



CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in US dollars)

Independent Auditor's Report

To the Shareholders of Majestic Gold Corp.

Opinion

We have audited the consolidated financial statements of Majestic Gold Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be key audit matters to be communicated in our report.

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
<p>Evaluation of the acquisition date fair value of property, plant, and equipment acquired in the Yantai Mujin Mining Co. Ltd. business combination</p> <p>Refer to Note 4 to the financial statements.</p> <p>On February 28, 2025, the Company acquired a 52% equity interest in Yantai Mujin Mining Co. Ltd. (“Mujin”) for \$11,416,543. The acquisition was accounted for as a business combination whereby cost of the acquisition was measured as the acquisition-date fair value of the assets given, equity instruments issued and liabilities incurred or assumed. Identifiable assets acquired and liabilities assumed in the business combination were measured initially at their fair values at the acquisition date and the excess of the costs of the acquisition over the fair value of identifiable net assets acquired is recorded as goodwill. The fair value of property, plant and equipment acquired amounted to \$64,090,766. Significant assumptions were made in the determination of fair values.</p> <p>We considered this a key audit matter due to the significant estimation uncertainty and judgements required in determining the fair values at acquisition and the identification and allocation of the cost of the acquisition to the identified assets acquired and liabilities assumed. Auditing these estimates requires a high degree of auditor subjectivity and judgement in applying audit procedures and in evaluating the results of those procedures. This resulted in an increased extent of audit effort, including involvement of valuation specialists.</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none"> • With the assistance of valuation specialists; <ul style="list-style-type: none"> ○ Evaluated the appropriateness of the valuation methodology used by management; ○ Assessed the reasonableness of the valuation assumptions applied; ○ Tested the mathematical accuracy of the calculations; • Evaluated the cash flow forecast by considering historical financial and other information; and • Reviewed the adequacy of disclosures made in relation to the business combination in the financial statements.
<p>Impairment of non-financial assets – Impairment of Goodwill</p> <p>Refer to Note 13 of the financial statements.</p> <p>As at December 31, 2025, the carrying amount of goodwill was \$5,089,069 and no impairment was recognized.</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none"> • With the assistance of valuation specialists;

<p>Goodwill is tested for impairment annually and whenever there is an indication of impairment. In performing the impairment assessment of the carrying amount of goodwill, the recoverable amounts of cash-generating units (“CGU”) to which goodwill has been attributed are determined. The Company determined that the recoverable amount of the CGU corresponded to the value in use. The estimation of the CGU’s recoverable amount requires the Company’s management to exercise significant judgement.</p> <p>We considered this a key audit matter due to the significant estimation uncertainty and judgements required in determining the recoverable amount of the CGU. Auditing management’s estimates requires a high degree of auditor subjectivity and judgement in applying audit procedures and in evaluating the results of those procedures. This resulted in an increased extent of audit effort, including the involvement of valuation specialists.</p>	<ul style="list-style-type: none"> ○ Evaluated the appropriateness of the valuation methodology used by management; ○ Assessed the reasonableness of the valuation assumptions used in the value-in-use calculation; ○ Performed sensitivity analysis on key assumptions used in management’s value-in-use calculation; ○ Tested the mathematical accuracy of the calculations; • Evaluated management’s assessment in determining the CGU and the underlying carrying amounts; and • Reviewed the adequacy of disclosures made in relation to the impairment assessment of goodwill in the financial statements.
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Other Information

Management is responsible for the other information. The other information comprises the information included in Management’s Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and

for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Barry Hartley.



DMCL LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

April 17, 2026

Majestic Gold Corp.
Consolidated Statements of Financial Position
(Expressed in US dollars)

	Note	December 31, 2025 - \$ -	December 31, 2024 - \$ -
ASSETS			
Current assets			
Cash and cash equivalents	5	167,097,897	100,738,547
Receivables	6	2,400,627	1,572,455
Deposits and prepaid expenses	7	378,995	1,036,473
Inventory	8	4,351,144	2,509,641
		174,228,663	105,857,116
Investment	9	1,094,400	173,750
Reclamation deposits	7	4,944,719	2,909,043
Property, plant and equipment	10	152,937,038	77,833,034
Exploration and evaluation assets	11	465,185	759
Deferred tax assets	26	1,228,997	1,114,951
Other long-term assets	12	330,071	36,882
Goodwill	13	5,089,069	-
		340,318,142	187,925,535
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	14	12,191,387	5,356,875
Current portion of long-term liabilities	18	2,881,949	1,138,013
Income taxes payable	26	14,943,088	13,041,275
Loans payable	15	26,956,570	-
		56,972,994	19,536,163
Asset retirement obligation	16	7,126,199	3,797,626
Deferred tax liability	26	14,594,542	2,418,297
Long-term loans payable	17	10,779,934	-
Other long-term liabilities	18	9,162,721	2,454,781
		98,636,390	28,206,867
EQUITY			
Share capital	20	122,763,213	122,763,213
Reserves	20	17,398,713	9,864,767
Equity (Deficit)		9,655,911	(24,697,133)
Equity attributable to owners of parent		149,817,837	107,930,847
Equity attributable to non-controlling interests	25	91,863,915	51,787,821
Total equity		241,681,752	159,718,668
		340,318,142	187,925,535
Nature of operations	1		
Commitments	18		
Subsequent events	27		

Approved by the Directors:

"John Campbell"

"Stephen Kenwood"

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

Majestic Gold Corp.
Consolidated Statements of Comprehensive Income
(Expressed in US dollars)

		Year ended December 31,	
	Note	2025	2024
		- \$ -	- \$ -
Revenue	22	89,253,722	70,952,304
Cost of sales			
Operating expenses	22	32,064,723	25,131,211
Depreciation and depletion	10,22	9,619,877	9,458,015
Gross profit		47,569,122	36,363,078
General and administrative	22	11,241,949	7,985,143
Share-based compensation	20	1,785,962	-
Suspension costs	1	1,308,714	-
Exploration and evaluation expenditures	11	27,351	791,698
Operating profit		33,205,146	27,586,237
Other items			
Finance expense	22	1,241,154	347,624
Interest and other income		(1,869,538)	(2,509,394)
Foreign exchange (gain) loss		71,624	(397,350)
(Gain) loss on sale of assets		1,503,847	(1,655)
Other expenses		148,358	176,215
		1,095,445	(2,384,560)
Net income before income tax		32,109,701	29,970,797
Income tax expense	26	(13,792,278)	(9,425,645)
Net income for the year		18,317,423	20,545,152
Other comprehensive income (loss)			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation of parent		721,903	(1,499,398)
Items that may be subsequently reclassified to profit:			
Exchange differences on translating foreign operations		3,224,939	(1,542,642)
Total other comprehensive income (loss) for the year		3,946,842	(3,042,040)
Total comprehensive income for the year		22,264,265	17,503,112
Net income for the year attributable to:			
Owners of the parent		6,744,134	9,927,871
Non-controlling interests		11,573,289	10,617,281
		18,317,423	20,545,152
Comprehensive income for the year attributable to:			
Owners of the parent		8,654,091	7,257,463
Non-controlling interest		13,610,174	10,245,649
		22,264,265	17,503,112
Net income per share attributable to owners of the parent- basic and diluted		0.01	0.01
Weighted average number of common shares outstanding - basic and diluted		1,042,664,381	1,042,664,381

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

Majestic Gold Corp.
Consolidated Statements of Changes in Equity
(Expressed in US dollars)

