MANAGEMENT DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Expressed in US dollars)

For the year ended

September 30, 2012

INTRODUCTION

The following discussion is Management Discussion and Analysis ("MD&A") of the financial condition and results of operations of Majestic Gold Corp. ("Majestic" or "the Company") and the accompanying audited annual consolidated financial statements and notes for the year ended September 30, 2012 and September 30, 2011 (the "Financial Report").

On October 1, 2011, the Company adopted International Financial Reporting Standards ("IFRS"). The Financial Report has been prepared in accordance with IFRS 1, *First-time Adoption of International Financial Reporting Standards*, and has used accounting policies consistent with IFRS.

All dollar amounts are expressed in US dollars in the Financial Report and MD&A unless otherwise indicated.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

The effective date of this MD&A is January 28, 2013.

This discussion focuses on key statistics from the audited consolidated financial statements for the year ended September 30, 2012 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.

DESCRIPTION OF THE 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 September 30, 2012, 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 Song Jiagou Gold Mine Project of the Muping mineral property, located in the Chinese province of Shandong. Majestic through its 94% owned subsidiary Majestic Yantai Gold Ltd. ("Majestic Yantai") holds its interest in Muping. The Company commenced commercial gold production at the Song Jiagou Gold Mine Project in May 2011.

OVERALL PERFORMANCE

Highlights for the year ended September 30, 2012 and up to the date of this MD&A are summarized as follows:

- Revenue increased by 197% to $31,670,269 in 2012 from $10,651,076 in 2011.

- Gold production from the Song Jiagou Gold Project increase by 119% from 8,671 ounces in 2011 to 18,969 ounces in 2012.

- Gold sales from the Song Jiagou Gold Project increase by 152% from 7,398 ounces in 2011 to 18,607 ounces in 2012.

OUTLOOK

- The Company has forecasted an average production for the life of the mine at a rate of 100,000 ounces of gold per year from the Song Jiagou Gold Project based on a Preliminary Assessment prepared by Wardrop Engineering Inc. (a Tetratech Company) and dated February 25, 2011.

- To fulfill the Company's growth strategy, the Company is continually working Deloitte & Touche Financial Advisory Services Limited ("Deloitte") and other interested parties to identify potential international mining and exploration opportunities.

SONG JIAGOU GOLD MINE DEVELOPMENT

The Song Jiagou Gold Mine ("Song Jiagou") is located in the Chinese province of Shandong is the Company's flagship project. The Company begun commercial production in May 2011 and had annualized gold production of 18,969 ounce during 2012 and has been able to increase the mill throughput from an initial rate of 3,000 tonnes per day to approximately 5,000 tonnes per day. The Company continues to work towards reaching full capacity of 6,000 tonnes per day during the next quarter.

The Company expects gold production to increase during the next nine months toward the Company's goal of 100,000 ounces per year as it commences to process the higher grade ore from the main ore body at Song Jiagou. Over the past four quarters, the Company has processed all mined materials, including material considered waste in the mine plan, resulting in a mill head grade lower than the grade projected for the main ore body. This practice will be continued until the planned upgrades to the onsite assay lab have been completed. These upgrades will allow the Company to implement improved grade control, resulting in turn in higher head grades for ore delivered to the mill. The lab improvements will include the addition of fire assay equipment and the expansion of lab facilities to allow more samples to be processed on a daily basis, resulting in better information for the mining operations.

MINING PROPERTY

In May 2004, the Company, through its 94% owned subsidiary Majestic Yantai Gold Ltd. ("Majestic Yantai"), acquired an interest in thirteen exploration licenses located in the Chinese province of Shandong (the "Muping Property"). The Company acquired these licenses as part of a co-operation contract with Shandong Yantai Muping Gold Mine, China. This agreement provided an option to acquire a 60% interest in Yantai Zhongjia Mining Inc. ("JVCo"), a Chinese co-operation company that was established to hold the rights to the Muping Property. In order to secure its rights and interest in JVCo, Majestic Yantai was required to contribute a minimum of CNY 35,000,000 in exploration costs by March 2009 (completed). During the years ended September 30, 2008 and 2007, nine of the thirteen exploration licenses were abandoned, leaving four exploration licenses that now comprise the Muping Property.

