,308
Total non-current liabilities	4,703,409	4,533,782	5,530,066
Dividends	-	-	-

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SELECTED QUARTERLY AND FULL YEAR FINANCIAL AND OPERATING RESULTS

	Three months ended December 31, 2020	Three months ended December 31, 2019	Twelve months ended December 31, 2020	Fifteen months ended December 31, 2019
Operating data				
Gold produced (ozs)	9,089	6,704	34,236	35,099
Gold realized net of smelting fees (ozs)	8,524	6,041	31,875	32,179
Gold sold (ozs)	8,391	6,140	31,745	31,384
Average realized gold price (\$/oz sold)	\$ 1,783	\$ 1,293	\$ 1,650	\$ 1,286
Total cash costs (\$/oz sold) ⁽¹⁾	592	758	588	641
Total production costs (\$/oz sold) ⁽¹⁾	688	994	762	891
All-in sustaining costs (\$/oz sold) ⁽¹⁾	744	924	716	786
Financial data				
Gold revenue	\$ 14,962,881	\$ 7,941,403	\$ 52,363,436	\$ 40,373,301
Gross profit (loss) ⁽²⁾	9,189,154	1,572,004	28,184,067	12,406,586
Adjusted EBITDA ⁽¹⁾	8,743,230	1,753,291	29,811,456	15,816,519
Net income (loss)	3,789,196	(1,330,157)	15,062,301	4,265,482
Net income (loss) attributable to shareholders	1,884,881	(2,682,850)	9,430,192	2,365,181
Basic and diluted income (loss) per share	0.00	(0.00)	0.01	0.00
			December 31, 2020	December 31, 2019
Balance Sheet				
Cash and cash equivalents			\$ 33,774,231	\$ 23,918,724
Total assets			126,715,193	98,682,737
Total current liabilities			31,920,104	24,395,468

(1) See "Additional Non-IFRS Financial Measures" on pages 17-19.

(2) "Gross profit" represents total revenues, net of cost of goods sold.

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RESULTS OF OPERATIONS

The variance analysis presented below discusses factors other than the natural variance caused by comparing a twelve-month period to a fifteen-month period.

Gold Production

	Three months ended December 31, 2020	Three months ended December 31, 2019	Twelve months ended December 31, 2020	Fifteen months ended December 31, 2019
Production data				
<i>Songjiagou Gold Mine</i>				
Tonnes mined	437,796	304,544	1,499,207	1,718,857
Tonnes milled	388,009	301,163	1,500,208	1,527,394
Head grade (g/t)	0.66	0.51	0.63	0.55
Mill recovery	96%	94%	95%	95%
Gold produced (ozs)	7,875	4,727	29,293	25,775
Gold realized net of smelting fees (ozs)	7,395	4,242	27,278	23,694
<i>Songjiagou Underground Mine</i>				
Tonnes mined	22,096	25,893	89,921	116,005
Tonnes milled	22,096	25,893	89,921	116,005
Head grade (g/t)	1.74	2.49	1.74	2.53
Mill recovery	98%	99%	98%	99%
Gold produced (ozs)	1,214	1,977	4,943	9,324
Gold realized net of smelting fees (ozs)	1,129	1,799	4,597	8,485
<i>Total Songjiagou Operations</i>				
Tonnes mined	459,893	330,437	1,589,128	1,834,862
Tonnes milled	410,105	327,056	1,590,129	1,643,399
Head grade (g/t)	0.72	0.66	0.70	0.69
Mill recovery	96%	96%	96%	96%
Gold produced (ozs)	9,089	6,704	34,236	35,099
Gold realized net of smelting fees (ozs)	8,524	6,041	31,875	32,179

Gold production was 9,089 ounces for the quarter ended December 31, 2020 ("FY2020 Q4"), from 410,105 tonnes milled with an average grade of 0.72 g/t and a 96% recovery rate, compared to 6,704 ounces produced, from 327,056 tonnes milled with an average grade of 0.66 g/t and a 96% recovery rate, for the quarter ended December 31, 2019 ("FY2019 Q5").