	Attributable to owners of the parent								
	Number of shares	Share capital - \$ -	Share-based payment reserve - \$ -	Special Reserve - \$ -	Accumulated other comprehensive income (loss)	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 (Note 20)	-	-	-	2,231,662	120,457	(2,352,119)	-	-	-
Non-controlling interests distribution (net of additions) (Note 25)	-	-	-	-	-	-	-	(5,013,247)	(5,013,247)
Dividend distribution (Note 20)	-	-	-	-	-	(5,072,562)	(5,072,562)	-	(5,072,562)
Comprehensive income									
Net income for the year	-	-	-	-	-	9,927,871	9,927,871	10,617,281	20,545,152
Other comprehensive loss	-	-	-	-	(2,670,408)	-	(2,670,408)	(371,632)	(3,042,040)
Total comprehensive income for the year	-	-	-	-	(2,670,408)	9,927,871	7,257,463	10,245,649	17,503,112
Balance, December 31, 2024	1,042,664,381	122,763,213	11,593,055	8,828,092	(10,556,380)	(24,697,133)	107,930,847	51,787,821	159,718,668
	Attributable to owners of the parent								
	Number of shares	Share capital - \$ -	Share-based payment reserve - \$ -	Special Reserve - \$ -	Accumulated other comprehensive income (loss)	Equity (Deficit) - \$ -	Total - \$ -	Non-controlling interest - \$ -	Total equity - \$ -
Balance, December 31, 2024	1,042,664,381	122,763,213	11,593,055	8,828,092	(10,556,380)	(24,697,133)	107,930,847	51,787,821	159,718,668
Safety fund surplus reserve (Note 20)	-	-	-	2,335	(2,335)	-	-	-	-
Statutory surplus reserve (Note 20)	-	-	-	3,170,694	(244,667)	(2,926,027)	-	-	-
Non-controlling interests distribution (net of additions) (Note 25)	-	-	-	-	-	-	-	(3,029,132)	(3,029,132)
Non-controlling interest at acquisition (Notes 4 and 25)	-	-	-	-	-	-	-	5,840,746	5,840,746
Issuance of shares in subsidiary (Net of share issue costs) (Note 1)	-	-	-	-	-	36,012,178	36,012,178	23,654,306	59,666,484
Dividend distribution (Note 20)	-	-	-	-	-	(5,477,241)	(5,477,241)	-	(5,477,241)
Share-based compensation (Note 20)	-	-	1,785,962	-	-	-	1,785,962	-	1,785,962
Unrealized gain on investment (Note 9)	-	-	-	-	912,000	-	912,000	-	912,000
Comprehensive income									
Net income for the year	-	-	-	-	-	6,744,134	6,744,134	11,573,289	18,317,423
Other comprehensive income	-	-	-	-	1,909,957	-	1,909,957	2,036,885	3,946,842
Total comprehensive income for the year	-	-	-	-	1,909,957	6,744,134	8,654,091	13,610,174	22,264,265
Balance, December 31, 2025	1,042,664,381	122,763,213	13,379,017	12,001,121	(7,981,425)	9,655,911	149,817,837	91,863,915	241,681,752

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

Majestic Gold Corp.
Consolidated Statements of Cash Flows
(Expressed in US dollars)

	Year ended December 31,	
	2025	2024
	- \$ -	- \$ -
Cash provided from (used for):		
Operating activities:		
Net income for the year	18,317,423	20,545,152
Items not involving cash:		
Depreciation and depletion	10,463,635	9,927,821
Share-based compensation	1,785,962	-
Safety production reserve	(6,431)	-
Finance expense	1,241,154	347,624
Income tax expense	13,792,278	9,425,645
(Gain) Loss on sale on property, plant and equipment	1,626,962	(1,655)
	47,220,983	40,244,587
Changes in non-cash working capital balances:		
Receivables	2,400,014	(598,612)
Deposits and prepaid expenses	657,478	(789,147)
Inventory	(223,052)	559,271
Accounts payable and accrued liabilities	(7,638,273)	(434,412)
Current portion of long-term liabilities	(346,298)	89,697
Effect of foreign exchange on working capital	681,887	(261,225)
Net Income tax paid	(11,136,347)	(10,168,333)
Interest paid	(708,043)	(114,336)
Net cash provided from operating activities	30,908,349	28,527,490
Investing activities:		
Expenditures on property, plant and equipment	(19,599,436)	(7,978,844)
Net acquisition cost for subsidiary	(935,116)	-
Proceeds on sale of equipment	-	1,655
Long-term investment	-	(181,600)
Reclamation deposits	(250,927)	(236,021)
Net cash used for investing activities	(20,785,479)	(8,394,810)
Financing activities:		
Proceeds of subsidiary shares issued	60,655,906	-
Repayment of advances to related parties	(12,265,696)	-
Share issue cost of subsidiary shares	(989,422)	-
Dividend distribution	(5,477,241)	(5,072,562)
Non-controlling interests distribution	(5,773,992)	(6,446,418)
Non-controlling capital contribution	2,689,380	1,405,140
Other long-term liability payments	(1,149,888)	(1,138,071)
Loan advance	25,900,491	-
Loan repayments	(9,670,637)	(4,215,437)
Net cash (used for) from financing activities	53,918,901	(15,467,348)
Effect of foreign exchange on cash	2,317,579	(1,898,250)
Net increase in cash	66,359,350	2,767,082
Cash, beginning	100,738,547	97,971,465
Cash, ending	167,097,897	100,738,547

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

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025 and 2024
(Expressed in US dollars)

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 is listed on the TSX Venture Exchange (“TSX-V”) where its common shares trade under the symbol “MJS”. The Company’s corporate office, principal address and the registered and records office is located at 306 – 1688 152nd Street, Surrey, British Columbia, Canada, V4A 4N2.

Majestic is a mining company focused on the exploration, development, and operation of mining properties in China.

In February 2025, the Company completed the acquisition of 52% equity interest in Yantai Mujin Mining Co., Ltd. (“Yantai Mujin”) and the Mujin Gold Project, through its 58.75% indirect owned subsidiary, Majestic Yantai Gold Ltd and 58.75% indirect owned subsidiary, PRG Res HK 2 Limited (“Mujin Acquisition”), resulting in Majestic holding a 30.55% net interest in Yantai Mujin (Note 4).

On November 21, 2025, the Company resumed production at Songjiagou (“SJG”) Underground Mine, following the renewal of its safety production permit. The Company’s operations at the SJG Underground Mine were temporarily suspended on September 1, 2025, due to the expiration of its safety production permit.

On September 26, 2025, the Company resumed operations at its Denggezhuang (“DGZ”) Underground Mine after receiving regulatory approval, following its suspension of production.

The Company continued to incur costs during the temporary suspension of operations at its Songjiagou Underground Mine and Denggezhuang Underground Mine. For the period ended December 31, 2025, total suspension-related costs of \$1,308,714, including non-cash depreciation expense of \$62,352, have been presented as a separate line item, “suspension costs,” in the consolidated statements of comprehensive income. These costs have been excluded from cost of sales, other direct production costs, and depreciation, depletion and amortization.

In October 2025, the Company’s subsidiary, Persistence Gold Group Ltd. (“Persistence”) completed a private placement for gross proceeds of HK\$472 million (approximately \$60.7 million) (“Placement”). Persistence is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “HKEX”) under stock code 02489. Pursuant to the Placement, Persistence issued 400 million common shares (the “Shares”) at a price of HK\$1.18 per Share (approximately \$0.152 per Share) on the HKEX. Upon completion of the Placement, Majestic’s holding of 1,410,000,000 Persistence shares, represents a 58.75% ownership of the outstanding shares of Persistence. As result of the Placement the Company recognized a dilution gain of \$36,012,178 in equity, net of share issue costs of \$989,422 and the Non-controlling Interest (“NCI”) in Persistence increased by \$23,654,306 (Note 25).

2. Basis of preparation and material accounting policies Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). The policies applied in these financial statements are based on International Financial Reporting Standards (“IFRS”) issued and outstanding as at April 17, 2026, the date the board of directors approved these consolidated financial statements for issue.

Basis of preparation

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in US dollars (“USD”) unless otherwise noted.

Basis of consolidation

The consolidated 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.

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025 and 2024
(Expressed in US dollars)

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

Basis of consolidation (continued)

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

	Country of incorporation	Percentage as at December 31, 2025		Percentage as at December 31, 2024		Principal activities
		Direct	Indirect	Direct	Indirect	
Persistence Gold Group Ltd. ⁽¹⁾	Cayman Island	58.75%	-	70.5%	-	Investment holding
Majestic Yantai Gold Ltd.	BVI	-	58.75%	-	70.5%	Investment holding
PRG Res Holding 1 Ltd.	BVI	-	58.75%	-	70.5%	Investment holding
PRG Res Holding 2 Ltd.	BVI	-	58.75%	-	70.5%	Investment holding
PRG Res HK 1 Ltd.	Hong Kong	-	58.75%	-	70.5%	Investment holding
PRG Res HK 2 Ltd.	Hong Kong	-	58.75%	-	70.5%	Investment holding
Yantai Zhongjia Mining Co., Ltd.	China	-	44.06%	-	52.88%	Mining and processing and sale of gold
Yantai Mujin Mining Co., Ltd.	China	-	30.55%	N/A	N/A	Mining and processing and sale of gold

(1) On January 14, 2026, the Company's subsidiary Persistence Resources Group Ltd changed its name to Persistence Gold Group Ltd.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Company, liabilities assumed by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Company determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Company's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025 and 2024
(Expressed in US dollars)

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

Business combinations and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Company performs its annual impairment test of goodwill as at December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Company are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

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 Right-of-use assets ("ROU") 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 mineral property and mining 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 SJG Open-Pit Mine, SJG Underground Mine, DGZ Underground Mine, Chahe Underground Mine and Houzhuang-Heiniutai 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:

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025 and 2024
(Expressed in US dollars)

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

Use of estimates (continued)

- (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.

