



**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024 AND 2023**  
**(Expressed in US dollars)**  
**(Unaudited)**

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#### Notice to Reader

These condensed interim financial statements of Majestic Gold Corp. have been prepared by management and approved by the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed interim financial statements, notes to financial statements and the related quarterly Management Discussion and Analysis.

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**Majestic Gold Corp.**  
**Condensed Consolidated Interim Statements of Financial Position**  
(Unaudited - expressed in US dollars)

	Note	June 30, 2024 - \$ -	December 31, 2023 - \$ -
<b>ASSETS</b>			
Current assets			
Cash	4	103,932,757	97,971,465
Receivables	5	2,822,850	973,843
Deposits and prepaid expenses	6	493,016	247,326
Inventory	7	2,424,940	3,080,827
Current portion of other long-term assets	11	56,125	56,475
		109,729,688	102,329,936
Investments	8	182,650	-
Reclamation deposits	6	2,932,016	2,715,302
Property, plant and equipment	9	80,473,399	80,707,742
Exploration and evaluation assets	10	798	826
Deferred tax assets		1,018,674	949,827
Other long-term assets	11	768,968	526,970
		195,106,193	187,230,603
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	12	4,738,174	6,463,884
Current portion of long-term liabilities	15	1,059,305	1,066,628
Income taxes payable		13,430,704	14,106,817
Loans payable	13	4,209,463	4,235,673
		23,437,646	25,873,002
Asset retirement obligation	14	3,566,107	3,542,521
Deferred tax liability		2,495,835	2,113,332
Other long-term liabilities	15	3,361,747	3,400,383
		32,861,335	34,929,238
<b>EQUITY</b>			
Share capital	17	122,763,213	122,763,213
Reserves	17	10,398,749	10,183,056
Deficit		(22,880,386)	(27,200,323)
Equity attributable to owners of parent		110,281,576	105,745,946
Equity attributable to non-controlling interests	22	51,963,282	46,555,419
Total equity		162,244,858	152,301,365
		195,106,193	187,230,603
Nature of operations	1		
Commitments	15		
Subsequent event	23		

Approved by the Directors:

"John Campbell"

"Stephen Kenwood"

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

**Majestic Gold Corp.**  
**Condensed Consolidated Interim Statements of Comprehensive Income**  
**(Unaudited - expressed in US dollars)**

	Note	Three months ended June 30,		Six months ended June 30,	
		2024	2023	2024	2023
		- \$ -	- \$ -	- \$ -	- \$ -
Revenue	19	18,053,618	14,591,796	33,617,278	28,559,624
Cost of sales					
Operating expenses	19	6,325,491	6,229,186	11,748,200	11,648,812
Depreciation and depletion	9, 19	1,963,613	1,835,466	3,818,547	3,333,391
Gross profit		9,764,514	6,527,144	18,050,531	13,577,421
General and administrative	19	1,568,681	1,653,729	3,171,910	2,864,739
Exploration and evaluation expenditures	10	78	2,441	4,456	4,307
Operating profit		8,195,755	4,870,974	14,874,165	10,708,375
Other items					
Finance expense	19	98,759	118,656	197,710	240,484
Interest and other income		(684,176)	(305,440)	(1,326,196)	(568,112)
Foreign exchange gain		(83,572)	(124,886)	(123,496)	(82,188)
Gains on sale of assets		-	-	-	(857)
		(668,989)	(311,670)	(1,251,982)	(410,673)
Net income before income tax		8,864,744	5,182,644	16,126,147	11,119,048
Income tax expense		(2,916,339)	(1,918,701)	(5,036,899)	(3,826,743)
Net income for the period		5,948,405	3,263,943	11,089,248	7,292,305
Other comprehensive income (loss)					
Item that will not be reclassified to profit or loss:					
Exchange differences on translation of parent		(141,802)	266,489	(489,462)	276,549
Items that may be subsequently reclassified to profit or loss:					
Exchange differences on translating foreign operations		(430,628)	(4,888,570)	(656,293)	(3,688,812)
Total other comprehensive loss for the period		(572,430)	(4,622,081)	(1,145,755)	(3,412,263)
Total comprehensive income (loss) for the period		5,375,975	(1,358,138)	9,943,493	3,880,042
Net income for the period attributable to:					
Owners of the parent		2,894,223	2,053,805	5,534,664	4,710,055
Non-controlling interests		3,054,182	1,210,138	5,554,584	2,582,250
		5,948,405	3,263,943	11,089,248	7,292,305
Comprehensive income (loss) for the period attributable to:					
Owners of the parent		2,425,228	(1,508,108)	4,535,630	2,114,125
Non-controlling interest		2,950,747	149,970	5,407,863	1,765,917
		5,375,975	(1,358,138)	9,943,493	3,880,042
Net income per share attributable to owners of the parent- basic and diluted		0.00	0.00	0.01	0.00
Weighted average number of common shares outstanding - basic and diluted		1,042,664,381	1,042,664,381	1,042,664,381	1,042,664,381

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

**Majestic Gold Corp.**  
**Condensed Consolidated Interim Statements of Changes in Equity**  
(Unaudited - expressed in US dollars)

