



**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023 AND 2022**

*(Expressed in US dollars)*

*(Unaudited)*

**Majestic Gold Corp.**  
**Condensed Consolidated Interim Statements of Financial Position**  
(Unaudited - expressed in US dollars)

	Note	June 30, 2023 - \$ -	December 31, 2022 - \$ -
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	4	50,716,589	45,362,546
Short-term investments	5	9,818,900	7,383,000
Receivables	6	1,160,737	1,167,000
Deposits and prepaid expenses	7	1,160,954	789,272
Inventory	8	1,565,236	2,678,144
Current portion of other long-term assets	11	55,356	57,432
		64,477,772	57,437,394
Reclamation deposits	7	2,658,816	2,526,227
Property, plant and equipment	9	77,137,811	77,856,454
Exploration and evaluation assets	10	825	806
Deferred tax assets		874,742	847,975
Other long-term assets	11	1,043,244	937,093
		146,193,210	139,605,949
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	12	6,128,632	5,093,822
Current portion of long-term liabilities	15	1,045,778	1,083,439
Income taxes payable		12,082,521	10,574,478
Loans payable	13	4,151,790	4,307,498
		23,408,721	21,059,237
Asset retirement obligation	14	3,357,156	3,433,576
Deferred tax liability		2,003,291	1,411,007
Other long-term liabilities	15	4,210,596	4,368,725
		32,979,764	30,272,545
<b>EQUITY</b>			
Share capital	17	122,763,213	122,763,213
Reserves	17	8,115,485	9,821,350
Deficit		(41,711,314)	(45,531,304)
Equity attributable to owners of parent		89,167,384	87,053,259
Equity attributable to non-controlling interests	22	24,046,062	22,280,145
Total equity		113,213,446	109,333,404
		146,193,210	139,605,949
Nature of operations	1		
Commitments	15		
Subsequent event	23		

Approved by the Directors:

"John Campbell"

"Stephen Kenwood"

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

**Majestic Gold Corp.**  
**Condensed Consolidated Interim Statements of Comprehensive Income**  
(Unaudited - expressed in US dollars)

		Three months ended June 30,		Six months ended June 30,	
		2023	2022	2023	2022
	Note	- \$ -	- \$ -	- \$ -	- \$ -
Revenue	19	14,591,796	17,092,248	28,559,624	34,457,671
Cost of sales					
Operating expenses	19	6,229,186	5,888,044	11,648,812	11,937,968
Depreciation and depletion	9, 19	1,835,466	1,867,253	3,333,391	3,440,397
Gross profit		6,527,144	9,336,951	13,577,421	19,079,306
General and administrative	19	1,653,729	1,247,656	2,864,739	2,742,140
Exploration and evaluation expenditures	10	2,441	5,715	4,307	12,424
Operating profit		4,870,974	8,083,580	10,708,375	16,324,742
Other items					
Finance expense	19	118,656	90,857	240,484	222,010
Interest and other income		(305,440)	(111,762)	(568,112)	(57,975)
Foreign exchange gain		(124,886)	(143,469)	(82,188)	(79,329)
Gain on sale of assets		-	(31,637)	(857)	(31,637)
		(311,670)	(196,011)	(410,673)	53,069
Net income before income tax		5,182,644	8,279,591	11,119,048	16,271,673
Income tax expense		1,918,701	2,434,792	3,826,743	5,009,014
Net income for the period		3,263,943	5,844,799	7,292,305	11,262,659
Other comprehensive income (loss)					
Item that will not be reclassified to profit or loss:					
Exchange differences on translation of parent		266,489	(184,940)	276,549	(94,851)
Items that may be subsequently reclassified to profit or loss:					
Exchange differences on translating foreign operations		(4,888,570)	(4,969,260)	(3,688,812)	(4,613,607)
Total other comprehensive loss for the period		(4,622,081)	(5,154,200)	(3,412,263)	(4,708,458)
Total comprehensive income (loss) for the period		(1,358,138)	690,599	3,880,042	6,554,201
Net income for the period attributable to:					
Owners of the parent		2,053,805	4,024,964	4,710,055	7,502,416
Non-controlling interests		1,210,138	1,819,835	2,582,250	3,760,243
		3,263,943	5,844,799	7,292,305	11,262,659
Comprehensive income (loss) for the period attributable to:					
Owners of the parent		(1,508,108)	(615,273)	2,114,125	3,160,279
Non-controlling interest		149,970	1,305,872	1,765,917	3,393,922
		(1,358,138)	690,599	3,880,042	6,554,201
Net income per share attributable to owners of the parent- basic and diluted		0.00	0.00	0.00	0.01
Weighted average number of common shares outstanding - basic and diluted		1,042,664,381	1,042,664,381	1,042,664,381	1,042,754,713

*The accompanying notes are an integral part of these consolidated financial statements.*

**Majestic Gold Corp.**  
**Condensed Consolidated Interim Statements of Changes in Equity**  
(Unaudited - expressed in US dollars)

