MANAGEMENT DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2024

(Expressed in US dollars)

INTRODUCTION

The following Management Discussion and Analysis ("MD&A") dated May 22, 2024, discusses the financial condition and results of operations of Majestic Gold Corp. (TSX-V: MJS) ("Majestic" or "the Company") for the three months ended March 31, 2024. The MD&A should be read in conjunction with the accompanying audited consolidated financial statements of the Company and notes thereto for the year ended December 31, 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 three months ended March 31, 2024, 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.

OUR BUSINESS

Majestic Gold Corp. is a Vancouver, Canada based gold mining company 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 March 31, 2024, 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". For further information on the Company, visit the Company's website at www.majesticgold.com and on SEDAR at www.sedarplus.ca.

OPERATIONAL HIGHLIGHTS

Three months ended March 31, 2024

- ***Revenue*** was $15.6 million, compared to $14 million for the FY2023 comparative period. The 11.4% increase in revenue for the current period can be attributed to the higher realized gold price;
- ***Gross profit*** from mining operations increased by 17.5% to $8.3 million, from $7.1 million for the FY2023 comparative period;
- ***Net income*** was a $5.1 million, an increase of 27.6% from $4 million for the FY2023 comparative period;
- ***Gold production*** was 7,942 ounces, a decrease of 2.3% from 8,127 ounces produced for the FY2023 comparative period;
- ***Cash flow from operating activities*** decreased by 78% to $1.4 million, from $6.3 million for FY2023 comparative period. The decrease for the current period is primarily due to an increase of payment amounts for income tax and accounts payable over the FY2023 comparative period;
- ***Strong financial position*** at March 31, 2024. The Company had a cash balance of $97.5 million (December 31, 2023 - $98 million) and working capital of $81.2 million (December 31, 2023 - $76.5 million);
- ***Total cash costs and all-in sustaining costs*** *("AISC")* for the first quarter of FY2024 were $743 per ounce and $920 per ounce respectively, compared to $730 per ounce and $845 per ounce for the FY2023 comparative period. For AISC computation details, refer to pages 15-17 of the MD&A for this Non-IFRS financial measure;
- ***Adjusted EBITDA*** for the first quarter of FY2024 was $8.6 million, compared to $7.5 million for FY2023 comparative period. For EBITDA computation details, refer to pages 15-17 of the MD&A for this Non-IFRS financial measure.

OUTLOOK

- The Company, through its 70.5% owned subsidiary, Persistence Resources Group Ltd., ("Persistence") has entered into a letter of intent ("LOI") dated March 24, 2024, with a Vendor ("Vendor") and Target Company to acquire 70% of the issued share capital (the "Possible Acquisition") of the target company incorporated in the PRC (the "Target Company").

  The Company is still completing its due diligence process on the Target Company (the "Due Diligence"). The process has taken longer than anticipated due to the time required to complete a thorough legal, financial and technical due diligence by professional teams on the preferred potential target as it is the best interests of the Company. Within a month of obtaining the results of the Due Diligence, the Company will then initiate negotiations with the Vendor for entering into a formal agreement and agree on specific terms in relation to the Possible Acquisition based on the results of the Due Diligence work.

  The Target Company is principally engaged in gold mining and processing, emergency rescue for mine accidents and preventive safety inspection, property leasing and investment with its own fund. The Target Company owns mining licenses of three gold mines located in Yantai City of the Shandong Province in the PRC. The consideration for the Possible Acquisition shall be determined following arm's length negotiations between the Company and the Vendor and shall be set out in the formal agreement.

- Phase 2 of the SJG Open-Pit Mine expansion program is in progress with the completion of benches at levels +117m ASL, +105m ASL, +93m ASL and +81m ASL and with current expansion work focused on the completion of the benches at +69m ASL and +57m ASL in FY2024, followed by the completion of the +45m ASL bench in early FY2025 to complete the Phase 2 expansion work. Mining operations occurring in the open-pit during FY2024 and FY2025 will be conducted at levels between +69m ASL and down to -3m ASL, with forecasted tonnage of 1,900kt at an average grade of 0.53 g/t and 2,207kt at an average grade of 0.88 g/t for the respective years. During both years, ore through-put will be blended with lower grade material recovered during the expansion work.