Gold production was 34,236 ounces for FY2020, from 1,590,129 tonnes milled with an average grade of 0.70 g/t and a 96% recovery rate, compared to 35,099 ounces produced for FY2019, from 1,643,399 tonnes milled with an average head grade of 0.69 g/t and a 96% recovery rate.

Gold Revenue

	Three months ended December 31, 2020	Three months ended December 31, 2019	Twelve months ended December 31, 2020	Fifteen months ended December 31, 2019
Gold				
Ounces sold	8,391	6,140	31,745	31,384
Average realized price (\$/oz)	\$ 1,783	\$ 1,293	\$ 1,650	\$ 1,286
Revenues				
Gold	\$ 14,962,881	\$ 7,941,403	\$ 52,363,436	\$ 40,373,301

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Gold revenue for FY2020 Q4 was \$15 million, from the sale of 8,391 ounces, at an average realized gold price of \$1,783 per ounce compared to gold sales revenue of \$7.9 million for FY2019 Q5, from the sale of 6,140 ounces, at an average realized gold price of \$1,293 per ounce.

Gold revenue was \$52.4 million for FY2020, from the sale of 31,745 ounces, at an average realized gold price of \$1,650 per ounce, compared to gold sales revenue of \$40.4 million from the sale of 31,384 ounces, at an average realized gold price of \$1,286 per ounce for FY2019.

Cost of Sales

	Three months ended December 31, 2020	Three months ended December 31, 2019	Twelve months ended December 31, 2020	Fifteen months ended December 31, 2019
Ounces sold	8,391	6,140	31,745	31,384
Per ounce of gold sold ⁽¹⁾				
Cash costs	\$ 592	\$ 758	\$ 588	\$ 641
Production costs	688	994	762	891
Cost of Goods Sold				
Total cash costs	\$ 4,968,531	\$ 4,652,829	\$ 18,667,772	\$ 20,127,897
Total production costs	5,773,727	6,103,100	24,179,369	27,966,715

(1) See "Additional Non-IFRS Financial Measures" on pages 17-19.

Cash costs were \$592 per ounce for FY2020 Q4, compared to \$758 for FY2019 Q5. Production costs were \$688 per ounce for FY2020 Q4, compared \$994 per ounce for FY2019 Q5.

Cash costs were \$588 per ounce for FY2020, compared to \$641 for FY2019. Production costs were \$762 per ounce for FY2020, compared \$891 per ounce for FY2019.

The Company continues to work in maintaining its average cash costs below \$675 per ounce.

Other Items

The Company's general and administrative expenses ("G&A") expenditures were \$3,979,446 for FY2020, a decrease of \$596,305 from \$4,575,751 for FY2019. G&A for FY2020 Q4 was \$1,160,433 (FY2019 Q5 - \$1,368,403). In FY2020 Q4, certain expenditures within G&A that relate to the Company's research and development (R&D) efforts have been reclassified to R&D. The overall decrease in G&A is result of the Company's continued cost reduction efforts.

The items with significant variances, other than the natural variance due to comparing a twelve-month period to a fifteen-month period, are as follows for FY2020 and FY2019:

Research and development expenditures for FY2020 were \$482,667 (FY2019 - \$Nil). These costs are related to the Company's initiative in developing and implementing new technologies in its mining operations, with the expectation of improving its recovery rates, and efficiencies and environmental impact in its processing and mining activities.

Travel expenditures for FY2020 were \$401,109, compared to \$713,909 for FY2019. Travel costs were lower due to the COVID-19 and the related travel restrictions. The Company expects travel costs to increase nearer to prior years as travel restrictions are lifted.

The remaining G&A expenses recorded in the statement of operations reflect the normal corporate business cycle. The Company strives to provide efficient and cost-effective administrative support to management's ongoing efforts to monitor production costs, and increase shareholder value.