	Attributable to owners of the parent								
	Number of shares	Share capital - \$ -	Share-based payment reserve - \$ -	Special Reserve - \$ -	Foreign currency translation - \$ -	Deficit - \$ -	Total - \$ -	Non-controlling interest - \$ -	Total equity - \$ -
Balance, December 31, 2022	1,042,664,381	122,763,213	11,593,055	4,990,255	(6,761,960)	(45,531,304)	87,053,259	22,280,145	109,333,404
Statutory surplus reserve	-	-	-	678,081	211,984	(890,065)	-	-	-
Comprehensive income									
Net income for the period	-	-	-	-	-	4,710,055	4,710,055	2,582,250	7,292,305
Other comprehensive loss	-	-	-	-	(2,595,930)	-	(2,595,930)	(816,333)	(3,412,263)
Total comprehensive income for the period	-	-	-	-	(2,595,930)	4,710,055	2,114,125	1,765,917	3,880,042
Balance, June 30, 2023	1,042,664,381	122,763,213	11,593,055	5,668,336	(9,145,906)	(41,711,314)	89,167,384	24,046,062	113,213,446

	Attributable to owners of the parent								
	Number of shares	Share capital - \$ -	Share-based payment reserve - \$ -	Special Reserve - \$ -	Foreign currency translation - \$ -	Deficit - \$ -	Total - \$ -	Non-controlling interest - \$ -	Total equity - \$ -
Balance, December 31, 2023	1,042,664,381	122,763,213	11,593,055	6,596,430	(8,006,429)	(27,200,323)	105,745,946	46,555,419	152,301,365
Statutory surplus reserve	-	-	-	1,170,602	44,125	(1,214,727)	-	-	-
Comprehensive income									
Net income for the period	-	-	-	-	-	5,534,664	5,534,664	5,554,584	11,089,248
Other comprehensive loss	-	-	-	-	(999,034)	-	(999,034)	(146,721)	(1,145,755)
Total comprehensive income for the period	-	-	-	-	(999,034)	5,534,664	4,535,630	5,407,863	9,943,493
Balance, June 30, 2024	1,042,664,381	122,763,213	11,593,055	7,767,032	(8,961,338)	(22,880,386)	110,281,576	51,963,282	162,244,858

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

**Majestic Gold Corp.**  
**Condensed Consolidated Interim Statements of Cash Flows**  
(Unaudited - expressed in US dollars)

	Six months ended June 30,	
	2024	2023
	- \$ -	- \$ -
Cash provided from (used for):		
Operating activities:		
Net income for the period	11,089,248	7,292,305
Items not involving cash:		
Depreciation and depletion	4,085,836	3,504,045
Finance expense	197,710	240,484
Income tax expense	5,036,899	3,826,743
Gain on sale on property, plant and equipment	-	(857)
	20,409,693	14,862,720
Changes in non-cash working capital balances:		
Receivables	(1,849,007)	(31,108)
Deposits and prepaid expenses	(245,690)	(371,682)
Inventory	638,559	1,053,493
Accounts payable and accrued liabilities	(1,921,849)	1,114,688
Effect of foreign exchange on working capital	(28,375)	(22,183)
Net Income tax paid	(5,319,753)	(1,334,129)
Interest paid	(80,891)	(104,458)
Net cash provided from operating activities	11,602,687	15,167,341
Investing activities:		
Expenditures on property, plant and equipment	(4,353,043)	(5,673,004)
Proceeds on sale of equipment	-	857
Short-term investments	-	(2,435,900)
Long-term investment	(181,600)	-
Reclamation deposits	(234,153)	(232,149)
Net cash used for investing activities	(4,768,796)	(8,340,196)
Financing activities:		
Non-controlling interests distribution	(1,408,292)	-
Non-controlling capital contribution	1,408,292	-
Other long-term liability payments	(88,529)	(89,904)
Net cash used for financing activities	(88,529)	(89,904)
Effect of foreign exchange on cash	(784,070)	(1,383,198)
Net increase in cash	5,961,292	5,354,043
Cash, beginning	97,971,465	45,362,546
Cash, ending	103,932,757	50,716,589

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six-month period ended June 30, 2024 and 2023**  
**(Unaudited - expressed in US dollars)**

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**1. Nature of operations**

Majestic Gold Corp. (the “Company” or “Majestic”) is incorporated under the laws of the province of British Columbia, Canada. The Company’s shares trade on the TSX Venture Exchange (“TSX-V”) under the symbol MJS. The Company is a mining company focused on the exploration, development, and operation of mining properties in China, Australia, and Canada.

The head office, principal address and the registered and records office of the Company are located at 306 – 1688 152nd Street, Surrey, British Columbia, Canada, V4A 4N2.

These unaudited condensed consolidated interim financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. At June 30, 2024, the Company has a working capital of \$86,292,042. In the opinion of the directors, the Company will have necessary funds to finance its working capital and capital expenditure requirements for the next twelve months following June 30, 2024 based on the consideration that the Company is expected to remain profitable and continue to generate operating cash inflow from its future business operations.

**2. Basis of preparation and material accounting policies**

**Statement of compliance**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 1, Presentation of Financial Statements (“IAS 1”) as issued by the International Accounting Standards Board (“IASB”). The policies applied in these financial statements are based on International Financial Reporting Standards (“IFRS”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) issued and outstanding as at August 28, 2024, the date the board of directors approved these unaudited condensed consolidated interim financial statements for issue.

**Basis of preparation**

The unaudited condensed consolidated interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable.

Since these unaudited condensed consolidated interim financial statements do not include all disclosures required by the International Financial Reporting Standards (“IFRS”) for annual financial statements, they should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2023.

The unaudited condensed consolidated interim financial statements are presented in US dollars (“USD”) unless otherwise noted.

