MANAGEMENT DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(Expressed in US dollars)

INTRODUCTION

The following Management Discussion and Analysis ("MD&A") dated November 27, 2023, discusses the financial condition and results of operations of Majestic Gold Corp. (TSX-V: MJS) ("Majestic" or "the Company") for the nine months ended September 30, 2023. The MD&A should be read in conjunction with the accompanying unaudited condensed consolidated financial statements of the Company and notes thereto for the nine months ended September 30, 2023 (the "Financial Report").

The financial information in this MD&A is derived from the Company's consolidated 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 unaudited condensed consolidated financial statements for the nine months ended September 30, 2023, 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.sedarplus.ca and on the Company's website www.majesticgold.com.

OPERATIONAL HIGHLIGHTS

Nine months ended September 30, 2023

- ***Gold production*** was 23,206 ounces, compared to 29,717 ounces produced for the FY2022 comparative period;
- ***Revenue*** was $40.8 million, compared to $50.5 million for the FY2022 comparative period;
- ***Gross profit*** from mining operations was $19.2 million, compared to $28.2 million for the FY2022 comparative period;
- ***Net income*** was $10.3 million, compared to $16.4 million for the FY2022 comparative period;
- ***Cash flow from operating activities, excluding changes in non-cash working capital*** was $19 million, compared to $25.3 million for the FY2022 comparative period. For computation details, refer to pages 13-15 of the MD&A for this Non-IFRS financial measure;
- ***Strong financial position*** at September 30, 2023. The Company had cash and short-term investments of $63.3 million (December 31, 2022 - $52.7 million) and working capital of $43.8 million (December 31, 2022 - $36.4 million);
- ***Total cash costs and all-in sustaining costs*** *("AISC")* for the nine-month period ended September 30, 2023, were $794 per ounce and $925 per ounce, compared to $629 per ounce and $720 per ounce for the FY2022 comparative period. For AISC computation details, refer to pages 13-15 of the MD&A for this Non-IFRS financial measure;
- ***Adjusted EBITDA*** for the nine-month period ended September 30, 2023, was $19.9 million, compared to $29.7 million for the FY2022 comparative period. For EBITDA computation details, refer to pages 13-15 of the MD&A for this Non-IFRS financial measure.

OUTLOOK

- The Company's subsidiary Persistence Resources Group Ltd ("PRG") most recently filed its renewal application on November 22, 2023, to the Stock Exchange of Hong Kong Limited (the "HKEX") for listing of its shares on the Main Board of the HKEX. PRG, together with its sponsor and legal advisors continue progressing through the HKEX listing application process with the HKEX and Hong Kong Securities and Futures Commission to complete the proposed initial public offering of the shares of Persistence. The HKEX renewal application document can be found at www.majesticgold.com/investors/hkex-application;
- In Q3 FY2023, the Company completed constructing the 3rd bench and initiated development work on the first phase of the 4th and 5th benches, with a projected completion by the end of FY2023 and completion of Phase 2 during Q2 FY2024. The Company acknowledges that accessibility to higher-grade ore and overall mobility within the open-pit remains restricted during the expansion work as these constraints are a natural outcome of the

expansion activities. Consequently, the Company foresees a continued impact on the mining operations resulting in lower gold grades and mining volume during the expansion program for the remainder of FY2023 and into FY2024;

- The Company is evaluating the merit of further exploration on certain tenements of the four Western Australian tenements held under a LOI, following the most recent results from the geological work on the three of the four tenements; and
- The Company's future growth strategy is to pursue potential property acquisitions, as well as exploring other development and growth opportunities.

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 agreements in Australia, and Canada. The Company's main business involves the acquisition, exploration and development of mineral properties. At September 30, 2023, 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 Mines as the Company's flagship project as well holding directly or under options on early-stage exploration properties in Australia and Canada. The Company is a TSX Venture Exchange Tier One listed mining company trading under the symbol "MJS".

SONGJIAGOU GOLD MINES

The Company's principal gold mining operations are the SJG Open-Pit Mine and the SJG Underground Mine located in Shandong province, China. The Company commenced commercial gold production at the SJG Open-Pit Mine in May 2011. Majestic holds its 75% interest in SJG Project through its 94% owned subsidiary Persistence Resources Group Ltd. ("Persistence") indirectly. The remaining 25% of SJG Project is held by Yantai Dahedong Processing Co. Ltd. The Company's mining licenses for the SJG Open-Pit Mine and SJG Underground Mine are valid until May 17, 2031 and February 18, 2031 respectively.