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, and taking into account any special approvals obtained from the relevant tax authorities 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.

Deferred tax assets are recognized for unused tax losses and deductible temporary differences, including those arising from the impairment provisions on 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 sufficient future taxable profits will be available to utilize those losses and temporary differences.

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.

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 judgment in applying the Company's financial statements is 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, the functional currency of Yantai Zhongjia Mining Co., Ltd. ("Zhongjia") and Yantai Mujin Mining Co. Ltd. (Yantai Mujin") and all the other of the Company's Chinese subsidiaries is the Renminbi ("RMB") and the functional currency of Persistence, Majestic Yantai Gold Ltd ("Majestic Yantai"), PRG Res Holding 1 Ltd., PRG Res Holding 2 Ltd., PRG Res HK 1 Ltd., and PRG Res HK 2 Ltd. is the Hong Kong dollar ("HKD").

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.

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025 and 2024
(Expressed in US dollars)

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

Property, plant, and equipment

Property, plant, and equipment, other than construction-in-progress are stated at historical cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs to repair or enhance are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Depending on the nature of the item of property, plant and equipment, depreciation is calculated on the straight-line basis to write off the cost of each asset to its residual value over its estimated useful life or it is calculated using the units of production ("UOP") basis.

The Company's mineral properties are amortized over the estimated life of the mine using the UOP basis based on the recoverable ounces from the indicated resources and probable reserves. Depreciation of plant and equipment is calculated on the straight-line basis over its estimated useful life.

The estimated useful lives of plant and equipment are as follows:

Buildings	20 years
Machinery	5 to 20 years
Motor Vehicles	5 years
Office furniture and equipment and other devices	5 years

Included in property, plant and equipment is mining infrastructure located at the mining sites. Depreciation is provided to depreciate the cost of the mining infrastructure using the UOP basis based on recoverable ounces from the indicated resources.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales of proceeds and the carrying amount of the relevant asset.

Mining properties

Mining properties include acquisition costs, costs previously capitalized during the exploration and evaluation stage, mine development costs and certain mining infrastructure. Mining properties are stated at cost less accumulated depreciation and any accumulated impairment charges are accounted for on an individual project basis. Upon commencement of commercial production, the carrying costs are amortized using the UOP method, based on proven and probable reserves. Estimation of proven and probable reserves for each property is updated when relative information is available; the result will be prospectively applied to calculate depletion amounts for future periods.

Leased Assets

The Company assesses at the time of agreement whether an agreement is, or contains, a lease. An agreement is, or contains, a lease if the agreement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025 and 2024
(Expressed in US dollars)

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

Leased Assets (continued)

(a) Right-of-use assets

ROU assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	30 to 50 years
Office Lease	5 years

If ownership of the leased asset transfers to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Exploration and evaluation expenditures

Exploration and evaluation expenditures incurred prior to the Company obtaining a legal right to explore or that do not relate to any specific property are expensed as incurred. Costs incurred subsequent to the Company obtaining a legal right to explore, including the cost of acquiring, maintaining its interest, exploring, and developing mineral properties, are capitalized as exploration and evaluation assets until the technical feasibility and commercial viability are established, or the property is abandoned, sold, or considered to be impaired in value. When the technical feasibility and commercial viability of a property is established, exploration and evaluation expenditures are reclassified to mineral properties within property, plant, and equipment. If no minable ore body is discovered, such costs are expensed in the period in which it is determined the property has no future economic value.

Stripping costs

Stripping activity consist of removing mine waste materials to gain access to the mineral ore deposits. To the extent that it is probable that the stripping activity will improve the access to an identifiable ore body, costs incurred that relate to the stripping activity are capitalized to the mining asset, provided that the costs can be measured reliably. Costs that are incurred when performing stripping activity that provides benefit in the form of inventory produced is included in the cost of inventory.

Asset retirement obligations

The Company recognizes liabilities for statutory, contractual, constructive, or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development, or normal operation of the assets. The net present value of the asset retirement obligation estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the asset retirement obligation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. Accretion expense, representing the increase in the provision due to the passage of time, is recorded in finance costs in the statement of comprehensive income.

The Company's estimates of asset retirement obligations could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for mineral property interests.

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025 and 2024
(Expressed in US dollars)

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

Research and development costs

Costs to develop products are capitalized to the extent that the criteria for recognition as intangible assets in International Accounting Standards (“IAS”) 38 Intangible Assets are met. Those criteria require that the product is technically and economically feasible, the Company has the intention and ability to use the asset, and how the asset will generate future benefits. Management assessed the capitalization of development costs based on the attributes of the development project, perceived user needs, industry trends and expected future economic conditions. Management considers these factors in aggregate and applies significant judgment to determine whether the product is technically and economically feasible.

Income taxes

Current income tax:

The income tax expense or credit for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Under the PRC Enterprise Income Tax Law (the “EIT Law”), the standard enterprise income tax rate for domestic enterprises and foreign-invested enterprises is 25%. The EIT Law also provides for a preferential tax rate of 15% for enterprises that qualify as High and New Technology Enterprises (“HNTE”).

Zhongjia was previously recognized as a HNTE for the periods from January 1, 2020 to December 31, 2022 and from January 1, 2024 to December 31, 2024, subject to meeting the relevant criteria.

However, following reassessment by the relevant tax authorities, it was determined that Zhongjia did not qualify for the preferential HNTE tax rate due to the Company not meeting the requirement of expending at least 3% of its annual sales revenue of its most recent year on research and development and related technological innovation activities. Accordingly, the Company has applied the standard enterprise income tax rate of 25% for all periods presented, including the years during which Zhongjia was previously recognized as a HNTE.

The HNTE qualification is subject to reassessment by the relevant authorities every three years, and there can be no assurance that Zhongjia will be able to obtain or maintain such qualification in the future under evolving rules concerning preferential tax treatments.

Deferred income tax:

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) of the applicable jurisdiction that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025 and 2024
(Expressed in US dollars)

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

Impairment of assets

The carrying amount of the Company's non-financial assets, other than deferred tax assets, is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive income.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and its value in use. In assessing fair value or value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and recorded over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Income per share

Basic income per share is calculated by dividing the net income attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the income attributable to common shareholders equals the reported income attributable to owners of the Company.

Diluted income per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted income per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

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, cash equivalents, receivables, and reclamation deposits at amortized cost. The Company classifies its investment 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.

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025 and 2024
(Expressed in US dollars)

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

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.

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).

Cash and cash equivalents and investment is measured using level Level 1 inputs

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Inventories consist of:

- Gold concentrate inventories and ore stockpiles which are stated at the lower of weighted average cost and net realizable value.

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025 and 2024
(Expressed in US dollars)

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

Inventories (continued)

- Supplies and spares which include the cost of consumables used in operations are stated at the lower of weighted average cost and replacement cost which approximates net realizable value.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Short-term Investments

Short-term investments consist of term-deposits with original maturity dates greater than 90 days and less than one year. The Company's short-term investments were held with major banks in Canada.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the gold is transferred to the customer, reflecting the satisfaction of the Company's performance obligation. Revenue is measured based on the consideration to which the Company expects to be entitled under the terms of the contract.

The Company's contracts generally comprise a single performance obligation, being the delivery of gold. Control is considered to transfer at a point in time, which is typically evidenced by the execution of a settlement document (commonly referred to as a "Settlement Slip") confirming the customer's acceptance. At this point, the customer obtains legal title, physical possession, and assumes the significant risks and rewards of ownership, and the Company has a present right to payment.

The transaction price is determined based on the contractual terms of the contract. Where a contract includes a significant financing component, revenue is measured at the present value of the consideration receivable, discounted using a rate that reflects a separate financing transaction between the Company and the customer at contract inception. The unwinding of the discount is recognized as interest income or interest expense using the effective interest method, as applicable. The Company applies the practical expedient under IFRS 15 and does not adjust the transaction price for financing components where the period between transfer of control and payment is one year or less.

Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity.

3. New accounting standards, interpretations, and amendments

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

Amendments to IAS 21 Lack of Exchangeability

The Company adopted amendments to *IAS 21 Lack of Exchangeability* for the first time for the current year's financial statements. The Company has not early adopted any other standard or amendment that has been issued but is not yet effective.

