MANAGEMENT DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the nine months ended June 30, 2015

(Expressed in US dollars)

Introduction

The following Management Discussion and Analysis ("MD&A") of the financial condition and results of operations of Majestic Gold Corp. ("Majestic" or "the Company") should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements and related notes thereto for the nine months ended June 30, 2015 and 2014, (the "Financial Report") all of which are available on SEDAR at www.sedar.com and on the Company's website at www.majesticgold.com.

The financial information in this MD&A is derived from the Company's financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in US dollars unless otherwise indicated.

This MD&A contains information to August 26, 2015.

This discussion focuses on key statistics from the unaudited condensed consolidated interim financial statements for the nine months ended June 30, 2015 and up to the date of this MD&A and pertains to known risks and uncertainties relating to the gold exploration and development and mining industry. This discussion should not be considered all-inclusive, as it excludes changes that may occur in general economic, political and environmental conditions.

2015 Third Quarter Overview

- Gold production from the Songjiagou Gold Mine ("Songjiagou") in the third quarter of 2015 was 4,605 ounces, an 8% increase over 4,269 ounces produced in the comparative quarter of 2014;
- Average ore head grade was 0.43 g/t for the third quarter of 2015, compared to 0.42 g/t in the comparative quarter of 2014;
- Revenue was $2.8 million for the third quarter of 2015 from the sale of 2,251 ounces at an average price of $1,239/oz, compared to $8.6 million from 6,590 ounces sold at an average price of $1,311/oz. The 68% decrease in revenue over the 2014 comparative quarter is primarily attributed to the decrease gold ounces sold;
- Total cash costs per ounce were $1,290/oz for the third quarter of 2015 (2014 Q3 - $1,189/oz), an 8% increase over the 2014 comparative quarter;
- Net loss was $1,137,335 for the third quarter of 2015 (2014 Q3 – ($932,047));
- General and administrative (G&A) expenses were $637,416 for the third quarter of 2015 (2014 Q3 - $763,705). The 17% decrease over the 2014 comparative quarter indicates the Company's continued control of its G&A expenditures;
- The Company received final government approval to expand its Mining License at its Songjiagou Gold Mine from 0.342 km^2 to 0.594 km^2; and
- During the third quarter of 2015, Majestic entered into a Letter of Intent ("LOI") with Yantai Baiheng Gold Mining Co. Ltd. ("Baiheng") on the Shuang Shan Tun and Xia Yu Cun properties, located in the Muping-Rushan Gold Belt in Shandong Province, China.

Outlook

The Company continues the implementation of the grade control program as well as the development of an optimized mine plan.

Description of Business

Majestic is a Vancouver, Canada based gold producer with mining operations in China. The Company's main business involves the acquisition, exploration and development of mineral properties. At June 30, 2015, and at the date of this MD&A, all of the Company's mineral property interests and mining operations are located in China. The Company is a TSX Venture Exchange listed mining company under the symbol "MJS".

The Company's principal mining operation is the Songjiagou Gold Mine, of the Muping mineral property ("Muping"), located in Shandong Province, China. Majestic holds a 70.5% interest in Muping, through its 94% owned subsidiary Majestic Yantai Gold Ltd. ("Majestic Yantai"), which owns 75% of Yantai Zhongjia Mining Co. Ltd. ("Zhongjia"), being the Company's operating subsidiary in China. The Company commenced commercial gold production at the Songjiagou Gold Mine in May 2011.

Songjiagou Gold Mine

The Songjiagou Gold Mine is the Company's flagship project. The Company began commercial production in May 2011. The Company's joint venture partner Yantai Dahedong Processing Company Ltd., ("Dahedong") has held the contract to mine and process ore since startup.

