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NEWS RELEASE

Majestic files NI43-101 Report on Updated Preliminary Economic Assessment for Song Jiagou Gold Project

Vancouver, British Columbia, August 21, 2013. Majestic Gold Corp. (TSX.V:MJS) (“Majestic” or the “Company”) is pleased to announce that SRK Consulting China Ltd, (“SRK”) has completed a NI43-101 Technical Report in support of the Preliminary Economic Assessment (“PEA”) for the Song Jiagou Gold Project (“Project”) located in Shandong Province, People’s Republic of China. The report has been filed on SEDAR.

The PEA was prepared as an open pit mining project and SRK was asked to look at five development scenarios:

1. utilizing only indicated resources and the existing mill capacity (7,400 tpd);
2. utilizing all of the indicated and inferred mineral resources but not relocating the two nearby villages (mill expansion to 10,000 tpd);
- 2A. utilizing all of the indicated and inferred mineral resources but not relocating the two nearby villages and utilizing the existing mill capacity (7,400 tpd);
3. utilizing all of the indicated and inferred mineral resources and relocating the two nearby villages (mill expansion to 12,000 tpd); and
- 3A. utilizing all of the indicated and inferred mineral resources, relocating the two nearby villages and using the existing mill capacity (7,400 tpd).

The five year trailing average gold price of US\$1,355 per ounce was used for the PEA.

The pre-tax net present value (“NPV”) established by the PEA is summarized in following table:

Scenario	Mill Throughput	NPV (10%) (US\$ x 1,000,000)
1	7,400 tpd	477
2	10,000 tpd	777
2A	7,400 tpd	702
3	12,000 tpd	1,056
3A	7,400 tpd	782

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

Mineral Resource Estimation

SRK received and validated the database provided by Majestic and removed repeated samples. The database used for the resource estimation consists of samples from 77 surface drill holes, 19 underground drill holes, 46 trenches and 85 underground workings.

The database contains 20,836 Au samples in total, including 13,316 from drill holes, 3,221 from trenches, and 4,299 from underground workings. The maximum Au grade is 263.09 g/t and the average Au grade is 0.54 g/t prior to grade capping. For the PEA, gold values were capped at 40 g/t.

The topographic model was created from the topographic survey conducted in January 2013. A block model was constructed using 10m by 10m by 5m blocks in the x, y and z directions, respectively. Grade interpolation was done using Ordinary Kriging.

As of 31 January 2013, at an Au cut-off grade of 0.3 g/t, within the mining license and exploration permit area, the Song Jiagou Gold Project 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 Song Jiagou Gold Project 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.

The current mining license covers an area of 0.3421 square kilometres (“km²”) and extends to a depth of 250 metres surrounded by an exploration permit covering an area of 3.15 km². Majestic intends to apply to expand the size and scope of the mining license and the SRK PEA report is an important first step in this process.

Mining Methods

The Song Jiagou Gold Project is currently in production, with a mining capacity of 5,000 to 10,000 tpd.

Mining activities have been outsourced to Yantai Dahedong Processing Co. Ltd. (“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 10 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 Song Jiagou 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 total processing capacity is 7,400 tpd. Ore extracted from the underground mine is processed in the 200 tpd plant while the ore mined in the open pit is processed in the other two plants.

Similar flowsheets are adopted in the two plants which process the ore mined from the open pit (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.

Operating Cost

The following parameters are used to estimate the operating cost in this 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).

Preliminary Economic Analysis

SRK was requested to conduct a PEA of developing the Project. In the assessment, MineSight Economic Planner (Design) was used for pit optimization, using Lerchs-Grossmann ("LG") calculations to maximize the NPV. Five scenarios for the ultimate pit were produced, as described below. Note that Scenarios 2A and 3A were added after the initial news release dated July 8, 2013. The trailing five year average gold price, (i.e. RMB 273.89/g, or USD 1,355/oz), and a conversion rate of 6.2834 RMB/1\$US was

used.

Descriptions of the five scenarios are described in the table below:

Scenario	Operation Capacity	Description
1	7,400 tpd	Mining inventory includes only indicated resources. Inferred resources are treated as waste. No village relocation is needed.
2	10,000 tpd	Mining inventory includes both indicated and inferred resources. No village relocation is needed.
2A	7,400 tpd	
3	12,000 tpd	Mining inventory includes both indicated and inferred resources. Village relocation is needed.
3A	7,400 tpd	

The pre-tax NPV established by the PEA is summarized in following table:

Scenario	Mill Throughput	NPV (10%) (US\$ x 1,000,000)
1	7,400 tpd	477
2	10,000 tpd	777
2A	7,400 tpd	702
3	12,000 tpd	1,056
3A	7,400 tpd	782

Scenario 1

In Scenario 1, only the indicated mineral resource was used for the pit optimization and the relocation of the two villages near the mine was assumed not to be necessary. This scenario utilized the existing mill capacity and assumed additional capital expenditures of US\$31.9 million for engineering, road construction, processing facilities upgrades, tailings, land leases and community relations.

