



**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**

*(Expressed in US dollars)*

*(Unaudited)*

**Majestic Gold Corp.**  
**Condensed Consolidated Interim Statements of Financial Position**  
(Unaudited - expressed in US dollars)

	Note	March 31, 2022 - \$ -	December 31, 2021 - \$ -
<b>ASSETS</b>			
Current assets			
Cash	4	42,073,176	34,867,831
Receivables	5	215,188	115,855
Deposits and prepaid expenses	6	912,630	596,532
Inventory	7	3,135,835	3,103,699
Current portion of other long-term assets	10	157,524	156,845
		46,494,353	38,840,762
Reclamation deposits	6	2,466,463	2,453,906
Property, plant and equipment	8	84,533,243	85,273,120
Exploration and evaluation assets	9	875	861
Deferred tax assets		851,879	848,205
Other long-term assets	10	622,493	620,168
		134,969,306	128,037,022
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	11	12,157,459	11,743,804
Current portion of long-term liabilities	15	1,187,172	1,181,763
Income taxes payable		7,385,710	7,133,997
Loans payable	12	4,725,749	4,705,365
		25,456,090	24,764,929
Asset retirement obligation	14	3,698,993	3,657,019
Deferred tax liability		1,395,086	1,053,449
Other long-term liabilities	15	5,780,511	5,750,063
		36,330,680	35,225,460
<b>EQUITY</b>			
Share capital	17	122,763,213	122,799,751
Reserves	17	15,081,268	14,094,201
Deficit		(51,703,220)	(54,491,705)
Equity attributable to owners of parent		86,141,261	82,402,247
Equity attributable to non-controlling interests	22	12,497,365	10,409,315
Total equity		98,638,626	92,811,562
		134,969,306	128,037,022
Nature of operations	1		
Commitments	15		
Subsequent event	23		

Approved by the Directors:

"John Campbell"

"Stephen Kenwood"

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

**Majestic Gold Corp.**  
**Condensed Consolidated Interim Statements of Comprehensive Income**  
(Unaudited - expressed in US dollars)

		Three months ended	
		March 31, 2022	March 31, 2021
		- \$ -	- \$ -
	<i>Note</i>		
Gold revenue	19	16,966,985	5,770,486
Cost of sales			
Operating expenses	19	6,049,924	1,362,984
Depreciation and depletion	8, 19	1,573,144	1,232,635
Gross profit		9,343,917	3,174,867
General and administrative	19	1,494,484	909,975
Exploration and evaluation expenditures	9	6,709	99,314
Profit before other items		7,842,724	2,165,578
Other items			
Finance expense	19	131,153	118,364
Finance income		(70,040)	(78,644)
Foreign exchange (gain) loss		64,140	(1,744)
Other (income)/expenses		(274,611)	3,536
		(149,358)	41,512
Net income before income tax		7,992,082	2,124,066
Income tax expense (recovery)		2,574,222	(2,582,577)
Net income for the period		5,417,860	4,706,643
Other comprehensive income (loss)			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation of parent		90,089	31,589
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		355,653	(561,343)
Total other comprehensive loss for the period		445,742	(529,754)
Total comprehensive income for the period		5,863,602	4,176,889
Net income for the period attributable to:			
Owners of the parent		3,477,452	3,272,458
Non-controlling interests		1,940,408	1,434,185
		5,417,860	4,706,643
Comprehensive income for the period attributable to:			
Owners of the parent		3,775,552	2,840,197
Non-controlling interest		2,088,050	1,336,692
		5,863,602	4,176,889
Income per share attributable to owners of the parent- basic and diluted		0.01	0.00
Weighted average number of common shares outstanding - basic and diluted		1,042,664,381	1,047,726,381

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

**Majestic Gold Corp.**  
**Condensed Consolidated Interim Statements of Changes in Equity**  
(Unaudited - expressed in US dollars)

	Attributable to owners of the parent								
	Number of shares	Share capital - \$ -	Share-based payment reserve - \$ -	Special Reserve - \$ -	Foreign currency translation reserve - \$ -	Deficit - \$ -	Total - \$ -	Non-controlling interest - \$ -	Total equity - \$ -
Balance, December 31, 2020	1,047,726,381	123,005,743	11,593,055	2,501,155	(2,022,386)	(58,361,024)	76,716,543	13,375,137	90,091,680
Safety fund surplus reserve	-	-	-	22,884	3,965	(26,849)	-	-	-
Statutory surplus reserve	-	-	-	(13,969)	13,969	-	-	-	-
Comprehensive income (loss)									
Net income for the period	-	-	-	-	-	3,272,458	3,272,458	1,434,185	4,706,643
Other comprehensive loss	-	-	-	-	(432,261)	-	(432,261)	(97,493)	(529,754)
Total comprehensive income (loss) for the period	-	-	-	-	(432,261)	3,272,458	2,840,197	1,336,692	4,176,889
Balance, March 31, 2021	1,047,726,381	123,005,743	11,593,055	2,510,070	(2,436,713)	(55,115,415)	79,556,740	14,711,829	94,268,569