MINERAL RESERVES AND MINERAL RESOURCES UPDATE

The Company provided a technical report titled **Qualified Person's** Report for the Songjiagou Gold Project, Shandong Province, People's Republic of China" (the "Report") dated December 14, 2023 by SRK Consulting China Ltd.

The Report includes an updated resource estimate of Indicated and Inferred Resources as well as possible Reserves at Songjiagou Gold Project as of June 30, 2023 are as follows:

Resource Estimate in the Report dated June 30, 2023 (1)(2)

Open Pit		Underground	
Indicated	**Inferred**	**Indicated**	**Inferred**
(0.30 g/t Au) cutoff	(0.30 g/t Au) cutoff	(0.70 g/t Au) cutoff	(0.70 g/t Au) cutoff
34.2 MT @ 1.1 g/t Au	36.7 MT @ 0.95 g/t Au	1.6 MT @ 1.38 g/t Au	3.0 MT @ 1.24 g/t Au

Mineral Reserve Statement in the Report dated June 30, 2023 (2)

Open Pit	
Probable	22.6 MT @ 1.17 g/t Au (0.30 g/t Au cutoff)
Underground	
Probable	530,000 T @ 1.39 g/t Au (0.70 g/t Au cutoff)

(1) The resource estimate is categorized as Indicated and Inferred as defined by the CIM guidelines for reporting. Mineral resources do not demonstrate economic viability, and there is no certainty that these mineral resources will be converted into mineable reserves once economic considerations are applied. The Mineral Reserves are within the Mineral Resource and are not added to the Mineral Resource.

(2) The Mineral Reserves and Mineral Resources stated above are as at June 30, 2023 and do not reflect any events subsequent to that date.

Key differences between the 2023 and 2016 Resource Estimate included the following:

- The addition of Mineral Reserves within the Mineral Resource;
- Increase in the area of the mining license from 0.3421 sq kms to 1.0077 sq kms.
- More data from new samples of new exploration programs were used in 2023 model, including 51 new diamond drill holes, 29 new trenches, and 19 underground channel samples;
- Larger open-pit limit optimized from the new mineral resource basis.

The Report is available on the Company's website at www.majesticgold.com and www.sedarplus.ca.

SONGJIAGOU OPEN-PIT MINE

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 a 52.875% interest in the SJG Project through its 70.5% owned subsidiary Persistence, which holds a 75% interest in the SJG Project with the remaining 25% held by Yantai Dahedong Processing Co. Ltd. The Company's mining license for the SJG Open-Pit Mine is valid until May 17, 2031.

SONGJIAGOU 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.

QUALIFIED PERSON

Stephen Kenwood, President and CEO of Majestic, is the Company's qualified person under the definitions established by NI 43-101("QP") and is the non-independent QP that has read and approved the technical information contained in this MD&A.

KEY PERFORMANCE DRIVERS

There is a range of key performance drivers that are critical to the successful implementation of Majestic's strategy and the achievement of its goals. The key internal drivers are production volumes, grade, and costs. The key external driver is the market price of gold.

Production Volumes and Costs

For an analysis of the impact of production, grades volumes and costs for the three months ended March 31, 2024 relative to the prior-year period, refer to the "Summary of Operations" section of this MD&A.

Gold Prices

The price of gold is the single largest factor affecting Majestic's profitability and operating cash flows. As such, the current and future financial performance of the Company is expected to be closely related to the prevailing price of gold.

For the three months ended March 31, 2024, Majestic's average realized gold price per ounce as $2,107, compared to the London Bullion Market ("LBMA") p.m. average gold price of $2,072 per ounce for the same period.

SELECTED FINANCIAL AND OPERATING RESULTS

	Three months ended March 31, 2024	2023
Operating results		
Gold produced (ozs)	7,942	8,127
Gold realized net of smelting fees (ozs)	7,087	7,415
Gold sold (ozs)	7,301	7,429
Average realized gold price ($/oz sold)	$ 2,107	$ 1,858
Total cash costs ($/oz sold) (1)	743	730
All-in sustaining costs ($/oz sold) (1)	920	845
Financial results		
Revenue	$ 15,563,660	$ 13,967,828
Gross profit (2)	8,286,017	7,050,277
Adjusted EBITDA (1)	8,632,579	7,477,661
Net income	5,140,843	4,028,362
Net income attributable to shareholders	2,640,441	2,656,250
Basic and diluted income per share	0.00	0.00

(1) See "Additional Non-IFRS Financial Measures" on pages 15-17.
(2) "Gross profit" represents total revenues, net of cost of goods sold.