The ultimate pit's maximum length along the east-west axis is about 660 m, and the maximum width along the north-south axis is about 600 m. The highest elevation of benches is 140 m and the lowest is -125 m. The vertical depth of the open pit is about 270 m. At a bench height of 10 m, there will be a total of 27 benches within the pit.

Despite the limitations imposed by the current mining license, as of 31 January 2013, at a cut-off grade of 0.3g/t Au, the Song Jiagou Gold Project contains the following remaining resources within the pit:

Resource Category	Tonnes (kt)	Grade (g/t)	Gold (Kg)	Gold (ounces)
Indicated	17,200	1.35	23,200	746,600
Inferred*	10,128	1.25	Nil	Nil

*The Inferred resources report to waste in scenario 1.

Scenario 1 involves the movement of 57,899 kt of waste (including the 10,128 kt of inferred resources) and has a strip ratio of 3.37.

The mining recovery is 95% and the dilution is 5%. The grade of the dilution material is 0.12 g/t. The processing recovery depends on the feed grade. If the average feed grade is greater than 1.00 g/t Au, 95% of the Au can be recovered. The gold smelting recovery is 93%. The saleable metal is estimated as 20,441 kg, or about 657 thousand ounces (“koz”).

According to the preliminary production schedule, Scenario 1 will have a life of mine (“LOM”) of seven years of stable production at a mill throughput of 7,400 tpd.

The pre-tax NPV at various discount rates are tabulated below:

Discount Rate	NPV (RMB x 1,000,000)	NPV (\$US x 1,000,000)
10%	2,998	477
7%	3,163	503
12%	2,899	461

Scenario 2

In Scenario 2, all of the mineral resources have been considered for the pit optimization, while the relocation of the two villages near the mine was not considered. This scenario involves expanding the mill capacity to 10,000 tpd and assumes additional capital expenditures of US\$83.4 million for engineering, road construction, processing facilities upgrades, tailings, land leases and community relations.

The ultimate pit’s maximum length along the east-west axis is about 730 m, and the maximum width along the north-south axis is about 640 m. The highest elevation of benches is 140 m and the lowest is -145 m. The vertical depth of the open pit is about 290 m. At a bench height of 10 m, there will be a total of 29 benches within the pit.

As of 31 January 2013, at a cut-off grade of 0.30 g/t Au, the Song Jiagou Gold Project contains the following remaining resources within the pit:

Resource Category	Tonnes (kt)	Grade (g/t)	Gold (Kg)	Gold (ounces)
Indicated	19,076	1.32	25,200	809,600
Inferred	13,598	1.37	18,600	599,000

Scenario 2 involves the movement of 65,394 kt of waste and has a strip ratio of 2.00.

The mining recovery is 95% and the dilution is 5%. The grade of the dilution material is 0.12 g/t. The processing recovery depends on the feed grade. If the average feed grade is greater than 1.00 g/t Au, 95% of the Au can be recovered. The gold smelting recovery is 93%. The saleable metal is estimated as 38,584 kg, or about 1,241 koz.

According to the preliminary production schedule, the LOM of Scenario 2 will be 11 years with a capacity of 10,000 tpd, including 10 years of stable production and one year of ramp up.

The pre-tax NPV at various discount rates are tabulated below:

Discount Rate	NPV (RMB x 1,000,000)	NPV (\$US x 1,000,000)
10%	4,882	777
7%	5,394	858
12%	4,584	730

Scenario 2A

Scenario 2A has the same mineral inventory as Scenario 2. The saleable metal is estimated as 38,489 kg, or about 1,237 koz. According to the preliminary production schedule, the LOM of Scenario 2A will be 13 years with a capacity of 7,400 tpd, including 12 years of stable production and one year of ramp up.

The pretax NPV at various discount rates are tabulated below:

Discount Rate	NPV (RMB x 1,000,000)	NPV (\$US x 1,000,000)
10%	4,408	702
7%	4,995	795
12%	4,082	650

Scenario 3

In Scenario 3, all of the mineral resources have been considered for the pit optimization, and the relocation of the two villages near the mine was also considered. This scenario involves expanding the mill capacity to 12,000 tpd and assumes additional capital expenditures of US\$124.4 million for engineering, road construction, processing facilities upgrades, tailings, land leases and relocation and community relations.

The ultimate pit's maximum length along the east-west axis is about 830 m, and the maximum width along the north-south axis is about 850 m. The highest elevation of benches is 140 m and the lowest is -190 m. The vertical depth of the open pit is about 330 m. At a bench height of 10 m, there will be a total of 33 benches within the pit.