During the year ended September 30, 2010 the Company entered into the following Agreements relating to the Muping Mineral Property:

1. On February 11, 2010 the Company entered into an Acquisition Agreement ("Agreement") with Yantai Dahedong Processing Co. Ltd ("Dahedong") to acquire the remaining 40% ("Muping JV Interest") of JVCo. As part of the proposed transaction, JVCo will acquire the

Mining Permit required to commence mining operations and will commence mining operations.

2. On September 1, 2010 the Company entered into a Declaration of Trust and Profit Sharing Agreement ("Profit Sharing Agreement") with Dahedong which, among other matters, outlines the basis by which the mining operations and share of profits, as defined in the Agreement, are to be conducted and distributed. The Profit Sharing Agreement was a re-affirmation of essential arrangements as outlined in the original Agreement of February 11, 2010.

3. On September 29, 2010 the Company entered into Addendum No. 1 to the Agreement.

The Muping JV Interest was initially transferred from its holders to Dahedong. The agreement then provides for this interest to be transferred to Majestic Yantai. Upon completion of the acquisition of the Muping JV Interest by Majestic Yantai, the Company's interest in JVCo and the Muping Mineral Property increases from 54% to 94%.

The Company entered into the Agreement and the Profit Sharing Agreement to facilitate commencement of mining operations at the Muping Property. The Agreements provides that Dahedong will carry on mining operations on the Muping Property. In addition, Dahedong will process ore mined from the property at facilities owned by it.

Under the Agreement, mining operations will be carried out by Dahedong. Dahedong will be responsible for mining, transporting and processing ore and tailings and other waste material from the Muping Property for a period of 30 years (the "Mining Term").

Significant terms of the Agreement are as follows:

1. As compensation for the use of Dahedong's mining assets and equipment during the Mining Term, Dahedong will be entitled to 25% of the net profits ("Net Profits"), as defined in the Agreement, of JVCo derived from mining operations during the Mining Term. Net Profits is determined based on revenues less mining and processing costs, refining costs, royalties and production taxes, income taxes and costs to fund future reclamation work.

2. 100% of all revenue received by JVCo will accrue to the sole benefit of JVCo;

3. To cover Dahedong's operational costs, Dahedong will receive CNY75 per tonne ("Mining Fee") for all mining, transporting and processing services required to produce concentrate suitable for delivery to a refinery or smelter.

   The Mining Fee will be paid only from revenue from mining operations so that no cost, expense or liability will accrue to or be payable by JVCo with respect to mining operations, and the Mining fee will be paid to Dahedong from revenue before any revenue is distributed to any participant in JVCo. On October 5, 2011, the Mining Fee was revised resulting in Mining Fees ranging between CNY40 and CNY75 per tonne for open pit operations and CNY92.5 and CNY130 for underground operations, subject to achieving specified recovery rates. The Mining Fees are based on ranges of ore head grade.

4. Dahedong is primarily responsible for dealings with Chinese governmental authorities and interest groups in carrying out mining operations.

As subsequently revised in the addendum to the Agreement, the Agreement also provides for construction of a new mill and related facilities (collectively the "New Mill") in accordance with the following terms:

a. Dahedong will construct one New Mill with an output of approximately 6,000 tonnes per day at a budgeted cost of CAD$50,000,00;
b. Dahedong shall complete the procedures for the acquisition and lease of land to be occupied by the New Mill, obtain necessary approvals, complete filing procedures, and coordinate the supply of utilities such as water and electric power for the New Mill;
c. Dahedong shall be responsible for 25% of the costs incurred in the construction of the New Mill including permitting, leasing and licensing costs, and JVCo shall be responsible for 75% of construction costs;
d. Ownership of the New Mill shall be vested in JVCo;
e. Dahedong will be responsible to pay all construction costs in the first instance;
f. JVCo will reimburse Dahedong for 100% of JVCo's share of construction costs out of JVCo's share of Net Profits before any Net Profits are paid or distributed by JVCo to the Company;
g. JVCo's share of construction costs will be paid only from JVCo's share of Net Profits so that no cost, expense or other liability will accrue to or be payable by JVCo otherwise than out of Net Profits;
h. JVCo will pay to Dahedong a financing fee equal to 10% of JVCo's share of construction costs out of JVCo's share of Net Profits after JVCo's share of construction costs have been paid in full and before any Net Profits are paid or distributed by JVCo to the Company;
i. Title to the New Mill shall not be transferred to JVCo until JVCo has reimbursed Dahedong for JVCo's share of construction costs out of JVCo's share of Net Profits;
j. JVCO shall have the right, but not the obligation, to pay or reimburse Dahedong for all or any portion of JVCo's share of construction costs from other sources of funding which may be available to JVCo from time to time. Such payments would offset the agreed minimum payments from revenues

For the year ended September 30, 2012, Dahedong's share of Net Profits was $2,722,596 (2011 - $693,426).