SUMMARY OF OPERATIONS

Gold Production

(Ounces)	Three months ended March 31, 2024	2023
Songjiagou Operations		
SJG Open-Pit Mine	7,051	6,967
SJG Underground Mine	891	1,160
Total	7,942	8,127

A summary of SJG Project Operations for the three months ended March 31, 2024 and 2023 are as follows:

	Three months ended March 31, 2024	2023
Operating Results		
SJG Open-Pit Mine		
Ore mined	453,451	420,609
Ore processed	477,122	473,150
Average grade (g/t)	0.49	0.49
Gold recovery rate	94%	94%
Gold produced (ozs)	7,051	6,967
Gold realized net of smelting fees (ozs)	6,294	6,359
SJG Underground Mine		
Ore mined	16,426	21,438
Ore processed	16,426	21,438
Average grade (g/t)	1.72	1.71
Gold recovery rate	98%	98%
Gold produced (ozs)	891	1,160
Gold realized net of smelting fees (ozs)	793	1,056
Total SJG Project Operations		
Ore mined	469,877	442,047
Ore processed	493,548	494,588
Average grade (g/t)	0.53	0.54
Mill recovery	95%	95%
Gold produced (ozs)	7,942	8,127
Gold realized net of smelting fees (ozs)	7,087	7,415

Operating Results

Production

Gold production was 7,942 ounces for the first quarter of FY2024, from 493,548 tonnes of ore processed with an average grade of 0.53 g/t and a 95% recovery rate, compared to 8,127 ounces produced, from 494,588 tonnes processed with an average grade of 0.54 g/t and a 95% recovery rate, for the FY2023 comparative quarter.

Revenue

	Three months ended March 31, 2024	2023
Gold		
Ounces sold	7,301	7,429
Average realized price ($/oz)	$ 2,107	$ 1,858
Revenues		
Gold	$ 15,381,900	$ 13,804,949
Sulphur	181,760	162,879
	$ 15,563,660	$ 13,967,828

Gold revenue for the first quarter of FY2024 was $15.4 million, from the sale of 7,301 ounces, at an average realized gold price of $2,107 per ounce, compared to gold sales revenue of $13.8 million for the FY2023 comparative quarter, from the sale of 7,429 ounces, at an average realized gold price of $1,858 per ounce.

Revenues also include sulfur sales of $181,760 for the first quarter of fiscal 2024 and $162,879 for the FY2023 comparative quarter. The sulfur revenue is earned from the sale of sulfur recovered from gold concentrate during the smelting process. The Company entered into a March 2022 agreement with its smelter whereby the Company sells the sulfur recovered during the smelting process.

Cost of Sales

		Three months ended March 31, 2024		2023
Ounces sold		7,301		7,429
Per ounce of gold sold (1)				
Cash costs	$	743	$	730
Production costs		997		931
Cost of Goods Sold				
Total cash costs	$	5,422,709	$	5,419,626
Total production costs		7,277,643		6,917,551

(1) See "Additional Non-IFRS Financial Measures" on pages 15-17.

Cash costs were $743 per ounce for the first quarter of FY2024, compared to $730 for the FY2023 comparative quarter. Production costs were $997 per ounce for the first quarter of FY2024, compared to $931 per ounce for the FY2023 comparative quarter.

General and Administrative

The details of the changes in the consolidated general and administrative expenses ("G&A") for the three months ended March 31, 2024 and 2023 are as follows:

		Three months ended March 31, 2024		2023
Consulting and management fees	$	151,507	$	31,678
Financial advisory		17,296		221,557
Depreciation		94,857		140,469
Office and general		306,736		191,259
Professional fees		57,621		26,671
Research and development		257,484		81,214
Salaries		517,730		375,138
Shareholder communications		63,440		18,925
Travel		136,558		124,099
Total	$	1,603,229	$	1,211,010

The Company's G&A expenditures were $1,603,229 for the first quarter of FY2024, an increase of 32.4% from $1,211,010 for the FY2023 comparative quarter.