The Company is currently working on Phase 2 of the SJG Open-Pit Mine expansion program with current expansion work focused on the third bench at +93m and the fourth bench at +81m. The Company expects to complete the expansion work on the third bench in the fourth quarter of 2023 and the fourth bench in the third quarter of 2024. The Company recently completed Phase 1 on the expansion work on the +105m bench and the +117m bench.

RESOURCES FOR SJG OPEN-PIT MINE

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.sedarplus.ca.

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.

SJG UNDERGROUND MINE

The SJG Underground Mine lies immediately north of the SJG Open-Pit Mine. 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, was renewed on February 18, 2021 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 SJG Open-Pit Mine. The Company commenced production at SJG Underground Mine in October 2019.

Majestic has engaged SRK to update the technical report for SJG project and will be announced and disclosed when the report is finalized.

EXPLORATION

Australia – Four Tenements in Western Australian

On March 16, 2023, the Company announced the results from the mapping and prospecting on the Leonora, Sir Samuel, and Salmon Gums properties. The Company's consultants have recommended continued work on the Sir Samuel and Leonora properties and no further work on the Salmon Gums property. As such the Company is current evaluating a further exploration program on the Sir Samuel and Salmon Gums properties.

Summary of Terms of the Amended Agreement:

• The Company extended its LOI until June 15, 2024 to carry out a technical review and preliminary exploration work on the tenements;

• Provided that the Company spends a total of A$100,000 by June 15, 2023, (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; and

• 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.

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 FINANCIAL AND OPERATING RESULTS

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Operating data				
Gold produced (ozs)	6,631	9,853	23,206	29,717
Gold realized net of smelting fees (ozs)	6,152	9,089	21,343	27,230
Gold sold (ozs)	6,143	9,024	21,194	27,291
Average realized gold price ($/oz sold)	$ 1,971	$ 1,747	$ 1,903	$ 1,802
Total cash costs ($/oz sold) (1)	845	580	794	629
Total production costs ($/oz sold) (1)	1,076	763	1,019	816
All-in sustaining costs ($/oz sold) (1)	1,019	672	925	720
Financial data				
Revenue	$ 12,236,549	$ 16,044,230	$ 40,796,173	$ 50,501,901
Gross profit (2)	5,626,431	9,158,949	19,203,852	28,238,255
Adjusted EBITDA (1)	5,716,919	9,681,212	19,933,646	29,662,999
Net income	3,012,848	5,135,207	10,305,153	16,397,866
Net income attributable to shareholders	2,024,788	3,394,308	6,734,843	10,896,724
Basic and diluted income per share	0.00	0.00	0.01	0.01

	September 30, 2023	December 31, 2022
Balance Sheet		
Cash	$ 55,865,802	$ 45,362,546
Total assets	150,114,924	139,605,949
Total current liabilities	23,673,961	21,059,237

(1) See "Additional Non-IFRS Financial Measures" on pages 13-15.
(2) "Gross profit" represents total revenues, net of cost of goods sold.

RESULTS OF OPERATIONS

Gold Production

(Ounces)	Three months ended September 30, 2023	2022	Nine months ended September 30, 2023	2022
Songjiagou Operations				
SJG Open-Pit Mine	5,396	8,647	19,571	26,116
SJG Underground Mine	1,235	1,206	3,635	3,601
Total	6,631	9,853	23,206	29,717

The details of SJG Project Operations for the nine months ended September 30, 2023 and 2022 are as follows:

	Three months ended September 30, 2023	2022	Nine months ended September 30, 2023	2022
Production data				
SJG Open-Pit Mine				
Tonnes mined	484,760	473,158	1,099,866	1,406,781
Tonnes milled	411,242	471,470	1,363,646	1,427,430
Head grade (g/t)	0.45	0.59	0.48	0.59
Mill recovery	93.50%	95.00%	93.87%	95.00%
Gold produced (ozs)	5,396	8,647	19,571	26,116
Gold realized net of smelting fees (ozs)	5,016	7,992	17,999	23,931
SJG Underground Mine				
Tonnes mined	22,930	22,550	67,203	67,266
Tonnes milled	22,930	22,550	67,203	67,266
Head grade (g/t)	1.70	1.69	1.71	1.69
Mill recovery	98.32%	98.00%	98.33%	98.00%
Gold produced (ozs)	1,235	1,206	3,635	3,601
Gold realized net of smelting fees (ozs)	1,136	1,097	3,344	3,299
Total SJG Project Operations				
Tonnes mined	507,690	495,709	1,167,068	1,474,048
Tonnes milled	434,172	494,020	1,430,849	1,494,696
Head grade (g/t)	0.52	0.64	0.53	0.64
Mill recovery	94.34%	95.43%	94.54%	95.50%
Gold produced (ozs)	6,631	9,853	23,206	29,717
Gold realized net of smelting fees (ozs)	6,152	9,089	21,343	27,230