Resource

On January 20, 2011 the Company announced that Wardrop Engineering Inc., (A Tetra Tech Company) ("Wardrop") completed a Preliminary Assessment ("PA") for the Song Jiagou Gold Project.

Highlights of the PA are as follows:

- Net present value of US$525 million using a 10% discount rate
- Internal rate of return of 78.6%
- Payback in 1.4 years
- Total gold production of 2.3 million ounces for life-of-mine
- Life-of-mine-strip ratio 1.87 : 1 (waste to ore)
- Mine-life of 22 years

Preliminary Production Schedule

The life-of-mine strip ratio is 1.87 to 1 (waste to ore). Total ounces contained in the resource are 3,074,787; of this 2,324,000 ounces are potentially recoverable as bullion during the mine operations at an average annual production of approximately 106,000 ounces per year.

Operating Costs

Life-of-mine ("LOM") operating costs are estimated at US$11.67 per ton milled, including mining, process and transportation costs based on the current contract terms.

Operating Cash Flows

Operating cash flows based on pit optimization parameters employed by Wardrop indicate that in years 1-8 the mine will produce a total of approximately 1,152,000 ounces of gold (144,000 ounces annually) and generate US$841 million (US$105 million annually) in operating cash flow compared with LOM production of 2.32 million ounces of gold in concentrate (106,000 ounces annually) and operating cash flow of US$1.516 billion (US$68.9 million annually).

Economic Returns

Wardrop evaluated the economic viability of the Song Jiagou project using pre-tax discounted cash flow analysis based on the engineering work and cost estimates discussed in the Preliminary Assessment. Over the life of the mine, Song Jiagou is estimated to produce on average 106,000 ounces gold in concentrate per year. Total gold produced for LOM will be 2.324 million ounces; with a gold price of $973 per ounce and total operating cash flow of US$1,516 million, the total cash cost is US$745 million or US$321 per ounce of gold. The pre-tax Net Present Value is US$525 million and the IRR is 78.6%.

The preliminary economic assessment is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized mineral resources that are not mineral reserves do not have demonstrated economic viability.

Mining

Based upon the estimates in the Preliminary Economic Assessment and on the favorable contract mining and milling terms negotiated with Dahedong, the Company has made a decision to proceed with production. The production decision is not based on a feasibility study of mineral reserves demonstrating economic and technical viability. The company's production decision was made based on the open pit optimization resource model set out in the PEA, which takes into account the relatively low mining costs negotiated by the company. The pit optimization that was conducted in the preliminary assessment generated a production schedule summary at grade cut-off of 0.30 gram per tonne Au as set out in the table (page 13 of the PEA):

Preliminary production summary	Value
Mill tonnes (including stockpile) Mill tonnes Waste tonnes Strip ratio Au grade (g/t) Contained metal (g) Mine life (years)	53,559,000 52,682,000 100,377,00 0 1.87 1.52 80,218,208 22

The PEA includes the inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the preliminary assessment will ever be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The resource used in preparation of the PEA is tabulated as follows:

Resource category*	Cut-off (g/t)	Tonnes	Au uncap (g/t)	Au cap** (g/t)	Oz Au uncap	Oz Au cap
Indicated	0.30	33,739,586	1.384	1.147	1,501,298	1,244,211
Inferred	0.30	38,812,054	1.500	1.467	1,871,755	1,830,576

* Mineral resources are not mineral reserves and do not have demonstrative economic viability. All figures have been rounded to reflect the relative accuracy of the estimates.
** Gold grades were capped at 40.0 g/t.

Open pit optimization was carried out using Whittle 4.3 which uses a series of Lerchs Grossman (LG) pit shells at different prices of gold to optimize the size of the pit while maximizing net present value (NVP) of the deposit. The resulting LG shells generated the highest discounted cash flow from the ore body at varying prices of gold. The LG shell used for optimization does not apply practical mining considerations and constraints.

The strategic planning using the generated LG pit resulted in Wardrop identifying the "potentially minable" resources within the proposed preliminary production schedule (page 15 of the PEA), as seen in the table.

Resources classification	Tonnes	Grade, Au (g/t)
Indicated	29,875,527	1.207
Inferred	22,806,473	1.936

The optimization was based on a gold price of $973 per ounce and an exchange rate of $1.000 (U.S.) to $1.087 (Canadian).