	Attributable to owners of the parent							Non-controlling interest	Total equity
	Number of shares	Share capital - \$ -	Share-based payment reserve - \$ -	Special Reserve - \$ -	Foreign currency translation and capital reserve - \$ -	Deficit - \$ -	Total - \$ -		
Balance, December 31, 2021	1,043,664,381	122,799,751	11,593,055	3,206,141	(704,995)	(54,491,705)	82,402,247	10,409,315	92,811,562
Shares cancelled under normal course issuer bid (NCIB")	(700,000)	(36,538)	-	-	-	-	(36,538)	-	(36,538)
Shares cancelled from treasury under NCIB	(300,000)	-	-	-	-	-	-	-	-
Safety fund surplus reserve	-	-	-	(21,584)	5,764	15,820	-	-	-
Statutory surplus reserve	-	-	-	1,099,493	193,738	(1,293,231)	-	-	-
Comprehensive income									
Net income for the year	-	-	-	-	-	7,502,416	7,502,416	3,760,243	11,262,659
Other comprehensive loss	-	-	-	-	(4,342,137)	-	(4,342,137)	(366,321)	(4,708,458)
Total comprehensive income for the period	-	-	-	-	(4,342,137)	7,502,416	3,160,279	3,393,922	6,554,201
Balance, June 30, 2022	1,042,664,381	122,763,213	11,593,055	4,284,050	(4,847,630)	(48,266,700)	85,525,988	13,803,237	99,329,225
	Attributable to owners of the parent							Non-controlling interest	Total equity
	Number of shares	Share capital - \$ -	Share-based payment reserve - \$ -	Special Reserve - \$ -	Foreign currency translation and capital reserve - \$ -	Deficit - \$ -	Total - \$ -		
Balance, December 31, 2022	1,042,664,381	122,763,213	11,593,055	4,990,255	(6,761,960)	(45,531,304)	87,053,259	22,280,145	109,333,404
Statutory surplus reserve	-	-	-	678,081	211,984	(890,065)	-	-	-
Comprehensive income									
Net income for the year	-	-	-	-	-	4,710,055	4,710,055	2,582,250	7,292,305
Other comprehensive loss	-	-	-	-	(2,595,930)	-	(2,595,930)	(816,333)	(3,412,263)
Total comprehensive income for the period	-	-	-	-	(2,595,930)	4,710,055	2,114,125	1,765,917	3,880,042
Balance, June 30, 2023	1,042,664,381	122,763,213	11,593,055	5,668,336	(9,145,906)	(41,711,314)	89,167,384	24,046,062	113,213,446

*The accompanying notes are an integral part of these consolidated financial statements.*

**Majestic Gold Corp.**  
**Condensed Consolidated Interim Statements of Cash Flows**  
(Unaudited - expressed in US dollars)

	Six months ended June 30,	
	2023	2022
	- \$ -	- \$ -
Cash provided from (used for):		
Operating activities:		
Net income for the period	7,292,305	11,262,659
Items not involving cash:		
Depreciation and depletion	3,504,045	3,644,621
Finance expense	240,484	222,010
Income tax expense	3,826,743	6,741,928
Gain on sale on property, plant and equipment	(857)	(31,637)
Changes in non-cash working capital balances:		
Receivables	(31,108)	(144,300)
Deposits and prepaid expenses	(371,682)	(174,394)
Inventory	1,053,493	152,363
Accounts payable and accrued liabilities	1,114,688	(820,411)
Effect of foreign exchange on working capital	(22,183)	(31,853)
Net Income tax paid	(1,334,129)	(3,122,911)
Interest paid	(104,458)	(66,306)
<b>Net cash provided from operating activities</b>	<b>15,167,341</b>	<b>17,631,769</b>
Investing activities:		
Expenditures on property, plant and equipment	(5,673,004)	(2,535,841)
Proceeds on sale of equipment	857	31,637
Short-term investments	(2,435,900)	-
Reclamation deposits	(232,149)	(204,905)
<b>Net cash used for investing activities</b>	<b>(8,340,196)</b>	<b>(2,709,109)</b>
Financing activities:		
Lease payments	(13,225)	(13,534)
Loan repayments	-	(4,611,270)
Purchase of shares under NCIB	-	(36,538)
Other long-term liability payments	(76,679)	(82,142)
<b>Net cash used for financing activities</b>	<b>(89,904)</b>	<b>(4,743,484)</b>
Effect of foreign exchange on cash	(1,383,198)	(1,787,912)
Net increase in cash	5,354,043	8,391,264
Cash, beginning	45,362,546	34,867,831
Cash, ending	50,716,589	43,259,095

*The accompanying notes are an integral part of these consolidated financial statements.*

**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six-month period ended June 30, 2023 and 2022**  
**(Unaudited - expressed in US dollars)**

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**1. Nature of operations**

Majestic Gold Corp. (the “Company”) is incorporated under the laws of the province of British Columbia, Canada. The Company’s shares trade on the TSX Venture Exchange (“TSX-V”) under the symbol MJS. The Company is a mining company focused on the exploration, development and operation of mining properties in China, Australia and Canada.