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025 and 2024
(Expressed in US dollars)

3. New accounting standards, interpretations, and amendments (continued)

Amendments to IAS 21 Lack of Exchangeability (continued)

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. As the currencies that the Company had transacted in and the functional currencies of its subsidiaries for translation into the Company's presentation currency were exchangeable, the amendments did not have any 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, 2025, and have not been applied in preparing the consolidated financial statements for the year ended December 31, 2025.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, *Presentation and disclosure in financial statements* ("IFRS 18"), which replaces IAS 1, *Presentation of financial statements*. IFRS 18 introduces a specified structure for the income statement by requiring income and expenses to be presented in three defined categories (operating, investing and financing), and by specifying certain defined totals and subtotals. Where company-specific measures related to income statement disclosure are provided ("management-defined performance measures"), IFRS 18 requires additional disclosure around those management-defined performance measures in the financial statements. IFRS 18 also provides additional guidance on principles of aggregation and disaggregation which apply to the primary financial statements and the notes. IFRS 18 does not affect the recognition and measurement of items in the financial statements, nor does it affect which items are classified in other comprehensive income and how these items are classified.

The standard is effective for reporting periods beginning on or after January 1, 2027, including for interim financial statements. Retrospective application is required and early application is permitted. The Company is currently assessing the effect of this new standard to its financial statements in future periods.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS accounting standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Certain of the Company's subsidiaries may consider the application of IFRS 19 in their financial statements.

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. This amendment is effective for annual reporting periods beginning on or after January 1, 2025, with early application permitted for certain provisions. The Company is currently assessing the effect of this amendments to its financial statements in future periods.

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025 and 2024
(Expressed in US dollars)

3. New accounting standards, interpretations, and amendments (continued)

Amendments – IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

In May 2024, the IASB issued amendments to update the classification and measurement requirements in IFRS 9 and related disclosure requirements in IFRS 7 as follows:

- Clarified the recognition and derecognition date of certain financial assets and liabilities and amended the requirements related to settling financial liabilities using an electronic payment system;
- Clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the sole payments of principal and interest criteria;
- New disclosures for certain instruments with contractual terms that can change cash flows;
- Additional disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs; and
- Amended disclosures relating to equity instruments designated at fair value through other comprehensive income.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early application permitted for certain provisions. The Company is currently assessing the effect of these amendments to its financial statements in future periods.

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. The Company is currently assessing the effect of these amendments to its financial statements in future periods.

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying Guidance on implementing IFRS 7), IFRS 9, IFRS 10 and IAS 7.

Details of the amendments that are expected to be applicable to the Company are as follows:

- **IFRS 7 Financial Instruments: Disclosures:** The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other IFRS Accounting Standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Company's financial statements.
- **IFRS 9 Financial Instruments:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Company's financial statements.
- **IFRS 10 Consolidated Financial Statements:** The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Company's financial statements.

IAS 7 Statement of Cash Flows: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Company's financial statements.

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025 and 2024
(Expressed in US dollars)

4. Business Combination

In February 28, 2025, the Company completed the acquisition of 52% equity interest in Yantai Mujin- through its 58.75% indirect owned subsidiaries, Majestic Yantai Gold Ltd and PRG Res HK 2 Limited (“PRG HK2”), resulting in Majestic holding a 30.55% net interest in Yantai Mujin.

The acquisition of Yantai Mujin was made as part of the Company’s strategy to expand its market share of mining, processing and gold sales in the Shandong Province, China. The Mujin Gold Project consists of the following three gold properties: Denggezhuang Underground Gold Mine (“DGZ Mine”), the Houzhuang-Heiniutai Underground Gold Mine (“HH Mine”) and the Chahe Underground Gold Mine (“CH Mine”), with the DGZ Mine being an operating underground gold mine located approximately 28 km from the Company’s Songjiagou Gold Mine. The HH mine and CH mine are not in production.

As part of the Yantai Mujin Acquisition, the Company, through its subsidiaries, acquired the 52% interest of Yantai Mujin, for total cash consideration of \$11.4 million, (RMB 81.9 million). Upon completion of the Mujin Acquisition, the Yantai Mujin will become an indirect, non-wholly-owned subsidiary of the Company. The Company has elected to measure the non-controlling interest in Yantai Mujin at the non-controlling interest’s proportionate share of Yantai Mujin’s identifiable net assets.

The Company has determined that this transaction represents a business combination under IFRS 3, with the Company identified as the acquirer. In accordance with the acquisition method, the total purchase price was allocated to the identifiable assets acquired and liabilities assumed, based on their acquisition-date fair values.

The Company appointed an independent valuation specialist to prepare the Purchase Price Allocation (“PPA”) of Yantai Mujin for determination of the fair values of certain assets acquired and liabilities assumed. The fair values of mineral properties and reclamation provisions were estimated using discounted cash flow models. Expected future cash flows, used to estimate the fair value of mineral properties, are based on estimates of future gold prices, projected future production, estimated quantities of ore reserves, metallurgical recovery estimates, expected future production costs, expected capital expenditures, and discount rates based on the life of mine plan at the transaction date. The fair value of inventories was determined based on the future estimated cash flows from sales of payable metal produced and are adjusted for costs to complete and expected profit margin. The right-of-use assets and lease liabilities were recorded based on the present value of future lease payments over the expected term of the lease at the implicit interest rate. The fair values of plant and equipment were estimated using market or cost approaches. The fair value of receivables, less any expected credit losses, and payables are equal to their gross contractual amounts at the transaction date. Expected future cash flows associated with the reclamation and closure cost provisions were based on estimates of the future expenditures required to settle the obligation for disturbances at the acquisition date and using a discount rate equal to the Company’s estimated cost of debt.

Goodwill arising as a result of the acquisition was approximately \$5.1 million. The Goodwill attributed to the acquisition is the cost of a control premium, in addition to the consideration paid for expected increased profits from operational efficiencies, potential increase of gold resources and the assembled workforce at Yantai Mujin. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The Company has consolidated the operating results, cash flows and net assets of Yantai Mujin from March 1, 2025 to December 31, 2025 into these financial statements. Yantai Mujin contributed revenue of approximately \$5.5 million and incurred a loss before tax of approximately \$5.4 million. If the acquisition of Yantai Mujin had taken place on January 1, 2025, pro-forma consolidated revenue and profit before tax for the Company would have been approximately \$90.8 million and \$31.6 million respectively for the year ended December 31, 2025.

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025 and 2024
(Expressed in US dollars)

4. Business combination (continued)

The following table summarizes the fair values of the identifiable assets acquired and liabilities assumed of Yantai Mujin as at the date of acquisition:

Assets	Fair value recognized on acquisition	
Cash and cash equivalents	\$	10,481,427
Receivables		3,160,407
Inventories		1,296,626
Reclamation deposits		1,680,242
Property, plant and equipment (Note 10)		64,090,766
Exploration and evaluation assets (Note 11)		455,003
Other long term assets		88,115
		<u>81,252,586</u>
Liabilities		
Accounts payable and accrued liabilities (Note 14)		(7,239,928)
Loans payable (Note 15, 17 and 19)		(37,516,753)
Income taxes payable		(145,241)
Lease liabilities (Note 18)		(68,304)
Asset retirement obligation (Note 16)		(2,550,388)
Deferred income tax liabilities		(10,643,211)
Other long-term liabilities (Note 18)		(10,920,541)
		<u>(69,084,366)</u>
Fair value of net assets acquired		<u>12,168,220</u>
Non-controlling interest measured at the proportionate share of net identifiable assets acquired (Note 25)		(5,840,746)
Goodwill arising on acquisition (Note 13)		5,089,069
Purchase consideration transferred	\$	11,416,543

5. Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash	\$ 106,051,590	\$ 84,942,635
Short term time deposits	61,046,307	15,795,912
Total	\$ 167,097,897	\$ 100,738,547

As at December 31, 2025, cash and cash equivalents of the Company was denominated in the following currencies:

	December 31, 2025	December 31, 2024
Canadian dollars	\$ 11,158,576	\$ 8,780,318
Hong Kong dollars	60,556,747	23,816,584
Renminbi	83,970,369	55,938,455
United States dollars	11,412,205	12,203,190
Total	\$ 167,097,897	\$ 100,738,547

At December 31, 2025, the Company had cash and cash equivalents of \$167,097,897 (2024 - \$100,738,547) of which \$11,715,827 (2024 - \$11,805,149) is held in Canada, \$68,785,930 (2024 - \$27,943,342) is held in Hong Kong, and the remaining balance of \$86,596,140 (2024 - \$60,990,056) is held in China and is subject to local exchange control regulations. Chinese exchange control regulations provide for restrictions on exporting capital from China, other than through normal dividends.