The Song Jiagou resource estimate was carried out using industry-standard procedures and a geological interpretation of the deposit that, to the extent possible, reflected observations of grade distributions. Modelling of the deposit is uncertain, however, because it is difficult to establish with a high level of confidence the area of influence of higher grade gold values. The risk remains, therefore, that the geological model may overstate the distribution of high-grade gold values. If future mining demonstrates that this is in fact the case, then the model may overstate anticipated gold grades. Because the probability of this outcome is unknown, the level of uncertainty must also be unknown.

Wardrop consultants, all of whom are independent of the Company, prepared the Preliminary Economic Assessment and are Qualified Persons as defined by section 1.4 of National Instrument 43-101. The QPs have reviewed and approved the information contained in the Preliminary Assessment. The QPs are Greg Mosher, P.Geo., Jianhui Huang, P.Eng., Miloje Vicentijevic, P.Eng., M.Eng. and Honorio Narciso, P.Eng.

The geological information has been reviewed and approved by Rod Husband, P. Geo., who is a qualified person under the definitions established by National Instrument 43-101 and Mike Hibbitts, P. Geo. who is also a qualified person under the definitions established by National Instrument 43-101. Rod Husband is the President and a Director of the Company and Mike Hibbitts is the VP Exploration and Development and a Director of the Company.

FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Majestic previously prepared its financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") as set out in the Handbook of the Canadian Institute of Chartered Accountants (the"CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate IFRS, and now requires publicly accountable enterprises to apply such standards effective for periods beginning on or after January 1, 2011. Accordingly, the accounting policies adopted in the preparation of our first year financial statements have been prepared on the basis of IFRS, which is mandatory for financial years beginning on or after January 1, 2011. The comparative balances at September 30, 2011, and the year ended September 30, 2011, have been reconciled and the result was that there were differences identified between Canadian GAAP and IFRS for the Company. These differences are described in Note 26 to the financial statements.

SELECTED ANNUAL INFORMATION

The following table presents audited selected financial information for the last three audited fiscal years:

	Year ended September 30, 2012 $	**Year ended September 30, 2011** $	**Year ended September 30, 2010** (*) $
Revenue	31,670,269	10,651,076	5,692,712
Net loss	(2,070,781)	(11,039,016)	(5,281,720)
Net loss per share	(0.00)	(0.02)	(0.02)
Total assets	110,506,924	90,571,761	25,820,918
Long-term liabilities(**)	2,538,356	2,104,461	-
Dividends	-	-	-

(*) Information for 2010 is presented in the above table in accordance with Canadian GAAP and has not been restated in accordance with IFRS.
(**) Long-term liabilities does not include deferred income.

RESULTS OF OPERATIONS

The Company achieved a record year in 2012, producing 18,969 ounces compared to 8,671 for the comparative year. The Company reported record results in all of the following categories: gold sales, cash generated from operations, and gold production.

The significant changes between the current year and the comparative year are discussed below.

Revenue for the year ended September 30, 2012 was $31,670,269 compared to $10,651,076 for the comparative year. Revenue for 2012 is comprised of gold sale revenue of $31,116,445 for the sale of 18,607 ounces at an average price $1,672 compared to $10,651,076 on the sale of 7,398 ounces at an average price of $1,439 for the comparative year. Gold revenue increase by 192%, due to 16% increase in the average gold price received and a 152% increase in gold ounces sold. For 2012, revenue also included $553,824 (2011- Nil) from a mining lease. The Company entered into a two year mining lease agreement on March 26, 2012 for CNY¥14 million over the term of the lease.

The Company expects gold production to increase during the next nine months toward the Company's goal of 100,000 ounces per year as the Company commences to process the higher grade ore from the main ore body at Song Jiagou. Over the past four quarters, Zhongjia has processed all mined materials, including material considered waste in the Mine Plan, resulting in a mill head grade lower than the grade projected for the main ore body. This practice will be continued until the planned upgrades to the onsite assay lab have been completed. These upgrades will allow the Company to implement improved grade control, resulting in turn in higher head grades for ore delivered to the mill. The lab improvements will include the addition of fire assay equipment and the expansion of lab facilities to allow more samples to be processed on a daily basis, resulting in better information for the mine operator.