Resource

SRK Consulting (China) Ltd. ("SRK") provided Majestic with an updated resource estimation dated January 31, 2013. At a gold cut-off grade of 0.3 g/t, within the mining license and exploration permit area, the Songjiagou Gold Mine contains the following mineral resources:

Category	Tonnes (kt)	Grade (g/t)	Contained Au (oz)
Indicated	28,615	1.38	1,269,000
Inferred	35,309	1.43	1,623,000

Included within the total resource and entirely within the boundaries of the current mining license, the Songjiagou Gold Mine contains:

Category	Tonnes (kt)	Grade (g/t)	Contained Au (oz)
Indicated	25,935	1.42	1,184,000
Inferred	28,690	1.35	1,245,000

Mineral resources do not demonstrate economic viability, and there is no certainty that these mineral resources will be converted into mineable reserves once economic considerations are applied.

Preliminary Economic Assessment

On August 21, 2013, the Company announced that SRK completed a NI 43-101 Technical Report in support of the PEA for the Songjiagou Gold Mine located in Shandong Province, People's Republic of China. The PEA was prepared by SRK Consulting (China) Ltd., under the direction of Anson Xu, PhD, FAusIMM. Dr. Xu is independent of Majestic and is a Qualified Person ("QP") as defined by National Instrument 43-101. The NI 43-101 Technical Report is available at www.sedar.com and www.majesticgold.com.

A summary of the main sections of the PEA are as follows:

Operating Cost

The following parameters were used to estimate the operating cost in the PEA:

- Mining cost: US$ 1.79/t (RMB 11.3/t). Mining costs are assumed to increase by US$ 0.05/t (RMB 0.3/t) annually;
- Stripping cost: US$ 1.36 (RMB 8.55/t). Stripping costs are assumed to increase by US$ 0.05/t (RMB 0.3/t) annually);
- Processing cost: US$ 7.55/t (RMB 47.46/t);
- Administration cost: US$ 0.72/t (RMB 4.50/t);
- Resource tax: US$ 0.72/t (RMB 4.50/t);
- Mineral resource compensation fee: US$ 31,830/year (RMB 200,000/year);
- Smelting cost: US$ 15.91/t (RMB 100/t) of dry gold concentrate; and
- Exchange rate: US$1 = RMB 6.2834 (CDN$ 1 = RMB 6.2789).

Mining Methods

Mining activities have been outsourced to Dahedong, and mining equipment is also being supplied by the contractor. The PEA is based on conventional open pit mining using excavators to load 40 tonne trucks which haul ore to the processing plant - a distance of about 4 km. Ore break is by self-propelled air track drills. Benches are 12 m high. The overall slope of the pit is 48°. The mine is scheduled to operate 330 days per year, 3 shifts per day and 8 hours per shift.

Recovery Methods

The Songjiagou Mine has three processing plants. Two of them were put into operation in 2006 with capacities of 200 tpd and 1,200 tpd and the third was put into operation in May 2011 with a capacity of 6,000 tpd. The 1,200 tpd mill is not being utilized at this time; all material mined currently is processed in the 6,000 tpd mill.

During the year-ended 2015, the 200 tpd mill was upgraded to a 2,000 tpd mill by a third party, YE Zhifan ("Zhifan"), to process waste material from Songjiagou (< 0.30 g/t). Zhifan has paid all costs associated with the upgrade of the mill and Zhongjia has agreed to provide Zhifan with up to 1,500 tons per day, when available.

Similar flowsheets are adopted in the 1,200 tpd plant and the 6,000 tpd plant. The flow sheet comprises conventional three-stage crushing and grinding in a closed circuit. The slurry is subjected to a flotation circuit comprising of one stage of roughing, one stage of cleaning, and two stages of scavenging. The gold concentrate is dehydrated and then sent for metallurgical processing at a nearby smelter.

The Company has been unable to realize the full potential of the Songjiagou Gold Mine, due, in a large part, to the lack of consistent grade control of the material entering the mill after being mined in the pit. The Company's management is currently limiting production to the capacity of the 6,000 tpd mill as the Company continues to work on the implementation of its grade control program, and the development of an optimized mine plan at Songjiagou.