As of 31 January 2013, at a cut-off grade of 0.30 g/t Au, the Song Jiagou Gold Project contains the following remaining resources within the pit:

Resource Category	Tonnes (kt)	Grade (g/t)	Gold (Kg)	Gold (ounces)
Indicated	26,284	1.35	35,500	1,140,800
Inferred	22,927	1.40	32,000	1,032,000

Scenario 3 involves the movement of 147,507 kt of waste and has a strip ratio of 3.00.

The mining recovery is 95% and the dilution is 5%. The grade of the dilution material is 0.12 g/t. The processing recovery depends on the feed grade. If the average feed grade is greater than 1.00 g/t Au, 95% of the Au can be recovered. The gold reclamation ratio of the concentrate is 93%. The saleable metal is estimated as 59,632 kg, or about 1,917 koz.

According to the preliminary production schedule, Scenario 3 will have a LOM of 13 years with a capacity of 12,000 tpd, including 12 years of stable production and one year of ramp up.

The pre-tax NPV at various discount rates are tabulated below:

Discount Rate	NPV (RMB x 1,000,000)	NPV (\$US x 1,000,000)
10%	6,637	1,056
7%	7,482	1,191
12%	6,164	981

Scenario 3A

Scenario 3A has the same mineral inventory as Scenario 3. The saleable metal is estimated as 59,707 kg, or about 1,920 koz. According to the preliminary production schedule, the LOM of Scenario 3A will be 21 years with a capacity of 7,400 tpd, including 20 years of stable production and one year of ramp up.

The pretax NPV at various discount rates are tabulated below:

Discount Rate	NPV (RMB x 1,000,000)	NPV (\$US x 1,000,000)
10%	4,915	782
7%	5,928	943
12%	4,399	700

Mineral resources that are not mineral reserves do not have demonstrated economic viability. The PEA is preliminary in nature and is based, in part, on 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 be realized. All figures are rounded to reflect the relative accuracy of the estimate.

The Company cautions that the cash flow models and resulting NPV's were done on a pre-tax basis. After tax, NPV's would be adjusted downward after considering depreciation and other allowable expenses and deduction of Chinese corporate taxes (currently estimated at 25%).

Sensitivity analysis shows that the changes of gold price will affect the NPV of the

Project most significantly; the following table summarizes the changes of NPVs at 10% discount rate against the change of gold prices.

NPVs Vs. Changes of Gold Price for Song Jiagou Gold Project (US\$ Million)

Scenario	-20%	-10%	Base Case	10%	20%
	US\$1,084/oz	US\$1,220/oz	US\$1,355/oz	US\$1,490/oz	US\$1,626/oz
1	334	406	477	549	620
2	544	661	777	893	1,009
2A	495	598	702	805	908
3	729	893	1,056	1,220	1,384
3A	538	660	782	904	1,026

Based on the estimates in the PEA, Majestic plans to move ahead with the continued development of the Project, including more detailed engineering studies as well as applications for expanded mining licenses.

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 section 1.4 of National Instrument 43-101. The QP has reviewed and approved the information in this news release.

Rod Husband, P.Geo. President, and a Director of Majestic and Paul Reynolds, P.Geo and COO of Majestic, have read and approved the information in this news release. Both Mr. Husband and Mr. Reynolds are Qualified Persons as defined by NI 43-101.

On Behalf of the Board of Directors
MAJESTIC GOLD CORP.

Signed "Rod Husband"

Rod Husband, P.Geo
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Cautionary Notes

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This news release may contain forward-looking statements including but not limited to comments regarding the timing and content of upcoming work programs, geological interpretations, receipt of property titles, potential mineral recovery processes, etc. Forward-looking statements address future events and conditions and therefore, involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements.

The Company's production decision was 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 a 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.

The PEA includes inferred mineral resources that are considered too speculative geologically to have 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.

Open pit optimization was carried out using MineSight Economic Planner (Design) which uses a series of Lerchs Grossman (LG) pit shells at different prices of gold to optimize the size of the pit while maximizing NPV 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 SRK identifying the "remaining resources within the pit" in the PEA.

The optimization was based on a gold price of \$1,355 per ounce and an exchange rate of \$1.000 (U.S.) to \$0.999 (Canadian).

The Song Jiagou Gold Project 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. Modeling 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.

Certain statements contained herein may constitute forward-looking statements and are made pursuant to the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995 and Canadian securities laws. Forward-looking statements are statements which relate to future events. Such statements include estimates, forecasts and statements as to management's expectations with respect to, among other things, business and financial prospects, financial multiples and accretion estimates, future trends, plans, strategies, objectives and expectations, including with respect to production, exploration drilling, reserves and resources, exploitation activities and events or future operations. Information inferred from the interpretation of drilling results and information concerning mineral resource estimates may also be deemed to be forward-looking statements, as it constitutes a prediction of what might be found to be present when, and if, a project is actually developed.

In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, level of activity, performance or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements.

While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggestions herein. Except as required by applicable law, the Company does not intend to update any forward-looking statements to conform these statements to actual results.