Cost of goods sold for the year end September 30, 2012 were $19,841,998 compared to $8,350,862 for the comparative period. The year over year increase in costs of goods sold was primarily due 100% increase of ore being processed in 2012 compared to the 2011. In the year ended September 30, 2012, 1,950,987 tonnes of ore was processed compared to the 976,386 tonnes in the year ended September 30, 2011.

General and administrative expenses for the year ended September 30, 2012 increased to $8,497,960 from $5,117,242 in the comparative year.

The details of the changes in general and administrative expenses for the year ended September 30, 2012 and 2011 are as follows:

	2012 -$-	2011 -$-
Consulting and management fees	4,500,376	2,531,241
Office and general	1,477,962	706,932
Professional fees	334,404	283,345
Salaries	800,455	291,703
Shareholder communications, transfer agent and filing fees	77,191	144,574
Travel	1,226,404	1,119,659
Depreciation	81,168	39,788
Total	8,497,960	5,117,242

Consulting and management fees increased in 2012 in comparison to 2011 due primarily to a consulting agreement with Deloitte for financial advisory services, as well as the increase in consulting and management fees reflecting the growth of the Company.

Office and general expenses fees were higher due to increased administrative activity during the current year compared to the previous period due to the growth of the Company.

Salaries increased in 2012 over 2011 due to the increase in employees at the JVCO in China in relation to the increased activity and growth of the Company.

Travel increased in 2012 over the comparative year due to the Company's increased its attendance at trade shows and investor conferences as well as the increased travel in connection to raising additional funds and exploring possible opportunities for the Company listing on the Hong Kong Stock Exchange and mineral property site visits to China.

General administrative expenses recorded in the statement of operations reflect the normal corporate business cycle. The Company strives to provide efficient and cost-effective administrative support to management's ongoing efforts to seek new properties, monitor production costs, and increase shareholder value. Any significant increases/decreases in such costs are commensurate with such efforts.

Stock-based compensation expense for the year ended September 30, 2012 was Nil compared to $5,570,746 over the same period in 2011. The decrease is due to the Company not having granted options in the current year as compared to the prior year.

Finance expense for the year September 30, 2012 was $2,934,022 compared to $900,486 in the prior year. The increase in the current year was due to the financing expense related to the construction costs of the new mill as well as the interest fees related to loans taken by the Company during the year.

Net loss for the year ended September 30, 2012 was $2,098,915 ($0.00 per share) compared to $11,039,016 ($0.02 per share) in the comparative period.

SUMMARY OF QUARTERLY RESULTS

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

	September 30, 2012 -$-	**June 30, 2012 -$-**	**March 31, 2012 -$-**	**December 31, 2011 -$-**
Net revenues	$12,358,710	$6,797,853	$5,838,648	$6,675,058
Net loss	($498,220)	($591,676)	($731,207)	($249,678)
Per share	($0.00)	($0.00)	($0.00)	($0.00)
	September 30, 2011 -$-	**June 30, 2011 -$-**	**March 31, 2011 -$-**	**December 31, 2011 -$-**
Net revenues	$5,401,067	$2,460,059	$1,074,655	$1,715,295
Net loss	($6,835,369)	($1,181,480)	($1,477,705)	($1,544,462)
Per share	($0.01)	($0.00)	($0.00)	($0.00)

Significant variations in the net revenues between periods are due to increased gold produced and gold sales due to the new mill being completed in May 2011 resulting in increased production capacity.

Significant variations in the loss from one period to another are mainly due to increase in the start-up of mining operations, the issuance of incentive stock options, which results in an increase in stock-based compensation, and impairment of accounts receivable .

FOURTH QUARTER

The Company began the fourth quarter with $24,460,820 cash. During the fourth quarter the Company expended $4,410,603 in operating costs, invested $7,175,525 in investing activities which was primarily attributable to the purchase of property, plant and equipment and generated $11,484,407 from financing activities which was primarily attributable to proceeds from loans borrowings, net of borrowing repayments, with a positive $615,145 effect of foreign exchange on cash to end at September 30, 2012, with $24,974,244 in cash and cash equivalents and cash equivalents.

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 September 30, 2012, the Company had cash and cash equivalents of $24,974,244 compared to cash and cash equivalents of $13,536,073 at September 30, 2011. Working capital at September 30, 2012 was $6,832,954 compared to a working capital deficiency of $18,290,221.