The head office, principal address and the registered and records office of the Company are located at 306 – 1688 152nd Street, Surrey, British Columbia, Canada, V4A 4N2.

These unaudited condensed consolidated interim financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. At June 30, 2023, the Company has a working capital of \$41,069,051. In the opinion of the directors, the Company will have necessary funds to finance its working capital and capital expenditure requirements for the next twelve months following June 30, 2023 based on the consideration that the Company is expected to remain profitable and continue to generate operating cash inflow from its future business operations.

**2. Basis of preparation and significant accounting policies**

**Statement of compliance**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 1, Presentation of Financial Statements (“IAS 1”) as issued by the International Accounting Standards Board (“IASB”). The policies applied in these financial statements are based on International Financial Reporting Standards (“IFRS”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) issued and outstanding as at August 28, 2023, the date the board of directors approved these unaudited condensed consolidated interim financial statements for issue.

**Basis of preparation**

The unaudited condensed consolidated interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable.

Since these unaudited condensed consolidated interim financial statements do not include all disclosures required by the International Financial Reporting Standards (“IFRS”) for annual financial statements, they should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2022.

The unaudited condensed consolidated interim financial statements are presented in US dollars (“USD”) unless otherwise noted.

**Basis of consolidation**

The unaudited condensed consolidated interim financial statements include the accounts of the Company and its controlled entities. All inter- company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

The net interest of the Company’s most significant subsidiaries are presented below:

	Country of incorporation	Percentage as at June 30, 2023	Percentage as at December 31, 2022
Persistence Resources Group Ltd.	Cayman Island	94%	94%
Majestic Yantai Gold Ltd.	BVI	94%	94%
Yantai Zhongjia Mining Co., Ltd.	China	70.5%	70.5%

**Use of estimates**

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised.

**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six-month period ended June 30, 2023 and 2022**  
**(Unaudited - expressed in US dollars)**

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**2. Basis of preparation and significant accounting policies (continued)**

**Use of estimates (continued)**

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include:

**a) The useful lives of property, plant and equipment**

Depreciation is calculated on the straight-line basis to depreciate the cost of each item of plant and equipment and ROU asset to its residual value over its estimated useful life. Useful lives are determined based on management's past experience with similar assets, estimated changes in technologies and in the case of mining related plant and equipment, estimated mine lives. If the estimated useful lives change significantly, adjustment of depreciation will be provided in the future year.

The useful lives of the Company's mining properties and infrastructure are based on indicated gold resource and probable reserve estimates based on a certain grade cut-off level. Assumptions that influenced cut-off grade include the expected future price of gold, projected operating costs and discount rates. Changes to these assumptions and further analysis of the Company's gold resource and reserve estimates could significantly impact the expected useful lives of the Company's mineral property and related infrastructure.

**b) Asset retirement obligation**

The asset retirement obligation is based on projected future costs associated with mine reclamation and closure activities on the Company's Songjiagou ("SJG") Open-Pit Mine and SJG Underground Mine. These estimates are based on current Chinese environmental laws and regulations. Future changes to such laws and regulations as well as changes to the Company's intended mining operations could significantly impact this provision.

**c) Impairment of the Company's mining assets**

When assessing whether there are indicators of impairment of the Company's mining property and related assets, the Company considers internal and external factors, including:

- (i) Market factors such as a decrease in the price of gold or an increase in market interest rates;
- (ii) Whether the carrying value of the Company's net assets exceeding the Company's market capitalization; and
- (iii) The net cash flows generated by the assets being less than expected.

The Company has concluded that, as at June 30, 2023, there are no indicators of impairment of the Company's mining properties and related assets.

**d) Other significant estimates**

Other significant estimates where there is significant risk of material adjustments to assets and liabilities in future accounting periods include: determining the fair value measurements for financial instruments, the allocation of production costs to stockpiles of ore inventory and the recoverability of deferred income tax assets.

The Company estimates its income tax provision and deferred taxation in accordance with the prevailing tax rules and regulations, taking into account any special approvals obtained from the relevant tax authorities and any preferential tax treatment to which it is entitled in each location or jurisdiction in which the Company operates. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the differences will impact on the income tax and deferred tax provisions in the period in which the determination is made.

**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six-month period ended June 30, 2023 and 2022**  
**(Unaudited - expressed in US dollars)**

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**2. Basis of preparation and significant accounting policies (continued)**

**d) Other significant estimates (continued)**

Deferred tax assets are recognized for unused tax losses and deductible temporary differences, such as the provision for impairment of receivables, inventories and property, plant and equipment and accruals of expenses not yet deductible for tax purposes, to the extent that it is probable that taxable profits will be available against which the losses deductible temporary difference can be utilized.