**Basis of consolidation**

The unaudited condensed consolidated interim financial statements include the accounts of the Company and its controlled entities. All inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

The net interest of the Company’s most significant subsidiaries are presented below:

	Country of incorporation	Percentage as at June 30, 2024	Percentage as at December 31, 2023
Persistence Resources Group Ltd.	Cayman Island	70.5%	70.5%
Majestic Yantai Gold Ltd.	BVI	70.5%	70.5%
Yantai Zhongjia Mining Co., Ltd.	China	52.875%	52.875%

**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
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**(Unaudited - expressed in US dollars)**

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**2. Basis of preparation and material accounting policies (continued)**

**Use of estimates**

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include:

**a) The useful lives of property, plant, and equipment**

Depreciation is calculated on the straight-line basis to depreciate the cost of each item of plant and equipment and ROU asset to its residual value over its estimated useful life. Useful lives are determined based on management's past experience with similar assets, estimated changes in technologies and in the case of mining related plant and equipment, estimated mine lives. If the estimated useful lives change significantly, adjustment of depreciation will be provided in the future year.

The useful lives of the Company's mining properties and infrastructure are based on indicated gold resource and probable reserve estimates based on a certain grade cut-off level. Assumptions that influenced cut-off grade include the expected future price of gold, projected operating costs and discount rates. Changes to these assumptions and further analysis of the Company's gold resource and reserve estimates could significantly impact the expected useful lives of the Company's mineral property and related infrastructure.

**b) Asset retirement obligation**

The asset retirement obligation is based on projected future costs associated with mine reclamation and closure activities on the Company's Songjiagou ("SJG") Open-Pit Mine and SJG Underground Mine. These estimates are based on current Chinese environmental laws and regulations. Future changes to such laws and regulations as well as changes to the Company's intended mining operations could significantly impact this provision.

**c) Impairment of the Company's mining assets**

When assessing whether there are indicators of impairment of the Company's mining property and related assets, the Company considers internal and external factors, including:

- (i) Market factors such as a decrease in the price of gold or an increase in market interest rates;
- (ii) Whether the carrying value of the Company's net assets exceeding the Company's market capitalization; and
- (iii) The net cash flows generated by the assets being less than expected.

The Company has concluded that, as at June 30, 2024, there are no indicators of impairment of the Company's mining properties and related assets.

**d) Other significant estimates**

Other significant estimates where there is significant risk of material adjustments to assets and liabilities in future accounting periods include: determining the fair value measurements for financial instruments, the allocation of production costs to stockpiles of ore inventory and the recoverability of deferred income tax assets.

The Company estimates its income tax provision and deferred taxation in accordance with the prevailing tax rules and regulations, taking into account any special approvals obtained from the relevant tax authorities and any preferential tax treatment to which it is entitled in each location or jurisdiction in which the Company operates. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the differences will impact on the income tax and deferred tax provisions in the period in which the determination is made.



**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six-month period ended June 30, 2024 and 2023**  
**(Unaudited - expressed in US dollars)**

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**2. Basis of preparation and material accounting policies (continued)**

**d) Other significant estimates (continued)**

Deferred tax assets are recognized for unused tax losses and deductible temporary differences, such as the provision for impairment of receivables, inventories and property, plant and equipment and accruals of expenses not yet deductible for tax purposes, to the extent that it is probable that taxable profits will be available against which the losses deductible temporary difference can be utilized.

In the event that future tax rules and regulations or related circumstances change, adjustments to current and deferred taxation may be necessary which would impact on the Company's results or financial position.

**Financial instruments**

Financial assets

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, short-term investments, receivables, restricted cash, and reclamation deposits at amortized cost and its investments as FVOCI.

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 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.

**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six-month period ended June 30, 2024 and 2023**  
**(Unaudited - expressed in US dollars)**

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**2. Basis of preparation and material accounting policies (continued)**

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).

**Use of judgments**

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- a) The determination of functional currency  
In accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates" (IAS 21") management determined that the functional currency of the Company is the Canadian dollar ("CAD"), the functional currency of Yantai Zhongjia Mining Co., Ltd. and all the other of the Company's Chinese subsidiaries is the Renminbi ("RMB") and the functional currency of Persistence Resources Group Ltd. ("Persistence") and Majestic Yantai Gold Ltd. ("Majestic Yantai") is the Hong Kong dollar ("HKD"); and
- b) The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to a significant uncertainty.

**Foreign currency translation**

Transactions in foreign currencies are initially recorded in the functional currency by applying exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the reporting date exchange rate.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on re-translation are recognized in profit or loss.

For the purposes of presenting the consolidated financial statements in the presentation currency of US dollars, the companies with functional currencies other than US dollars, the assets and liabilities are translated into US dollars using the period-end exchange rate and the operations and cash flows are translated using the average rates of exchange over the period. Exchange differences arising when the opening net assets and the profit or loss are translated into US dollars are recognized in other comprehensive income and recorded in the Company's foreign currency translation reserve in equity. These differences are recognized in profit or loss in the period in which the operation is disposed.

**Comparative figures**

Certain comparative figures have been reclassified to conform to the current period's presentation

**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six-month period ended June 30, 2024 and 2023**  
**(Unaudited - expressed in US dollars)**

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**3. New accounting standards, interpretations and amendments**

The Company has adopted the following new accounting standards, interpretations and amendments issued.

*Amendment to IAS 1 - Presentation of Financial Statements*

The amendments to IAS 1 clarify the presentation of liabilities. The classification of liabilities as current or noncurrent is based on contractual rights that are in existence at the end of the reporting period and is unaffected by expectations about whether an entity will exercise its right to defer settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months. The amendment also introduces a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. Since the Company's approach and policy align with the amendment, the amendment had no impact on the Company's financial statements.