The significant variances for the three months ended March 31, 2024 and 2023 are as follows:

Consulting fees for the first quarter of FY2024 were $151,507 (FY2023 - $31,678). The increase in consulting fees is related to the ongoing Due Diligence process on the Target Company in current quarter.

Financial advisory expenditures for the first quarter of FY2024 were $17,296 (FY2023 - $221,557). The significant decrease in financial advisory fees for the current period was due to the HKEX IPO listing application process underway during the comparative period. The Company successfully completed its HKEX IPO listing in December 2023 and therefore expects its financial advisory fees to be lower for FY2024 compared to FY2023.

Office and general expenses for the first quarter of FY2024 were $306,736 (FY2023 - $191,259). The increase in office and general expenses is a result of increased activity for the Company and its subsidiaries. The Company expects the office and general expenses to continue to be higher than its prior period levels.

Research and development expenditures for the first quarter of FY2024 were $257,484 (FY2023 - $81,214). 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, as well as milling, and mining efficiencies and lowering environmental impact of its processing and mining activities.

Salaries, management, and director fees were $517,730 for the first quarter of FY2024 (FY2023 - $375,138). The increase for the current quarter is primarily due to an increase in salary expense for additional employees, including geo-technical personnel at its subsidiary levels as well directors fees for Persistence following its listing on the HKEX.

Shareholder communications for the first quarter of FY2024 was $63,440 (FY2023 - $18,925). The increase in shareholder communications has increased over the comparative quarter due to additional reporting and filing requirements with the HKEX listing of Persistence.

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.

Other Items

The details of the changes in the consolidated finance expense for the three months ended March 31, 2024 and 2023 are as follows:

		Three months ended March 31,		
		2024		2023
Interest expenses and finance charges for loans payable	$	40,262	$	52,468
Interest expense for leases		604		860
Interest expense for other long-term liabilities		35,248		43,384
Accretion of asset retirement obligation		22,837		25,116
Total	$	98,951	$	121,828

FINANCIAL CONDITION REVIEW

Balance Sheet Review

		March 31, 2024		December 31, 2023
Balance Sheet Information				
Cash	$	97,490,273	$	97,971,465
Other current assets		6,177,381		4,358,471
Non-current assets		84,647,338		84,900,667
Total assets	$	188,314,992	$	187,230,603
Current liabilities	$	22,438,755	$	25,873,002
Non-current liabilities		9,007,354		9,056,236
Total liabilities		31,446,109		34,929,238
Total equity		156,868,883		152,301,365
Total liabilities and equity	$	188,314,992	$	187,230,603

Assets

Cash

Cash balance were comparable at March 31, 2024 and December 31, 2023.

Other current assets

Other current assets consist primarily of receivables, deposits and prepaid expenses, inventories, and current portion of other long-term assets. The increase in other current assets is primarily due to a 12-month loan of $2,534,292 (HK$20 million) that the Company issued to Dahedong on January 4, 2024.

Non-current assets

Non-current assets primarily consist of property plant and equipment mining interests, which include the Company's mineral properties, and property, plant, and equipment. The decrease relative to December 31, 2023 is primarily attributable to the depreciation expenses, net of the Company's capitalized SJG Open-Pit expansion costs during the first quarter of FY2024.

Current liabilities

Current liabilities consist primarily of trade and other payables and income tax payable. Current liabilities decreased relative to December 31, 2023, primarily due to settlement of payables related to the HKEX IPO as well as income taxes payable outstanding at December 31, 2023.

Non-current liabilities

Non-current liabilities consist primarily of asset retirement obligation, deferred tax liabilities and other long-term obligations. The balances between March 31, 2024 and December 31, 2023 had no significant changes.