In the event that future tax rules and regulations or related circumstances change, adjustments to current and deferred taxation may be necessary which would impact on the Company's results or financial position

**Use of judgments**

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- a) The determination of functional currency  
In accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates" (IAS 21") management determined that the functional currency of the Company is the Canadian dollar ("CAD"), the functional currency of Yantai Zhongjia Mining Co., Ltd. and all the other of the Company's Chinese subsidiaries is the Renminbi ("RMB") and the functional currency of Persistence Resources Group Ltd. ("Persistence") and Majestic Yantai Gold Ltd ("Majestic Yantai") is the Hong Kong dollar ("HKD"); and
- b) The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to a significant uncertainty.

**Foreign currency translation**

Transactions in foreign currencies are initially recorded in the functional currency by applying exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the reporting date exchange rate.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on re-translation are recognized in profit or loss.

For the purposes of presenting the consolidated financial statements in the presentation currency of US dollars, the companies with functional currencies other than US dollars, the assets and liabilities are translated into US dollars using the period-end exchange rate and the operations and cash flows are translated using the average rates of exchange over the period. Exchange differences arising when the opening net assets and the profit or loss are translated into US dollars are recognized in other comprehensive income and recorded in the Company's foreign currency translation reserve in equity. These differences are recognized in profit or loss in the period in which the operation is disposed.

**Comparative figures**

Certain comparative figures have been reclassified to conform to the current period's presentation.

**3. New accounting standards, interpretations and amendments**

There were no new standards or amendments that became effective during the period ended June 30, 2023, which had a material impact on the consolidated financial statements.

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



**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six-month period ended June 30, 2023 and 2022**  
**(Unaudited - expressed in US dollars)**

**4. Cash**

At June 30, 2023, cash of \$48,348,541 is held in China and is subject to local exchange control regulations. Chinese exchange control regulations provide for restrictions on exporting capital from China, other than through normal dividends.

**5. Short-term Investments**

At June 30, 2023, short-term investments total \$9,818,900 (CAD\$13 million), consisting of a six-month term-deposit for CAD\$3 million at an annual rate of 5% maturing August 9, 2023 and a second six-month term-deposit for CAD\$10 million at an annual rate of 4.75%, maturing in November 2023. The Company reinvested the CAD\$3 million at an annual rate 4.85% until September 8, 2023.

**6. Receivables**

	June 30, 2023	December 31, 2022
Sales taxes receivable	\$ 12,301	\$ 7,700
Amount from Dahedong (Note 16)	996,429	1,033,800
Other receivables	152,007	125,500
<b>Total</b>	<b>\$ 1,160,737</b>	<b>\$ 1,167,000</b>

The amount due from Dahedong is interest-free and repayable on demand.

**7. Deposits and prepaid expenses**

	June 30, 2023	December 31, 2022
Current:		
Prepayment for mining supplies and services	\$ 391,431	\$ 188,287
Rent deposit	11,188	10,929
Other prepayments and deposits	758,335	590,056
	<u>1,160,954</u>	<u>789,272</u>
Non-current:		
Reclamation deposits	2,658,816	2,526,227
<b>Total</b>	<b>\$ 3,819,770</b>	<b>\$ 3,315,499</b>

**Reclamation Deposits**

The Company is required to make reclamation deposits in respect of its expected rehabilitation obligations at the SJG Open-Pit Mine and SJG Underground Mine.

**8. Inventory**

	June 30, 2023	December 31, 2022
Gold concentrate	\$ 175,527	\$ 120,003
Ore stockpile	316,277	1,416,877
Raw material	1,073,432	1,141,264
<b>Total</b>	<b>\$ 1,565,236</b>	<b>\$ 2,678,144</b>

**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six-month period ended June 30, 2023 and 2022**  
**(Unaudited - expressed in US dollars)**

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**9. Property, plant and equipment**

**Songjiagou Open-Pit Mine**

The Company's principal mining property is the Songjiagou Open-Pit Mine located in the Shandong Province of China. The Company commenced commercial gold production at the SJG Open-Pit Mine in May 2011. The Company's mining permit for the SJG Open-Pit Mine has been renewed and is valid until May 17, 2031. The SJG Open-Pit Mine is owned by the Company's subsidiary, Yantai Zhongjia Mining Co., Ltd. ("Zhongjia"). The Company's interest in Zhongjia is held through its indirect 94% ownership of its subsidiary Majestic Yantai Gold Ltd. Majestic Yantai holds 75% of the shares of Zhongjia. The remaining 25% of Zhongjia is held by Yantai Dahedong Processing Co. Ltd. ("Dahedong").

During Fiscal 2020, the mining permit fee was initially assessed at \$14,669,935 (RMB 101.136 million) based on the estimated mineral resources available. During Fiscal 2021, Zhongjia received the Yantai Natural Resources Bureau's final valuation assessment of the mining permit fee of \$9,983,767 (RMB 74.12 million), payable over six years (Note 15). The outstanding mining fee was discounted over the payment term with the reduction of the mining permit fee of \$4,686,168 recognized in the mining property costs of fiscal year 2021 and the first payment of \$932,325 (RMB6.3 million) was made during Fiscal 2022.