*Amendments to IFRS 16 - Leases*

The amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Company's financial statements.

*Amendments to IAS 7 – Statement of Cash Flow and IFRS 7 - Financial Instruments: Disclosures*

The amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Company's financial statements.

**New accounting standards, interpretations and amendments issued not yet applied**

There are new accounting standards, amendments to accounting standards and interpretations that are effective for annual periods beginning on or after January 1, 2024, and have not been applied in preparing the Consolidated Financial Statements for the period ended June 30, 2024. These standards and interpretations are not expected to have a material impact on the Company's Consolidated Financial Statements or the Company's business.

*Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures*

The amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the ISAB. However, the amendments are available for adoption now.

*Amendments to IAS 21 - The Effects of Changes in Foreign Exchange*

The amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Company's financial statements.

**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six-month period ended June 30, 2024 and 2023**  
**(Unaudited - expressed in US dollars)**

**4. Cash**

At June 30, 2024, the Company has a cash balance of \$103,932,757, of which \$33,379,640 is held in Hong Kong, \$59,214,932 is held in China and \$11,391,237 is held in Canada. Cash held in China is subject to local exchange control regulations which provide for restrictions on exporting capital from China, other than through normal dividends.

**5. Receivables**

	June 30, 2024	December 31, 2023
Sales taxes receivable	\$ 40,034	\$ 16,255
Amount from Dahedong (Note 16)	2,508,880	-
Other receivables	273,936	957,588
<b>Total</b>	<b>\$ 2,822,850</b>	<b>\$ 973,843</b>

The amount due from Dahedong is interest-free and repayable on demand.

**6. Deposits and prepaid expenses**

	June 30, 2024	December 31, 2023
Current:		
Prepayment for mining supplies and services	\$ 195,326	\$ 172,813
Rent deposit	12,465	11,298
Other prepayments and deposits	285,225	63,215
	493,016	247,326
Non-current:		
Reclamation deposits	2,932,016	2,715,302
<b>Total</b>	<b>\$ 3,425,032</b>	<b>\$ 2,962,628</b>

**Reclamation Deposits**

The Company is required to make reclamation deposits in respect of its expected rehabilitation obligations at the SJG Open-Pit Mine and SJG Underground Mine.

**7. Inventory**

	June 30, 2024	December 31, 2023
Gold concentrate	\$ 198,477	\$ 468,152
Ore stockpile	1,113,195	1,480,166
Raw material	1,113,268	1,132,509
<b>Total</b>	<b>\$ 2,424,940</b>	<b>\$ 3,080,827</b>

**8. Investments**

	Available-for-sale Securities
Balance, December 31, 2023	\$ -
Acquisition of shares in Allied Critical Metals	181,600
Foreign exchange revaluation impact	1,050
<b>Balance, June 30, 2024</b>	<b>\$ 182,650</b>

On June 11, 2024, Majestic Gold Corp. invested US\$181,600 (CAD\$250,000) in Allied Critical Metals Corp. through an equity financing by purchasing 2,500,000 common shares at CAD\$0.10 per common share.

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**9. Property, plant and equipment**

**Songjiagou Open-Pit Mine**

The Company's principal mining property is the Songjiagou Open-Pit Mine located in the Shandong Province of China. The Company commenced commercial gold production at the SJG Open-Pit Mine in May 2011. The Company's mining permit for the SJG Open-Pit Mine is valid until May 17, 2031. The SJG Open-Pit Mine is owned by the Company's subsidiary, Yantai Zhongjia Mining Co., Ltd. ("Zhongjia"). The Company's interest in Zhongjia is held through its indirect 70.5% ownership of its subsidiary Majestic Yantai Gold Ltd. Majestic Yantai Gold Ltd. holds 75% of the shares of Zhongjia. The remaining 25% of Zhongjia is held by Yantai Dahedong Processing Co. Ltd. ("Dahedong").

During the year ended December 31, 2020, the mining permit fee was initially assessed at \$14,669,935 (RMB 101.136 million) based on the estimated mineral resources available. During the year ended December 31, 2021, Zhongjia received the Yantai Natural Resources Bureau's final valuation assessment of the mining permit fee of \$9,983,767 (RMB 74.12 million), payable over six years (Note 15). The outstanding mining fee was discounted over the payment term with the reduction of the mining permit fee of \$4,686,168 recognized in the mining property costs of fiscal year 2021 and the first year and second year payments of \$932,325 (RMB6.3 million) and \$892,882 (RMB6.3 million), were made during the years ended December 31, 2022 and December 31, 2023 respectively.

**Songjiagou Underground Mine**

The SJG Underground Mine is also owned by Zhongjia and lies immediately north of the SJG Open-Pit Mine, within the project's exploration license boundary. 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. The Company's mining permit for the SJG Underground Mine is valid until February 18, 2031.

As at June 30, 2024 and December 31, 2023, ROU included prepaid land leases and building leases.