On August 12, 2015, the Company announced receiving final government approval to expand its Mining License at Songjiagou, expanding the Mining License boundaries from 0.342 km² to 0.594 km². In advance of the approval, work in the pit at Songjiagou has included the development of a second access road into the pit to enable increased haulage of waste to two waste dump areas. The Company has also secured the necessary approval from residents of nearby Songjiagou and Fayunkang villages to relocate to a site that has been approved for residential construction. The village relocation plan is necessary due to their close proximity to the active open pit, and therefore allowing for the open pit expansion.

Exploration

On August 12, 2015, the Company announced it had entered into a non-binding Letter of Intent ("LOI") with Yantai Baiheng Gold Mining Co. Ltd. ("Baiheng") on the Shuang Shan Tun and Xia Yu Cun properties, located in the Muping-Rushan Gold Belt in Shandong Province, China.

The LOI is principally a due diligence agreement that allows Majestic a 12 month detailed due diligence period, after which the Company has the option to enter into a definitive agreement for one or both of the properties. During the due diligence period, Majestic will also hold the right of first refusal over any third party proposal similar in nature to those being contemplated.

The completion of the joint venture is subject to the completion of due diligence on exploration and development work completed on the properties to date, the completion of a scoping study-level evaluation of the properties, as well as the approval of the TSX Venture Exchange and all other required regulatory, corporate and security holder approvals. During the due diligence period and prior to entering into a definitive agreement with Baiheng, Majestic does not have any obligations to Baiheng.

The Shuang Shan Tun and Xia Yu Cun properties are both small tonnage, medium-high grade underground gold projects that have been developed as small scale producers. Majestic intends to determine the economic viability of larger scale development of either property on a joint venture basis.

On September 18, 2014, the Company announced that Zhongjia had entered into a non-binding Letter of Intent with China Shandong No. 3 Mineral and Geological Exploration Institute ("No. 3 Brigade") to explore, and if appropriate, develop the Jincheng Gold Property ("Jincheng"), a 14.72 square kilometer concession contiguous with the Songjiagou Gold Mine.

Terms of the joint venture provide for Zhongjia to earn an 80% interest in the Jincheng Gold Property, based on an evaluation of prior work done on Jincheng that is to be determined by an independent evaluator that is mutually acceptable to Zhongjia and the No. 3 Brigade. Zhongjia may earn into 80% of Jincheng by paying an amount equal to 80% of the evaluation amount. Once the joint venture is established, the companies agree to fund exploration and development of Jincheng on an 80/20 basis. Should the No. 3 Brigade choose not to fund their portion, their interest in the joint venture will dilute to a level no less than 8%.

As at June 30, 2015 and the date of this MD&A, no independent evaluation of the Jincheng Gold Property has been completed and the letter of intent is non-binding.

The Jincheng Gold Property is contiguous with Majestic's Songjiagou property to the north and east. Jincheng mirrors the Songjiagou Gold Mine area geologically as both are situated in close proximity to major regional fault systems, the northeast trending Yazi fault zone and the northwest trending Tanjia fault zone. Both properties are predominantly underlain by Cretaceous aged conglomerate and related clastic sediments of the Laiyang Group near the basin margin.

Qualified Person

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

Selected Financial Information

	Three months ended June 30,		Nine months ended June 30,	
Operating data	2015	2014	2015	2014
Gold produced (ozs)	4,605	4,269	14,476	14,824
Gold realized net of smelting fees (ozs)	4,246	4,080	13,517	13,896
Gold sold (ozs)	2,251	6,590	12,217	14,950
Average realized gold price ($/oz sold)	$ 1,239	$ 1,311	$ 1,264	$ 1,322
Total cash costs ($/oz sold) (1,2)	1,290	1,189	1,165	1,060
All-in sustaining costs ($/oz sold) (1,2)	1,552	1,302	1,333	1,368
Financial data				
Revenues	$ 2,787,430	$ 8,641,683	$ 15,440,165	$ 20,127,407
Gross profit (3)	(436,386)	456,620	(293,474)	3,118,460
Net loss attributable to shareholders	(903,034)	(979,226)	(2,371,478)	(3,253,046)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Cash and cash equivalents	7,090,595	12,444,592	7,090,595	12,444,592
Total assets	99,160,178	99,279,878	99,160,178	99,279,878
Total debt	27,494,464	20,445,677	27,494,464	20,445,677

(1) Per ounce sold.
(2) See "Additional Financial Measures" on page 13.
(3) "Gross profit" represents total revenues, net of cost of goods sold.