Majestic began the year ended September 30, 2012, with $13,536,073 in cash and cash equivalents. During the year ended September 30, 2012, the Company had a net cash inflow from operating activities of $413,406, net of working capital changes, spent $34,949,886 on investing activities which was attributable to the purchase of property, plant and equipment and received $45,359,407 from financing activities which was primarily attributable to proceeds from equity financings and loans borrowings, net of borrowing repayments, to end at September 30, 2012, with $24,974,244 in cash and cash equivalents

On November 3, 2011, the $10,105,455 (CAD$10,000,000) convertible loan (Note 16) was converted into 48,780,489 common shares of the Company at a price of CAD$0.205 per share. In addition, deemed interest in the amount of $427,438 (CAD$437,500) was converted into 2,134,145 common shares of the Company at a price of CAD$0.205 per share. A total of 50,914,634 common shares were issued.

On June 22, 2012, the Company completed a non-brokered private placement of 197,500,000 units ("Units") at a price of CAD$0.18 per Unit for gross proceeds of $34,650,585 (CAD$35,550,000). Each Unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of CAD$0.20 until June 22, 2014. The Company allocated $962,516 of the proceeds to the share-based payment reserve, being the fair value of the warrants determined as being the difference between the issue price and the market price of the Company's shares on the date the Units were issued. The Company paid $1,096,538 (CAD$1,125,000) and issued 25,000,000 units ("Finders Unit") as finders' fee in connection with this private placement. Each Finder's Unit comprised one common share and one common share purchase warrant issued on the same terms as the private placement Units. The Finder's Units were recorded at a value of $4,386,150, which was determined based on the private placement issue price of CAD$0.18 per unit. $121,838 of the value recorded for the Finders' Units was allocated to the share-based payment reserve, being the fair value of the warrants. Cash share issue costs were $88,982.

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 49,900,000 stock options at exercise prices ranging from CAD$0.12 to CAD$0.30. In addition the Company has 222,500,000 share purchase warrants at an exercise price of CAD$0.20. All stock options, and share purchase warrants and finders options will, if exercised, provide additional cash. At the date of this MD&A, none of the stock options or share purchase warrants are "in-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. However, based on a Preliminary Assessment provided by Wardrop on January 11, 2011, as outlined above, management believes that cash flows from its mining operations will be sufficient to provide the Company with adequate funds to continue its exploration and mining activities in the short and long term.

COMMITMENT AND CONTINGENCIES

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

OFF-BALANCE SHEET ARRANGEMENTS

At September 30, 2012, 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.

TRANSACTIONS WITH RELATED PARTIES

a) The Company incurred the following related party transactions during the year:

	Year ended September 30, 2012 - $ -	Year ended September 30, 2011 - $ -
Consulting fees charged by companies controlled by directors of the Company	2,234,845	1,168,384
Rent and administrative fees charged by companies controlled by directors of the Company	26,653	93,694
Legal fees charge by a law firm jointly controlled by a Director	171,680	77,093
Legal fees included in share issue costs charge by a law firm jointly controlled by a Director	30,309	-
Mining and milling services charged by Dahedong	15,701,388	8,195,617
Total	18,164,875	9,534,788

b) Compensation of key management personnel

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

	Year ended September 30, 2012 - $ -	Year ended September 30, 2011 - $ -
Short-term employee benefits – management fees	260,087	315,799
Stock-based compensation	-	185,692
Total	260,087	501,491

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, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE

A number of new standards, amendments to standards and interpretations are not yet effective as of September 30, 2012, and have not been applied in preparing these condensed consolidated 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, 2015.

New standard IFRS 10 "Consolidated Financial Statements"

This new standard will replace IAS 27 "Consolidated and Separate Financial Statements", and SIC-12 "Consolidation – Special Purpose Entities". Concurrent with IFRS 10, the IASB issued IFRS 11 "Joint Ventures"; IFRS 12 "Disclosures of Involvement with Other Entities"; IAS 27 "Separate Financial Statements", which has been amended for the issuance of IFRS 10 but retains the current guidance for separate financial statements; and IAS 28 "Investments in Associates and Joint Ventures", which has been amended for conforming changes based on the issuance of IFRS 10 and IFRS 11.

IFRS 10 uses control as the single basis for consolidation, irrespective of the nature of the investee, eliminating the risks and rewards approach included in SIC-12, and requires continuous assessment of control over an investee. The above consolidation standards are effective for annual periods beginning on or after January 1, 2013.

New standard IFRS 11 "Joint Arrangements"

This new standard requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities-Non-monetary Contributions by Venturers.