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**9. Property, plant and equipment (continued)**

	Motor Vehicles	Office furniture & equipment	Building	Machinery	Mining Infrastructure	Mineral Property	Right of use lands	Total
<b>Cost</b>								
At December 31, 2022	\$ 962,900	\$ 672,927	\$ 14,170,180	\$ 28,698,340	\$ 39,944,963	\$ 22,352,393	\$ 18,192,892	\$ 124,994,595
Additions	85,589	324,880	-	907,515	9,675,357	-	17,007	11,010,348
Change in asset retirement cost	-	-	-	-	69,138	-	-	69,138
Disposal	(11,556)	(8,280)	-	(207,631)	-	-	-	(227,467)
Foreign exchange adjustment	(16,338)	(11,910)	(236,279)	(481,187)	(704,846)	(372,713)	(299,007)	(2,122,280)
At December 31, 2023	1,020,595	977,617	13,933,901	28,917,037	48,984,612	21,979,680	17,910,892	133,724,334
Additions	-	119,493	366,900	612,465	3,428,707	-	-	4,527,565
Disposal	-	(2,262)	-	-	-	-	-	(2,262)
Foreign exchange adjustment	(6,315)	(4,653)	(87,429)	(180,589)	(315,323)	(136,008)	(113,777)	(844,094)
At June 30, 2024	\$ 1,014,280	\$ 1,090,195	\$ 14,213,372	\$ 29,348,913	\$ 52,097,996	\$ 21,843,672	\$ 17,797,115	\$ 137,405,543
<b>Accumulated depreciation</b>								
At December 31, 2022	\$ (599,195)	\$ (566,404)	\$ (6,974,229)	\$ (14,721,945)	\$ (12,292,264)	\$ (4,391,569)	\$ (7,592,535)	\$ (47,138,141)
Depreciation and depletion	(107,790)	(50,858)	(699,352)	(1,933,081)	(2,314,170)	(1,027,118)	(620,471)	(6,752,840)
Disposal	11,556	8,280	-	43,794	-	-	-	63,630
Foreign exchange adjustment	10,357	9,320	118,948	252,658	215,531	77,127	126,818	810,759
At December 31, 2023	(685,072)	(599,662)	(7,554,633)	(16,358,574)	(14,390,903)	(5,341,560)	(8,086,188)	(53,016,592)
Depreciation and depletion	(52,889)	(26,489)	(361,152)	(1,183,454)	(1,732,430)	(513,861)	(390,083)	(4,260,358)
Disposal	-	2,262	-	-	-	-	-	2,262
Foreign exchange adjustment	4,383	3,872	47,746	104,432	94,782	34,452	52,877	342,544
At June 30, 2024	\$ (733,578)	\$ (620,017)	\$ (7,868,039)	\$ (17,437,596)	\$ (16,028,551)	\$ (5,820,969)	\$ (8,423,394)	\$ (56,932,144)
<b>Net book value</b>								
At December 31, 2023	\$ 335,523	\$ 377,955	\$ 6,379,268	\$ 12,558,463	\$ 34,593,709	\$ 16,638,120	\$ 9,824,704	\$ 80,707,742
At June 30, 2024	\$ 280,702	\$ 470,178	\$ 6,345,333	\$ 11,911,317	\$ 36,069,445	\$ 16,022,703	\$ 9,373,721	\$ 80,473,399

As at June 30, 2024 and December 31, 2023, certain of the Company's buildings were associated with land lease agreements with third parties which allow for the use of assets for the duration of the lease.

Additions for the period ended June 30, 2024, includes \$174,522 in depreciation expense related to open-pit expansion work which has been capitalized to mining infrastructure within property, plant and equipment (December 31, 2023 - \$192,460).

Depreciation and depletion for the period ended June 30, 2024, includes \$74,236 (2023 - \$Nil) related to open-pit expansion stripping cost which has been temporarily reclassified to stockpile inventory.



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**10. Exploration and evaluation assets**

	Sunset/Sunrise Mineral Property
Balance at December 31, 2023	\$ 826
Foreign exchange revaluation impact	(28)
Balance at June 30, 2024	\$ 798

**Australia Lithium Tenements, Australia**

On June 15, 2021, the Company entered into a letter of intent (“LOI”) and an amended LOI on December 15, 2021, and further two amended LOI on June 15, 2022 and June 15, 2023, with Western Explorers PTY Ltd., a private Australian corporation, to acquire a 65% interest in four separate tenements located in Western Australia, an area with demonstrated potential for the discovery of lithium oxide mineralization.

On August 19, 2024, the Company terminated the LOI and will not be conducting any further work on the tenements.

**Sunset-Sunrise Property, Canada**

In November 2019, the Company acquired the Sunset and Sunrise mineral claims which are located in the Cassiar District of British Columbia by making a payment of \$840.

Exploration and evaluation expenditures recorded in the statements of comprehensive income for the six months ended June 30, 2024 and 2023, is as follows:

	Assay and analysis	Claim and tenement maintenance	Geological consulting	Total
Six months ended June 30, 2024				
Sunset-Sunrise Property	\$ -	\$ 39	\$ -	\$ 39
General Exploration	-	-	4,417	4,417
Total	\$ -	\$ 39	\$ 4,417	\$ 4,456
Six months ended June 30, 2023				
Australia Lithium Tenements	\$ 422	\$ 3,846	\$ -	\$ 4,268
Sunset-Sunrise Property	-	39	-	39
Total	\$ 422	\$ 3,885	\$ -	\$ 4,307

**11. Other long-term assets**

At June 30, 2024, the Company had long-term assets in the amount of \$768,968 (December 31, 2023 - \$526,970). During the six months ended June 30, 2024, the long-term assets comprised of the following transactions:

- i) A zero-interest bearing installment loan of \$505,134 (RMB 3,600,000) to a farmers cooperation company outstanding at June 30, 2024 (December 31, 2023 - \$508,280 (RMB 3,600,000)). The loan was provided in support of economic development to a village adjacent to Songjiagou Project as loan proceeds will be used for the construction of a greenhouse to support the agricultural economic development, social well-being and stability of the local communities comprising mainly villagers and farmers in the Muping District of Yantai. The loan is repayable in 10 equal instalments of RMB 400,000 over 10 years, commencing on September 17, 2023. The Company received the initial installment of RMB400,000, with the next instalment of \$56,125 (RMB 400,000) due on September 17, 2024, which is recorded as the current portion of other long-term assets.
- ii) Advance payments for purchases of property plant and equipment of \$319,959 (RMB 2,280,284) (December 31, 2023 - \$75,165 (RMB 532,370)).