	Attributable to owners of the parent								
	Number of shares	Share capital - \$ -	Share-based payment reserve - \$ -	Special Reserve - \$ -	Foreign currency translation reserve - \$ -	Deficit - \$ -	Total - \$ -	Non-controlling interest - \$ -	Total equity - \$ -
Balance, December 31, 2021	1,043,664,381	122,799,751	11,593,055	3,206,141	(704,995)	(54,491,705)	82,402,247	10,409,315	92,811,562
Shares cancelled under normal course issuer bid (NCIB")	(700,000)	(36,538)	-	-	-	-	(36,538)	-	(36,538)
Shares cancelled from treasury under NCIB	(300,000)	-	-	-	-	-	-	-	-
Safety fund surplus reserve	-	-	-	18,509	(541)	(17,968)	-	-	-
Statutory surplus reserve	-	-	-	684,357	(13,358)	(670,999)	-	-	-
Comprehensive income									
Net income for the period	-	-	-	-	-	3,477,452	3,477,452	1,940,408	5,417,860
Other comprehensive income	-	-	-	-	298,100	-	298,100	147,642	445,742
Total comprehensive income for the period	-	-	-	-	298,100	3,477,452	3,775,552	2,088,050	5,863,602
Balance, March 31, 2022	1,042,664,381	122,763,213	11,593,055	3,909,007	(420,794)	(51,703,220)	86,141,261	12,497,365	98,638,626

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

**Majestic Gold Corp.**  
**Condensed Consolidated Interim Statements of Cash Flows**  
(Unaudited - expressed in US dollars)

	Three months ended	
	March 31, 2022	March 31, 2021
	- \$ -	- \$ -
Cash provided from (used for):		
Operating activities:		
Net income for the period	5,417,860	4,706,643
Items not involving cash:		
Depreciation and depletion	1,675,343	1,270,761
Finance expense	131,153	118,364
Net Income tax expense (recovery)	2,572,460	(2,582,577)
Changes in non-cash working capital balances:		
Receivables	(99,333)	(694)
Deposits and prepaid expenses	(315,737)	(298,575)
Inventory	(18,690)	(1,894,822)
Accounts payable and accrued liabilities	357,400	(1,846,362)
Effect of foreign exchange on working capital	1,676	(88,117)
Net Income tax recovered (paid)	(2,015,856)	1,016,453
Interest paid	(45,682)	(72,296)
<b>Net cash provided from operating activities</b>	<b>7,660,594</b>	<b>328,778</b>
Investing activities:		
Expenditures on property, plant and equipment	(565,052)	(3,367,452)
Reclamation deposits	(1,927)	(1,711)
<b>Net cash used for investing activities</b>	<b>(566,979)</b>	<b>(3,369,163)</b>
Financing activities:		
Lease payments	(6,800)	(4,531)
Purchase of shares under NCIB	(36,538)	-
Other long-term liability payments	(42,090)	(41,079)
<b>Net cash used for financing activities</b>	<b>(85,428)</b>	<b>(45,610)</b>
Effect of foreign exchange on cash	197,158	(76,397)
Net increase (decrease) in cash	7,205,345	(3,162,392)
Cash, beginning	34,867,831	33,774,231
<b>Cash, ending</b>	<b>42,073,176</b>	<b>30,611,839</b>

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

**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three-month period ended March 31, 2022 and 2021**  
**(Unaudited - expressed in US dollars)**

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**1. Nature of operations**

Majestic Gold Corp. (the "Company") is incorporated under the laws of the province of British Columbia, Canada. The Company's shares trade on the TSX Venture Exchange ("TSX-V") under the symbol MJS. The Company is a mining company focused on the exploration, development and operation of mining properties in China, Australia and Canada.

The head office, principal address and the registered and records office of the Company are located at 306 – 1688 152nd Street, Surrey, British Columbia, Canada, V4A 4N2.

These unaudited condensed consolidated interim financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. At March 31, 2022, the Company has a working capital of \$21,038,263. In the opinion of the directors, the Company will have necessary funds to finance its working capital and capital expenditure requirements for the next twelve months following March 31, 2022, based on the consideration that the Company is expected to remain profitable and continue to generate operating cash inflow from its future business operations.

On March 1, 2021, the Company announced the provincial government in Shandong ordered 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. On April 29, 2021, and August 5, 2021, the Company obtained the governmental approvals to resume mining operations at the Songjiagou ("SJG") Underground Mine and SJG Open-Pit Mine respectively, following successful completion of the cautionary safety inspections.

**2. Basis of preparation and significant accounting policies**

**Statement of compliance**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). The policies applied in these financial statements are based on International Financial Reporting Standards ("IFRS") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") issued and outstanding as at May 11, 2022, the date the audit committee to the board of directors approved these unaudited condensed consolidated interim financial statements for issue.

**Basis of preparation**

These unaudited condensed consolidated interim financial statements, prepared in conformity with IAS 34, follow the same accounting policies and methods of computation as the most recent audited annual consolidated financial statements.

Since these unaudited condensed consolidated interim financial statements do not include all disclosures required by the International Financial Reporting Standards ("IFRS") for annual financial statements, they should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2021.

These unaudited condensed consolidated interim financial statements of the Company are presented in US dollars unless otherwise noted.

**Basis of consolidation**

The condensed consolidated interim financial statements include the accounts of the Company and its controlled entities. All inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three-month period ended March 31, 2022 and 2021**  
**(Unaudited - expressed in US dollars)**

**2. Basis of preparation and significant accounting policies (continued)**

The net interest of the Company's most significant subsidiaries are presented below:

	Country of incorporation	Percentage as at March 31, 2022	Percentage as at December 31, 2021
Sinogold Resources Holdings Group Co. Ltd.	Cayman Island	94%	94%
Majestic Yantai Gold Ltd.	BVI	94%	94%
Yantai Zhongjia Mining Inc.	China	70.5%	70.5%

**COVID-19 estimation uncertainty**

The COVID-19 pandemic had a significant negative impact on global economic conditions in 2020 which resulted in significant volatility of commodity prices as well as increased economic uncertainty. Throughout 2021, there has been an economic recovery providing for more positive outlooks on commodity prices and general market and industry conditions as COVID-19 vaccination rates continue to increase and government restrictions are slowly eased.