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The details of the changes in the consolidated G&A for FY2020 and FY2019 are as follows:

	Three months ended December 31, 2020	Three months ended December 31, 2019	Twelve months ended December 31, 2020	Fifteen months ended December 31, 2019
Consulting and management fees	\$ 143,052	\$ 322,089	\$ 575,560	\$ 834,716
Financial advisory	147,962	763,358	720,185	786,388
Depreciation	(90,687)	(119,433)	95,238	146,866
Office and general	(131,792)	128,070	428,030	671,909
Professional fees	86,947	21,993	153,786	92,098
Research and development	482,667	-	482,667	-
Salaries	373,429	51,992	1,082,284	1,293,222
Shareholder communications	6,484	7,431	40,587	36,643
Travel	142,371	192,543	401,109	713,909
Total	\$ 1,160,433	\$ 1,368,043	\$ 3,979,446	\$ 4,575,751

The details of the changes in the consolidated finance expense for FY2020 and FY2019 are as follows:

	Three months ended December 31, 2020	Three months ended December 31, 2019	Twelve months ended December 31, 2020	Fifteen months ended December 31, 2019
Interest expenses and finances charges for loans payable	\$ 177,841	\$ 565,705	\$ 588,850	\$ 954,720
Interest expense for leases	752	442	2,924	2,326
Interest expense for other long-term liabilities	17,948	19,031	71,790	95,156
Accretion of asset retirement obligation	1,434	157,540	98,879	245,694
Total	\$ 197,974	\$ 742,718	\$ 762,443	\$ 1,297,896

SUMMARY OF QUARTERLY RESULTS

The financial results for each of the eight most recently completed quarters are summarized below:

	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Net revenues	\$14,962,881	\$13,919,283	\$13,169,364	\$10,311,908
Net income	\$3,789,196	\$4,726,768	\$4,392,775	\$2,153,562
Income per share	0.00	\$0.01	\$0.00	\$0.00
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Net revenues	7,941,403	\$7,119,195	\$6,928,695	\$11,114,761
Net income (loss)	\$(1,330,157)	\$1,756,827	\$490,037	\$2,199,301
Income per share	(0.00)	0.00	0.00	0.00

Significant variations in net revenues between periods are primarily due to variances in gold sales as well as the volatility of gold prices.

Significant variations in the net income between quarters are primarily due to the volatility of gold prices and variances in gold sales, production costs, G&A expenses

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FOURTH QUARTER

Majestic began the fourth quarter ended December 31, 2020, with \$19,462,370 in cash. During the three months ended December 31, 2020, the Company generated \$18,760,844 from the Company's operating activities, net of working capital changes, expended \$2,899,637 on investing activities, and expended \$3,165,710 on the Company's financing activities and had a foreign exchange gain of \$1,616,364, to end at December 31, 2020 with \$33,774,231 in cash.

LIQUIDITY

The Company's liquidity requirements arise principally from the need for working capital to finance expansion of its mining and processing operations. The Company's principal sources of funds have been proceeds from the borrowing from various financial institutions in China, equity financings, and cash generated from operations. The Company's liquidity depends primarily on its ability to generate cash flow from its operations and to obtain external financing to meet its debt obligations as they become due, as well as the Company's future operating and capital expenditure requirements.

At December 31, 2020, the Company had cash of \$33,774,231 (December 31, 2019 - \$23,918,724).

The Company had working capital of \$6,779,255 at December 31, 2020, improving from a working capital of \$5,501,364 at December 31, 2019, of which key components included:

- *Cash* - was \$33.8 million; up \$9.9 million from the end of fiscal 2019;
- *Deposits and prepaid expense* - was \$0.5 million, down \$1.1 million from the end of fiscal 2019 on the refund of gold sales deposits;
- *Inventories* - was \$4.4 million, up \$0.08 million from the end of fiscal 2019;
- *Accounts payable and accrued liabilities* - \$23.4 million, up \$12.6 million from the end of fiscal 2019, increase is primarily due to the balance owing for the mining license renewal; and
- *Loans payable* - was \$4.6 million, down \$8.3 million from the end of fiscal 2019, due to several loans repaid in fiscal 2020.

Majestic began the FY2020, with \$23,918,724 in cash. During FY2020, the Company had generated \$36,815,385 from its operating activities, net of working capital changes, had net expenditures of \$19,928,466 on its investing activities, which included \$17,413,932 for the purchase and development of property, plant and equipment, and expended \$8,883,590 in financing activities, which was mainly attributable in loan repayments, net of loan borrowings, and had a foreign exchange gain of \$1,852,200, to end at December 31, 2020, with \$33,774,231 in cash.