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025 and 2024
(Expressed in US dollars)

6. Receivables

	December 31, 2025	December 31, 2024
Sales taxes receivable	\$ 7,227	\$ 5,452
Amount due from Dahedong (Note 19)	1,429,248	1,361,469
Other receivables	964,152	205,534
Total	\$ 2,400,627	\$ 1,572,455

The amount due of \$1,429,248 (2024 - \$1,361,469) from Yantai Dahedong Processing Co. Ltd. ("Dahedong") is interest-free and was repayable on June 30, 2025 (Note 19). The Company and Dahedong are currently in discussions on terms of settlement of the amount outstanding. In the event of failure by Dahedong to repay the amount outstanding, Dahedong consented to transfer of 5% of its 25% ownership interest held in Yantai Zhongjia Mining Co., Ltd to the Company, as consideration and full satisfaction of the amount outstanding.

7. Deposits and prepaid expenses

	December 31, 2025	December 31, 2024
Current:		
Prepayment for mining supplies and services	\$ 42,603	\$ 154,962
Rent deposit	19,112	15,225
Other prepayments and deposits	317,280	866,286
	378,995	1,036,473
Non-current:		
Reclamation deposits	4,944,719	2,909,043
Total	\$ 5,323,714	\$ 3,945,516

Reclamation Deposits

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

8. Inventory

	December 31, 2025	December 31, 2024
Gold concentrate	\$ 675,869	\$ 168,417
Ore stockpile	1,684,581	1,124,099
Raw material	1,990,694	1,217,125
Total	\$ 4,351,144	\$ 2,509,641

9. Investment

	Total
Balance, December 31, 2023	\$ -
Acquisition of shares in Allied Critical Metals Corp.	181,600
Foreign exchange adjustment	(7,850)
Balance, December 31, 2024	173,750
Unrealized fair value gain	912,000
Foreign exchange adjustment	8,650
Balance, December 31, 2025	\$ 1,094,400

On June 11, 2024, Majestic invested \$181,600 (CAD\$250,000) in Allied Critical Metals Corp. through an equity financing acquiring 2,500,000 common shares at CAD\$0.10 per common share. On April 30, 2025, the shares of Allied Critical Metals Corp. began trading on the Canadian Securities Exchange under the symbol "ACM".

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025 and 2024
(Expressed in US dollars)

9. Investment (continued)

The Company has irrevocably designated this investment as a financial asset at fair value through other comprehensive income ("FVOCI"), as it is not held for trading purposes and intended to be held as a longer term investment.

The fair value of the investment is determined based on quoted market prices in an active market (Level 1 of the fair value hierarchy). During the year ended December 31, 2025, the Company recognized an unrealized gain of \$912,000 (2024 – nil) in other comprehensive income. No amounts have been reclassified to profit or loss.

10. Property, plant, and equipment

SJG Open-Pit Mine

The Company's principal mining property is the SJG 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 has been renewed and is valid until May 17, 2031. The SJG Open-Pit Mine is owned by the Company's subsidiary, Zhongjia. The Company's interest in Zhongjia is held through its indirect 58.75% ownership of its subsidiary Majestic Yantai. Majestic Yantai holds 75% of the shares of Zhongjia. The remaining 25% of Zhongjia is held by Dahedong.

SJG 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 has been renewed and is valid until February 18, 2031.

DGZ Underground Gold Mine

The DGZ Underground Gold Mine is located in Yantai City, Shandong Province, approximately 28km from the SJG Open-Pit and SJG Underground Mines. The DGZ Mine is an operating underground gold mine with a mining permit valid until July 18, 2038.

The DGZ Underground Mine is owned by the Company's subsidiary Yantai Mujin. The Company, through its 58.75% owned subsidiaries, acquired a 52% equity interest in Yantai Mujin and the Mujin Gold Project, with its subsidiary, PRG HK2 holding 41% of the shares of Yantai Mujin and Majestic Yantai holding the remaining 11% interest.

As at December 31, 2025 and 2024, ROU included prepaid land leases and building leases.

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in US dollars)

10. Property, plant, and equipment (continued)

	Motor Vehicles	Office furniture & equipment	Buildings	Machinery	Construction- in-progress	Mining Infrastructure	Mineral Property	Right of use lands	Total
Cost									
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	82,202	759,474	366,421	992,359	-	5,860,050	-	177,599	8,238,105
Change in asset retirement cost	-	-	-	-	-	219,146	-	-	219,146
Disposal	(32,747)	(2,243)	-	-	-	-	-	-	(34,990)
Foreign exchange adjustment	(15,501)	(22,512)	(175,157)	(437,435)	-	(637,359)	(323,195)	(289,157)	(1,900,316)
At December 31, 2024	1,054,549	1,712,336	14,125,165	29,471,961	-	54,426,449	21,656,485	17,799,334	140,246,279
Additions	233,014	237,420	202,348	2,138,144	11,451,857	5,487,956	-	13,577	19,764,316
Acquisition of Yantai Mujin (Note 4)	206,987	452,918	3,334,735	2,849,218	7,976,916	5,819,323	37,985,447	5,465,223	64,090,767
Change in asset retirement cost	-	-	-	-	-	528,394	-	-	528,394
Reclassification of assets	-	-	(2,366,425)	-	-	2,366,425	-	-	-
Disposal	(76,120)	(2,086)	(33,637)	-	-	(1,893,363)	-	-	(2,005,206)
Foreign exchange adjustment	28,097	55,042	356,323	760,291	337,588	957,748	1,275,361	519,870	4,290,320
At December 31, 2025	\$ 1,446,527	\$ 2,455,630	\$ 15,618,509	\$ 35,219,614	\$ 19,766,361	\$ 67,692,932	\$ 60,917,293	\$ 23,798,004	\$ 226,914,870
Accumulated depreciation									
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	(104,649)	(57,720)	(724,955)	(2,055,357)	-	(5,473,705)	(1,054,114)	(689,027)	(10,159,527)
Disposal	32,747	2,243	-	-	-	-	-	-	34,990
Foreign exchange adjustment	10,791	13,584	115,859	263,372	-	104,474	89,057	130,747	727,884
At December 31, 2024	(746,183)	(641,555)	(8,163,729)	(18,150,559)	-	(19,760,134)	(6,306,617)	(8,644,468)	(62,413,245)
Depreciation and depletion	(180,515)	(306,947)	(969,662)	(2,581,514)	-	(4,888,976)	(995,215)	(869,715)	(10,792,544)
Disposal	94,879	2,086	33,637	-	-	247,642	-	-	378,244
Foreign exchange adjustment	(18,238)	(19,241)	(199,513)	(451,142)	-	(92,284)	(158,237)	(211,632)	(1,150,287)
At December 31, 2025	\$ (850,057)	\$ (965,657)	\$ (9,299,267)	\$ (21,183,215)	\$ -	\$ (24,493,752)	\$ (7,460,069)	\$ (9,725,815)	\$ (73,977,832)
Net book value									
At December 31, 2024	\$ 308,366	\$ 1,070,781	\$ 5,961,436	\$ 11,321,402	\$ -	\$ 34,666,315	\$ 15,349,868	\$ 9,154,866	\$ 77,833,034
At December 31, 2025	\$ 596,470	\$ 1,489,973	\$ 6,319,242	\$ 14,036,399	\$ 19,766,361	\$ 43,199,180	\$ 53,457,224	\$ 14,072,189	\$ 152,937,038

As at December 31, 2025 and 2024, 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 current year ended December 31, 2025, include \$96,258 in depreciation expense related to open-pit expansion work which has been capitalized to property, plant and equipment (December 31, 2024 - \$203,616).

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in US dollars)

11. Exploration and evaluation assets

	WS Exploration Permit, Mujin Gold Project, China	JLK Exploration Permit, Mujin Gold Project, China	Sunset-Sunrise Mineral Property, Canada	Total
Balance at December 31, 2023	\$ -	\$ -	\$ 826	\$ 826
Foreign exchange adjustment	-	-	(67)	(67)
Balance at December 31, 2024	-	-	759	759
Acquisition of Yantai Mujin (Note 4)	402,152	52,851	-	455,003
Foreign exchange adjustment	8,296	1,090	37	9,423
Balance at December 31, 2025	\$ 410,448	\$ 53,941	\$ 796	\$ 465,185

Mujin Gold Project, China

As part of the Yantai Mujin Acquisition, the Company acquired two exploration permits, the JLK exploration permit and the WS exploration permit.

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 CAD\$1,092.