In response to the COVID-19 pandemic, and in compliance with the PRC government's measures to contain and mitigate the COVID-19 outbreak, the Company suspended certain office administrative functions in the PRC in February 2020. During this period, there was no suspension in the mining and processing operations, with full operations resuming on February 24, 2020.

**Use of estimates**

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include:

**a) The useful lives of property, plant and equipment**

Depreciation is calculated on the straight-line basis to depreciate the cost of each item of plant and equipment and ROU asset to its residual value over its estimated useful life. Useful lives are determined based on management's past experience with similar assets, estimated changes in technologies and in the case of mining related plant and equipment, estimated mine lives. If the estimated useful lives change significantly, adjustment of depreciation will be provided in the future year.

The useful lives of the Company's mining properties and infrastructure are based on indicated gold resource and probable reserve estimates based on a certain grade cut-off level. Assumptions that influenced cut-off grade include the expected future price of gold, projected operating costs and discount rates. Changes to these assumptions and further analysis of the Company's gold resource and reserve estimates could significantly impact the expected useful lives of the Company's mineral property and related infrastructure.

**b) Asset retirement obligation**

The asset retirement obligation is based on projected future costs associated with mine reclamation and closure activities on the Company's SJG Open-Pit Mine and SJG Underground Mine. These estimates are based on current Chinese environmental laws and regulations. Future changes to such laws and regulations as well as changes to the Company's intended mining operations could significantly impact this provision.

**c) Impairment of the Company's mining assets**

When assessing whether there are indicators of impairment of the Company's mining property and related assets, the Company considers internal and external factors, including:

- (i) Market factors such as a decrease in the price of gold or an increase in market interest rates;
- (ii) Whether the carrying value of the Company's net assets exceeding the Company's market capitalization; and
- (iii) The net cash flows generated by the assets being less than expected.

**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three-month period ended March 31, 2022 and 2021**  
**(Unaudited - expressed in US dollars)**

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**2. Basis of preparation and significant accounting policies (continued)**

**Use of estimates (continued)**

The Company has concluded that, as at March 31, 2022, there are no indicators of impairment of the Company's mining properties and related assets.

**d) Other significant estimates**

Other significant estimates where there is significant risk of material adjustments to assets and liabilities in future accounting periods include: determining the fair value measurements for financial instruments, the allocation of production costs to stockpiles of ore inventory and the recoverability of deferred income tax assets.

The Company estimates its income tax provision and deferred taxation in accordance with the prevailing tax rules and regulations, taking into account any special approvals obtained from the relevant tax authorities and any preferential tax treatment to which it is entitled in each location or jurisdiction in which the Company operates. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the differences will impact on the income tax and deferred tax provisions in the period in which the determination is made.

Deferred tax assets are recognized for unused tax losses and deductible temporary differences, such as the provision for impairment of receivables, inventories and property, plant and equipment and accruals of expenses not yet deductible for tax purposes, to the extent that it is probable that taxable profits will be available against which the losses deductible temporary difference can be utilized.

In the event that future tax rules and regulations or related circumstances change, adjustments to current and deferred taxation may be necessary which would impact on the Company's results or financial position.

**Use of judgments**

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- a) The determination of functional currency  
In accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates" (IAS 21) management determined that the functional currency of the Company is the Canadian dollar, the functional currency of Yantai Zhongjia Mining Inc. and all the other of the Company's Chinese subsidiaries is the Chinese Yuan ("CNY") and the functional currency of Sinogold Resources Holdings Group Co., Ltd. and Majestic Yantai Gold Ltd. is the Hong Kong dollar. Prior to January 1, 2020, the functional currency of Majestic Yantai Gold Ltd, was the Canadian dollar. Per IAS 21, an entity's functional currency should be determined based on the underlying transactions, events and conditions relevant to the entity. Based on management's re-evaluation, taking into consideration the primary economic environment in which Majestic Yantai Gold Ltd. carries on its business, management determined that the functional currency of the Majestic Yantai Gold Ltd.'s operations changed from Canadian dollars to Hong Kong dollars as at January 1, 2020, given the increase in administrative costs that are denominated in Hong Kong dollars. The change in functional currency of Majestic Yantai Gold Ltd. was applied prospectively from January 1, 2020, in accordance with IAS 21. On the date of the change of functional currency, all items on the statement of financial position of Majestic Yantai Gold Ltd. were translated into Hong Kong dollars at the exchange rate on that date; and
- b) The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to a significant uncertainty.



**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three-month period ended March 31, 2022 and 2021**  
**(Unaudited - expressed in US dollars)**

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**2. Basis of preparation and significant accounting policies (continued)**

**Foreign currency translation**

Transactions in foreign currencies are initially recorded in the functional currency by applying exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the reporting date exchange rate.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on re-translation are recognized in profit or loss.

For the purposes of presenting the consolidated financial statements in the presentation currency of US dollars, the companies with functional currencies other than US dollars, the assets and liabilities are translated into US dollars using the period-end exchange rate and the operations and cash flows are translated using the average rates of exchange over the period. Exchange differences arising when the opening net assets and the profit or loss are translated into US dollars are recognized in other comprehensive income and recorded in the Company's foreign currency translation reserve in equity. These differences are recognized in profit or loss in the period in which the operation is disposed.

