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NEWS RELEASE

TSXV: MJS

Wardrop Delivers Positive Preliminary Assessment for Songjiagou Gold Project

Vancouver, British Columbia, January 20, 2011. Majestic Gold Corp. (TSX.V:MJS, Frankfurt:MJT) is pleased to announce that Wardrop, A Tetra Tech Company, ("Wardrop") has completed and delivered a positive Preliminary Assessment ("PA" or "Preliminary Assessment") for the Songjiagou Gold Project located in Shandong Province, People's Republic of China.

Highlights 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 2.324 million ounces (average 105,645 oz/yr) for life-of-mine**
- **Life-of-Mine strip ratio 1.87 : 1 (waste to ore)**
- **Mine-Life of 22 years.**

"The Preliminary Assessment provided by Wardrop has exceeded our expectations and will form the basis for our continued development of the Songjiagou project" stated Rod Husband, President and CEO of Majestic Gold Corp.

A summary of the main sections of the Preliminary Assessment are as follows:

Resource

In 2006, Wardrop prepared a National Instrument 43-101 (NI 43-101) compliant, resource estimate of the Songjiagou deposit. On the basis of additional data collected during 2006, Wardrop prepared an updated estimate in late 2007.

In April 2010 Wardrop completed an update of the 2007 resource estimate to take into account assay results from surface core drilling and trenching that were carried out during 2007, as well as depletion from surface mining since the time of the last estimate. Depletion attributable to underground mining during the same interval was negligible.

The April 2010 updated resource estimate was made using an un-rotated block model, which is to say the blocks in the model were oriented orthogonally east-west and north south. In October 2010, Majestic requested that the estimate be redone using a block model rotated parallel to the trend of the deposit as well as a lower cutoff (0.3 g/t versus 0.4 g/t gold).

The lower threshold grade (0.3 versus 0.4 g/t) is attributable to a lower cost for contract mining and milling that Majestic negotiated during the period between the two estimates.

The rotated orientation is consistent with previous estimates and also aligns the block model with cross-sections that are cut perpendicular to the strike of the deposit. The change in block model orientation as well as the decrease in cutoff grade resulted in an overall enhancement of both estimated tonnes and grade. This report incorporates those changes. There has been no change in the underlying data between the April 2010 estimate and the current estimate.

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

*Resource Category	Cut-off (g/t)	Tonnes	Au Uncap g/t	**Au Cap g/t	Ounces Au Uncap	Ounces 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

* The preliminary assessment 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 assessment will be realized. 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 the following potential mineable resources, which forms the basis of the preliminary Assessment:

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

*Potentially Mineable Resources include the inferred mineral resources end are not mineral reserves.

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.

The following table summarizes the information from the Preliminary Economic Assessment Production Schedule.

Preliminary Production Summary			
	Unit	**Years 1-8**	**LOM**
Process Feed			
Gold	g/t	2.12	1.52
Material Mined			
Mill Feed	kt	18,494	52,682
Waste	kt	47,746	100,377
Ore Mined	kt	18,494	52,682
Strip Ratio		2.33	1.87
Total Production			
Gold	koz	1,152	2,324
Average Production			
Gold	koz	144	106

The following table details the planned Production Schedule for the Life-of-Mine:

Preliminary Production Schedule

	*Tonnes Mined Including Stockpile	Total Mined	Tonnes Moved to Stockpile	Stockpile to Mill	Tonnes Waste Mined	Tonnes ROM Ore Milled	Strip Ratio	Mill feed Gold Grade	Gold Rec.
	Kt	kt	kt	kt	kt	kt	#	g/t	koz
Year 1	1,400	4,472		-	3,072	1,400	2.19	0.742	31
Year 2	2,442	7,644	237	-	4,965	2,442	1.85	3.431	256
Year 3	2,442	7,173	332	-	4,399	2,442	1.59	2.881	215
Year 4	2,442	10,500	344	-	7,714	2,442	2.77	1.868	139
Year 5	2,442	9,574	284	-	6,848	2,442	2.51	2.201	164
Year 6	2,442	10,354	304	-	7,608	2,442	2.77	1.696	126
Year 7	2,442	9,343	262	-	6,639	2,442	2.46	1.760	131
Year 8	2,442	9,150	207	-	6,501	2,442	2.45	1.803	134
Year 9	2,442	9,302	212	-	6,648	2,442	2.50	1.635	122
Year 10	2,442	7,640	222	-	4,976	2,442	1.87	1.316	97
Year 11	2,442	7,115	211	-	4,462	2,442	1.68	1.270	94
Year 12	2,442	6,671	202	-	4,027	2,442	1.52	1.450	107
Year 13	2,442	6,274	182	-	3,650	2,442	1.39	1.554	116
Year 14	2,442	6,006	185	-	3,379	2,442	1.29	1.539	115
Year 15	2,442	6,493	264	-	3,787	2,442	1.40	1.422	105
Year 16	2,442	6,772	319	-	4,011	2,442	1.45	1.162	86
Year 17	2,442	5,918	251	-	3,225	2,442	1.20	1.256	93
Year 18	2,442	5,871	316	-	3,113	2,442	1.13	1.226	90
Year 19	2,405	8,354	455	37	5,494	2,442	1.92	1.270	94
Year 20	754	3,289	82	1,688	2,453	2,442	2.93	0.486	34
Year 21	1,662	5,417	585	780	3,170	2,442	1.41	0.720	52
Year 22	363	604	5	2,079	236	2,442	0.64	0.478	33
TOTAL/ AVG	**53,559**	**153,936**	**5,461**	**4,584**	**100,377**	**52,682**	**1.87**	**1.523**	**2,434**

*Tonnes Mined Including Stockpile is Potentially Mineable Resources category. The preliminary assessment 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 assessment will be realized.

Capital Costs

Total capital costs are estimated at $129.2 million including initial capital, initial working capital and sustaining capital. The majority of sustaining capital is required in years 4 and 5 and consists mainly of capital required to expand tailings storage facilities. A more detailed breakdown of the capital costs is provided in the following table.

Capital Costs	
	000's US$
Pre-production (pre-strip)	0
Initial Capital	64,377
Initial Working Capital	7,120
Sustaining Capital	64,787
Total Capital Costs	**129,163**

Operation Costs

Life-of-mine ("LOM") operating costs are estimated at US$11.67 per tonne milled, including mining, process and transportation costs based on the current contract terms. The details of these costs are tabulated as follows:

Operating Costs	
	US$/tonne milled
Mining, Process and Transport	10.72
G&A and Quality Control	0.95
TOTAL OPERATING COSTS	**11.67**

Operating Cash Flows

Operating cash flows based on pit optimization parameters employed by Wardrop indicate that in years 1-8 the mine will approximately produce a total of 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 life-of mine 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).

The projected cash flows are tabulated below:

Operating Cash Flow	
	000's US$
Years 1-8	
Total	841,334
Average	105,167
LOM	
Total	1,515,927
Average	68,906

Economic Returns

Wardrop evaluated the economic viability of the Songjiagou 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, Songjiagou 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 following table illustrates the project NPV's using various discount rates besides the 10% base case.