Results of Operations

Gold Production

Production data	Three months ended June 30, 2015	Three months ended June 30, 2014	Nine months ended June 30, 2015	Nine months ended June 30, 2014
Tonnes mined	386,408	361,361	1,205,445	1,231,838
Tonnes milled	374,457	380,744	1,170,375	1,225,076
Average head grade (g/t)	0.43	0.42	0.42	0.41
Mill recovery	89%	88%	88%	88%
Gold produced (ozs)	4,605	4,269	14,476	14,824
Gold realized, net of smelting fees (ozs)	4,246	4,080	13,517	13,896

Total gold produced for the quarter ended June 30, 2015, was 4,605 ounces compared to 4,269 ounces produced for the 2014 comparative quarter. The increase in gold produced over the 2014 comparative quarter is due to the combination of an increase in the average head grade as well as increased mill recovery.

For the first nine months of 2015, total gold production was down 2% over the 2014 comparative period due to the decrease in throughput to the mill as result of the implementation of the grade control program, which began during the third quarter of 2014.

Revenues

Gold	Three months ended June 30, 2015	Three months ended June 30, 2014	Nine months ended June 30, 2015	Nine months ended June 30, 2014
Ounces sold	2,251	6,590	12,217	14,950
Average realized price ($/oz)	$ 1,239	$ 1,311	$ 1,264	$ 1,322
Revenues				
Gold	$ 2,787,430	$ 8,641,683	$ 15,440,165	$ 19,764,963
Lease	-	-	-	362,444
	$ 2,787,430	$ 8,641,683	$ 15,440,165	$ 20,127,407

Gold revenue for the quarter ended June 30, 2015, was $2.8 million from gold sales of 2,251 ounces at an average realized gold price of $1,239, compared to gold revenue of $8.6 million from 6,590 ounces sold at an average realized gold price of $1,311 for the 2014 comparative quarter. The 68% decline in revenue over the comparative quarter of 2014 is due primarily to the decrease in gold ounces sold.

Total revenue for the first nine months of 2015, was $15.4 million from the sale of 12,217 ounces at an average realized price of $1,264/oz compared to $19.8 million from the sale of 14,950 ounces at an average realized price of $1,322/oz for the 2014 comparative period.

Cost of Goods Sold

Cost of Goods Sold	Three months ended June 30, 2015	Three months ended June 30, 2014	Nine months ended June 30, 2015	Nine months ended June 30, 2014
Contractor costs paid to Dahedong	$ 4,488,204	$ 5,233,398	$ 13,393,461	$ 12,535,171
Depreciation	320,393	348,460	1,505,330	1,154,965
Smelting costs	126,302	121,456	376,872	378,145
Resource taxes	719,098	328,367	1,301,878	1,039,319
Other direct costs	112,705	198,244	546,546	470,509
Changes in ending gold concentrate inventory	(2,542,886)	1,955,138	(1,390,448)	1,430,838
	3,223,816	8,185,063	15,733,639	17,008,947
Gold sold (ozs)	2,251	6,590	12,217	14,950
Total cash cost per ounce sold [(1)]	$ 1,290	$ 1,189	$ 1,165	$ 1,060

(1) See "Additional Financial Measures" on page 13.

The cash costs per ounce were $1,290 for the quarter ended June 30, 2015, compared to $1,189 per ounce for the 2014 comparative quarter. The increase in cash costs for the current quarter was due to an increase the resource taxes being charged.

Total cash costs per ounce for the first nine months of 2015 were $1,165/oz compared to $1,060/oz for the 2014 comparative period.

General and Administrative

G&A expenditures were $637,416 for the quarter ended June 30, 2015, compared to $763,705 spent in the 2014 comparative quarter. The decrease indicates the Company's continued control of its G&A expenditures.