**Songjiagou Underground Mine**

The SJG Underground Mine is also owned by Zhongjia and lies immediately north of the SJG Open-Pit Mine, within the project's exploration license boundary. The area underlain by precious metal mineralized vein structures was converted to a five-year, 0.414 sq. km. mining license that was granted on February 18, 2016. The Company's mining permit for the SJG Underground Mine has been renewed and is valid until February 18, 2031. The mining license area covers a continuation of the gold mineralization that is currently being mined in the adjacent SJG Open-Pit Mine.

As at June 30, 2023 and December 31, 2022, ROU included prepaid land leases and building leases.

**Majestic Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six-month period ended June 30, 2023 and 2022**  
**(Unaudited - expressed in US dollars)**

**9. Property, plant and equipment (continued)**

	Motor Vehicles	Office furniture & equipment	Building	Machinery	Mining Infrastructure	Mineral Property	Right of use lands	Total
<b>Cost</b>								
At December 31, 2021	\$ 748,865	\$ 731,960	\$ 15,584,302	\$ 29,331,628	\$ 38,879,056	\$ 24,216,899	\$ 19,864,514	\$ 129,357,224
Additions	297,930	4,152	-	1,804,212	4,712,418	188,803	5,846	7,013,361
Change in asset retirement cost	-	-	-	-	(9,789)	-	-	(9,789)
Disposal	(12,066)	(1,824)	-	-	-	-	-	(13,890)
Foreign exchange adjustment	(71,829)	(61,361)	(1,317,749)	(2,533,873)	(3,636,722)	(2,053,309)	(1,677,468)	(11,352,311)
At December 31, 2022	962,900	672,927	14,266,553	28,601,967	39,944,963	22,352,393	18,192,892	124,994,595
Additions	86,651	1,264	-	611,054	4,974,035	-	-	5,673,004
Disposal	(11,700)	(4,732)	-	-	-	-	-	(16,432)
Foreign exchange adjustment	(37,468)	(23,462)	(515,711)	(1,055,602)	(1,620,508)	(807,999)	(651,233)	(4,711,983)
At June 30, 2023	\$ 1,000,383	\$ 645,997	\$ 13,750,842	\$ 28,157,419	\$ 43,298,490	\$ 21,544,394	\$ 17,541,659	\$ 125,939,184
<b>Accumulated depreciation</b>								
At December 31, 2021	\$ (602,335)	\$ (549,386)	\$ (6,829,408)	\$ (14,109,989)	\$ (10,920,873)	\$ (3,462,726)	\$ (7,609,387)	\$ (44,084,104)
Depreciation and depletion	(61,323)	(66,734)	(746,199)	(1,858,670)	(2,365,219)	(1,259,116)	(645,613)	(7,002,874)
Disposal	12,066	1,824	-	-	-	-	-	13,890
Foreign exchange adjustment	52,397	47,892	601,378	1,246,714	993,828	330,273	662,465	3,934,947
At December 31, 2022	(599,195)	(566,404)	(6,974,229)	(14,721,945)	(12,292,264)	(4,391,569)	(7,592,535)	(47,138,141)
Depreciation and depletion	(54,564)	(26,670)	(354,016)	(966,311)	(1,217,409)	(571,108)	(313,967)	(3,504,045)
Disposal	11,700	4,732	-	-	-	-	-	16,432
Foreign exchange adjustment	23,181	20,800	264,673	566,470	487,559	179,019	282,679	1,824,381
At June 30, 2023	\$ (618,878)	\$ (567,542)	\$ (7,063,572)	\$ (15,121,786)	\$ (13,022,114)	\$ (4,783,658)	\$ (7,623,823)	\$ (48,801,373)
<b>Net book value</b>								
At December 31, 2022	\$ 363,705	\$ 106,523	\$ 7,292,324	\$ 13,880,022	\$ 27,652,699	\$ 17,960,824	\$ 10,600,357	\$ 77,856,454
At June 30, 2023	\$ 381,505	\$ 78,455	\$ 6,687,270	\$ 13,035,633	\$ 30,276,376	\$ 16,760,736	\$ 9,917,836	\$ 77,137,811

As at June 30, 2023 and December 31, 2022, certain of the Company's buildings were associated with land lease agreements with third parties which allow for the use of assets for the duration of the lease.

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**10. Exploration and evaluation assets**

	Sunset/Sunrise Mineral Property	
Balance at December 31, 2022	\$	875
Foreign exchange adjustment		(50)
Balance at June 30, 2023	\$	825

**Australia Lithium Tenements, Australia**

On June 15, 2021, the Company entered into a letter of intent (“LOI”) and an amended LOI on December 15, 2021, and two further amended LOI on June 15, 2022 and June 15, 2023, with Western Explorers PTY Ltd., a private Australian corporation, to acquire a 65% interest in four separate tenements located in Western Australia, an area with demonstrated potential for the discovery of lithium oxide mineralization.