Management considers its operating cash flows to be sufficient for the next twelve months in meeting its planned development, operational activities, and its current outstanding debts. The Company has been achieving consistent profits from its operations and once operations resume following the completion of the governmental cautionary safety inspections, the Company anticipates gold production, gold revenues and profits will to continue to grow from its FY2020 levels. The Company expects growth through increased production under the expanded mining permit and higher head grades achieved in the open pit.

CAPITAL RESOURCES

As at the date of this MD&A, other than as described herein and in the Financial Report, the Company has no other arrangements for sources of financing.

In management's view, given the nature of the Company's operations, which consists of exploration, mining and evaluation of mining properties, the most relevant financial information relates primarily to current liquidity, solvency and planned property expenditures. The Company's financial success will be dependent upon the extent to which it can discover mineralization and the economic viability of developing its properties. Such development may take years to complete and the amount of resulting income, if any, is difficult to determine. The sales value of any minerals discovered by the Company is largely dependent upon factors beyond the Company's control, including the market value of the metals to be produced.

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OUTSTANDING SHARE DATA AS AT THE DATE OF THIS MD&A

Authorized: an unlimited number of common shares without par value.	Common shares issued and outstanding	Stock options
Outstanding at December 31, 2020	1,047,726,381	20,700,000
Expired stock options	-	(20,700,000)
Outstanding at the date of this MD&A	1,047,726,381	-

TRANSACTIONS WITH RELATED PARTIES

Related party transactions

The Company incurred the following related party transactions during FY2020 and FY2019:

	Three months ended December 31, 2020	Three months ended December 31, 2019	Twelve months ended December 31, 2020	Fifteen months ended December 31, 2019
Consulting fees charged by companies controlled by directors and officers of the Company - include key management personnel compensation	\$ 194,865	\$ 272,541	\$ 614,131	\$ 895,446

Compensation of key management personnel

The remuneration of directors and other members of key management personnel, which are included in the amounts disclosed above, were as follows:

	Three months ended December 31, 2020	Three months ended December 31, 2019	Twelve months ended December 31, 2020	Fifteen months ended December 31, 2019
Short-term employee benefits—management fees	\$ 48,619	\$ 130,968	\$ 216,025	\$ 366,091
Director fees	3,664	15,255	35,631	172,720
	\$ 52,283	\$ 146,223	\$ 251,656	\$ 538,811

Key management included the Company's directors, executive officers and senior management. These transactions occurred in the normal course of operations and are measured at their exchange amounts, which is the amount of consideration established and agreed to by the parties.

NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS

Adoption of new accounting standards, interpretations and amendments

IFRS 3 Business Combinations Amendments

The IASB issued amendments to the definition of a business in IFRS 3 *Business Combinations*. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendment provides additional guidance on the definition of a business in determining whether a transaction results in an asset or business acquisition. The amendment includes an optional concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. If the concentration test is not met, or if an entity elects not to apply the test, then an assessment of the elements of a business is performed to determine whether the transaction results in an asset or business acquisition. These amendments are effective for annual periods beginning on or after January 1, 2020. Adoption of this standard had no material impact on the consolidated financial statements. The Adoption of this standard had no material impact on the consolidated financial statements.

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IFRIC 23 *Uncertainty over Income Tax Treatments*

International Financial Reporting Interpretations Committee ("IFRIC") 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. The Adoption of this standard had no material impact on the consolidated financial statements.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED BUT NOT YET APPLIED

A number of new standards, amendments to standards and interpretations are issued but not yet applied as of December 31, 2020, in preparing these consolidated financial statements.

IAS 16 *Property, Plant and Equipment*

The IASB issued an amendment to IAS 16, Property, Plant and Equipment to prohibit the deducting from property, plant and equipment amounts received from selling items produced while preparing an asset for its intended use. Instead, sales proceeds and its related costs must be recognized in profit or loss. The amendment will require companies to distinguish between costs associated with producing and selling items before the item of property, plant and equipment is available for use and costs associated with making the item of property, plant and equipment available for its intended use. The amendment is effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. The amendment is not currently applicable.