**Comparative figures**

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

**3. New accounting standards, interpretations and amendments**

*New accounting standards, interpretations and amendments issued not yet applied*

**Amendment to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments to IAS 12 clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early application of the amendments is permitted. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period the following would be recognized:

- a deferred tax asset to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities; and
- the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The implementation of this amendment is not expected to have a material impact on the Company.

**Amendment to IAS 1- Presentation of Financial Statements**

The amendments to IAS 1 clarify the presentation of liabilities. The classification of liabilities as current or noncurrent is based on contractual rights that are in existence at the end of the reporting period and is unaffected by expectations about whether an entity will exercise its right to defer settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months. The amendment also introduces a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The implementation of this amendment is not expected to have a material impact on the Company.

**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three-month period ended March 31, 2022 and 2021**  
**(Unaudited - expressed in US dollars)**

**3. New accounting standards, interpretations and amendments (continued)**

*New accounting standards, interpretations and amendments issued not yet applied (continued)*

**Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting policies**

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board of Directors has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company is currently evaluating the impact of the amendment on its financial statements.

**4. Cash**

At March 31, 2022, cash of \$ 36,049,756 is held in China and is subject to local exchange control regulations. Chinese exchange control regulations provide for restrictions on exporting capital from China, other than through normal dividends.

**5. Receivables**

	March 31, 2022	December 31, 2021
Sales taxes receivable	\$ 13,405	\$ 6,663
Other receivables	201,783	109,192
<b>Total</b>	<b>\$ 215,188</b>	<b>\$ 115,855</b>

**6. Deposits and prepaid expenses**

	March 31, 2022	December 31, 2021
Current:		
Prepayment for mining supplies and services	\$ 184,445	\$ 79,644
Rent deposit	11,421	9,724
Other prepayments and deposits	716,764	507,164
	912,630	596,532
Non-current:		
Reclamation deposits	2,466,463	2,453,906
<b>Total</b>	<b>\$ 3,379,093</b>	<b>\$ 3,050,438</b>

**Reclamation Deposits**

The Company is required to make reclamation deposits in respect of its expected rehabilitation obligations at the SJG Open-Pit Mine and SJG Underground Mine.

**7. Inventory**

	March 31, 2022	December 31, 2021
Gold concentrate	\$ 395,147	\$ 402,382
Ore stockpile	1,124,238	1,552,639
Raw material	1,616,450	1,148,678
<b>Total</b>	<b>\$ 3,135,835</b>	<b>\$ 3,103,699</b>

**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three-month period ended March 31, 2022 and 2021**  
**(Unaudited - expressed in US dollars)**

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**8. Property, plant and equipment**

**Songjiagou Gold Mine**

The Company's principal mining property is the Songjiagou Open-Pit Mine located in the Shandong Province of China. The Company commenced commercial gold production at the SJG Open-Pit Mine in May 2011. The Company's mining permit for the SJG Open-Pit Mine is valid until May 17, 2031. The SJG Open-Pit Mine is owned by the Company's subsidiary, Yantai Zhongjia Mining Co., Ltd. ("Zhongjia"). The Company's interest in Zhongjia is held through its indirect 94% ownership of its subsidiary Majestic Yantai Gold Ltd. Majestic Yantai holds 75% of the shares of Zhongjia. The remaining 25% of Zhongjia is held by Yantai Dahedong Processing Co. Ltd. ("Dahedong").

During fiscal year 2020, the mining permit fee was initially assessed at \$14,669,935 (RMB 101.136 million) based on the estimated mineral resources available. During fiscal year 2021, Zhongjia received the Yantai Natural Resources Bureau's final valuation assessment of the mining permit fee of \$9,983,767 (RMB 74.12 million), payable over six years (Note 15). The outstanding mining fee was discounted over the payment term with the reduction of the mining permit fee of \$4,686,168 recognized in the mining property costs of fiscal year 2021.

**Songjiagou Underground Mine**

The SJG Underground Mine is also owned by Zhongjia and lies immediately north of the SJG Open-Pit Mine, within the project's exploration 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. The Company's mining permit for the SJG Underground Mine is valid until February 18, 2031. The mining license area covers a continuation of the gold mineralization that is currently being mined in the adjacent SJG Open-Pit Mine.

As at March 31, 2022 and March 31, 2021, ROU included prepaid land leases and building leases.

**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three-month period ended March 31, 2022 and 2021**  
**(Unaudited - expressed in US dollars)**