Gold production was 23,206 ounces for the nine-month period ended September 30, 2023, from 1,430,849 tonnes of ore milled with an average grade of 0.53 g/t and a 94.54% recovery rate, compared to 29,717 ounces produced, from 1,494,696 tonnes milled with an average grade of 0.64 g/t and a 95.50% recovery rate, for the FY2022 comparative period.

During the current period, there was been a decline in both the gold grade and quantity of ore mined. Several factors contributed to the decline including the ongoing open-pit expansion work, involving the completion of the 3rd bench and initiating of development work on the 4th and 5th benches which the Company anticipates completing Phase 1 in Q4 Fiscal 2023 and Phase 2 during Q2 Fiscal 2024. There was also a pause on mining activities during Q3 for required governmental safety inspections on the newly constructed mine benches and as well repair work on the connecting road from the mine to the processing plant.

The current expansion work has impacted accessibility of higher-grade ore as well as due mobility restrictions of equipment within the open-pit, and as a result, the Company will continue to blend lower grade ore from both its stockpile and open-pit with current mined higher-grade ore. The Company anticipates the dilution of the gold grade and lower mining volume will continue for the remainder of Fiscal 2023 and into Fiscal 2024 as the Company progresses in the open-pit expansion program.

Revenue

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Gold				
Ounces sold	6,143	9,024	21,194	27,291
Average realized price ($/oz)	$ 1,971	$ 1,747	$ 1,903	$ 1,802
Revenues				
Gold	$ 12,109,483	$ 15,762,546	$ 40,327,407	$ 49,168,207
Sulphur	127,066	281,684	468,766	1,333,694
	$ 12,236,549	$ 16,044,230	$ 40,796,173	$ 50,501,901

Gold revenue for the nine-month period ended September 30, 2023 was $40.3 million, from the sale of 21,194 ounces, at an average realized gold price of $1,903 per ounce, compared to gold sales revenue of $49.2 million for the FY2022 comparative period, from the sale of 27,291 ounces, at an average realized gold price of $1,802 per ounce.

The Company's gold revenue is generated from the sale of gold at the sale prices set in its gold sales orders. The Company's gold sale prices for its sales orders are determined with reference to the prevailing Au(T+D) spot price quoted on the Shanghai Gold Exchange.

Revenues also include sulfur sales of $468,766 for the nine-month period ended September 30, 2023 and $1,333,694 for the FY2022 comparative period. The sulfur revenue is earned from the sale of sulfur recovered from gold concentrate during the smelting process. The Company entered into a March 16, 2022 agreement with its smelter whereby the Company sells its sulfur recovered during the smelting process.

Cost of Sales

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Ounces sold	6,143	9,024	21,194	27,291
Per ounce of gold sold (1)				
Cash costs	$ 845	$ 580	$ 794	$ 629
Production costs	1,076	763	1,019	816
Cost of Goods Sold				
Total cash costs	$ 5,188,148	$ 5,234,768	$ 16,836,960	$ 17,172,736
Total production costs	6,610,118	6,885,281	21,592,321	22,263,646

(1) See "Additional Non-IFRS Financial Measures" on pages 13-15.

Cash costs were $794 per ounce for the nine-month period ended September 30, 2023, compared to $629 for the FY2022 comparative period. Production costs were $1,019 per ounce for the nine-month period ended September 30, 2023, compared to $816 per ounce for the FY2022 comparative period.

The Company continues to work in reducing its average cash costs below $675 per ounce and anticipates returning to this range in mid FY 2024 as it progresses through its open-pit expansion program and improving accessibility to higher-grade ore.

