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NEWS RELEASE

Majestic Announces Agreement to Swap Net Profits Interest for Equity and Reports Gold Production Results for 2013 Second Quarter

Vancouver, British Columbia. June 27, 2013. – Majestic Gold Corp. (TSX.V: MJS) ("Majestic" or the "Company") is pleased to announce that it has entered into an agreement (the "**Exchange Agreement**") with Yantai Dahedong Processing Co. Ltd. ("**Dahedong**") pursuant to which Dahedong will exchange its 25% interest in the net profits of the Company's Chinese subsidiary, Yantai Zhongjia Mining Co. Ltd. ("**Zhongjia**"), for a 25% working interest in Zhongjia.

Background

Zhongjia owns the Song Jiagou open pit gold mine (the "**Mine**") near the City of Yantai, in Shandong Province, China. Majestic indirectly owns a 96% interest in Zhongjia through its 96% interest Majestic Yantai Gold Ltd. ("**Majestic Yantai**"), which owns a 100% interest in Zhongjia.

In 2010, Dahedong entered into two arrangements with Zhongjia – (i) a cost sharing arrangement for the construction of a new mill at Song Jiagou and (ii) a profit sharing agreement pursuant to which Zhongjia agreed to pay 25% of its net profits from gold sales to Dahedong as compensation for the use using mining assets (the "**Dahedong Mining Assets**") owned by Dahedong and the reduced rate for its mining and milling services. These arrangements are described in greater detail below.

As noted in its February 1, 2013 news release, management is of the view that such an exchange will benefit the Company by obligating Dahedong to contribute 25% of future capital expenses at the Mine and, ultimately, to simplify the corporate structure of Zhongjia. The Exchange Agreement is subject to acceptance by the TSX Venture Exchange.

The Profit Sharing Arrangement

Under the original agreement with Dahedong (the "**2010 Agreement**"), described in the Company's February 17, 2010 news release, it was agreed that Dahedong would carry on all mining operations for Zhongjia for a set fee per tonne determined according to a sliding scale based on the grade of the ore delivered to the mills, ranging from ¥40/tonne for material grading 0.20 gpt gold up to ¥75/tonne for material grading higher than 0.50 gpt gold (the "**Mining Arrangement**").

Also pursuant to the 2010 Agreement, Dahedong provides Zhongjia with the use of the Dahedong Mining Assets, which include various land use contracts with the Chinese government for the operation of processing mills and disposal of tailings, water rights, two mills with processing capacities of 200 and 1,200 tonnes per day respectively, and related buildings and

other mining facilities, machinery and equipment, were collectively valued at ¥120,000,000 (currently ~C\$18,700,000 @ C\$1.00 : ¥6.4151). The land use contracts are particularly important to Zhongjia because under Chinese law, title to real property remains vested in the government. In addition, the tailings disposal facility and the water recycling facility for the mills are both the subjects of land use contracts held by Dahedong.

As compensation for the use of the Dahedong Mining Assets and the reduced rate for its mining and milling services, Dahedong is paid 25% of the net profits of Zhongjia (the “**25% Net Profits Interest**”).

The Cost Sharing Arrangement for Construction of the New Mill

The 2010 Agreement also provided for the construction of a new mill at Song Jiagou, to increase production capacity and revenue from operations. As a prospective beneficiary of increased production and profitability, Dahedong agreed to pay 25% of the costs to be incurred in the construction of the new mill. In addition, Dahedong agreed to advance a portion of Zhongjia’s share of construction costs pending Majestic arranging additional financing for Zhongjia. The new mill was completed during 2012 at a cost of approximately C\$65,500,000 (using an exchange rate of ¥5.83:C\$1.00), such that Zhongjia’s share of construction costs totaled approximately C\$49,125,000. As at December 31, 2012, Majestic had provided sufficient financing to Zhongjia to reduce Zhongjia’s debt owed to Dahedong to approximately C\$7,950,000 (the “**Remaining Mill Debt**”).