For the nine months end June 30, 2015, G&A expenses were $2,085,897, compared to $4,712,343 for the 2014 comparative period. The 46% decrease over the 2014 comparative period indicates the continued control of G&A expenditures.

The details of the general and administrative expenses for the three and nine months ended June 30, 2015 and 2014 are as follows:

	Three months ended June 30,		Nine months ended June 30,	
	2015	2014	2015	2014
	$	$	$	$
Consulting and management fees	154,548	200,962	491,151	1,956,086
Depreciation	57,131	39,640	175,493	168,234
Financial Advisory Services	-	10,537	-	49,901
Office and general	316,191	200,602	619,411	739,063
Professional fees	4,386	2,038	27,279	485,320
Salaries and benefits	54,065	200,632	477,478	542,858
Shareholder communications	6,486	18,644	20,934	143,578
Travel	44,609	90,650	274,151	627,303
Total	637,416	763,705	2,085,897	4,712,343

G&A recorded in the statement of operations reflect the normal corporate business cycle. The Company strives to provide efficient and cost-effective administrative support to management's ongoing efforts to monitor production costs, and increase shareholder value.

Other Items

Finance expense was $351,326 for the quarter ended June 30, 2015, compared to $393,305 incurred in the comparative quarter.

Finance expense was $934,236 for the period ended June 30, 2015, compared to $1,360,627 incurred in the 2014 comparative period.

The details of the changes in the consolidated finance expense for the three and nine months ended June 30, 2015 and 2014 are as follows:

	Three months ended June 30,		Nine months ended June 30,	
	2015	2014	2015	2014
	$	$	$	$
Interest on loans	280,758	233,269	714,651	764,765
Interest on amount due to Dahedong	44,160	131,644	140,691	510,280
Accretion of asset retirement obligation	26,408	28,392	78,926	85,582
Total	351,326	393,305	934,268	1,360,627

Net loss for the quarter ended June 30, 2015, was $1,137,335 ($0.00 per share) compared to a loss of $932,047 ($0.00 per share) for the 2014 comparative period. The decrease in gold sales revenue in addition to the increase in production costs significantly impacted the current quarter's net loss.

Net loss for the nine months ended June 30, 2015, was $2,938,084 ($0.00 per share) compared to a loss of $3,320,144 ($0.00 per share) for the 2014 comparative period.

Summary of Quarterly Results

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

	June 30, 2015 -$-	March 31, 2015 -$-	December 31, 2014 -$-	September 30, 2014 -$-
Net revenues	$2,787,430	$5,889,843	$6,762,892	$3,688,996
Net loss	($1,137,335)	($639,042)	($1,161,707)	($3,988,722)
Per share	($0.00)	($0.00)	($0.00)	($0.01)
	June 30, 2014 -$-	March 31, 2014 -$-	December 31, 2013 -$-	September 30, 2013 -$-
Net revenues	$8,641,683	$7,614,531	$3,871,193	$9,834,158
Net loss	($932,047)	($15,476)	($2,372,621)	($3,188,303)
Per share	($0.00)	($0.00)	($0.00)	($0.01)

Significant variations in the net revenues generated for the most recent eight quarters is primarily due to fluctuations is gold sales, cost of goods sold and the impact of the volatility in metal prices.

Significant variations in the net loss from one period to another are mainly due to fluctuations in gold sales, and related metal prices as well as related cost of goods sold, on-going administrative costs and other expenses such as interest and foreign exchange gains and losses.

Liquidity

The Company's liquidity requirements arise principally from the need for working capital to finance expansion of its mining and processing operations. The Company's principal sources of funds have been proceeds from the borrowing from various financial institutions in China, equity financings, and cash generated from operations. The Company's liquidity depends primarily on its ability to generate cash flow from its operations and to obtain external financing to meet its debt obligations as they become due, as well as the Company's future operating and capital expenditure requirements.

At June 30, 2015, the Company had cash and cash equivalents of $7,090,595 (September 30, 2014 - $8,812,166) and had a working capital deficit of $10,849,654 (September 30, 2014 – ($8,300,208)).