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**12. Accounts payable and accrued liabilities**

	June 30, 2024	December 31, 2023
Trade and other payables	\$ 4,551,143	\$ 6,275,245
Loan interest payables	3,967	4,436
Provisions	183,064	184,203
<b>Total</b>	<b>\$ 4,738,174</b>	<b>\$ 6,463,884</b>

The provisions consist of a provision for the relocation of villages surrounding the mine and a provision for penalties that arise from overdue tax payment and other penalties.

A continuity of the Company's provisions that are included in accounts payable and accrued liabilities are as follows:

	Provision for relocation	Provision for penalties	Total
Balance, December 31, 2023	\$ 131,920	\$ 52,283	\$ 184,203
Foreign exchange revaluation impact	(816)	(323)	(1,139)
<b>Balance, June 30, 2024</b>	<b>\$ 131,104</b>	<b>\$ 51,960</b>	<b>\$ 183,064</b>

**13. Loans Payable**

	June 30, 2024	December 31, 2023
Balance, beginning	\$ 4,235,673	\$ 4,307,498
Loan advances	-	4,251,821
Loan repayments	-	(4,251,821)
Foreign exchange revaluation impact	(26,210)	(71,825)
<b>Balance, ending</b>	<b>\$ 4,209,463</b>	<b>\$ 4,235,673</b>

At June 30, 2024, the Company has a loan of \$4,209,463 (RMB 30,000,000) outstanding. The loan bears interest at 3.77% per annum and is repayable on September 5, 2024 and guaranteed by Dahedong, as well as two other parties.

**14. Asset retirement obligation**

The following table shows the movement for the asset retirement obligation:

	June 30, 2024	December 31, 2023
Balance, beginning	\$ 3,542,521	\$ 3,433,576
Additions and changes in estimates of net present value	-	69,138
Accretion (Note 19)	45,631	97,694
Foreign exchange adjustment	(22,045)	(57,887)
<b>Balance, ending</b>	<b>\$ 3,566,107</b>	<b>\$ 3,542,521</b>

The Company's asset retirement obligation consists of costs associated with mine reclamation and closure activities on the SJG Open-Pit Mine and SJG Underground Mine (Note 9). These activities, which are site specific, include costs for earthworks, re-contouring, re-vegetation, water treatment and demolition. In calculating the fair value of the Company's asset retirement obligations, the Company used a risk-free rate of 2.585% (2023 - 2.585%). The majority of the expenditures are expected to occur during or after 2030. As at June 30, 2024, the total undiscounted amount of estimated cash flows required to settle the Company's obligation was \$4,197,906 (RMB 29,836,200).



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**15. Other long-term liabilities**

Other long-term liabilities are comprised of the following:

	June 30, 2024	December 31, 2023
Lease liability	\$ 16,093	\$ 29,123
Village distribution liability	871,996	926,481
Mining right obligation	2,473,658	2,444,779
<b>Total</b>	<b>\$ 3,361,747</b>	<b>\$ 3,400,383</b>

Current portion of other long-term liabilities are comprised of the following:

	June 30, 2024	December 31, 2023
Lease liability	\$ 25,349	\$ 26,234
Village distribution liability	149,969	150,903
Mining right obligation	883,987	889,491
<b>Total</b>	<b>\$ 1,059,305</b>	<b>\$ 1,066,628</b>

**Lease liability**

The Company has entered into an office lease agreement for its head office premise for a term ending in 2026. The undiscounted future lease payments are as follows:

	2024	2025	2026	Total
Operating lease commitments:				
Office premises	\$ 13,238	\$ 26,477	\$ 4,413	\$ 44,128

**Village distribution liability**

Pursuant to agreements, the Company is required to make payments of RMB 1,068,800 (\$150,378) per annum to certain individuals registered as villagers in the village adjacent to the SJG Open-Pit Mine until the year 2032. The liability reflects the present value of the required payments, discounted using the Company's incremental borrowing rate of 4.90% at the time of the agreements. As at June 30, 2024 the undiscounted future payments were \$1,312,230 (RMB 9,352,000).

**Mining right obligation**

Pursuant to the mining right acquisition addendum signed on December 2, 2021, the Company is required to make an annual payment of RMB 6,300,000 (\$886,400) until the year 2027. The liability reflects the present value of the required payments, discounted using the Company's incremental borrowing rate of 2.66%. As at June 30, 2024, the undiscounted future payments were \$3,535,949 (RMB 25,200,000).

**16. Related party transactions and balances**

**Related party transactions**

The Company incurred the following related party transactions during the three months and the six months ended June 30, 2024 and 2023:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Consulting fees charged by companies controlled by directors and officers of the Company-includes key management personnel compensation	\$ 241,360	\$ 167,720	\$ 496,491	\$ 322,513

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**16. Related party transactions and balances (continued)**

**Key management personnel compensation**

Key management includes members of the Company's Board of Directors, executive officers and senior management.