**8. Property, plant and equipment (continued)**

	Motor Vehicles	Office furniture & equipment	Building	Machinery	Mining Infrastructure	Mineral Property	Right of use lands	Total
<b>Cost</b>								
At December 30, 2020	\$ 696,631	\$ 654,838	\$ 14,276,633	\$ 25,688,122	\$ 36,507,048	\$ 25,025,611	\$ 19,369,685	\$ 122,218,568
Additions	90,537	78,681	1,121,962	3,078,547	1,402,954	3,200,097	116,935	9,089,713
Change in mining permit valuation	-	-	-	-	-	(4,686,168)	-	(4,686,168)
Change in asset retirement cost	-	-	-	-	97,870	-	-	97,870
Disposal	(55,004)	(17,265)	(159,213)	(70,011)	-	-	(71,184)	(372,677)
Foreign exchange adjustment	16,701	15,706	344,920	634,970	871,184	677,359	449,078	3,009,918
At December 30, 2021	748,865	731,960	15,584,302	29,331,628	38,879,056	24,216,899	19,864,514	129,357,224
Additions	21,913	-	-	-	543,139	-	-	565,052
Foreign exchange adjustment	3,245	3,285	67,510	127,348	168,144	104,905	87,340	561,777
At March 31, 2022	\$ 774,023	\$ 735,245	\$ 15,651,812	\$ 29,458,976	\$ 39,590,339	\$ 24,321,804	\$ 19,951,854	\$ 130,484,053
<b>Accumulated depreciation</b>								
At December 30, 2020	\$ (572,535)	\$ (482,325)	\$ (6,019,593)	\$ (12,274,850)	\$ (10,084,622)	\$ (2,872,557)	\$ (6,842,854)	\$ (39,149,336)
Depreciation and depletion	(37,305)	(71,419)	(731,829)	(1,565,720)	(593,582)	(517,131)	(673,353)	(4,190,339)
Disposal	21,085	16,026	70,320	35,044	-	-	71,184	213,659
Foreign exchange adjustment	(13,580)	(11,668)	(148,306)	(304,463)	(242,669)	(73,038)	(164,364)	(958,088)
At December 30, 2021	(602,335)	(549,386)	(6,829,408)	(14,109,989)	(10,920,873)	(3,462,726)	(7,609,387)	(44,084,104)
Depreciation and depletion	(10,496)	(19,175)	(195,860)	(479,789)	(502,429)	(296,000)	(171,594)	(1,675,343)
Foreign exchange adjustment	(2,610)	(2,450)	(29,588)	(61,132)	(47,317)	(15,005)	(33,261)	(191,363)
At March 31, 2022	\$ (615,441)	\$ (571,011)	\$ (7,054,856)	\$ (14,650,910)	\$ (11,470,619)	\$ (3,773,731)	\$ (7,814,242)	\$ (45,950,810)
<b>Net book value</b>								
At December 30, 2021	\$ 146,530	\$ 182,574	\$ 8,754,894	\$ 15,221,639	\$ 27,958,183	\$ 20,754,173	\$ 12,255,127	\$ 85,273,120
At March 31, 2022	\$ 158,582	\$ 164,234	\$ 8,596,956	\$ 14,808,066	\$ 28,119,720	\$ 20,548,073	\$ 12,137,612	\$ 84,533,243

As at March 31, 2022, and December 31, 2021, certain of the Company's buildings were associated with land lease agreements with third parties which allow for the use of assets for the duration of the lease.

**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three-month period ended March 31, 2022 and 2021**  
**(Unaudited - expressed in US dollars)**

**9. Exploration and evaluation assets**

	Sunset/Sunrise Mineral Property		Total
Balance at December 31, 2021	\$	861	\$ 861
Foreign exchange adjustment		14	14
Balance at March 31, 2022	\$	875	\$ 875

**Australia Lithium Tenements, Australia**

On June 15, 2021, the Company entered into a letter of intent (“LOI”) and an amended LOI on December 15, 2021, with Western Explorers PTY Ltd., a private Australian corporation, to acquire a 65% interest in four separate tenements located in Western Australia, an area with demonstrated potential for the discovery of lithium oxide mineralization.

The terms of the amended LOI are as follows:

- Majestic has the right to carry out a technical review and preliminary exploration work on the tenements by June 15, 2022;
- provided that Majestic expends a total of A\$100,000 within the six-month period (completed), it shall have the right to acquire a 65% interest in the tenements by entering into a joint venture with Western Explorers. To earn its interest, the Company must contribute A\$1,000,000 over a period of two years for exploration and maintenance of the tenements;
- After Majestic has earned 65% interest in the joint venture, both parties shall contribute in cash for further exploration and exploitation in proportion to its ownership interest. If a Party does not contribute, then the other Party may subscribe for and contribute, in which case the ownership interest of the non-contributing Party may be diluted.

**Sunset-Sunrise Property, Canada**

In November 2019, the Company acquired the Sunset and Sunrise mineral claims which are located in the Cassiar District of British Columbia by making a payment of \$840.

Exploration and evaluation expenditures recorded in the statements of income and comprehensive income for the three-month period ended March 31, 2022, is as follows:

Three months ended March 31, 2022	Australia Lithium Tenements		Total March 31, 2022
Maintenance fees	\$	1,379	\$ 1,379
General exploration		1,849	1,849
Geological consulting		3,481	3,481
Total	\$	6,709	\$ 6,709

**10. Other long-term assets**

At March 31, 2022, the Company had the following receivables in the amount of \$622,493 (2021- \$620,168) with arm's length parties:

- A zero-interest bearing installment loan of \$630,100 (RMB 4,000,000) to an arm's length farmers cooperation company. As at March 31, 2022, the outstanding loan amount was \$630,100 (RMB 4,000,000) (2021 - \$627,382 (RMB 4,000,000)). The loan was provided in support of economic development to a village adjacent to Songjiagou Project as loan proceeds will be used for the construction of a greenhouse to support the agricultural economic development, social well-being and stability of the local communities comprising mainly villagers and farmers in the Muping District of Yantai. The loan is repayable in four equal instalments over four years, with the first instalment, recorded as the current portion of other long-term assets, of \$157,525 (RMB 1,000,000) due on September 17, 2022;
- Advance payments for purchases of property plant and equipment of \$149,918 (RMB 951,707).