Majestic began the nine months ended June 30, 2015, with $8,812,166 in cash and cash equivalents. During the nine months ended June 30, 2015, the Company had expended $5,569,910 on operating activities, net of working capital changes, spent $919,241 on investing activities, net of $34,362 in proceeds from the sale of investments, which was attributable to the purchase of property, plant and equipment, received $5,367,048 from financing activities, net of loan borrowing repayments, which was primarily attributable to loans borrowings, and had foreign exchange loss of $599,468, to end at June 30, 2015, with $7,090,595 in cash and cash equivalents.

Majestic began the nine months ended June 30, 2014, with $16,365,423 in cash and cash equivalents. During the nine months ended June 30, 2014, the Company had a net cash outflow from operating activities of $118,523, net of working capital changes, spent $1,513,318 on investing activities which was attributable to the purchase of property, plant and equipment, spent $1,890,328 on financing activities, net of loan borrowings, which was primarily attributable to loans borrowing repayments, and had foreign exchange loss of $398,662, to end at June 30, 2014, with $12,444,592 in cash and cash equivalents.

Management considers its operating cash flows to be sufficient to cover the next twelve months to meet its planned exploration, development, operational activities, and its current outstanding debts. The Company has completed its mining and production facilities and is now dependent on achieving consistent profitable income from operations. Revenue and expenses should increase as production increases with the mill reaching full capacity. Should this not be achieved, the Company will continue to be dependent on raising additional funds to meet operational requirements and ultimately upon achieving profitable operations.

Capital Resources

At the date of this MD&A, the Company has 20,500,000 stock options at exercise prices ranging from CAD$0.12 to CAD$0.20. All stock options will, if exercised, provide additional cash. At the date of this MD&A, the stock options outstanding are "out of the money".

As at the date of this MD&A, other than as described herein and in the Financial Report, the Company has no other arrangements for sources of financing.

In management's view, given the nature of the Company's operations, which consists of exploration, mining and evaluation of mining properties, the most relevant financial information relates primarily to current liquidity, solvency and planned property expenditures. The Company's financial success will be dependent upon the extent to which it can discover mineralization and the economic viability of developing its properties. Such development may take years to complete and the amount of resulting income, if any, is difficult to determine. The sales value of any minerals discovered by the Company is largely dependent upon factors beyond the Company's control, including the market value of the metals to be produced.

Outstanding Share Data

Authorized: an unlimited number of common shares without par value.	Common shares issued and outstanding	Stock options
Outstanding at June 30, 2015 and at the date of this MD&A	839,765,216	20,500,000

Transactions with Related Parties

Related party transactions

The Company incurred the following related party transactions during the three and nine months ended June 30, 2015 and 2014:

	Three months ended June 30,		Nine months ended June 30,	
	2015	2014	2015	2014
	-$-	-$-	-$-	-$-
Consulting fees charged by companies controlled by directors and officers of the Company	163,077	160,880	500,565	1,584,926
Mining and milling services charged by Dahedong	4,488,204	5,918,824	13,393,461	13,220,597
Loan interest charged by Dahedong	43,214	131,644	139,745	510,280
	4,694,495	6,211,348	14,033,771	15,315,803

Compensation of key management personnel

The remuneration of directors and other members of key management personnel, which are included in the amounts disclosed above, were as follows:

	Three months ended June 30,		Nine months ended June 30,	
	2015	2014	2015	2014
	$	$	$	$
Management fees	63,312	75,757	194,992	206,457
Termination benefits-management fees	-	-	-	922,100
Director fees	42,056	43,430	128,662	119,690
	105,368	119,187	323,654	1,248,247

Key management included the Company's directors, executive officers and senior management. These transactions occurred in the normal course of operations and are measured at their exchange amounts, which is the amount of consideration established and agreed to by the parties.

New standards adopted during the period

The Company adopted the following new accounting standards:

Amendments to IAS 32 "Financial Instruments: Presentation"

These amendments address inconsistencies when applying the offsetting requirements, and are effective for annual periods beginning on or after January 1, 2014.

The adoption of this new standard did not have a material effect on these condensed consolidated interim financial statements.

