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## MAJESTIC GOLD CORP. REPORTS 2017 Q2 RESULTS

**Vancouver, British Columbia – May 23, 2017 - Majestic Gold Corp.** (“Majestic” or the “Company”) (TSX.V: MJS, FSE: A0BK1D) reports its financial and operational results for the second quarter ended March 31, 2017. This release should be read in conjunction with the Company’s unaudited condensed consolidated interim financial statements and associated management discussion and analysis (“MD&A”) for the same period that are available on SEDAR ([www.sedar.com](http://www.sedar.com)) and [www.majesticgold.com](http://www.majesticgold.com). The following financial results are expressed in US dollars unless otherwise stated.

### OVERVIEW

- Gold production from the Songjiagou Gold Mine for the second quarter of 2017 was 5,811 ounces, a 6% increase over the comparative 5,497 ounces produced for the second quarter of 2016. Total ounces produced for the six month period ended March 31, 2017, was 11,653 ounces compared to 12,710 produced in the 2016 comparative six month period. The higher gold production in the prior period can be attributed to approximately 30,000 tonnes of higher grade fine fraction material that was processed during the first quarter of 2016;
- Tonnes milled for the second quarter of 2017 was 413,214 tonnes with an average head grade of 0.54 g/t compared to 442,331 tonnes milled with an average head grade of 0.44 g/t in the 2016 comparative quarter. Tonnes milled for the six months ended March 31, 2017, was 826,524 tonnes with an average head grade of 0.51 g/t compared to 860,881 tonnes milled with an average head grade of 0.51 g/t for the 2016 comparative six month period. The average head grade for the 2016 comparative period was supported by the processing of approximately 30,000 tonnes of higher grade fine fraction material;
- Gold sales revenue for second quarter of 2017 was \$9.5 million from the sale of 7,716 ounces at an average realized gold price of \$1,234 per ounce compared to gold sales revenue for the second quarter of 2016 of \$10.3 million from the sale of 9,259 ounces at an average realized gold price of \$1,115 per ounce. The 8% decrease in gold sales revenue for the current period is due to a 17% drop in the number of ounces and is partially offset by an 11% increase in the average realized gold price over the 2016 comparative quarter. Total gold sales revenue for the first six months of 2017 is \$13.5 million compared to the \$14.7 million for the 2016 comparative period;
- Total cash costs decreased by 24% to \$760 per ounce for the second quarter of 2017 compared to cash costs of \$1,004 per ounce for the second quarter of 2016. Total cash costs for the six months ended March 31, 2017, were \$787, a 22% decrease compared to \$1,012 for the 2016 comparative six month period. The lower total cash costs also lead to a 21% decrease of all-in sustaining costs (“AISC”) to \$848 per ounce for the second quarter of 2017. The Company was able achieve lower total cash costs and AISC for the first six months of fiscal 2017 through negotiating an amendment to its mining agreement lower mining and processing fees. See pages 14-15 of the MD&A for calculation of these Non-IFRS measures;
- General and administrative (“G&A”) expenses were \$749,978 for second quarter of 2017 compared to \$630,546 for the 2016 comparative quarter;
- On January 31, 2017, the Company issued 72,500,000 units at CAD\$0.135 per unit for total subscription proceeds of CAD\$9,787,500 (USD \$7,521,694). Each unit consisted of one common share

and one common share purchase warrant entitling the holder to purchase an additional common share at CAD\$0.155 for a period of two years from date of issuance. The Company incurred share issue costs of \$35,148 (USD\$27,011). Proceeds from the private placement will be used to partially fund construction of housing for inhabitants of two villages that are being relocated due to their close proximity to the Songjiagou open pit operation and for general working capital purposes; and

- The Company continues its underground development on the Songjiagou North property and has progressed in developing 698 meters of the 2,075 meter ramp. The Company anticipates the development to be completed at Songjiagou North in late fiscal 2018 or early fiscal 2019.

## **FINANCIAL INFORMATION**

|   | Three months ended March 31, |               | Six months ended March 31, |                       |
|---|------------------------------|---------------|----------------------------|-----------------------|
|   | 2017                         | 2016          | 2017                       | 2016                  |
| <b>Operating data</b>                               |                              |               |                            |                       |
| Gold produced (ozs)                                 | 5,811                        | 5,497         | 11,653                     | 12,710                |
| Gold realized net of smelting fees (ozs)            | 5,363                        | 5,207         | 10,771                     | 12,183                |
| Gold sold (ozs)                                     | 7,716                        | 9,259         | 10,835                     | 12,796                |
| Average realized gold price (\$/oz sold) \$         | 1,234                        | \$ 1,115      | \$ 1,247                   | \$ 1,148              |
| Total cash costs (\$/oz sold) <sup>(1)</sup>        | 760                          | 1,004         | 787                        | 1,012                 |
| All-in sustaining costs (\$/oz sold) <sup>(1)</sup> | 848                          | 1,075         | 907                        | 1,114                 |
| <b>Financial data</b>                               |                              |               |                            |                       |
| Total revenues                                      | \$ 9,602,677                 | \$ 10,434,943 | \$ 14,879,403              | \$ 14,879,403         |
| Gross profit <sup>(2)</sup>                         | 2,705,984                    | 475,669       | 3,639,173                  | 379,491               |
| Adjusted EBITDA <sup>(1)</sup>                      | 3,071,795                    | 516,194       | 3,883,498                  | 681,261               |
| Net profit (loss)                                   | 1,385,856                    | (1,514,070)   | 1,705,556                  | (2,144,926)           |
| Net profit (loss) attributable to shareholders      | 887,235                      | (1,454,033)   | 1,033,726                  | (2,003,032)           |
| Basic and diluted gain (loss) per share             | 0.00                         | (0.00)        | 0.00                       | (0.00)                |
|   |                              |               | March 31,<br>2017          | September 30,<br>2016 |
| Cash and cash equivalents                           |                              |               | \$7,556,399                | \$9,037,258           |
| Total assets  |                              |               | 99,071,389                 | 93,305,139            |
| Total debt  |                              |               | 29,545,689                 | 33,038,286            |

(1) See “Additional Non-IFRS Financial Measures” in the Company’s MD&A.

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

### **About Majestic Gold**

Currently focused solely in China, Majestic Gold Corp. is a British Columbia based company engaged in commercial gold production at the Songjiagou Gold Mine in eastern Shandong Province, China. Additional information on the Company and its projects is available at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.majesticgold.com](http://www.majesticgold.com).

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## **Cautionary Notes**

*Certain statements contained herein may constitute forward-looking statements and are made pursuant to the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995 and Canadian securities laws. Forward-looking statements are statements which relate to future events. Such statements include estimates, forecasts and statements as to management's expectations with respect to, among other things, business and financial prospects, financial multiples and accretion estimates, future trends, plans, strategies, objectives and expectations, including with respect to production, exploration drilling, reserves and resources, exploitation activities and events or future operations. Information inferred from the interpretation of drilling results and information concerning mineral resource estimates may also be deemed to be forward-looking statements, as it constitutes a prediction of what might be found to be present when, and if, a project is actually developed.*

*In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, level of activity, performance or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements.*

*While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggestions herein. Except as required by applicable law, Majestic Gold does not intend to update any forward-looking statements to conform these statements to actual results.*