Other Items

The Company's general and administrative expenses ("G&A") expenditures for the nine-month period ended September 30, 2023, were $4,300,713, compared to $3,978,348 for the FY2022 comparative period.

The significant variances for the nine months ended September 30, 2023 and 2022 are as follows:

Financial advisory expenditures for the nine-month period ended September 30, 2023 were $689,966 (FY2022 - $834,296). The slightly higher financial advisory fees in the FY2022 comparative period were due to completion and filing of the HKEX listing application as well as the cost incurred through the ongoing listing application due diligence process. The Company expects these costs to continue to be incurred in 2023 as the Company filed its renewal application in November 2023 and continues the due diligence process with HKEX and SFC.

Research and development ("R&D") expenditures for the nine-month period ended September 30, 2023 were $987,771 (FY2022 - $663,260). 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, milling and mining efficiencies and lowering environmental impact of its processing and mining activities.

Salaries for the nine-month period ended September 30, 2023, were $783,473 (FY2022 - $551,763). Salary expense was lower in the prior period due to a portion of G&A salaries related to R&D work allocated to R&D expenditures.

Travel expense for the nine-month period ended September 30, 2023, was $390,373 (FY2022 - $261,062). Travel expenses for the current period have risen compared to the previous period due to the easing of COVID-19 restrictions, allowing for increased business-related travel.

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.

The details of the changes in the consolidated G&A for the nine months ended September 30, 2023 and 2022 are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Consulting and management fees	$ 170,556	$ 172,178	$ 522,408	$ 601,747
Financial advisory	39,997	141,189	689,966	834,296
Depreciation	104,492	107,958	275,146	312,182
Office and general	108,482	352,642	553,816	666,903
Professional fees	(1,024)	7,432	62,423	51,639
Research and development	543,825	157,251	987,771	663,260
Salaries	313,632	210,152	783,473	551,763
Shareholder communications	5,482	4,496	35,337	35,496
Travel	150,532	82,910	390,373	261,062
Total	$ 1,435,974	$ 1,236,208	$ 4,300,713	$ 3,978,348

Exploration and evaluation expenditures for the nine months ended September 30, 2023 and 2022, were $26,430 and $36,514, respectively. These costs are related to the Company's preliminary exploration work on the four Western Australian tenements held under a LOI.

The details of the changes in the consolidated finance expense for the nine months ended September 30, 2023 and 2022 are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Interest expenses and finance charges for loans payable	$ 42,054	$ 20,334	$ 145,938	$ 86,640
Interest expense for leases	867	1,134	2,593	3,461
Interest expense for other long-term liabilities	41,530	48,064	126,951	150,442
Accretion of asset retirement obligation	24,043	23,942	73,496	74,941
Total	$ 108,494	$ 93,474	$ 348,978	$ 315,484

SUMMARY OF QUARTERLY RESULTS

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

	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Revenues	$ 12,236,549	$14,591,796	$13,967,828	$12,972,456
Net income	$3,012,848	$3,263,943	$4,028,362	1,024,694
Income per share attributable to owners of the parent	0.00	0.00	0.00	0.00
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Revenues	$16,044,230	$17,092,248	$17,365,423	$14,045,604
Net income (loss)	$5,135,207	$5,844,799	$5,417,860	($146,728)
Income per share attributable to owners of the parent	0.00	0.00	0.00	(0.00)

Significant variations in the net income between quarters during FY2022 and FY2023, are primarily due to the volatility of gold prices and variances in gold sales, production costs, G&A expenses.

The net loss for the fourth quarter of FY2021 included $5.8 million of income tax expense recognized during the quarter.

LIQUIDITY AND CAPITAL RESOURCES

Majestic continues to maintain a strong financial position and liquidity. At September 30, 2023, the Company had cash and short-term investments totaling $63.3 million, compared to $52.7 million at December 31, 2022.

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 cash generated from operations, proceeds from the borrowing from various financial institutions in China. 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.

The Company had working capital of $43.8 million at September 30, 2023, improving from a working capital of $36.4 million at December 31, 2022, of which the key components included:

- *Cash* - was $55.9 million; a $10.5 million increase from the end of fiscal 2022;
- *Short-term investments* - was $7.4 million, no change from the end of fiscal 2022;
- *Deposits and prepaid expenses* - was $1 million, a $0.2 million increase from the end of fiscal 2022;
- *Inventories* - was $2 million, a $0.7 million decrease from the end of fiscal 2022;
- *Accounts payable and accrued liabilities* - was $5.6 million, a $0.5 million increase from the end of fiscal 2022;
- *Current portion of long-term liabilities* - was $1.05 million, a $0.03 million decrease from the end of fiscal 2022;
- *Income tax payable* - was $12.8 million, a $2.2 million increase from the end of fiscal 2022; and
- *Loans payable* - was $4.2 million, a $0.13 million decrease from the end of fiscal 2022.