New standards, interpretations and amendments issued but not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of June 30, 2015, and have not been applied in preparing these condensed consolidated interim financial statements. None of these are expected to have a material effect on the financial statements of the Company.

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

<u>Commitment and Contingencies</u>

Commitments and contingencies include principal and interest payments of Company's bank loans, expenditure commitments on its mineral properties and future aggregate minimum operating lease payments required under the operating leases as described in the notes to the Financial Report.

<u>Off-Balance Sheet Arrangements</u>

At June 30, 2015, the Company had no off-balance sheet arrangement such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

Financial Instruments and Risk Management

Financial Instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Risk Management

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada and China. The credit risk associated with cash held in Canada is reduced by management ensuring that the Company uses a major Canadian financial institution with strong investment grade ratings by a primary ratings agency. The credit risk associated with cash held in China is reduced, but not fully mitigated, by management using a financial institution that is operated by the Government of China.

Liquidity Risk

The Company ensures 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.

Industry Risk

The Company is a mining and exploration company with properties and mining operations focused 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 CNY against the US dollar. The Company does not use derivatives or hedging to mitigate the risk of changes in the price of gold or currency fluctuations.

The Company's business is highly dependent on the price of gold and venture capital markets, which are impacted by volatility factors the Company cannot control. A decrease in the price of gold could adversely affect the Company's financial condition, results of operations and cash flows. Lower gold prices may result in asset impairment, write-downs of mineral property carrying values and limitations in access to capital.

The Company operates in China and is exposed to the laws governing the mining industry in China. The Chinese government is currently supportive of the mining industry but there is uncertainty in future changes to government policies and regulations including taxation, repatriation of profits, restrictions on production, export controls, environmental compliance and expropriation. These factors could adversely affect the Company's exploration efforts and production plans.

The Company's property is located in an area that can experience severe winter weather conditions which could adversely affect mining and exploration programs. 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 held in bank accounts that earn interest at variable interest rates. The Company's loans payable accrues interest at fixed rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on the estimated fair value as of June 30, 2015.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk to the extent expenditures incurred or funds received and balances maintained by the Company are denominated in currencies other than the functional currency of the entity completing the transaction or holding the funds. The Company does not manage currency risks through hedging or other currency based derivatives. The Company and its subsidiaries do not have significant transactions or hold significant cash denominated in currencies other than their functional currencies. Therefore, this risk is considered minimal.

Other Price Risk

Other price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk, price risk or foreign exchange risk.

The Company is exposed to changes in market prices as this can impact the value of its investments.

The Company is exposed to changes in the price of gold which affects its earnings and cash flows. Changes in the price of gold will impact the profits and resulting cash flows of the company and could potentially impact the classification and amounts of certain liabilities, most notably the asset retirement obligation.

As at June 30, 2015, the Company has no contracts or agreements in place to mitigate these price risks.

Directors

Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring mineral properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest, which they may have, in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any directors in a conflict will disclose their interests and abstain from voting in such matters. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

Management's Responsibility for Financial Information

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management, and have been examined and approved by the Audit Committee of the Board of Directors. The financial statements were prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

Risks and Uncertainties

Risks and uncertainties information concerning risks specific to the Company and its industry, which are required to be included in this MD&A are incorporated by reference to the Company's annual MD&A for the year ended September 30, 2014.

Additional Financial Measures

The Company has included additional financial performance measures in this MD&A, such as total cash costs, and All-in sustaining costs ("AISC"), on a per ounce basis. The Company reports total cash costs and AISC on a sales basis. In the gold mining industry, this is a common performance measure but does not have any standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

"Total cash costs per ounce" is calculated from operation's cash costs, which include resource taxes, and dividing the sum by the number of gold ounces sold. Operations cash costs include mining, milling, smelter and other direct costs.

"All-in sustaining cash costs per ounce" includes total cash costs per ounce (as defined above) and adds the sum of G&A, sustaining capital and certain exploration and evaluation costs, all divided by the number of ounces sold. As this measure seeks to reflect the full cost of gold production from current operations, new project capital is not included in the calculation of all-in sustaining costs per ounce. Additionally, certain other cash expenditures, including income tax payments and financing costs, are not included.