The aggregate compensation paid, or payable, to key management personnel during the three months and the six months ended June 30, 2024 and 2023 was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Salaries and management fees	\$ 141,972	\$ 149,297	\$ 380,122	\$ 285,196
Director fees	66,745	3,352	70,637	7,237
	\$ 208,717	\$ 152,649	\$ 450,759	\$ 292,433

**Related party balances**

	June 30, 2024	December 31, 2023
Amounts due to Directors and Officers of the Company	\$ 11,655	\$ 246,064
Amounts due from Dahedong (Note 5)	(2,508,880)	-
	\$ (2,497,225)	\$ 246,064

Dahedong is a related party on the basis that it is controlled by significant shareholders of the Company.

**17. Share capital and Reserves**

**a) Authorized**

Unlimited number of common shares without par value.

**b) Issued share capital**

As at June 30, 2024, and December 31, 2023, the Company had 1,042,664,381 common shares issued and outstanding.

**c) Stock Options**

The Company has a shareholder approved "rolling" stock option plan (the "Plan") in compliance with the TSX-V's policies. Under the Plan, the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares at the time of granting. The exercise price of each stock option shall not be less than the discounted market price of the Company's stock at the date of grant. Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not, within a twelve-month period, exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed, within a twelve-month period, two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

The Company did not have stock options issued, outstanding or exercisable for the six months ended June 30, 2024 and the year ended December 31, 2023.

**d) Reserves**

**Share-based payment reserve**

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments. This reserve also includes the value attributed to warrants on unit private placements. At the time that the stock options or warrants are exercised, the corresponding amount will be transferred to share capital.

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**17. Share capital and Reserves (continued)**

**Foreign currency translation reserve**

The foreign currency translation reserve records unrealized exchange differences arising on translation of group companies that have a functional currency other than the Company's reporting currency.

**Safety fund surplus reserve**

Pursuant to a Notice regarding Safety Production Expenditure jointly issued by the Ministry of Finance and the State Administration of Work Safety of the PRC in February 2012, Zhongjia is required to establish a safety fund surplus reserve based on the volume of mineral ore extracted. The safety fund can only be transferred to retained earnings to offset safety related expenses as and when they are incurred, including expenses related to safety protection facilities and equipment improvement and maintenance as well as safety production inspection, appraisal, consultation and training.

**Statutory surplus reserve**

In accordance with the Company Law of the PRC and the Articles of Association of Zhongjia, Zhongjia is required to allocate 10% of its profit after tax determined under PRC accounting standards to the statutory surplus reserve until such reserve reaches 50% of the authorised share capital of Zhongjia. Subject to certain restrictions set out in the Company Law of the PRC, part of this reserve may be converted to increase the share capital, provided that the remaining balance after the capitalisation is not less than 25% of the authorised share capital.

**18. Segmented Information**

The Company operates in one industry segment being the exploration, development and operation of mining properties in China. All of the Company's capital assets are located in China, except office furniture and equipment with a net book value of \$5,663 and an ROU asset with a net book value of \$35,695 located in the Company's head-office in Vancouver, Canada. The Company's exploration and evaluation assets are located in Canada (Note 10). All of the Company's revenues are earned in China.

Revenue for the six months ended June 30, 2024 and 2023, was from a single customer which amounted to 100% of the Company's revenue.

**19. Revenue and Expenses**

**Revenue**

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Sales of gold bullion	\$ 17,847,199	\$ 14,412,975	\$ 33,229,099	\$ 28,217,924
Sales of sulfur	206,419	178,821	388,179	341,700
Revenue	\$ 18,053,618	\$ 14,591,796	\$ 33,617,278	\$ 28,559,624

**Cost of sales**

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Mining and Milling fees	\$ 5,056,916	\$ 4,450,643	\$ 9,193,559	\$ 8,817,635
Depreciation and depletion (Note 9)	1,963,613	1,835,466	3,818,547	3,333,391
Smelting costs	466,507	404,135	877,285	772,242
Resource taxes	641,906	518,558	1,195,427	1,013,178
Other direct costs	-	12,370	-	19,819
Changes in ending gold concentrate inventory	160,162	843,480	481,929	1,025,938
Total	\$ 8,289,104	\$ 8,064,652	\$ 15,566,747	\$ 14,982,203

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**19. Revenue and Expenses (continued)**

**General and administrative**

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Consulting fees	\$ -	\$ 23,601	\$ 99,573	\$ 55,279
Financial advisory	4,746	428,412	22,042	649,969
Depreciation (Note 9)	98,196	30,185	193,053	170,654
Office and general	176,882	254,075	483,618	445,334
Professional fees	33,248	36,776	90,869	63,447
Research and development	284,598	362,732	542,082	443,946
Salaries, management and director fees (Note 16)	485,318	391,276	1,054,982	766,414
Shareholder communications	99,967	10,930	163,407	29,855
Travel	385,726	115,742	522,284	239,841
<b>Total</b>	<b>\$ 1,568,681</b>	<b>\$ 1,653,729</b>	<b>\$ 3,171,910</b>	<b>\$ 2,864,739</b>

**Finance expense**

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Interest expenses and finances charges for bank loans payable	\$ 40,187	\$ 51,416	\$ 80,449	\$ 103,884
Interest expense for leases	595	866	1,199	1,726
Interest expense for other long-term liabilities	35,183	42,037	70,431	85,421
Accretion of asset retirement obligation (Note 14)	22,794	24,337	45,631	49,453
<b>Total</b>	<b>\$ 98,759</b>	<b>\$ 118,656</b>	<b>\$ 197,710</b>	<b>\$ 240,484</b>

**20. Risks and capital management**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

**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, short-term investments and reclamation deposits held in bank accounts. The Company's short-term investments are held with major banks in Canada and 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. The following summarizes the undiscounted amount of the remaining contractual maturities of the Company's financial liabilities.