Majestic began fiscal 2023, with $45.4 million in cash. During the nine months ended September 30, 2023, the Company generated $20.4 million from the Company's operating activities, net of working capital changes, expended $8.4 million in net investing activities, primarily related to the open-pit mine expansion and $0.13 million in net financing activities, and had a foreign exchange loss of $1.3 million, to end at September 30, 2023 with $55.9 million 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 with the open-pit expansion work underway, the Company's anticipates future growth of its gold production, and gold revenues through an increase through-put and higher head grades being achieved following the open-pit expansion.

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.

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
Outstanding at September 30, 2023 and at the date of this MD&A	1,042,664,381

TRANSACTIONS WITH RELATED PARTIES

Related party transactions

The Company incurred the following related party transactions during the nine months ended September 30, 2023 and 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Consulting fees charged by companies controlled by directors and officers of the Company - include key management personnel compensation	$ 155,164	$ 157,396	$ 477,677	$ 554,511

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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Short-term employee benefits–management fees	$ 46,986	$ 19,726	$ 140,503	$ 180,111
Director fees	3,357	3,384	10,594	18,322
Total	$ 50,343	$ 23,110	$ 151,097	$ 198,433

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 ISSUED BUT NOT YET APPLIED

There were no new standards or amendments that became effective during the period ended September 30, 2023, which had a material impact on the consolidated financial statements.

New accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either considered to be not applicable or are not expected to have a material impact on the Company's consolidated financial statements.

COMMITMENT AND CONTINGENCIES

Commitments and contingencies include principal and interest payments of Company's bank loans, expenditure commitments on its mineral properties, and future aggregate minimum operating lease payments required under the operating leases as described in the Notes 12, 13, and 14 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. At September 30, 2023, the Company does not have any off-balance sheet arrangements.

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.

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:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e.: as prices) or indirectly (i.e.: derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data unobservable inputs.

Financial assets	Level	September 30, 2023	December 31, 2022
Cash	1	$ 55,865,802	$ 45,362,546
Short-term investments	1	7,396,000	7,383,000
Reclamation deposits	1	2,677,227	2,526,227
Receivables [1]	2	1,214,637	1,159,300
Other long-term assets	2	598,865	937,093
Total		$ 67,752,531	$ 57,368,166

[1] Receivables exclude sales and income tax receivables.

Financial liabilities	Level	September 30, 2023	December 31, 2022
Accounts payable and accrued liabilities	2	$ 5,637,292	$ 5,093,822
Interest-bearing bank borrowings	2	4,178,390	4,307,498
Other long-term liabilities	2	5,286,624	5,452,164
Total		$ 15,102,306	$ 14,853,484

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 is disclosed in Note 13 of the Financial Report. The following summarizes the undiscounted amount of the remaining contractual maturities of the Company's financial liabilities.

	September 30, 2023				December 31, 2022
	Within a year	2-5 years	Over five years	Total	Total
Accounts payable and accrued liabilities	$ 5,637,292	$ -	$ -	$ 5,637,292	$ 5,093,822
Loans	4,178,390	-	-	4,178,390	4,307,498
Other long-term liabilities	1,033,025	4,163,368	632,664	5,829,057	6,141,995
Total	$ 10,848,707	$ 4,163,368	$ 632,664	$ 15,644,739	$ 15,543,315

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 September 30, 2023.

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.

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 year ended December 31, 2022.

ADDITIONAL NON-IFRS FINANCIAL MEASURES

The Company has included additional financial performance measures in this MD&A, such as cash flows from operating activities, excluding changes in non-cash working capital, 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.

"*Cash flows from operating activities, excluding changes in non-cash working capital*" is calculated by excluding changes in non-cash working capital. The Company presents cash flows from operating activities excluding changes in non-cash working capital, as it believes that certain investors use this information to evaluate the Company's performance in comparison to other companies in the precious metals mining industry that present results on a similar basis.

"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.