The following tables provide reconciliation to the consolidated financial statements of total cash costs per ounce, and AISC per ounce:

	Three months ended June 30, 2015	Three months ended June 30, 2014	Nine months ended June 30, 2015	Nine months ended June 30, 2014
Gold sold (ozs)	2,251	6,590	12,217	14,950
Total cash costs				
Contractor costs paid to Dahedong	$ 4,488,204	$ 5,233,398	$ 13,393,461	$ 12,535,171
Smelting costs	126,302	121,456	376,872	378,145
Resource taxes	719,098	328,367	1,301,878	1,039,319
Other direct costs	112,705	198,244	546,546	470,509
Changes in ending gold concentrate inventory	(2,542,886)	1,955,138	(1,390,448)	1,430,838
	$ 2,903,423	$ 7,836,603	$ 14,228,309	$ 15,853,982
Total cash costs per ounce sold	$ 1,290	$ 1,189	$ 1,165	$ 1,060
All-in sustaining costs per ounce				
Total cash costs	$ 2,903,423	$ 7,836,603	$ 14,228,309	$ 15,853,982
General and administrative, net of depreciation	580,285	724,065	1,910,404	4,544,109
Sustaining capital	8,781	21,910	144,375	55,824
All-in sustaining costs	$ 3,492,489	$ 8,582,578	$ 16,283,088	$ 20,453,915
Per ounce sold	$ 1,552	$ 1,302	$ 1,333	$ 1,368

Sustaining capital expenditures are defined as those expenditures which do not increase annual gold ounce production and excludes all expenditures at the Company's projects and certain expenditures at the Company's operations which are deemed to be expansionary in nature. The following table reconciles sustaining capital expenditures to the Company's total additions as reported in the interim condensed consolidated statements of cash flows for the three and nine months ended June 30, 2015 and 2014:

	Three months ended June 30, 2015	Three months ended June 30, 2014	Nine months ended June 30, 2015	Nine months ended June 30, 2014
Additions to property, plant and equipment				
Songjiagou Gold Mine	$ 213,816	$ 836,232	$ 809,228	$ 1,457,494
Sustaining capital	8,781	$ 21,910	144,375	55,824
	$ 222,597	$ 858,142	$ 953,603	$ 1,513,318

Forward-Looking Statements

This MD&A contains or incorporates by reference "forward-looking statements" within the meaning of applicable Canadian securities legislation. Except for statements of historical fact relating to the Company, information contained herein constitutes forward-looking statements, including any information as to the Company's strategy, plans or future financial or operating performance. Forward-looking statements are characterized by words such as "plan", "expect", "budget", "target", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include the impact of general business and economic conditions, global liquidity and credit availability on the timing of cash flows and the values of assets and liabilities based on projected future conditions, fluctuating gold prices, currency exchange rates, possible variations in ore grade or recovery rates, changes in accounting policies, changes in the Company's corporate resources, changes in project parameters as plans continue to be refined, changes in project development, construction, production and commissioning time frames, risk related to joint venture operations, the possibility of project cost overruns or unanticipated costs and expenses, higher prices for fuel, steel, power, labour and other consumables contributing to higher costs and general risks of the mining industry, failure of plant, equipment or processes to operate as anticipated, unexpected changes in mine life, unanticipated results of future studies, seasonality and unanticipated weather changes, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and timing and possible outcome of pending litigation and labour disputes, as well as those risk factors discussed or referred to in the Company's Management's Discussion and Analysis for the year ended September 30, 2014, filed with the applicable securities regulatory authorities and available at SEDAR www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates, assumptions or opinions should change, except as required by applicable law. The reader is cautioned not to place undue reliance on forward-looking statements. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the Company's expected financial and operational performance and results as at and for the periods ended on the dates presented in the Company's plans and objectives, and may not be appropriate for other purposes.

Other Information

Additional information relating to the Company is available for viewing on SEDAR at www.sedar.com and at the Company's web site www.majesticgold.com.