SUMMARY OF QUARTERLY RESULTS

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

	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Revenues	$15,563,660	$14,229,019	$ 12,236,549	$14,591,796
Net income	5,140,843	1,924,245	$3,012,848	$3,263,943
Income per share attributable to owners of the parent	0.00	0.00	0.00	0.00
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Revenues	$13,967,828	$12,972,456	$16,044,230	$17,092,248
Net income	$4,028,362	1,024,694	$5,135,207	$5,844,799
Income per share attributable to owners of the parent	0.00	0.00	0.00	0.00

Significant variations in revenues and net income between periods throughout FY2022 to FY2024 are primarily due to variances in gold production and sales, as well as the volatility of gold prices.

LIQUIDITY AND CASH FLOW

Majestic continues to maintain a strong financial position and liquidity. At March 31, 2024, the Company had cash and cash equivalents of $97.5 million, compared to $98 million at December 31, 2023.

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, and equity financings. 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 $81.2 million at March 31, 2024, improving from a working capital of $76.5 million at December 31, 2023, of which the key components included:

- *Cash* - was $97.5 million, down $0.5 million from the end of fiscal 2023;
- *Deposits and prepaid expenses* - was $0.4 million, up $0.1 million from the end of fiscal 2023;
- *Inventories* - was $3 million, down $0.1 million from the end of fiscal 2023;

- *Accounts payable and accrued liabilities* - was $4.4 million, down $2 million from the end of fiscal 2023;
- *Current portion of long-term liabilities* - was $1.1 million, no change from the end of fiscal 2023;
- *Income tax payable* - was $12.7 million, down $1.4 million from the end of fiscal 2023; and
- *Loans payable* - was $4.2 million, no change from the end of fiscal 2023.

The Company's cash flows from operating, investing, and financing activities, as presented in the consolidated statements of cash flows, are summarized for the three months ended March 31, 2024 and 2023 as follows:

	Three months ended March 31,			
		2024		2023
Cash Flow Information				
Net cash provided from operating activities	$	1,380,146	$	6,286,043
Net cash used for investing activities		(1,344,452)		(3,474,367)
Net cash used for financing activities		(44,348)		(45,422)
Effect of foreign exchange on cash		(472,538)		433,605
Net increase (decrease) in cash	$	(481,192)	$	3,199,859
Cash, beginning		97,971,465		45,362,546
Cash, ending	$	97,490,273	$	48,562,405

Majestic began fiscal 2024, with $98 million in cash. During the three months ended March 31, 2024, the Company generated $1.4 million from the Company's operating activities, net of working capital changes, expended $1.3 million in net investing activities and $0.04 million in net financing activities, and had a foreign exchange loss of $0.5 million, to end at March 31, 2024 with $97.5 million in cash.

Operating Activities

Cash generated from operating activities for the three months ended March 31, 2024, decreased over the comparative period due primarily to settlement of income taxes payable and payables due upon the completion of the HKEX IPO. The Company also made a 12-month loan of $2,534,292 (HK$20 million) to Dahedong on January 4, 2024.

The cash generated by operations is highly dependent on gold price, as well as other factors, including grade and production volumes.

Investing Activities

Cash used in investing activities is primarily for the continued capital investment in the Company's SJG Gold Mine, which includes the capitalized expenditures related to the ongoing open-pit expansion work. Cash used for investing activities for the three months ended March 31, 2024 decreased compared to the comparative period of FY2023 was primarily due to the short-term investment made during the comparative period.

Financing Activities

Cash used for the three months ended March 31, 2024, and for the FY2023 comparative period were used for financing activities including local village distribution and mining right amortization.

Management considers its operating cash flows to be sufficient for the next twelve months to meet its planned development, operational activities, and its current outstanding debts. The Company has been achieving consistent profits from its operations and expects growth through increased production under the expanded mining permit and achieving higher head grades with the completion of the expansion work at SJG Open-Pit.

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 March 31, 2024 and at the date of this MD&A	1,042,664,381

TRANSACTIONS WITH RELATED PARTIES

Related party transactions

Compensation of key management personnel

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.

The remuneration of directors and other members of key management personnel, which are included in the amounts disclosed below are summarized for the three months ended March 31, 2024 and 2023 as follows:

	Three months ended March 31, 2024	2023
Salaries and management fees	$ 238,150	$ 135,899
Director fees	3,892	3,885
	$ 242,042	$ 139,784

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED BUT NOT YET APPLIED

More detail on these new standards, interpretations, and amendments and future IFRS pronouncements are provided in Note 3 of the Company's Financial Report.