"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" ("AISC") is a performance measure that reflects the expenditures that are required to produce an ounce of gold from current operations. While there is no standardized meaning of the measure across the industry, the Company's definition is derived from the definition, as set out by the World Gold Council in its guidance dated November 16, 2018, respectively. The World Gold Council is a non-regulatory, non-profit organization established in 1987 whose members include global senior mining companies. The Company believes that this measure

is useful to external users in assessing operating performance and the ability to generate free cash flow from operations.

Majestic defines AISC as the sum of 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 the computation of cash flows from operating activities, excluding changes in non-cash working capital:

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Cash provided from operating activities	$ 5,224,445	$ 7,388,673	$ 20,391,786	$ 25,020,442
Less:				
Changes in non-cash working capital	(368,028)	708,201	1,375,180	(310,394)
Cash provided from operating activities, excluding changes in non-cash working capital	$ 5,592,473	$ 6,680,472	$ 19,016,606	$ 25,330,836

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

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Revenue	$ 12,236,549	$ 16,044,230	$ 40,796,173	$ 50,501,901
Cost of sales, net of depreciation and depletion	(5,188,148)	(5,234,768)	(16,836,960)	(17,172,736)
G&A, net of depreciation	(1,331,482)	(1,128,250)	(4,025,567)	(3,666,166)
Adjusted EBITDA	$ 5,716,919	$ 9,681,212	$ 19,933,646	$ 29,662,999

The following table provides a reconciliation of adjusted EBITDA to the consolidated financial statements for the nine months ended September 30, 2023 and 2022:

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Net Income	$ 3,012,848	$ 5,135,207	$ 10,305,153	$ 16,397,866
Depreciation and depletion	1,526,462	1,758,471	5,030,507	5,403,092
Exploration and evaluation expenditures	22,123	24,090	26,430	36,514
Finance expense	108,494	93,474	348,978	315,484
Finance and other income	(323,548)	(111,651)	(891,660)	(169,626)
Foreign exchange gain	14,182	937,664	(68,006)	858,335
Gain on sale of assets	1,575	(28,922)	718	(60,559)
Income tax expense	1,354,783	1,872,879	5,181,526	6,881,893
Adjusted EBITDA	$ 5,716,919	$ 9,681,212	$ 19,933,646	$ 29,662,999

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 consolidate financial statements for the nine months ended September 30, 2023 and 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Gold sold (ozs)	6,143	9,024	21,194	27,291
Total cash costs per ounce				
Mining and Milling fees	$ 4,715,826	$ 4,180,028	$ 13,533,461	$ 13,635,208
Smelting costs	287,170	435,013	1,059,412	1,548,971
Resource taxes	436,137	566,264	1,449,315	1,765,749
Other direct costs	11,918	7,775	31,737	18,118
Changes in ending gold concentrate	(262,903)	45,688	763,035	204,690
Total cash costs	$ 5,188,148	$ 5,234,768	$ 16,836,960	$ 17,172,736
Per ounce sold	$ 845	$ 580	$ 794	$ 629
Total production costs per ounce				
Total cash costs	$ 5,188,148	$ 5,234,768	$ 16,836,960	$ 17,172,736
Depreciation and depletion	1,421,970	1,650,513	4,755,361	5,090,910
Total production costs	$ 6,610,118	$ 6,885,281	$ 21,592,321	$ 22,263,646
Per ounce sold	$ 1,076	$ 763	$ 1,019	$ 816
All-in sustaining costs per ounce				
Total cash costs	$ 5,188,148	$ 5,234,768	$ 16,836,960	$ 17,172,736
G&A, net of depreciation, R&D and financial	747,660	829,810	2,347,830	2,168,610
Sustaining capital expenditures (1)	322,218	-	410,133	302,082
All-in sustaining costs	$ 6,258,026	$ 6,064,578	$ 19,594,923	$ 19,643,428
Per ounce sold	$ 1,019	$ 672	$ 925	$ 720

(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 the nine months ended September 30, 2023 and 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Additions to property, plant and equipment				
SJG Project	$ 2,346,896	$ -	$ 7,931,985	$ 6,711,279
Sustaining capital	322,218	-	410,133	302,082
	$ 2,669,114	$ -	$ 8,342,118	$ 7,013,361

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, labor 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, 2022, filed with the applicable securities regulatory authorities and available at SEDAR www.sedarplus.ca. 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.