IAS 1, *Presentation of Financial Statements*

The IASB issued an amendment to IAS 1, Presentation of Financial Statements to clarify one of the requirements under the standard for classifying a liability as non-current in nature, specifically the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendment includes: (i) specifying that an entity's right to defer settlement must exist at the end of the reporting period; (ii) clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement; (iii) clarifying how lending conditions affect classification; and (iv) clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments. An assessment will be performed prior to the effective date of January 1, 2023 to determine the impact to the Company's financial statements.

COMMITMENT AND CONTINGENCIES

Commitments and contingencies include principal and interest payments of Company's bank loans, expenditure commitments on its mineral properties, future aggregate minimum operating lease payments required under the operating leases and financial guarantees as described in the Notes 10, 12, 13 and 20 to the Financial Report.

OFF-BALANCE SHEET ARRANGEMENTS

The Company from time to time enters into various off-balance sheet arrangements in the ordinary course of business. The arrangements are entered into by Yantai Zhongjia Mining Inc. and comprise of providing financial guarantees in its ordinary course of business. For additional information on these arrangements, refer to Note 13 of the Financial Report.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. Equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. The Company classifies its cash, receivables, restricted cash and reclamation deposits at amortized cost.

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The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Impairment of financial assets

IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted

at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed, but not exceeding what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. The Company classifies its accounts payable, loans payable, security for financial guarantee and other long-term liabilities at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Fair value

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks. The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level2 – inputs other than quoted prices included in Level1 that are observable for the asset or liability, either directly (i.e.: as prices) or indirectly (i.e.: derived from prices); and

Level3 – inputs for the asset or liability that are not based on observable market data unobservable inputs).

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Risk Management

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and reclamation deposits held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada and China. The credit risk associated with cash held in Canada is reduced by management ensuring that the Company uses a major Canadian financial institution with strong investment grade ratings by a primary ratings agency. The credit risk associated with cash held in China is reduced, but not fully mitigated, by management using a financial institution that is operated by the Government of China.

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 plans to ensure that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in interest bearing accounts which are available on demand. Management believes the Company has sufficient cash on hand to finance operations for the next twelve months. The Company's accounts payable and accrued liabilities are generally due on demand. The maturity of the Company's loans are disclosed in Note 12 of the Financial Report.

Industry Risk

The Company is a mining company with a property and mining operations in China. Its mining activities involve numerous inherent risks. The Company is subject to various financial, equities markets, operational and political risks that could significantly affect its operations and cash flows. These risks include changes in local laws affecting the mining industry, a decline in the price of commodities, uncertainties inherent in estimating mineral resources and fluctuations in the foreign currencies against the US dollar. The Company does not use derivatives or hedging to mitigate the risk of changes in the price of gold or currency fluctuations.

The Company's business is highly dependent on the price of gold and venture capital markets, which are impacted by volatility factors the Company cannot control. A decrease in the price of gold could adversely affect the Company's financial condition, results of operations and cash flows. Lower gold prices may result in asset impairment, write-downs of mineral property carrying values and limitations in access to capital.

The Company operates in China and is exposed to the laws governing the mining industry in China. The Chinese government is currently supportive of the mining industry but there is uncertainty in future changes to government policies and regulations including taxation, repatriation of profits, restrictions on production, export controls, environmental compliance and expropriation. These factors could adversely affect the Company's exploration efforts and production plans.

The Company's property is located in an area that can experience severe winter weather conditions which could adversely affect mining operations. In addition, the Company is subject to changes in environmental laws and regulations that may result in unexpected costs.

Market Risk

The significant market risks to which the Company is exposed are interest rate risk, currency risk and other commodity price risk. These are discussed further below:

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's cash consists of cash and reclamation deposits held in bank accounts that earn interest at variable interest rates. The Company's loans payable accrues interest at fixed rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on the estimated fair value as of December 31, 2020.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk to the extent

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expenditures incurred or funds received and balances maintained by the Company are denominated in currencies other than the functional currency of the entity completing the transaction or holding the funds. The Company does not manage currency risks through hedging or other currency-based derivatives. The Company and its subsidiaries do not have significant transactions or hold significant cash denominated in currencies other than their functional currencies. Therefore, this risk is considered minimal.

DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring mineral properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest, which they may have, in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any directors in a conflict will disclose their interests and abstain from voting in such matters. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management, and have been examined and approved by the Audit Committee of the Board of Directors. The financial statements were prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of independent directors.

RISKS AND UNCERTAINTIES

Risks and uncertainties information concerning risks specific to the Company and its industry, which are required to be included in this MD&A are incorporated by reference to the Company's annual MD&A for the period ended December 31, 2020.

ADDITIONAL NON-IFRS FINANCIAL MEASURES

The Company has included additional financial performance measures in this MD&A, such as adjusted EBITDA, total cash costs, total production costs and AISC. The Company reports total cash costs, production costs, and AISC on a per gold ounce sold basis. In the gold mining industry, this is a common performance measure but does not have any standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

"Adjusted EBITDA" represents earnings before interest (including non-cash accretion of financial obligations), income taxes and depreciation and depletion ("EBITDA"), adjusted to exclude impairment charges, allowance for doubtful accounts, gains or losses on asset dispositions, share-based compensation, gains/losses on financial instruments and foreign exchange gains/losses.

"Total cash costs per ounce" is calculated from operation's cash costs, which include resource taxes, and dividing the sum by the number of gold ounces sold. Operations cash costs include mining, milling, smelter and other direct costs.

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"Total production costs per ounce" are calculated by adding depreciation and depletion to total cash costs and dividing the sum by the number of ounces of gold sold.

"All-in sustaining cash costs per ounce" includes total cash costs per ounce (as defined above) and adds the sum of G&A, share-based compensation, sustaining capital expenditures and certain exploration and evaluation costs, all divided by the number of ounces sold. As this measure seeks to reflect the full cost of gold production from current operations, new project capital is not included in the calculation of all-in sustaining costs per ounce. Additionally, certain other cash expenditures, including income tax payments and financing costs, are not included.

The following table provides a reconciliation of adjusted EBITDA to the consolidated financial statements for FY2020 and FY2019:

	Three months ended December 31, 2020	Three months ended December 31, 2019	Twelve months ended December 31, 2020	Fifteen months ended December 31, 2019
Net Income (Loss)	\$ 3,789,196	\$ (1,330,157)	\$ 15,062,301	\$ 4,265,482
Depreciation and depletion	714,509	1,597,137	5,606,835	7,985,684
Exploration and evaluation expenditures	-	-	72,371	-
Finance expense, net of finance income	101,051	661,736	406,977	1,045,690
Foreign exchange loss (income)	(6,961)	801,853	(8,092)	(514)
Gain on investments	(387,773)	-	(387,773)	-
Gain on sale of assets	(5,135)	-	(5,135)	-
Other expenses	299,888	953,699	294,828	953,699
Gain on reversal of account payables	-	(908,815)	-	(933,541)
Income tax expense	4,238,455	(22,162)	8,769,144	2,500,019
Adjusted EBITDA	\$ 8,743,230	\$ 1,753,291	\$ 29,811,456	\$ 15,816,519

The following table provides details of the primary components of adjusted EBITDA:

	Three months ended December 31, 2020	Three months ended December 31, 2019	Twelve months ended December 31, 2020	Fifteen months ended December 31, 2019
Revenue	\$ 14,962,881	\$ 7,941,403	\$ 52,363,436	\$ 40,373,301
Cost of sales, net of depreciation and depletion	(4,968,531)	(4,652,829)	(18,667,772)	(20,127,897)
G&A, net of depreciation	(1,251,120)	(1,535,283)	(3,884,208)	(4,428,885)
Adjusted EBITDA	\$ 8,743,230	\$ 1,753,291	\$ 29,811,456	\$ 15,816,519

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The following tables provide reconciliation to the consolidated financial statements of total cash costs per ounce, and total production costs per ounce as disclosed in this MD&A to the consolidated financial statements for FY2020 and FY2019:

	Three months ended December 31, 2020	Three months ended December 31, 2019	Twelve months ended December 31, 2020	Fifteen months ended December 31, 2019
Gold sold (ozs)	8,391	6,140	31,745	31,384
Total cash costs per ounce				
Mining and Milling fees	\$ 4,404,616	\$ 3,484,769	\$ 15,438,718	\$ 18,432,633
Smelting costs	220,627	245,507	827,665	1,268,952
Resource taxes	527,879	291,169	1,860,100	1,413,923
Other direct costs	332,735	(214,547)	588,713	300,276
Changes in ending gold concentrate inventory	(517,326)	845,931	(47,424)	(1,287,887)
Total cash costs	\$ 4,968,531	\$ 4,652,829	\$ 18,667,772	\$ 20,127,897
Per ounce sold	\$ 592	\$ 758	\$ 588	\$ 641
Total production costs per ounce				
Total cash costs	\$ 4,968,531	\$ 4,652,829	\$ 18,667,772	\$ 20,127,897
Depreciation and depletion	805,196	1,450,271	5,511,597	7,838,818
Total production costs	\$ 5,773,727	\$ 6,103,100	\$ 24,179,369	\$ 27,966,715
Per ounce sold	\$ 688	\$ 994	\$ 762	\$ 891
All-in sustaining costs per ounce				
Total cash costs	\$ 4,968,531	\$ 4,652,829	\$ 18,667,772	\$ 20,127,897
G&A, net of depreciation	1,251,120	1,535,283	3,884,208	4,428,885
Sustaining capital expenditures ⁽¹⁾	24,765	(513,912)	180,823	102,817
All-in sustaining costs	\$ 6,244,416	\$ 5,674,200	\$ 22,732,803	\$ 24,659,599
Per ounce sold	\$ 744	\$ 924	\$ 716	\$ 786

(1) Sustaining capital expenditures are defined those expenditures which do not increase annual gold ounce production and excludes certain expenditures at the Company's operations which are deemed expansionary in nature. Capital expenditures include unpaid capital expenditures incurred in the period.

The following table reconciles sustaining capital expenditures to the Company's total additions as reported in the consolidated statements of cash flows for FY2020 and FY2019:

	Three months ended December 31, 2020	Three months ended December 31, 2019	Twelve months ended December 31, 2020	Fifteen months ended December 31, 2019
Additions to property, plant and equipment				
Songjiagou Gold Mine and Underground Mine	\$ 1,038,916	\$ 177,603	\$ 17,233,109	\$ 1,030,916
Sustaining capital	24,765	(513,912)	180,823	102,817
	\$ 1,063,681	\$ (336,309)	\$ 17,413,932	\$ 1,133,733

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FORWARD-LOOKING STATEMENTS

This MD&A contains or incorporates by reference "forward-looking statements" within the meaning of applicable Canadian securities legislation. Except for statements of historical fact relating to the Company, information contained herein constitutes forward-looking statements, including any information as to the Company's strategy, plans or future financial or operating performance. Forward-looking statements are characterized by words such as "plan", "expect", "budget", "target", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include the impact of general business and economic conditions, global liquidity and credit availability on the timing of cash flows and the values of assets and liabilities based on projected future conditions, fluctuating gold prices, currency exchange rates, possible variations in ore grade or recovery rates, changes in accounting policies, changes in the Company's corporate resources, changes in project parameters as plans continue to be refined, changes in project development, construction, production and commissioning time frames, risk related to joint venture operations, the possibility of project cost overruns or unanticipated costs and expenses, higher prices for fuel, steel, power, labour and other consumables contributing to higher costs and general risks of the mining industry, failure of plant, equipment or processes to operate as anticipated, unexpected changes in mine life, unanticipated results of future studies, seasonality and unanticipated weather changes, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and timing and possible outcome of pending litigation and labour disputes, as well as those risk factors discussed or referred to in the Company's Management's Discussion and Analysis for the year ended December 31, 2020, filed with the applicable securities regulatory authorities and available at SEDAR www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates, assumptions or opinions should change, except as required by applicable law. The reader is cautioned not to place undue reliance on forward-looking statements. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the Company's expected financial and operational performance and results as at and for the periods ended on the dates presented in the Company's plans and objectives, and may not be appropriate for other purposes.