New standard IFRS 12 "Disclosure of Interests in Other Entities"

This new standard establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

New standard IFRS 13 "Fair value measurement"

This new standard replaces the fair value measurement guidance currently included in various other IFRS standards with a single definition of fair value and extensive application guidance. IFRS 13 provides guidance on how to measure fair value and does not introduce new requirements for when fair value is required or permitted. It also establishes disclosure requirements to provide users of the financial statements with more information about fair value measurements. IFRS 13 is effect for annual periods beginning on or after January 1, 2013.

New interpretation IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"

This new IFRIC clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. IFRIC 20 is effective for annual periods beginning on or after January 1, 2013.

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.

Financial statement presentation

In June 2011, the IASB and the Financial Accounting Standards Board ("FASB") issued amendments to standards to align the presentation requirements for other comprehensive income ("OCI"). The IASB issued amendments to IAS 1 "*Presentation of Financial Statements"* to require companies preparing financial statements under IFRS to group items within OCI that may be reclassified to the profit or loss. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. The amendments are effective for fiscal years beginning on or after July 1, 2012.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on its consolidated financial statements.

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.

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 business accounts which are available on demand.

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 primarily 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 areas 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 loan payable accrues interest at a fixed rate. 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 September 30, 2012.

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 US dollar which is primarily the Chinese

Yuan. As such, it has been and is subject to risk due to fluctuations in the exchange rates between the US dollar and the Chinese Yuan. 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 September 30, 2012, the Company has no contracts or agreements in place to mitigate this price risk.

OUTSTANDING SHARE DATA AS AT THE DATE OF THIS MD&A

Authorized: an unlimited number of common shares without par value.	Common shares issued and outstanding	Common share purchase warrants	Stock options
Outstanding at September 30, 2012	839,765,216	222,500,000	49,900,000
Stock options expired	-	-	(2,075,000)
Outstanding at the date of this MD&A	839,765,216	222,500,000	47,825,000

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 Board of Directors. The financial statements were prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

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

The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

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 annual Management's Discussion and Analysis for the year ended September 30, 2012 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.

RISKS AND UNCERTAINTIES

The financing, exploration, development and mining of any of the Company's properties is subject to a number of factors, including the price of gold, laws and regulations, political conditions, currency fluctuations, hiring qualified people and obtaining necessary services in jurisdictions where the Company operates.

The following is a discussion of those distinctive or special characteristics of the Company's operations and industry that may have a material impact on, or constitute risk factors in respect of the Company's operations and future financial performance.

Additional risks not currently known by the Company, or that the Company currently deems immaterial, may also impair the Company's operations.

Exploration and mining risks
Exploration for minerals and development of mining operations involve many risks, many of which are outside the Company's control. In addition to the normal and usual risks of exploration and mining, the Company often works in remote locations that lack the benefit of infrastructure or easy access.

The economics of developing gold and other mineral properties are affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of gold or other minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Depending on the price of gold or other minerals produced, which have fluctuated widely in the past, the Company may determine it is impractical to commence or continue commercial production.

Reserves and resource estimates
The mineral and resources estimates disclosed in the Company's public filings are only estimates and no assurances can be given that any particular level of recovery of minerals will be realized or that an identified resource will ever qualify as a commercially mineable deposit which can be legally and economically exploited. The Company relies on laboratory-based recovery models to project estimated ultimate recoveries by ore type at optimal crush sizes. Actual gold recoveries may exceed or fall short of projected laboratory test results. As stated previously, the grade of mineralization ultimately mined may differ from the one indicated by the drilling results and the difference may be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, inaccurate or incorrect geologic, metallurgical or engineering work, and work interruptions among other things. Short-term factors, such as the need for an orderly development of deposits or the processing of new or different grades, may have an

adverse effect on mining operations or the results of those operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under onsite conditions or in production scale operations. Material changes in proven and probable reserves or resource grades, waste-to-ore ratios or recovery rates may affect the economic viability of projects. The estimated proven and probable reserves and resources disclosed in the Company's public filings should not be interpreted as assurances of mine life or of the profitability of future operations.

The Company has engaged expert independent technical consultants to advise it on, among other things, mineral reserves and resources and project engineering. The Company believes these experts are competent and that they have carried out their work in accordance with internationally recognized standards. If, however, the work conducted by these experts is ultimately found to be incorrect or inadequate in any material respect, the Company may experience delays and increased costs.

Foreign countries, laws and regulations
The Company operates primarily 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.