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**20. Risks and capital management (continued)**

**Liquidity Risk (continued)**

	June 30, 2024			December 31, 2023	
	Within a year	2-5 years	Over five years	Total	Total
Accounts payable and accrued liabilities	\$ 4,738,174	\$ -	\$ -	\$ 4,738,174	\$ 6,463,884
Loans	4,209,463	-	-	4,209,463	4,235,673
Other long-term liabilities	1,047,194	3,282,728	524,892	4,854,814	4,975,460
<b>Total</b>	<b>\$ 9,994,831</b>	<b>\$ 3,282,728</b>	<b>\$ 524,892</b>	<b>\$ 13,802,451</b>	<b>\$ 15,675,017</b>

**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 June 30, 2024.

**Foreign exchange risk**

The Company reports its financial statements in USD. The functional currency of its head office is CAD, the functional currency of all intermediate holding companies is HKD and the functional currency of its Chinese subsidiary is RMB. The Company is exposed to foreign exchange risk when the Company undertakes transactions and holds assets and liabilities in currencies other than its functional currencies.

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**20. Risks and capital management (continued)**

**Market Risk (continued)**

*Foreign exchange risk (continued)*

The Company currently does not engage in foreign exchange currency hedging. The Company's exposure to currency risk affect net income is summarized as follows:

		June 30, 2024	December 31, 2023
Financial assets denominated in U.S. Dollars	\$	19,521,443	\$ 13,185,648

As at June 30, 2024, with other variables unchanged, a 10% strengthening (weakening) of the USD against the Company's functional currencies, would have decreased (increased) net income by approximately \$1.95 million (December 31, 2023 - \$1.32 million).

*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. At June 30, 2024, the Company and its subsidiaries hold USD\$19,521,443, exposing the Company to currency risk.

**21. Financial Instruments**

**Fair Value**

Management has assessed that the fair values of cash and cash equivalents, restricted and pledged deposits, financial assets included in prepayments, deposits and other receivables, trade and bills payables, financial liabilities included in other payables, deposits received and accruals, amounts due to related parties, other long-term liabilities and the interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of other long-term assets and other long-term liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The following tables set forth the Company's financial assets and liabilities that are measured at fair value level on a recurring basis within the fair value hierarchy at June 30, 2024 and December 31, 2023 that are not otherwise disclosed. The assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Financial assets	Level	June 30, 2024	December 31, 2023
Cash	1	\$ 103,932,757	\$ 97,971,465
Reclamation deposits	1	2,932,016	2,715,302
Receivables <sup>(1)</sup>	2	2,782,816	957,588
Other long-term assets	2	768,968	526,970
Investments	3	182,650	-
<b>Total</b>		<b>\$ 110,599,207</b>	<b>\$ 102,171,325</b>

<sup>(1)</sup> Receivables exclude sales and income tax receivables.

Financial liabilities	Level	June 30, 2024	December 31, 2023
Accounts payable and accrued liabilities	2	\$ 4,738,174	\$ 6,463,884
Interest-bearing bank borrowings	2	4,209,463	4,235,673
Other long-term liabilities	2	4,421,052	4,467,011
<b>Total</b>		<b>\$ 13,368,689</b>	<b>\$ 15,166,568</b>

**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six-month period ended June 30, 2024 and 2023**  
**(Unaudited - expressed in US dollars)**

**21. Financial Instruments (continued)**

**Fair Value (continued)**

Fair value of the other financial instruments excluded from the table above approximates their carrying amount as at June 30, 2024 and December 31, 2023, due to the short-term nature of these instruments.

**22. Non-controlling interest**

On December 22, 2023, the Company successfully completed an IPO of 25% of the shares of Majestic's subsidiary, Persistence, on the HKEX. In connection with the IPO, the Company issued 500,000,000 shares of Persistence at HK\$0.55 (USD\$0.0705) per share, for gross proceeds of HK\$275 million (USD\$35.23 million) and incurred capitalized share issuance costs of HK\$18.74 million (\$2,394,460). The IPO proceeds are designated for the operational activities of Persistence. As result of the IPO, the Company recognized a dilution gain of \$12,468,978, net of share issuance costs and the NCI in Persistence increased by \$20,369,484.

At June 30, 2024 and December 31, 2023, Majestic Gold Corp. held 1,410,000,000 shares of Persistence, representing 70.5% of Persistence outstanding shares.

The Company's equity interest in Zhongjia is held indirectly through its 70.5% owned subsidiary Persistence Resources Group Ltd. by way of Persistence's 100% ownership interest in Majestic Yantai. Majestic Yantai has a 75% equity interest in Zhongjia. The non-controlling interest represents the 25% equity interest in Zhongjia held by Dahedong, 25% equity interest in Persistence pursuant to the shares by way of the IPO and the 6% equity interest in Persistence held by another minority shareholder.

The continuity of non-controlling interests is summarized as follows:

		Zhongjia		Persistence		Total
Balance, December 31, 2023	\$	20,916,670	\$	25,638,749	\$	46,555,419
Share of net income		3,036,817		2,517,767		5,554,584
Share of other comprehensive income		(137,696)		(9,025)		(146,721)
Balance, June 30, 2024	\$	23,815,791	\$	28,147,491	\$	51,963,282

**23. Subsequent event**

In August 2024, the Board of Directors of Majestic approved a special dividend of \$0.007 per common share, payable on October 11, 2024, with a record date of September 27, 2024.