**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three-month period ended March 31, 2022 and 2021**  
**(Unaudited - expressed in US dollars)**

**11. Accounts payable and accrued liabilities**

	March 31, 2022	December 31, 2021
Trade and other payables	\$ 6,283,264	\$ 5,894,945
Loan interest payables	5,710	5,686
Provisions	212,858	211,940
Amount due to Dahedong (Note 16)	5,655,627	5,631,233
<b>Total</b>	<b>\$ 12,157,459</b>	<b>\$ 11,743,804</b>

The balance due to Dahedong of \$5,655,627 (December 31, 2021 – \$5,631,233) bears no interest, is unsecured, and due on demand.

The provisions consist of a provision for the relocation of villages surrounding the mine and a provision for penalties that arise from overdue tax payment and other penalties.

A continuity of the Company's provisions that are included in accounts payable and accrued liabilities are as follows:

	Provision for relocation	Provision for penalties	Total
Balance, December 31, 2021	153,860	58,080	211,940
Effect of foreign exchange	666	252	918
<b>Balance, March 31, 2022</b>	<b>\$ 154,526</b>	<b>\$ 58,332</b>	<b>\$ 212,858</b>

**12. Loans Payable**

	March 31, 2022	December 31, 2021
Balance, beginning	\$ 4,705,365	\$ 4,597,772
Loan advances	-	6,204,051
Loan repayments	-	(6,204,051)
Foreign exchange adjustment	20,384	107,593
<b>Balance, ending</b>	<b>\$ 4,725,749</b>	<b>\$ 4,705,365</b>

At March 31, 2022, the Company has a loan of \$4,725,749 (RMB 30,000,000) (December 31, 2021 - \$4,705,365) outstanding. The loan bears interest at 4.35% per annum and was guaranteed by Dahedong, the owner of Dahedong and by certain third parties. The loan was repaid on April 29, 2022.

**13. Financial guarantees**

The Company had provided the following financial guarantees:

- (i) On December 28, 2016, Zhongjia entered into a financial guarantee agreement whereby it provided an unsecured financial guarantee of a CNY 50,000,000 five-year unsecured bank loan to Yantai Baiheng Gold Ltd. ("Baiheng"). The nature of the financial guarantee was such that the bank loan will become payable by Zhongjia should Baiheng default on the bank loan. As security, Baiheng pledged its two mining permits to Zhongjia. Should Baiheng go into default, the two mining permits would become transferable to Zhongjia. Further, in the event of default, Dahedong would become liable for the entire amounts that Zhongjia would make on behalf of Baiheng. If Dahedong is not able to repay the liabilities, it would transfer 5% out of its 25% interest in Zhongjia to Majestic Yantai. At December 31, 2021, Baiheng had fully settled the outstanding loans. Baiheng is a related party on the basis that it is controlled by significant shareholders of the Company;
- (ii) In January 2019, Zhongjia had provided a joint and several guarantee for an external party's debt. The contingent liability under this matter approximately ranged from CNY 6,950,000 to CNY 50,000,000 (excluding relevant financing interest and other fees incurred). In August 2021, Zhongjia was released from all liabilities and obligations under the corporate guarantee.

**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three-month period ended March 31, 2022 and 2021**  
**(Unaudited - expressed in US dollars)**

**14. Asset retirement obligation**

The following table shows the movement for the asset retirement obligation:

	March 31, 2022	December 31, 2021
Balance, beginning	\$ 3,657,019	\$ 3,367,253
Additions and changes in estimates of net present value	-	97,870
Accretion (Note 19)	26,132	110,751
Foreign exchange adjustment	15,842	81,145
Balance, ending	\$ 3,698,993	\$ 3,657,019

The Company's asset retirement obligation consists of costs associated with mine reclamation and closure activities on the SJG Open-Pit Mine and SJG Underground Mine (Note 8). These activities, which are site specific, include costs for earthworks, re-contouring, re-vegetation, water treatment and demolition. In calculating the fair value of the Company's asset retirement obligations, the Company used a risk-free rate of 2.846% (2021 - 2.846%). The majority of the expenditures are expected to occur during or after 2030. As at December 31, 2021, the total undiscounted amount of estimated cash flows required to settle the Company's obligation was \$46,99,946 (RMB 29,836,200).

**15. Other long-term liabilities**

Other long-term liabilities are comprised of the following:

	March 31, 2022	December 31, 2021
Lease liability	\$ 74,431	\$ 78,919
Village distribution liability	1,212,633	1,232,164
Mining right obligation	4,493,447	4,438,980
Total	\$ 5,780,511	\$ 5,750,063

Current portion of other long-term liabilities are comprised of the following:

	March 31, 2022	December 31, 2021
Lease liability	\$ 26,402	\$ 26,000
Village distribution liability	168,363	167,636
Mining right obligation	992,407	988,127
Total	\$ 1,187,172	\$ 1,181,763

**Lease liability**

The Company has entered into an office lease agreement for its head office premise for a term ending in 2026. The undiscounted future lease payments are as follows:

	2022	2023	2024	2025	2026	Total
Operating lease commitments:						
Office premises	\$ 20,683	\$ 28,786	\$ 29,028	\$ 29,028	\$ 4,838	\$ 112,363

**Village distribution liability**

Pursuant to agreements, the Company is required to make payments of RMB 1,068,800 (\$168,363) per annum to certain individuals registered as villagers in the village adjacent to the SJG Open-Pit Mine until the year 2032. The liability reflects the present value of the required payments, discounted using the Company's incremental borrowing rate of 4.90%. As at March 31, 2022 the undiscounted future payments were \$1,380,996 (RMB 8,766,834).

**Mining right obligation**

Pursuant to the mining right acquisition addendum signed on December 2, 2021, the Company is required to make an annual payment of RMB 6,300,000 (\$992,407) until the year 2027. The liability reflects the present value of the required payments, discounted using the Company's incremental borrowing rate of 2.59%. As at March 31, 2022, the undiscounted future payments were \$ 5,485,854 (RMB 34,825,302).