Commodity prices
The profitability of the Company's operations, if established, will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, world supply of mineral commodities, consumption patterns, sales of gold by central banks, forward sales by producers, production, industrial and jewellery demand, speculative activities and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political development. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production of the Company's properties to become impracticable.

The Company's revenues and earnings also could be affected by the prices of other commodities such as fuel and other consumable items, although to a lesser extent than by the price of gold. The prices of these commodities are affected by numerous factors beyond the Company's control.

A reduction in the price of gold may prevent the Company's properties from being economically mined or result in the write-off of assets whose value is impaired as a result of low gold prices. The price of gold may also have a significant influence on the market price of the Company's common shares.

Environmental compliance and other regulatory requirements
Any significant mining operation will have some environmental impact, including land and habitat impact, arising from the use of land for mining and related activities, and certain impact on water resources near the project sites, resulting from water use, rock disposal and drainage run-off. The current exploration and mining activities of the Company require permits from various governmental authorities and such operations are, and will be, governed by laws and regulations governing exploration, mining, labour standards, occupational health, waste disposal, toxic

substances, land use, environmental protection, safety, mine permitting and other matters. Companies engaged in exploration and mining activities generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits the Company may require for exploration, development and mining will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project the Company may undertake.

The Company's operations are subject to local laws and regulations regarding environmental matters, which generally provide for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of mining operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving towards stricter standards, and enforcement, fines and penalties for non-compliance are becoming more stringent. An environmental assessment of a proposed project carries a heightened degree of responsibility for companies and their directors, officers and employees.

Environmental laws and regulations change frequently, and the implementation of new, or the modification of existing laws or regulations could harm the Company. The Company cannot predict how agencies or courts in foreign countries will interpret existing laws and regulations or the effect these adoptions and interpretations may have on the Company's business or financial condition.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there-under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration and mining operations may be required to compensate those suffering loss or damage by reason of the exploration and mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

No assurances can be given that such environmental and compliance issues will not have a material adverse effect on the Company's operations in the future. While the Company believes it does not currently have any material environmental obligations, the cost of complying with existing regulations or changes in governmental regulations have the potential to reduce the profitability of operations, may give rise in the future to significant liabilities on the Company's part to the government and third parties, and may require the Company to incur substantial costs of remediation.

Insurance and uninsured risks

The business of the Company is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts it considers reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Dependence on key personnel
The success of the Company will be largely dependent upon the performance of its key officers, employees and consultants. Local mineral deposits and mining operations depend on a number of factors, not the least of which is the technical skill of the exploration and mining personnel involved. The success of the Company is largely dependent on the performance of its key personnel including its Chief Executive Officer and Vice President of Exploration and Development. Failure to retain key personnel or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success. The Company has not purchased any "key man" insurance with respect to any of its directors, officers or key employees and has no current plans to do so.

Property interests
The ability of the Company to carry out successful mineral exploration, development activities and mining operations is dependent, in part, on the Company's ability to acquire and maintain title to its mineral interests. No guarantee can be given that the Company will be in a position to comply with the obligations that this requirement entails, or to require third parties to comply with their obligations with respect to such properties. Furthermore, while it is common practice that permits and licenses may be renewed, extended or transferred into other forms of licenses appropriate for ongoing operations, no guarantee can be given that a renewal, extension or a transfer will be granted to the Company or, if they are granted, that the Company will be in a position to comply with all conditions that are imposed.
Furthermore, at any point in time certain of the Company's mineral interests may be the subject of contractual promises to assign, pursuant to which a third party has agreed to assign to the Company, or to an entity in which the Company holds its interest in the applicable property, certain licenses and/or concession contracts upon the issuance of such licenses or concession contracts by the mining registry to the promising party. The failure of a promising party to comply with its contractual obligation could have a materially adverse impact on the Company's interests in the license or concession.
The acquisition of the right to exploit, develop and/or mine its mineral properties is a detailed and time-consuming process. Although the company is satisfied it has taken reasonable measures to acquire unencumbered rights to explore on and exploit its mineral reserves on its mineral interests, there can be no assurances the interest in the Company's properties is free from defects or that the material contracts between the Company and the entities owned or controlled by foreign government will not be unilaterally altered or revoked. There can be no assurances the Company's rights will not be challenged or impugned by third parties, that the Company's interests in properties may be subject to prior unregistered agreements, or that transfers and title may be affected by undetected defects.

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.net.