Exploration and evaluation expenditures recorded in the statements of comprehensive income for the years ended December 31, 2025 and 2024, is as follows:

Year ended December 31, 2025	Assay and analysis	Claim and tenement maintenance	Drilling	Geological consulting	Total
Sunset-Sunrise Property, BC	\$ -	\$ 37	\$ -	\$ -	\$ 37
General Exploration	280	-	-	27,034	27,314
Total	\$ 280	\$ 37	\$ -	\$ 27,034	\$ 27,351

Year ended December 31, 2024	Assay and analysis	Claim and tenement maintenance	Drilling	Geological consulting	Total
Lithium Tenements, Australia	\$ -	\$ 25,095	\$ -	\$ -	\$ 25,095
Sunset-Sunrise Property, BC	-	38	-	-	38
General Exploration	-	-	762,184	4,381	766,565
Total	\$ -	\$ 25,133	\$ 762,184	\$ 4,381	\$ 791,698

12. Other long-term assets

At December 31, 2025, the Company had long-term assets in the amount of \$330,071 (RMB 2,320,000) (December 31, 2024 - \$36,882 (RMB 265,125)) which are comprised of advance payments for purchases of property plant and equipment.

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in US dollars)

13. Goodwill

		Total
Balance, January 1, 2025	\$	-
Acquisition of Yantai Mujin (Note 4)		5,089,069
Balance, December 31, 2025	\$	5,089,069
<hr/>		
At Decemeber 31, 2025		
Cost (Note 4)	\$	5,058,069
Accumulated impairment		-
Net Carrying amount	\$	5,058,069

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the Yantai Mujin cash-generating unit (“Yantai Mujin CGU”) for impairment testing (Note 4).

Management has engaged independent professional valuation specialist to assess the recoverable amount of goodwill as at December 31, 2025. The recoverable amount of the Yantai Mujin CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by the Company’s management covering a nine-year period, which is the projected mine life based on an independent engineering report. The Company’s management has considered that the cash-generating unit’s value in use is higher than its fair value less costs of disposal based on the current available information.

The following table sets out the key assumptions adopted by management in the impairment assessment of the Mujin CGU:

	<u>2025</u>
Budgeted gross margins	39.3%-83.4%
Pre-tax discount rate	12.5%

Assumptions were used in the value-in-use calculations of Yantai Mujin CGU for the year ended December 31, 2025. The key assumptions used in the value in use calculations reflect a combination of internal and external factors impacting budgeted sales and discount rates. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – The management forecasted the gross margins of future years based on forecasted unit price of gold, forecasted production amount, and forecasted cost of sales based on the actual cost of previous years.

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant CGU.

The values assigned to the key assumptions on the market development of the Mujin CGU and discount rates are consistent with external information sources.

As at December 31, 2025, based on the value-in-use calculations, the recoverable amount of the Yantai Mujin CGU exceeded its carrying amount by over \$30M. The Company’s management has undertaken a sensitivity analysis on the impairment test of goodwill. As at December 31, 2025: If the budgeted gross margin decreased to 69.0%, or the discount rate increased to 19.0%, the carrying amount of the cash-generating unit would be equal to its recoverable amount during the year ended December 31, 2025.

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in US dollars)

14. Accounts payable and accrued liabilities

	December 31, 2025		December 31, 2024	
Trade and other payables	\$	11,690,721	\$	4,986,146
Amounts due to related parties (Note 19)		47,680		51,332
Provisions		452,986		319,397
Total	\$	12,191,387	\$	5,356,875

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
Additions		-		195,372	195,372
Utilized during the year		(4,047)		(52,034)	(56,081)
Effect of foreign exchange		(1,899)		(2,198)	(4,097)
Balance, December 31, 2024		125,974		193,423	319,397
Assumed in Yantai Mujin acquisition (Note 4)		-		273,131	273,131
Utilized during the year		-		(150,313)	(150,313)
Effect of foreign exchange		2,860		7,911	10,771
Balance at December 31, 2025	\$	128,834	\$	324,152	\$ 452,986

15. Loans Payable

	December 31, 2025		December 31, 2024	
Balance, beginning	\$	-	\$	4,235,673
Loan advances		15,416,959		-
Loan repayments		(21,697,378)		(4,215,437)
Assumed Loans in Yantai Mujin acquisition (Note 4)		9,640,681		-
Assumed Related Party Advance in Yantai Mujin acquisition (Note 4)		21,680,154		-
Related Party Advance Addition		97,746		-
Interest payable		31,701		-
Short term portion of long term loans (Note 17)		1,256,260		-
Foreign exchange revaluation impact		530,447		(20,236)
Balance, ending	\$	26,956,570	\$	-

At December 31, 2025, the loans outstanding, including loans assumed as part of the Yantai Mujin acquisition, are as follows:

- (i) a \$4,268,154 (RMB 30,000,000) one-year loan bearing interest at 4.00% per annum and repayable on April 20, 2026. The loan is guaranteed by Zhongjia, and Yantai Yihui Investment Co. Ltd., ("Yantai Yihui");
- (ii) a \$1,422,718 (RMB 10,000,000) one-year loan bearing interest at 3.5% per annum and repayable on June 25, 2026. The loan is guaranteed by two third parties;
- (iii) a \$7,113,590 (RMB 50,000,000) one-year loan bearing interest at 3.8% per annum and repayable on September 28, 2026. The loan is guaranteed by certain third parties;
- (iv) a \$2,845,436 (RMB 20,000,000) one-year loan bearing interest at 3.8% per annum and repayable on November 12, 2026. The loan is guaranteed by Zhongjia, as well as two other parties;

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in US dollars)

15. Loans Payable (continued)

- (v) a \$7,016,776 (RMB 49,319,515) two-year loan bearing interest at 3% per annum and repayable on December 31, 2026 with Yantai Yihui, a related party (Note 19);
- (vi) a \$2,987,708 (RMB 21,000,000) non-interest bearing security advance from Shandong Guoda Gold Co., Ltd.;
- (vii) a \$1,270,487 (RMB 8,930,000) is the current amount of long-term loans. The current amount of long-term loans includes \$14,227 (RMB 100,000) which is included in the assumed loans in Yantai Mujin acquisition (Note 17); and
- (viii) accrued interest of \$31,701 (RMB 222,821) (FYE2024 - \$NIL) relating to loans payable, and long-term loans (Note 17).

16. Asset retirement obligation

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

	December 31, 2025		December 31, 2024	
Balance, beginning	\$	3,797,626	\$	3,542,521
Additions and changes in estimates of net present value		528,394		219,146
Accretion (Note 22)		101,431		91,144
Assumed in Yantai Mujin acquisition (Note 4)		2,550,388		-
Foreign exchange adjustment		148,360		(55,185)
Balance, ending	\$	7,126,199	\$	3,797,626

The Company's asset retirement obligation consists of costs associated with mine reclamation and closure activities on the SJG Gold Project and the Mujin Gold Project (Note 10). The Mujin Gold Project asset retirement obligations were assumed in the Yantai Mujin Acquisition.

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 risk-free rates ranging from 1.6436% to 2.4307% (2024 - 1.4116% and 1.5783%). The majority of the expenditures are expected to occur during or after 2029. As at December 31, 2025, the total undiscounted amount of estimated cash flows required to settle the Company's obligation was \$8,615,395 (RMB 60,555,890).

17. Long-term loans

	December 31, 2025		December 31, 2024	
Balance, beginning	\$	-	\$	-
Loan advances		10,483,532		-
Loan repayments		(14,015)		-
Assumed in Yantai Mujin acquisition (Note 4)		1,368,862		-
Current portion of long-term loans (Note 15)		(1,256,260)		-
Foreign exchange adjustment		197,815		-
Balance, ending	\$	10,779,934	\$	-

At December 31, 2025, the long-term loans outstanding, including the loans assumed as part of the Yantai Mujin acquisition, are as follows:

- (i) a \$1,394,263 (RMB 9,800,000) three-year loan bearing interest at 4.85% per annum and repayable on December 1, 2027. The loan is guaranteed by Li Peng Xu, a director of Yantai Mujin;
- (ii) a \$995,903 (RMB 7,000,000) five-year loan bearing interest at 4.20% per annum and repayable on May 20, 2030. The loan is guaranteed by Zhongjia, Yantai Yihui;
- (iii) a \$4,958,172 (RMB 34,850,000) six-year loan bearing interest at 4.00% per annum and repayable on March 25, 2031. The loan is guaranteed by Zhongjia, as well as two other parties;

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in US dollars)

17. Long-term loans (continued)

- (iv) a \$3,431,596 (RMB 24,120,000) six-year loan bearing interest at 4.00% per annum and repayable on June 9, 2031. The loan is guaranteed by Zhongjia, as well as two other parties;

The amount of \$1,270,487 (RMB 8,930,000) being the current amount of long-term loans (Note 15).