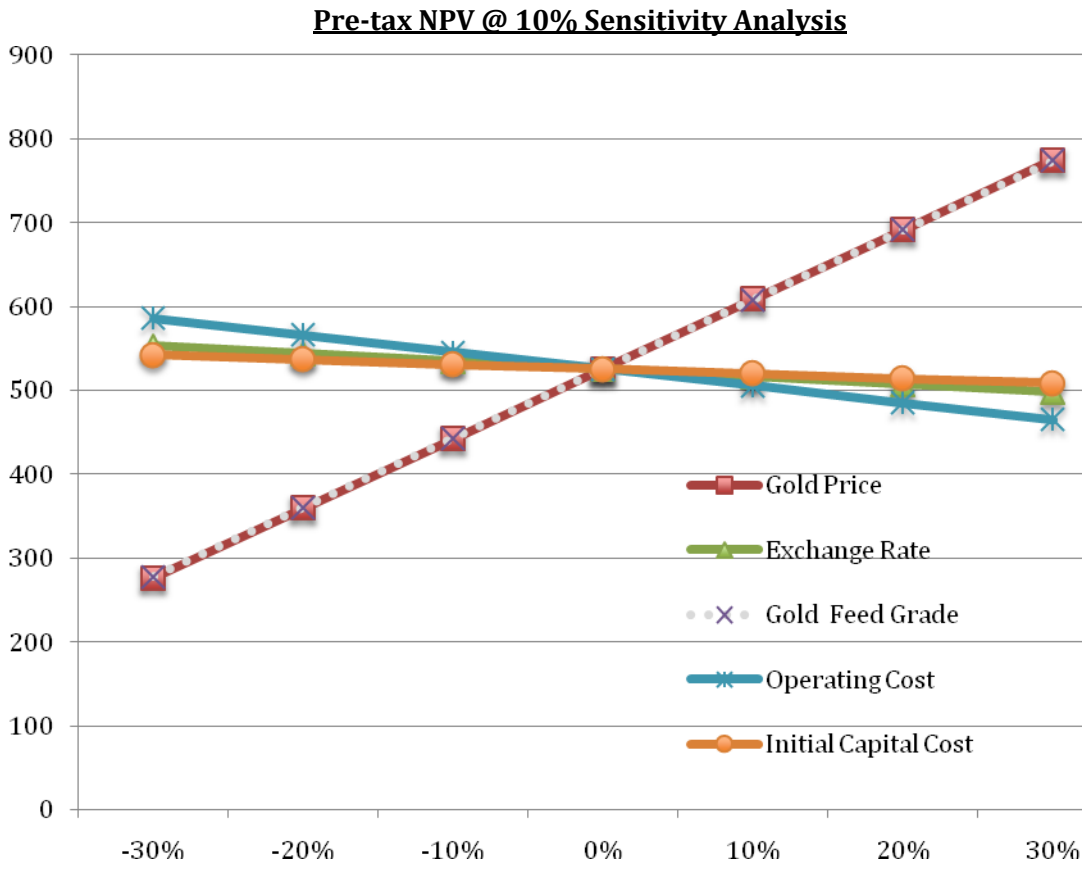
Economic Returns		
Project NPV	**Unit**	**Pre-Tax**
14.0% discount rate	million US$	381
12.0% discount rate	million US$	446
10.0% discount rate	million US$	525
8.0% discount rate	million US$	624
Project IRR		**78.6%**
Payback	Years	**1.4**
Mine Life	Years	**22**

Sensitivity Analysis

Sensitivity analysis was conducted for gold price, exchange rate, gold feed grade, operating costs and initial capital costs over a +/- 30% range. The results are shown in following table and graph.

Sensitivity Analysis (in US$ millions)							
	NPV @ 10% discount rate						
Variable	**-30%**	**-20%**	**-10%**	**0%**	**10%**	**20%**	**30%**
Gold Price	276	359	442	525	608	691	774
Exchange Rate	553	544	534	525	516	507	497
Gold Feed Grade	277	360	442	525	608	691	774
Operating Cost	586	566	545	525	505	485	464
Initial Capital Cost	542	536	531	525	520	514	508

As the table shows and the following graph illustrates, the main factors impacting the NPV are gold price and gold feed grade, while exchange rate, operating costs and initial capital costs have a much smaller effect on NPVs.



Based on the estimates in the Preliminary Economic Assessment, Majestic plans to move ahead with continued development of the project, including more detailed engineering studies and applications for mining permits.

The Preliminary Economic Assessment was prepared by Wardrop consultants, all of whom are independent of Majestic and are Qualified Persons as defined by section 1.4 of National Instrument 43-101. The QP's have reviewed and approved the information in this news release. The consultants (QPs) with their responsibilities are as follows:

Wardrop, under the direction of Greg Mosher, P.Geo., for all matters relating to geology and mineral resource estimate.

Wardrop, under the direction of Nory Narciso, P.Eng., for all matters relating to mine planning, mine design and report coordination.

Wardrop, under the direction of John Huang, P.Eng., for all matters relating to mineral processing, metallurgical testing, infrastructure, tailings management facility, environmental impact considerations, license and permit, operating and capital cost estimates and smelting terms.

Wardrop, under the direction of Miloje Vicentijevic, P.Eng., M.Eng. for all matters relating to economic analysis.

Mike Hibbitts, P.Geo VP Development and Exploration, and a Director of Majestic, has read and approved the information in this news release.

On Behalf of the Board of Directors
MAJESTIC GOLD CORP.

Signed *"Rod Husband"*

Rod Husband, P.Geo
President

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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.