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TSX.V: MJS, FSE: A0BK1D

Majestic Gold reports 4,891 oz of gold produced at Song Jiagou in Q3 2012

Vancouver, British Columbia - Majestic Gold Corp. (TSX.V: MJS, FSE: A0BK1D) (“Majestic” or the “Company”) is pleased to report its third quarter of 2012 unaudited financial and operational results for the period ended June 30, 2012 (“Q3 2012”) and gold production results of its Chinese joint venture, Yantai Zhongjia Mining Enterprise Limited (“Zhongjia” or the “Joint Venture”) at the Song Jiagou property. Readers should refer to the Q3 2012 management discussion and analysis (MD&A) and consolidated financial statements for more complete information. The following financial results are expressed in US dollars unless otherwise stated.

Q3 2012 HIGHLIGHTS

- **133% Increase in Gold Production:** The Joint Venture produced 4,891 ounces of gold and sold 3,215 ounces of gold during Q3 2012, compared to gold produced of 2,099 ounces and 1,893 ounces sold during Q3 2011.
- **162% Increase in Revenues:** Q3 2012 Joint Venture revenues were \$6.8 million, compared to \$2.6 million in Q3 2011.
- **143% Increase in Gross Profit:** Gross Joint Venture profit from operations was \$1.7 million in Q3 2012, compared to \$0.7 million in Q3 2011.
- **200% Increase in Quarterly Operating Profit:** Majestic’s share of Joint Venture operating profit during Q3 2012 was \$0.6 million, compared to \$0.2 million in Q3 2011. Majestic effectively owns 94% of 75% or 70.5% of operating profit.
- **Increased Milling Capacity:** Increased Joint Venture revenues and profits are a result of increased throughput of ore following the commissioning of the 6,000 tpd mill in May 2011.
- **\$6.76 Million of Estimated Gold Inventory:** The Joint Venture has 4,055 ounces of gold in inventory valued at cost according to IFRS at \$3,743,919 versus an estimated market value of \$6,758,063 (based on spot close of \$1,666.60/oz on August 28, 2012).

YEAR TO DATE HIGHLIGHTS

- **225% Increase in Gold Production:** The Joint Venture produced 14,237 ounces of gold and sold 10,403 ounces during the nine months ended June 30, 2012, compared to producing 4,384 ounces and selling 4,015 ounces during the nine months ended June 30, 2011.
- **240% Increase in Revenues:** Joint Venture revenues for the nine months ended June 30, 2012 were \$19.4 million, compared to \$5.7 million for the nine months ended June 30, 2011.
- **374% Increase in Gross Profit:** Gross Joint Venture profit for the nine months ended June 30, 2012 was \$7.87 million, compared to \$1.66 million for the nine months ended June 30, 2011.
- **Shift to Cash-Flow Positive Operations:** Majestic’s share of the operating profit for the nine months ended June 30, 2012 was \$2.9 million, compared to a \$0.4 million loss for the same period in 2011, representing a shift from operating loss to profit.
- **19% Reduction in Cash Costs Per Ounce:** Cash cost per ounce of \$806 for the nine months ended June 30, 2012 decreased significantly from \$995 during the nine months ended June 30, 2011 due to a contract re-negotiation for a lower mining and processing rate and efficiencies experienced through the commissioning of the new 6,000 tpd mill.

SUMMARISED INTERIM FINANCIAL STATEMENTS AND OPERATING RESULTS

	Quarter Ended June 30, 2012	Quarter Ended June 30, 2011	9 months Ended June 30, 2012	9 months Ended June 30, 2011
Sales (ounces)	3,215	1,893	10,403	4,015
Average realized gold price per ounce	\$ 1,604	\$ 1,384	\$ 1,704	\$ 1,424
Gold revenues	\$ 5,156,063	\$ 2,620,658	\$ 17,731,750	\$ 5,718,904
Other Revenue including adjustments for smelting fees	\$ 1,641,790		\$ 1,641,790	
Total Revenues	\$ 6,797,853	\$ 2,620,658	\$ 19,373,540	\$ 5,718,904
Operating costs, excluding depletion and depreciation	\$ 3,384,546	\$ 1,884,084	\$ 9,865,605	\$ 4,056,992
Other Operating Costs including adjustments for smelting fees	\$ 1,641,790		\$ 1,641,790	
Total Operating Cost	\$ 5,026,336	\$ 1,884,084	\$ 11,507,395	\$ 4,056,992
Cost per ounce ⁽¹⁾	\$ 1,028	\$ 968	\$ 806	\$ 995
Earnings before income tax and non-cash items	\$ 1,497,068	\$ 480,584	\$ 7,026,991	\$ 916,598
Earnings before tax	\$ 1,206,141	\$ 324,624	\$ 5,371,832	\$ 172,580
Net profit (loss) at subsidiary level	\$ 765,427	\$ 215,240	\$ 3,967,370	\$ (131,221)
Majestic's share of operating (net) profit (loss)	\$ 607,280	\$ 201,129	\$ 2,867,469	\$ (357,026)
OPERATIONAL RESULTS - SONG JIAGOU MINE				
Tonnes of ore mined	655,057	303,140	1,752,420	884,081
Tonnes of ore milled	516,353	284,131	1,465,259	519,203
Tonnes per day milled	5,674	3,122	5,157	5,328
Effective head grade(g/t)	0.35	0.28	0.36	0.31
Gold Produced (ounces)	4,891	2,099	14,237	4,384
Recovery	84.2%	82.1%	84.2%	84.7%
Gold realized net of smelting fees	4,578	1,947	13,321	4,079

⁽¹⁾ Operating costs for the three months ended June 30, 2012 included charges relating to Q1 and Q2 totaling \$1,067,516. This resulted in cash costs per gold ounce being adjusted by \$219 per ounce. Excluding such costs would have resulted in a cash cost per ounce of \$809.

OPERATIONS

- **98% Increase in Tonnes Mined:** In the nine months ended June 30, 2012, the Company mined 1,752,420 tonnes of ore, a 98% increase compared to 884,081 tonnes in the same period of the previous year.
- **182% Increase in Tonnes Milled:** In the nine months ended June 30, 2012, the Company milled 1,465,259 tonnes of ore, a 182% increase compared to 519,203 tonnes in the same period of the previous year.

About Majestic Gold

Currently focused solely in China, Majestic Gold Corp. is a Vancouver, BC based company engaged in commercial gold production at the Song Jiagou gold mine in Yantai, China. The mine is an open pit and underground operation. Majestic Gold has forecast an average production for the life of mine at a rate in excess of 100,000 ounces of gold per year. (Wardrop Engineering Inc. NI 43-101 Technical Report dated February, 2011). Additional information on the Company and its projects is available at www.sedar.com and on the Company's website at www.majesticgold.net.


**On Behalf of the Board of Directors
MAJESTIC GOLD CORP.**

Signed "Rod Husband"

Rod Husband, P.Ge
President

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Cautionary Notes

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 the Preliminary Economic Assessment ("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 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.

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.

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. 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.

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.