The terms of the June 15, 2023, amended LOI are as follows:

- Majestic has the right to carry out a technical review and preliminary exploration work on the tenements by June 15, 2024;
- provided that Majestic expends a total of A\$100,000 within the six-month period (completed), it shall have the right to acquire a 65% interest in the tenements by entering into a joint venture with Western Explorers. To earn its interest, the Company must contribute A\$1,000,000 over a period of two years for exploration and maintenance of the tenements;
- After Majestic has earned 65% interest in the joint venture, both parties shall contribute in cash for further exploration and exploitation in proportion to its ownership interest. If a Party does not contribute, then the other Party may subscribe for and contribute, in which case the ownership interest of the non-contributing Party may be diluted.

**Sunset-Sunrise Property, Canada**

In November 2019, the Company acquired the Sunset and Sunrise mineral claims which are located in the Cassiar District of British Columbia by making a payment of \$840.

Exploration and evaluation expenditures recorded in the statements of income and comprehensive income for the six-month period ended June 30, 2023, is as follows:

Six months ended June 30, 2023	Australia Lithium Tenements	
Claim and Tenement Maintenance Fees	\$	3,885
Assay and analysis		422
Total	\$	4,307

**11. Other long-term assets**

At June 30, 2023, the Company had long-term assets in the amount of \$1,043,244 (December 31, 2022- \$937,093).

The long-term assets comprised of the following transactions with arm’s length parties:

- A zero-interest bearing installment loan of \$553,571 (RMB 4,000,000) to an arm’s length farmers cooperation company. As at June 30, 2023, the outstanding loan amount was \$553,571 (RMB 4,000,000) (December 31, 2022- \$574,333 (RMB 4,000,000)). The loan was provided in support of economic development to a village adjacent to Songjiagou Project as loan proceeds will be used for the construction of a greenhouse to support the agricultural economic development, social well-being and stability of the local communities comprising mainly villagers and farmers in the Muping District of Yantai. The loan is repayable in 10 equal instalments over next 10 years, with the first instalment, recorded as the current portion of other long-term assets, of \$55,356 (RMB 400,000) due on September 17, 2023.
- Advance payments for purchases of property plant and equipment of \$545,029 (RMB 3,938,269).

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**12. Accounts payable and accrued liabilities**

	June 30, 2023	December 31, 2022
Trade and other payables	\$ 5,943,095	\$ 4,900,752
Loan interest payables	4,982	5,743
Provisions	180,555	187,327
<b>Total</b>	<b>\$ 6,128,632</b>	<b>\$ 5,093,822</b>

The provisions consist of a provision for the relocation of villages surrounding the mine and a provision for penalties that arise from overdue tax payment and other penalties.

A continuity of the Company's provisions that are included in accounts payable and accrued liabilities are as follows:

	Provision for relocation	Provision for penalties	Total
Balance, December 31, 2022	134,157	53,170	187,327
Effect of foreign exchange	(4,850)	(1,922)	(6,772)
<b>Balance, June 30, 2023</b>	<b>\$ 129,307</b>	<b>\$ 51,248</b>	<b>\$ 180,555</b>

**13. Loans Payable**

	June 30, 2023	December 31, 2022
Balance, beginning	\$ 4,307,498	\$ 4,705,365
Loan advances	-	4,439,643
Loan repayments	-	(4,439,643)
Foreign exchange adjustment	(155,708)	(397,867)
<b>Balance, ending</b>	<b>\$ 4,151,790</b>	<b>\$ 4,307,498</b>

At June 30, 2023, the Company has a loan of \$ \$4,151,790 (RMB 30,000,000) outstanding. The loan bears interest at 4.8% per annum and was renewed on August 25, 2023. The loan is guaranteed by Dahedong.

**14. Asset retirement obligation**

The following table shows the movement for the asset retirement obligation:

	June 30, 2023	December 31, 2022
Balance, beginning	\$ 3,433,576	\$ 3,657,019
Additions and changes in estimates of net present value	-	(9,789)
Accretion (Note 19)	49,453	98,201
Foreign exchange adjustment	(125,873)	(311,855)
<b>Balance, ending</b>	<b>\$ 3,357,156</b>	<b>\$ 3,433,576</b>

The Company's asset retirement obligation consists of costs associated with mine reclamation and closure activities on the SJG Open-Pit Mine and SJG Underground Mine (Note 9). These activities, which are site specific, include costs for earthworks, re-contouring, re-vegetation, water treatment and demolition. In calculating the fair value of the Company's asset retirement obligations, the Company used a risk-free rate of 3.50% (December 31, 2022 - 2.883%). The majority of the expenditures are expected to occur during or after 2030. As at June 30, 2023, the total undiscounted amount of estimated cash flows required to settle the Company's obligation was \$4,281,090 (RMB 29,836,200).