The Proposed Equity Swap

By the time the new mill was completed, it was clear that additional capital improvements at the Mine would be desirable, including a new on-site assay lab and, potentially, an expansion of the new mill to increase its throughput capacity. However, Dahedong’s 25% Net Profits Interest created an obstacle to such capital improvements because it meant that Majestic would be responsible for funding 100% of Zhongjia’s capital improvements while Dahedong would have the benefit of 25% of such improvements. Majestic therefore engaged in discussions with Dahedong during the fall of 2012 with a view to eliminating that disparity. The result of those negotiations was the Exchange Agreement, which provides for the following new arrangement:

1. Dahedong will surrender its 25% Net Profits Interest to Zhongjia in exchange for a 25% working interest in Zhongjia, in the form of a 25% joint venture interest in Zhongjia.
2. Dahedong will continue to provide Zhongjia with the use of the Dahedong Mining Assets at no cost to Zhongjia and will continue with the Mining Arrangement.
3. The new mill will be owned as to 100% by Zhongjia.

The new arrangement, which will be effective from and after January 1, 2013, will facilitate improvements to the Mine and the new mill because Dahedong will now be responsible for funding 25% of the costs of such improvements which are not funded by revenues from gold sales and Majestic will be responsible for funding only the other 75%. The two companies will now be entitled, respectively, to 25% and 75% of Zhongjia’s net profits after taxes. However,

Dahedong will continue to receive 100% of Zhongjia's net profits until the Remaining Mill Debt has been paid.

The Company considers the new arrangement to be mutually beneficial. Majestic will reduce its share of all capital costs incurred after January 1, 2013 by 25% while Dahedong will have a greater assurance that capital improvements will be made and that its investment will become more valuable over time as a result. Management considers that the achievement of the Company's following objectives, discussed in its February 1, 2013 news release, will be facilitated by the new arrangement:

1. Continue to increase production levels at Song Jiagou towards the production goal of 100,000 ounces per year through grade control:
 - Removal of low-grade material at top of resource (nearing completion);
 - Construction of modern and large capacity assay lab on site to accommodate sufficient blast hole assays (nearing completion);
 - Completion of detailed topographical surveys for detailed pit modeling (completed).
2. The Company is working closely with SRK Beijing on an application to the Chinese Government to expand the mining zone and mining permit to at least 7,400 tpd by the fall of 2013.
3. The Company is continuing to search out potential merger and acquisition ("M&A") opportunities.
4. The Company is continuing to explore different avenues for a potential listing on the Hong Kong Stock Exchange, or perhaps the Singapore Stock Exchange, for better valuations and reduced share dilution in future M&A's.

However, notwithstanding the new arrangement with Dahedong, there can be no assurance that the aforementioned goals and objectives will be achieved.

2013 Second Quarter Production Results

Production results for the second quarters ended March 31, 2013 and 2012 are as follows:

Operational Results Song Jiagou Mine	For the three months ended March 31,		For the six months ended March 31,	
	2013	2012	2013	2012
Tonnes of ore mined	484,385	582,320	929,738	1,106,559
Tonnes of ore milled	487,481	531,287	945,132	929,026
Tonnes milled per day	5,417	5,851	5,196	5,113
Effective head grade (g/t)	0.35	0.31	0.37	0.33
Recovery	86%	84%	87%	85%
Gold produced (ounces)	4,776	4,608	9,600	9,346
Gold sold (ounces)	5,144	3,327	7,483	7,188

About Majestic Gold

Majestic Gold Corp. is a Vancouver, BC based company engaged in commercial gold production at the Song Jiagou gold mine in Yantai, China. The mine is an open pit and underground operation. Additional information on the Company and its projects is available at www.sedar.com and on the Company's website at www.majesticgold.net.

On Behalf of the Board of Directors MAJESTIC GOLD CORP.

Signed "*Rod Husband*"

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