18. Other long-term liabilities

Other long-term liabilities are comprised of the following:

	December 31, 2025	December 31, 2024
Lease liability	\$ -	\$ 18,914
Lease liability assumed in Yantai Mujin acquisition (Note 4)	55,686	-
Village distribution liability	731,014	816,189
Mining right obligations	827,944	1,619,678
Mining right obligation assumed in Yantai Mujin acquisition (Note 4)	7,521,018	-
Other long-term liability	27,059	-
Total	\$ 9,162,721	\$ 2,454,781

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

	December 31, 2025	December 31, 2024
Lease liability	\$ 19,627	\$ 112,917
Lease liability assumed in Yantai Mujin acquisition (Note 4)	7,816	-
Village distribution liability	152,060	148,684
Mining right obligations	896,312	876,412
Mining right obligation assumed in Yantai Mujin acquisition (Note 4)	1,806,134	-
Total	\$ 2,881,949	\$ 1,138,013

Lease liability

The Company has entered into office lease agreements for its head office and subsidiary office premises for a term ending in 2026. The total undiscounted future lease payments are as follows:

	2026	Total
Operating lease commitments:		
Office premises	\$ 19,835	\$ 19,835

Village distribution liability

Pursuant to agreements, the Company is required to make payments of RMB 1,068,800 (\$152,060) 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 December 31, 2025, the undiscounted future payments were \$1,064,421 (RMB 7,481,600).

SJG Gold Project 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 (\$896,312) until the year 2027 (Note 10). The liability reflects the present value of the required payments, discounted using the Company's incremental borrowing rate of 2.66%. As at December 31, 2025, the undiscounted future payments were \$1,792,625 (RMB 12,600,000).

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in US dollars)

18. Other long-term liabilities (continued)

Mujin Gold Project Mining right obligation

The Company is required to make an annual payment of RMB 9,560,280 (\$1,335,496) for the DGZ mining right acquisition until the year 2033 and the final annual payment of RMB 1,800,000 (\$256,089) in 2026 for the CH mining right acquisition. The liability in the above table reflects the present value of the required payments, discounted using the Company's incremental borrowing rate of 4.65% and 4.20%. As at December 31, 2025, the total undiscounted future payments were \$11,137,355 (RMB 78,282,240).

19. Related party transactions and balances

Related party transactions

The Company incurred the following related party transactions during the years ended December 31, 2025 and 2024:

	Year ended December 31,	
	2025	2024
Consulting fees charged by companies controlled by directors and officers of the Company-includes key management personnel compensation (Note 22)	\$ 1,000,467	\$ 1,028,756
Share-based compensation	746,320	-
	\$ 1,746,787	\$ 1,028,756

Key management personnel compensation

Key management included the Company's directors, executive officers, and senior management.

	Year ended December 31,	
	2025	2024
Salaries and management fees	\$ 896,301	\$ 780,851
Director fees	191,867	157,482
Share-based compensation	1,110,617	-
	\$ 2,198,785	\$ 938,333

Related party balances

	December 31, 2025	December 31, 2024
Amounts due to companies controlled by Directors and Officers of the Company included in trade and other payables (Note 14)	\$ 47,680	\$ 51,332
Amounts due to Yantai Mujin minority shareholders (Note 15)	7,016,776	-
Amounts due from Dahedong (Note 6)	(1,429,248)	(1,361,469)
	\$ 5,635,208	\$ (1,310,137)

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

20. Share capital and Reserves

a) Authorized

Unlimited number of common shares without par value.

b) Issued share capital

As at December 31, 2025, the Company had 1,042,664,381 common shares issued and outstanding (December 31, 2024 - 1,042,664,381).

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in US dollars)

20. Share capital and Reserves (continued)

c) Dividend

Fiscal 2025

On September 2, 2025, the Company announced and declared a special dividend of \$0.00525 (CAD\$0.0072) per common share. On October 9, 2025, the Company paid a special dividend totaling \$5,477,241 (CAD\$7.5 million) (CAD\$0.0072 per share) to shareholders on record at the close of business on September 16, 2025.

Fiscal 2024

On August 29, 2024, the Company announced and declared a special dividend of \$0.00486 (CAD\$0.007) per common share. On October 11, 2024, the Company paid a special dividend totaling \$5,072,562 (CAD\$7.3 million) to shareholders on record at the close of business on September 27, 2024.

d) 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 continuity of stock options for the years ended December 31, 2025 and 2024, is as follows:

Expiry date	Exercise price	Balance December 31, 2024	Issued	Exercised	Expired/ Cancelled	Balance December 31, 2025
June 30, 2030	CAD\$0.15	-	26,500,000	-	-	26,500,000
Weighted average exercise price	\$	-	CAD\$0.15	\$	-	CAD\$0.15

On June 30, 2025, the Company granted a total of 26,500,000 stock options to directors, management and employees. These stock options, exercisable at CAD\$0.15 per share, vested immediately and have a five-year term to expiry.

The fair value of stock options granted was \$1,177,216 (CAD\$1,606,025), which was recorded as an expense to share-based compensation. The fair value of the options granted was determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 2.83%, an expected volatility of 73.52%, an expected dividend rate of 6.99%, and an expected life of 5 years, for a weighted average fair value per option of \$0.06.

There were no stock options issued, exercised or outstanding for fiscal year 2024 under the Plan.

Details of stock options outstanding as at December 31, 2025, are as follows:

Exercise Price	Expiry Date	Options outstanding	Weighted average exercise price	Weighted average remaining contractual life in years
CAD\$0.15	June 30, 2030	26,500,000	CAD\$0.15	4.50

As at December 31, 2025, all stock options were exercisable.

The Company’s subsidiary, Persistence’s has a shareholder approved stock option plan (the “PGG Plan”) in compliance with the HKEX’s policies. Under the PRG 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

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in US dollars)

20. Share capital and Reserves (continued)

d) Stock Options (continued)

price of each stock option shall not be less than the highest of i) the closing price of shares as stated in the HKEX's daily quotations sheet on the date of grant, which must be a Business Day; ii) the average closing price of shares as stated in the HKEX's daily quotations sheet for the five (5) Business Days immediately preceding the date of grant; and iii) the nominal value of the shares. Such options will be exercisable for a period of up to 10 years from the date of grant. Options may be exercised no later than 1 month following cessation of the optionee's position with the Company.

The continuity of stock options for the years ended December 31, 2025 and 2024, is as follows:

Expiry date	Exercise price	Balance December 31, 2024	Issued	Exercised	Expired/Cancelled	Balance December 31, 2025
July 11, 2035	HKD\$1.50	-	21,000,000	-	-	21,000,000
Weighted average exercise price		\$ -	HKD\$1.50	\$ -	\$ -	HKD\$1.50

On July 11, 2025, Persistence granted a total of 21,000,000 stock options to directors, management and employees. These stock options, exercisable at HKD\$1.50 per share, with 40% vesting over one year, 30% vesting over two years and 30% vesting over three years and have a ten-year term to expiry.

The fair value of stock options granted was \$2,005,207 (HKD\$15,740,075). Of this amount, \$608,746 (HKD\$4,751,917) was recorded as an expense to share-based compensation. The remaining fair value will be expensed to share-based compensation as the options vest over the next three years. The fair value of the options granted was determined using the Black-Scholes option pricing model with the following assumptions: a risk free interest rate of 3.37%, an expected volatility of 62.78%, an expected dividend rate of 2.85%, and an expected life of 10 years, for a weighted average fair value per option of \$0.10 (HKD\$0.75).

There were no stock options issued, exercised or outstanding for fiscal year 2024 under the PGG Plan.

Details of stock options outstanding as at December 31, 2025, are as follows:

Exercise Price	Expiry Date	Options outstanding	Weighted average exercise price	Weighted average remaining contractual life in years
HKD\$1.50	July 11, 2035	21,000,000	HKD\$1.50	9.53

As at December 31, 2025, all stock options issued under the PGG Plan were not fully vested and therefore were not exercisable.

e) 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.

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

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in US dollars)

20. Share capital and Reserves (continued)

Safety fund surplus reserve (continued)

Administration of Work Safety of the People's Republic of China ("PRC") in February 2012, Zhongjia and Yantai Mujin are 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 and Yantai Mujin, both companies are 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 the company. 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 authorized share capital.

21. 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 \$5,612 and an ROU asset with a net book value of \$3,564 located in the Company's head-office in Vancouver, Canada. Certain of the Company's exploration and evaluation assets are located in Canada with the balance located in China (Note 11). All of the Company's revenues are earned in China.

Revenue for the fiscal year ended December 31, 2025, and 2024, was from a single customer which amounted to 100% of the Company's revenue.