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**15. Other long-term liabilities**

Other long-term liabilities are comprised of the following:

	June 30, 2023	December 31, 2022
Lease liability	\$ 41,241	\$ 51,751
Village distribution liability	953,971	1,037,306
Mining right obligation	3,215,384	3,279,668
<b>Total</b>	<b>\$ 4,210,596</b>	<b>\$ 4,368,725</b>

Current portion of other long-term liabilities are comprised of the following:

	June 30, 2023	December 31, 2022
Lease liability	\$ 25,988	\$ 25,403
Village distribution liability	147,914	153,462
Mining right obligation	871,876	904,574
<b>Total</b>	<b>\$ 1,045,778</b>	<b>\$ 1,083,439</b>

**Lease liability**

The Company has entered into an office lease agreement for its head office premise for a term ending in 2026. The undiscounted future lease payments are as follows:

	2023	2024	2025	2026	Total
Operating lease commitments:					
Office premises	\$ 13,686	\$ 27,372	\$ 27,372	\$ 4,562	\$ 72,992

**Village distribution liability**

Pursuant to agreements, the Company is required to make payments of RMB 1,068,800 (\$155,536) per annum to certain individuals registered as villagers in the village adjacent to the SJG Open-Pit Mine until the year 2032. The liability reflects the present value of the required payments, discounted using the Company's incremental borrowing rate of 4.90% at the time of the agreements. As at June 30, 2023 the undiscounted future payments were \$1,405,187 (RMB 10,153,600).

**Mining right obligation**

Pursuant to the mining right acquisition addendum signed on December 2, 2021, the Company is required to make an annual payment of RMB 6,300,000 (\$916,804) until the year 2027. The liability reflects the present value of the required payments, discounted using the Company's incremental borrowing rate of 2.676%. As at June 30, 2023, the undiscounted future payments were \$4,359,379 (RMB 31,500,000).

**16. Related party transactions and balances**

**Related party transactions**

The Company incurred the following related party transactions during the six-month period ended June 30, 2023 and 2022:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Consulting fees charged by companies controlled by directors and officers of the Company-includes key management personnel compensation	\$ 167,720	\$ 240,677	\$ 322,513	\$ 397,115

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**16. Related party transactions and balances (continued)**

**Key management personnel compensation**

Key management included the Company's directors, executive officers and senior management.

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Short-term employee benefits—management fees	\$ 46,909	\$ 110,615	\$ 93,517	\$ 160,385
Director fees	3,352	11,382	7,237	14,938
	\$ 50,261	\$ 121,997	\$ 100,754	\$ 175,323

**Related party balances**

	June 30, 2023		December 31, 2022	
Amounts due to companies controlled by Directors and Officers of the Company	\$	3,207	\$	19,792
Amounts due from Dahedong (Note 6)		(996,429)		(1,033,800)
	\$	(993,222)	\$	(1,014,008)

Dahedong is a related party on the basis that it is controlled by significant shareholders of the Company.

**17. Share capital and Reserves**

**a) Authorized**

Unlimited number of common shares without par value.

**b) Issued share capital**

As at June 30, 2023, the Company had 1,042,664,381 common shares issued and outstanding (December 31, 2022 - 1,042,664,381).

On June 3, 2021, the Company commenced its Normal Course Issuer Bid ("NCIB"). Under the NCIB the Company may purchase up to 5% of the issued common shares over a 12-month period. As of June 2, 2022, the Company had purchased 5,062,000 of the eligible 52,386,319 common shares at a cost of \$242,530. During the year ended December 31, 2022, the Company purchased and cancelled 700,000 common shares at a cost of \$36,538 and cancelled an additional 300,000 common shares held in treasury.

**c) Stock Options**

The Company has a shareholder approved "rolling" stock option plan (the "Plan") in compliance with the TSX-V's policies. Under the Plan, the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares at the time of granting. The exercise price of each stock option shall not be less than the discounted market price of the Company's stock at the date of grant. Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not, within a twelve-month period, exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed, within a twelve-month period, two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

The Company did not have stock options issued, outstanding or exercisable for the six-month period ended June 30, 2023 and the year ended December 31, 2022.

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**17. Share capital and Reserves (continued)**

**d) Reserves**

**Share-based payment reserve**

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments. This reserve also includes the value attributed to warrants on unit private placements. At the time that the stock options or warrants are exercised, the corresponding amount will be transferred to share capital.

**Foreign currency translation reserve**

The foreign currency translation reserve records unrealized exchange differences arising on translation of group companies that have a functional currency other than the Company's reporting currency.

**Safety fund surplus reserve**

Pursuant to a Notice regarding Safety Production Expenditure jointly issued by the Ministry of Finance and the State Administration of Work Safety of the PRC in February 2012, Zhongjia is required to establish a safety fund surplus reserve based on the volume of mineral ore extracted. The safety fund can only be transferred to retained earnings to offset safety related expenses as and when they are incurred, including expenses related to safety protection facilities and equipment improvement and maintenance as well as safety production inspection, appraisal, consultation and training.