**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three-month period ended March 31, 2022 and 2021**  
**(Unaudited - expressed in US dollars)**

**16. Related party transactions and balances**

**Related party transactions**

The Company incurred the following related party transactions during the three-month period ended March 31, 2022 and 2021:

	Three months ended	
	March 31, 2022	March 31, 2021
Consulting fees charged by companies controlled by directors and officers of the Company-includes key management personnel compensation	\$ 156,438	\$ 149,410

**Key management personnel compensation**

Key management included the Company's directors, executive officers and senior management.

	Three months ended	
	March 31, 2022	March 31, 2021
Short-term employee benefits—management fees	\$ 49,770	\$ 49,745
Director fees	3,556	3,554
	\$ 53,326	\$ 53,299

**Related party balances**

	March 31, 2022	December 31, 2021
Amounts due to companies controlled by Directors and Officers of the Company	\$ -	\$ 12,614
Amounts due to Dahedong	5,655,627	5,631,233
	\$ 5,655,627	\$ 5,643,847

Dahedong is a related party on the basis that it is controlled by significant shareholders of the Company.

Baiheng is a related party on the basis that it is controlled by significant shareholders of the Company (Note 13).

**17. Share capital and Reserves**

**a) Authorized**

Unlimited number of common shares without par value.

**b) Issued share capital**

As at March 31, 2022, the Company had 1,042,664,381 common shares issued and outstanding (December 31, 2021 - 1,043,664,381).

On June 3, 2021, the Company commenced its NCIB. Under the NCIB the Company may purchase up to 5% of the issued common shares. As of March 31, 2022, the Company has purchased 5,062,000 of the eligible 52,386,319 common shares at a cost of \$242,530. During the quarter ended March 31, 2022, the Company purchased and cancelled 700,000 common shares at a cost of \$36,538 and cancelled an additional 300,000 common shares held in treasury.

**c) Stock Options**

The Company has a shareholder approved "rolling" stock option plan (the "Plan") in compliance with the TSX-V's policies. Under the Plan, the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares at the time of granting. The exercise price of each stock option shall not be less than the discounted market price of the Company's stock at the date of grant. Such options will be



**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three-month period ended March 31, 2022 and 2021**  
**(Unaudited - expressed in US dollars)**

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**17. Share capital and Reserves (continued)**

**c) Stock Options (continued)**

exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not, within a twelve-month period, exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed, within a twelve-month period, two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

There were no stock options outstanding and exercisable for the three-month period ended March 31, 2022.

**d) Reserves**

**Share-based payment reserve**

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments. This reserve also includes the value attributed to warrants on unit private placements. At the time that the stock options or warrants are exercised, the corresponding amount will be transferred to share capital.

**Foreign currency translation reserve**

The foreign currency translation reserve records unrealized exchange differences arising on translation of group companies that have a functional currency other than the Company's reporting currency.

**Safety fund surplus reserve**

Pursuant to a Notice regarding Safety Production Expenditure jointly issued by the Ministry of Finance and the State Administration of Work Safety of the PRC in February 2012, Zhongjia is required to establish a safety fund surplus reserve based on the volume of mineral ore extracted. The safety fund can only be transferred to retained earnings to offset safety related expenses as and when they are incurred, including expenses related to safety protection facilities and equipment improvement and maintenance as well as safety production inspection, appraisal, consultation and training.

**Statutory surplus reserve**

In accordance with the Company Law of the PRC and the Articles of Association of Zhongjia, Zhongjia is required to allocate 10% of its profit after tax determined under PRC accounting standards to the statutory surplus reserve until such reserve reaches 50% of the authorised share capital of Zhongjia. Subject to certain restrictions set out in the Company Law of the PRC, part of this reserve may be converted to increase the share capital, provided that the remaining balance after the capitalisation is not less than 25% of the authorised share capital.

**18. Segmented Information**

The Company operates in one industry segment being the exploration, development and operation of mining properties in China. All of the Company's capital assets are located in China, except office furniture and equipment with a net book value of \$4,164 and an ROU asset with a net book value of \$91,966 located in the Company's head-office in Vancouver, Canada. The Company's exploration and evaluation assets are located in Australia and Canada (Note 9). All of the Company's revenues are earned in China.

Revenue for the three-month periods ended March 31, 2022 and 2021, was from a single customer which amounted to 100% of the Company's revenue.

**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three-month period ended March 31, 2022 and 2021**  
**(Unaudited - expressed in US dollars)**

**19. Revenue and Expenses**

**Revenue**

	Three months ended	
	March 31, 2022	March 31, 2021
Sales of gold bullion	\$ 16,966,985	\$ 5,770,486

**Cost of sales**

	Three months ended	
	March 31, 2022	March 31, 2021
Mining and Milling fees	\$ 4,904,773	\$ 2,828,699
Depreciation and depletion (Note 8)	1,573,144	1,232,635
Smelting costs	582,298	126,021
Resource taxes	606,376	206,235
Other direct costs	4,582	6,751
Changes in ending gold concentrate inventory	(48,105)	(1,804,722)
Total	\$ 7,623,068	\$ 2,595,619