22. Revenue and Expenses

Revenue

	Year ended December 31,	
	2025	2024
Sales of gold bullion	\$ 88,128,676	\$ 70,187,708
Sales of sulfur	1,125,046	764,596
Revenue	\$ 89,253,722	\$ 70,952,304

Cost of sales

	Year ended December 31,	
	2025	2024
Mining and Milling fees	\$ 27,421,330	\$ 20,193,209
Depreciation and depletion (Note 10)	9,619,877	9,458,015
Smelting costs	1,625,834	1,727,986
Resource taxes	3,657,276	2,855,801
Other direct costs	-	58,312
Changes in ending gold concentrate inventory	(639,717)	295,903
Total	\$ 41,684,600	\$ 34,589,226

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in US dollars)

22. Revenue and Expenses (continued)

General and administrative

		Year ended December 31,	
		2025	2024
Consulting and management fees (Note 19)	\$	334,270	\$ 314,749
Financial advisory		54,128	877,637
Depreciation (Note 10)		781,406	469,806
Office and general		2,780,519	715,229
Other taxes and fees		761,727	357,396
Professional fees		678,302	562,874
Research and development		1,683,471	1,459,905
Salaries		3,175,694	2,362,211
Shareholder communications		208,232	165,757
Travel		784,200	699,579
Total	\$	11,241,949	\$ 7,985,143

Finance expense

		Year ended December 31,	
		2025	2024
Interest expenses and finances charges for banks loans payable	\$	652,704	\$ 109,921
Interest expense for leases		8,789	5,880
Interest expense for other long-term liabilities		478,230	140,679
Accretion of asset retirement obligation (Note 16)		101,431	91,144
Total	\$	1,241,154	\$ 347,624

23. 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 and cash equivalents, receivables and reclamation deposits held in bank accounts. The majority of the Company's cash is held on deposit 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. The Company is also exposed to credit risk in respect to its receivables. In order to minimize the credit risk with regards to receivables, the Company reviews the recoverable amount of each individual receivable periodically and with management also having monitoring procedures to ensure the follow-up action is taken to recover overdue receivables.

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 Notes 15 and 17. The following summarizes the undiscounted amount of the remaining contractual maturities of the Company's financial liabilities.

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in US dollars)

23. Risks and capital management (continued)

Liquidity Risk (continued)

	December 31, 2025				December 31, 2024
	Within a year	2-5 years	Over five years	Total	Total
Accounts payable and accrued liabilities	\$ 12,191,387	\$ -	\$ -	\$ 12,191,387	\$ 5,356,875
Loans	26,956,570	8,009,902	2,770,032	37,736,504	-
Other long-term liabilities	2,692,270	7,000,872	4,411,654	14,104,796	3,953,688
Total	\$ 41,840,227	\$ 15,010,774	\$ 7,181,686	\$ 64,032,687	\$ 9,310,563

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 properties are 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 December 31, 2025.

Foreign exchange risk

The Company reports its financial statements in USD. The functional currency of the Company 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.

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in US dollars)

23. Risks and capital management (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:

	December 31, 2025		December 31, 2024	
Financial assets denominated in U.S. Dollars	\$	11,412,204	\$	12,203,190

As at December 31, 2025, 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 \$1.14 million (2024 - \$1.22 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 December 31, 2025, the Company and its subsidiaries hold \$11,412,204, exposing the Company to currency risk.

24. 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 receivables, financial liabilities included in accounts payables, deposits received, amounts due to related parties, other long-term liabilities 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 December 31, 2025 and December 31, 2024 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	December 31, 2025		December 31, 2024	
Cash	1	\$	167,097,897	\$	100,738,547
Reclamation deposits	1		4,944,719		2,909,043
Investment	1		1,094,400		173,750
Receivables ⁽¹⁾	2		2,393,400		1,567,003
Other long-term assets	2		330,071		36,882
Total		\$	175,860,487	\$	105,425,225

⁽¹⁾ Receivables exclude sales and income tax receivables.

Financial liabilities	Level	December 31, 2025		December 31, 2024	
Accounts payable	2	\$	12,191,387	\$	5,356,875
Interest-bearing bank borrowings	2		37,736,504		-
Other long-term liabilities	2		12,044,670		3,592,794
Total		\$	61,972,561	\$	8,949,669

There were no transfers into or out of Level 3 during the years ended December 31, 2025 and 2024.

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in US dollars)

25. Non-controlling interest

Majestic holds 1,410,000,000 shares of Persistence, representing 58.75% of Persistence's outstanding shares on the HKEX. The 41.25% non-controlling equity interest of Persistence consists of 20.83% being the shares issued pursuant to the HKEX IPO, 16.67% being the shares issued pursuant to a private placement financing on October 14, 2025 and a 3.75% equity interest held by another minority shareholder.

The Company's equity interest in Zhongjia is held indirectly through its 58.75% owned subsidiary Persistence 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.

The Company's equity interest in Yantai Mujin is held indirectly through its 58.75% owned subsidiary Persistence by way of Persistence's 100% ownership interest in Majestic Yantai and PRG Res HK2. Majestic Yantai holds an 11% equity interest and PRG Res HK2 holds a 41% equity interest in Yantai Mujin. The non-controlling interest represents the 48% equity interest in Yantai Mujin held by two other shareholders.

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

	Zhongjia		Mujin		Persistence		Total
Balance, December 31, 2023	\$	20,916,670	\$	-	\$	25,638,749	\$ 46,555,419
Share of net income		5,880,298		-		4,736,983	10,617,281
Share of other comprehensive loss		(366,216)		-		(5,416)	(371,632)
Additions (Net of distributions)		(2,782,266)		-		(2,230,981)	(5,013,247)
Balance, December 31, 2024		23,648,486		-		28,139,335	51,787,821
Share of net income		7,315,069		(2,593,916)		6,852,136	11,573,289
Share of other comprehensive income		594,560		(39,192)		1,481,517	2,036,885
Non-controlling interest at acquisition (Note 4)		-		5,840,746		-	5,840,746
Issuance of shares in subsidiary		-		-		23,654,306	23,654,306
Additions/(Distributions)		(3,503,854)		2,744,860		(2,270,138)	(3,029,132)
Balance, December 31, 2025	\$	28,054,261	\$	5,952,498	\$	57,857,156	\$ 91,863,915

26. Income Tax

Current income tax expense primarily includes the provision for PRC Enterprise Income Tax ("EIT") for subsidiaries operating in the China and withholding tax on earnings that have been declared for distribution by PRC subsidiaries to offshore holding companies.

The Company uses the Chinese statutory income tax rate of 25% for tax provision of its Chinese subsidiaries .

Pursuant to the EIT Law, a 10% withholding tax is levied on dividends declared by Chinese companies to their foreign investors.

The components of the company's income tax expense are as follows:

	Year ended December 31,	
	2025	2024
Current income tax expense	\$ 12,572,107	\$ 9,120,680
Deferred income tax expense	1,220,171	304,965
	\$ 13,792,278	\$ 9,425,645

Majestic Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in US dollars)

26. Income Tax (continued)

A reconciliation of the expected income tax expense to the actual tax expense is as follows:

	Year ended December 31,	
	2025	2024
Net income for the year	\$ 32,109,701	\$ 29,970,797
Expected income tax expense at local statutory tax rates	8,669,619	8,092,115
Non-deductible items and other permanent differences	5,645,852	2,788,237
Effect of tax rate changes	(717,015)	(635,954)
Temporary differences not recognized	193,822	(818,753)
Total	\$ 13,792,278	\$ 9,425,645

Deferred tax assets consist of the following and all relate to the Company's Chinese operations:

	Year ended December 31,	
	2025	2024
Property, plant and equipment	\$ -	\$ (75,674)
Asset retirement obligation	1,008,228	949,406
Other temporary differences	220,769	241,219
	\$ 1,228,997	\$ 1,114,951

Deferred tax liabilities consist of the following and all relate to the Company's Chinese operations:

	Year ended December 31,	
	2025	2024
Withholding taxes	\$ (3,336,007)	\$ (2,418,297)
Property, plant and equipment	(11,258,535)	-
Net deferred tax liabilities	\$ (14,594,542)	\$ (2,418,297)

The Company has the following deductible temporary differences that relate to the Canadian parent and for which no deferred asset has been recognized:

	Year ended December 31,	
	2025	2024
Non-capital losses	\$ 32,805,010	\$ 30,569,930
Property, plant and equipment	418,666	379,555
Capital loss	45,305,097	43,154,608
	\$ 78,528,773	\$ 74,104,093

These temporary differences can be used to offset taxable income in the future. The non-capital losses expire in the years 2028 through 2043. The share issue costs are amortized into taxable income (loss) over a five-year period.

Chinese tax law requires that a withholding tax of 10% is applied to distributable profits of its Chinese subsidiaries to foreign parent companies.

27. Subsequent event

On January 6, 2026, the Company entered into an extension of its office lease for an additional five-year term commencing March 1, 2026. Under the terms of the extension, monthly lease payments will be \$3,222 for the first two years and \$3,473 for the remaining three years.