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MAJESTIC GOLD CORP. REPORTS THIRD QUARTER 2016 RESULTS

Vancouver, British Columbia – August 26, 2016 - Majestic Gold Corp. (“Majestic” or the “Company”) (TSX.V: MJS, FSE: A0BK1D) reports its financial and operational results for the third quarter ended June 30, 2016. This release should be read in conjunction with the Company’s unaudited condensed consolidated interim financial statements and associated management discussion and analysis for the same period that are available on SEDAR (www.sedar.com) and www.majesticgold.com. The following financial results are expressed in US dollars unless otherwise stated.

2016 THIRD QUARTER OVERVIEW

- Majestic’s adjusted EBITDA was \$901,633 in the third quarter of fiscal 2016, (2015 – (\$388,598)) based on improved gold production, and reduction in total cash costs per ounce. Total adjusted EBITDA for the nine months ended June 30, 2016, was \$1.6 million (2015 – (\$390,868)). Refer to pages 14-15 of the Company’s MD&A for the computation of this Non-IFRS financial measure;
- Gross profit for the third quarter ended June 30, 2016, was \$914,095 compared to a gross loss of \$436,386 for the third quarter of 2015. Gross profit for the nine months ended June 30, 2016, was \$1,293,586 (2015 - (\$293,474));
- Gold sales revenue was \$6.7 million for third quarter of fiscal 2016, from the sale of 5,305 ounces, at an average realized gold price of \$1,260 per ounce, compared to gold sales revenue of \$2.8 million from the sale of 2,251 ounces, at an average realized gold price of \$1,239 per ounce, for the third quarter of fiscal 2015;
- Gold production from the Songjiagou Gold Mine was 5,006 ounces for the third quarter of fiscal 2016, compared to 4,605 ounces produced in the third quarter of fiscal 2015;
- For the third quarter of fiscal 2016, cash costs were \$976 per ounce (2015 - \$1,290), and all-in sustaining costs (“AISC”) were \$1,272 per ounce (2015 - \$1,551);
- Tonnes milled for the third quarter of 2016, were 340,225 tonnes with an average head grade of 0.50 g/t, compared to 374,457 tonnes milled, with an average head grade of 0.43 g/t, for the third quarter of 2015;
- General and administrative (“G&A”) expenses were \$716,261 for the third quarter of fiscal 2016 (2015 Q3 -\$637,416); and
- The Company entered into a new two year non-binding Letter of Intent (“LOI”) with Yantai Baiheng Gold Mining Co. Ltd. (“Baiheng”) on July 11, 2016, The July 11, 2016 LOI supersedes the August 6, 2015 LOI and allows the Company an additional 24 months for due diligence on the Shuang Shan Tun and Xia Yu Cun properties, located in the Muping-Rushan Gold Belt in Shandong Province, China.

PRODUCTION RESULTS

| | Three months ended June 30, | | Nine months ended June 30, | |
|---|-----------------------------|---------|----------------------------|-----------|
| | 2016 | 2015 | 2016 | 2015 |
| Production data | | | | |
| Tonnes mined | 344,470 | 386,408 | 1,262,942 | 1,205,445 |
| Tonnes milled | 340,225 | 374,457 | 1,201,106 | 1,170,375 |
| Head grade (g/t) | 0.50 | 0.43 | 0.51 | 0.42 |
| Mill recovery | 90% | 89% | 90% | 88% |
| Gold produced (ozs) | 5,006 | 4,605 | 17,717 | 14,476 |
| Gold realized, net of smelting fees (ozs) | 4,661 | 4,246 | 16,844 | 13,517 |

FINANCIAL INFORMATION

| | Three months ended June 30, | | Nine months ended June 30, | |
|---|-----------------------------|--------------|----------------------------|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| Operating data | | | | |
| Gold produced (ozs) | 5,006 | 4,605 | 17,717 | 14,476 |
| Gold realized net of smelting fees (ozs) | 4,661 | 4,246 | 16,844 | 13,517 |
| Gold sold (ozs) | 5,305 | 2,251 | 18,101 | 12,217 |
| Average realized gold price (\$/oz sold) | \$ 1,260 | \$ 1,239 | \$ 1,181 | \$ 1,264 |
| Total cash costs (\$/oz sold) ⁽¹⁾ | 976 | 1,290 | 1,002 | 1,165 |
| Total production costs (\$/oz sold) ⁽¹⁾ | 1,099 | 1,432 | 1,123 | 1,288 |
| All-in sustaining costs (\$/oz sold) ⁽¹⁾ | 1,272 | 1,551 | 1,219 | 1,333 |
| Financial data | | | | |
| Total revenues | \$ 6,744,418 | \$ 2,787,430 | \$ 21,623,821 | \$ 15,440,165 |
| Gross profit ⁽²⁾ | 914,095 | (436,386) | 1,293,586 | (293,474) |
| Adjusted EBITDA ⁽¹⁾ | 901,633 | (388,598) | 1,636,257 | (390,868) |
| Net loss attributable to shareholders | (310,520) | (903,034) | (2,313,552) | (2,371,478) |
| Basic and diluted loss per share | (0.00) | (0.00) | (0.00) | (0.00) |
| | | | June 30, | September 30, |
| | | | 2016 | 2015 |
| Cash and cash equivalents | | | \$ 10,330,617 | \$ 6,981,718 |
| Total assets | | | 93,432,975 | 95,679,706 |
| Total debt | | | 31,970,515 | 30,297,103 |

(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 and on the Company's website at 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.