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 11, 12, and 13 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 March 31, 2024, 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		March 31, 2024		December 31, 2023
Cash	1	$	97,490,273	$	97,971,465
Reclamation deposits	1		2,711,965		2,715,302
Receivables (1)	2		2,774,057		957,588
Other long-term assets	2		878,125		526,970
Total		$	103,854,420	$	102,171,325

(1) Receivables exclude sales and income tax receivables.

Financial liabilities	Level		March 31, 2024		December 31, 2023
Accounts payable and accrued liabilities	2	$	4,417,600	$	6,463,884
Interest-bearing bank borrowings	2		4,228,330		4,235,673
Other long-term liabilities	2		4,449,570		4,467,011
Total		$	13,095,500	$	15,166,568

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 are disclosed in Note 12 of the Financial Report.

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

	March 31, 2024								December 31, 2023
		Within a year		2-5 years		Over five years		Total	Total
Accounts payable and accrued liabilities	$	4,417,600	$	-	$	-	$	4,417,600	$ 6,463,884
Loans		4,228,330		-		-		4,228,330	4,235,673
Other long-term liabilities		1,058,650		3,297,616		564,905		4,921,170	4,975,460
Total	$	9,704,580	$	3,297,616	$	564,905	$	13,567,100	$ 15,675,017

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 March 31, 2024.

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, 2023.

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 for the three months ended March 31, 2024 and 2023:

		Three months ended March 31, 2024		2023
Cash provided from operating activities	$	1,380,146	$	6,286,043
Less:				
Changes in non-cash working capital		(4,301,660)		(956,731)
Cash provided from operating activities, excluding changes in non-cash working capital	$	5,681,806	$	7,242,774

The following table provides details of the primary components of adjusted EBITDA for the three months ended March 31, 2024 and 2023:

		Three months ended March 31, 2024		2023
Revenue	$	15,563,660	$	13,967,828
Cost of sales, net of depreciation and depletion		(5,422,709)		(5,419,626)
G&A, net of depreciation		(1,508,372)		(1,070,541)
Adjusted EBITDA	$	8,632,579	$	7,477,661

The following table provides a reconciliation of adjusted EBITDA to the consolidated financial statements for the three months ended March 31, 2024 and 2023:

		Three months ended March 31, 2024		2023
Net Income	$	5,140,843	$	4,028,362
Depreciation and depletion		1,949,791		1,638,394
Exploration and evaluation expenditures		4,378		1,866
Finance expense, net of finance income		(543,069)		(140,844)
Foreign exchange (income) loss		(39,924)		42,698
Gain on sale of assets		-		(857)
Income tax expense		2,120,560		1,908,042
Adjusted EBITDA	$	8,632,579	$	7,477,661

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 three months ended March 31, 2024 and 2023:

	Three months ended March 31, 2024	2023
Gold sold (ozs)	7,301	7,429
Total cash costs per ounce		
Mining and Milling fees	$ 4,136,643	$ 4,366,992
Smelting costs	410,778	368,107
Resource taxes	553,521	494,620
Other direct costs	-	7,449
Changes in ending gold concentrate inventory	321,767	182,458
Total cash costs	$ 5,422,709	$ 5,419,626
Per ounce sold	$ 743	$ 730
Total production costs per ounce		
Total cash costs	$ 5,422,709	$ 5,419,626
Depreciation and depletion	1,854,934	1,497,925
Total production costs	$ 7,277,643	$ 6,917,551
Per ounce sold	$ 997	$ 931
All-in sustaining costs per ounce		
Total cash costs	$ 5,422,709	$ 5,419,626
G&A, net of depreciation, R&D and financial advisory expenses	1,233,592	767,770
Sustaining capital expenditures (1)	59,965	88,015
All-in sustaining costs	$ 6,716,266	$ 6,275,411
Per ounce sold	$ 920	$ 845

(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 three months ended March 31, 2024 and 2023:

	Three months ended March 31, 2024	2023
Additions to property, plant and equipment		
SJG Project	$ 1,367,490	$ 1,162,906
Sustaining capital	59,965	88,015
	$ 1,427,455	$ 1,250,921

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, 2023, 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.