**General and administrative**

	Three months ended	
	March 31, 2022	March 31, 2021
Consulting and management fees (Note 16)	\$ 175,569	\$ 146,720
Financial advisory	552,584	18,216
Depreciation (Note 8)	102,199	38,126
Office and general	201,641	123,469
Professional fees	29,998	7,983
Research and development	183,520	255,440
Salaries	160,981	209,662
Shareholder communications	21,925	13,441
Travel	66,067	96,918
Total	\$ 1,494,484	\$ 909,975

**Finance expense**

	Three months ended	
	March 31, 2022	March 31, 2021
Interest expenses and finances charges for loans payable	\$ 51,392	\$ 72,296
Interest expense for leases	1,169	681
Interest expense for other long-term liabilities	52,460	17,942
Accretion of asset retirement obligation (Note 14)	26,132	27,445
Total	\$ 131,153	\$ 118,364

**20. Risks and capital management**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three-month period ended March 31, 2022 and 2021**  
**(Unaudited - expressed in US dollars)**

**20. Risks and capital management (continued)**

**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. The following summarizes the undiscounted amount of the remaining contractual maturities of the Company's financial liabilities:

	March 31, 2022			December 31, 2021	
	Within a year	2-5 years	Over five years	Total	Total
Accounts payable and accrued liabilities	\$ 12,157,459	\$ -	\$ -	\$ 12,157,459	\$ 11,743,804
Loans	4,725,749	-	-	4,725,749	4,705,365
Other long-term liabilities	1,187,172	2,732,696	3,047,815	6,967,683	6,931,826
<b>Total</b>	<b>\$ 18,070,380</b>	<b>\$ 2,732,696</b>	<b>\$ 3,047,815</b>	<b>\$ 23,850,891</b>	<b>\$ 23,380,995</b>

**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:

**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three-month period ended March 31, 2022 and 2021**  
**(Unaudited - expressed in US dollars)**

**20. Risks and capital management (continued)**

*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 March 31, 2022.

*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 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.

**21. Financial Instruments**

**Fair Value**

Management has assessed that the fair values of cash and cash equivalents, restricted and pledged deposits, financial assets included in prepayments, deposits and other receivables, trade and bills payables, financial liabilities included in other payables, deposits received and accruals, amounts due to related parties, other long-term liabilities and the interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of other long-term assets and other long-term liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The following tables set forth the Company's financial assets and liabilities that are measured at fair value level on a recurring basis within the fair value hierarchy at March 31, 2022 and December 31, 2021 that are not otherwise disclosed. The assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Financial assets	Level	March 31, 2022	December 31, 2021
Cash	1	\$ 42,073,176	\$ 34,867,831
Reclamation deposits	1	2,466,463	2,453,906
Receivables <sup>(1)</sup>	2	201,783	109,192
Other long-term assets	2	622,493	620,168
<b>Total</b>		<b>\$ 45,363,915</b>	<b>\$ 38,051,097</b>

<sup>(1)</sup> Receivables exclude sales and income tax receivables.

Financial liabilities	Level	March 31, 2022	December 31, 2021
Accounts payable and accrued liabilities	2	\$ 12,157,459	\$ 11,743,804
Interest-bearing bank borrowings	2	4,725,749	4,705,365
Other long-term liabilities	2	6,967,683	6,931,826
<b>Total</b>		<b>\$ 23,850,891</b>	<b>\$ 23,380,995</b>

Fair value of the other financial instruments excluded from the table above approximates their carrying amount as at March 31, 2022 and December 31, 2021, due to the short-term nature of these instruments. There were no transfers into or out of Level 3 during the periods ended March 31, 2022 and December 31, 2021.

**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three-month period ended March 31, 2022 and 2021**  
**(Unaudited - expressed in US dollars)**

**22. Non-controlling interest**

The Company's equity interest in Zhongjia is held indirectly through its 94% owned subsidiary Sinogold by way of Sinogold's 100% ownership interest in Majestic Yantai. Majestic Yantai has a 75% equity interest in Zhongjia. The non-controlling interest represents the 25% equity interest in Zhongjia held by Dahedong and the 6% equity interest in Sinogold held by another minority shareholder.

The following is the summarized consolidated statement of financial position of Sinogold:

	March 31, 2022	December 31, 2021
Current:		
Assets	\$ 40,347,406	\$ 32,396,478
Liabilities	(37,480,944)	(36,255,068)
Total current net liabilities	2,866,462	(3,858,590)
Non-current		
Assets	88,377,948	89,094,360
Liabilities	(4,911,626)	(4,889,183)
Total non-current net assets	83,466,322	84,205,177
Balance, ending	\$ 86,332,784	\$ 80,346,587

The following is the summarized consolidated statement of comprehensive income of Sinogold:

	Three months ended	
	March 31, 2022	March 31, 2021
Revenue	\$ 16,966,985	\$ 5,770,486
Net income before income tax	8,296,024	2,526,682
Income tax recovery (expense)	(2,236,662)	2,582,577
Net income	6,059,362	5,109,259
Other comprehensive loss	368,411	(414,327)
Comprehensive income	\$ 6,427,773	\$ 4,694,932

The following is the summarized consolidated statement of cash flows of Sinogold:

	Three months ended	
	March 31, 2022	March 31, 2021
Cash flow from operating activities	\$ 7,931,980	\$ 600,212
Cash flow used for investing activities	(566,979)	(3,369,163)
Cash flow used for financing activities	(42,090)	(41,079)
Effect of foreign exchange on cash	106,192	(75,528)
Net increase (decrease) in cash and cash equivalents	\$ 7,429,103	\$ (2,885,558)

**23. Subsequent event**

On April 29, 2022, the Company repaid its loan of CNY30,000,000 (\$4,725,749) (Note 12).