**Statutory surplus reserve**

In accordance with the Company Law of the PRC and the Articles of Association of Zhongjia, Zhongjia is required to allocate 10% of its profit after tax determined under PRC accounting standards to the statutory surplus reserve until such reserve reaches 50% of the authorised share capital of Zhongjia. Subject to certain restrictions set out in the Company Law of the PRC, part of this reserve may be converted to increase the share capital, provided that the remaining balance after the capitalisation is not less than 25% of the authorised share capital.

**18. Segmented Information**

The Company operates in one industry segment being the exploration, development and operation of mining properties in China. All of the Company's capital assets are located in China, except office furniture and equipment with a net book value of \$3,571 and an ROU asset with a net book value of \$59,043 located in the Company's head-office in Vancouver, Canada. The Company's exploration and evaluation assets are located in Canada (Note 10). All of the Company's revenues are earned in China.

Revenue for the six-month period ended June 30, 2023 and 2022, was from a single customer which amounted to 100% of the Company's revenue.

**19. Revenue and Expenses**

**Revenue**

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Sales of gold bullion	\$ 14,412,975	\$ 16,438,676	\$ 28,217,924	\$ 33,405,661
Sales of sulfur	178,821	653,572	341,700	1,052,010
Revenue	\$ 14,591,796	\$ 17,092,248	\$ 28,559,624	\$ 34,457,671



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**19. Revenue and Expenses (continued)**

**Cost of sales**

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Mining and Milling fees	\$ 4,450,643	\$ 4,550,407	\$ 8,817,635	\$ 9,455,180
Depreciation and depletion (Note 9)	1,835,466	1,867,253	3,333,391	3,440,397
Smelting costs	404,135	531,660	772,242	1,113,958
Resource taxes	518,558	593,109	1,013,178	1,199,485
Other direct costs	12,370	5,761	19,819	10,343
Changes in ending gold concentrate inventory	843,480	207,107	1,025,938	159,002
<b>Total</b>	<b>\$ 8,064,652</b>	<b>\$ 7,755,297</b>	<b>\$ 14,982,203</b>	<b>\$ 15,378,365</b>

**General and administrative**

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Consulting and management fees (Note 16)	\$ 182,195	\$ 254,000	\$ 351,852	\$ 429,569
Financial advisory	428,412	140,523	649,969	693,107
Depreciation (Note 9)	30,185	102,025	170,654	204,224
Office and general	254,075	112,620	445,334	314,261
Professional fees	36,776	14,209	63,447	44,207
Research and development	362,732	322,489	443,946	506,009
Salaries	232,682	180,630	469,841	341,611
Shareholder communications	10,930	9,075	29,855	31,000
Travel	115,742	112,085	239,841	178,152
<b>Total</b>	<b>\$ 1,653,729</b>	<b>\$ 1,247,656</b>	<b>\$ 2,864,739</b>	<b>\$ 2,742,140</b>

**Finance expense**

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Interest expenses and finances charges for bank loans payable	\$ 51,416	\$ 14,914	\$ 103,884	\$ 66,306
Interest expense for leases	866	1,158	1,726	2,327
Interest expense for other long-term liabilities	42,037	49,918	85,421	102,378
Accretion of asset retirement obligation (Note 14)	24,337	24,867	49,453	50,999
<b>Total</b>	<b>\$ 118,656</b>	<b>\$ 90,857</b>	<b>\$ 240,484</b>	<b>\$ 222,010</b>

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**20. Risks and capital management**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

**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, short-term investments and reclamation deposits held in bank accounts. The Company's short-term investments are held with major banks in Canada and 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**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company plans to ensure that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in interest bearing accounts which are available on demand. Management believes the Company has sufficient cash on hand to finance operations for the next twelve months. The Company's accounts payable and accrued liabilities are generally due on demand. The maturity of the Company's loans is disclosed in Note 13. The following summarizes the undiscounted amount of the remaining contractual maturities of the Company's financial liabilities.

	June 30, 2023			December 31, 2022	
	Within a year	2-5 years	Over five years	Total	Total
Accounts payable and accrued liabilities	\$ 6,128,632	\$ -	\$ -	\$ 6,128,632	\$ 5,093,822
Loans	4,151,790	-	-	4,151,790	4,307,498
Other long-term liabilities	1,033,476	4,138,467	665,615	5,837,558	6,141,995
<b>Total</b>	<b>\$ 11,313,898</b>	<b>\$ 4,138,467</b>	<b>\$ 665,615</b>	<b>\$ 16,117,980</b>	<b>\$ 15,543,315</b>

**Industry Risk**

The Company is a mining company with a property and mining operations in China. Its mining activities involve numerous inherent risks. The Company is subject to various financial, equities markets, operational and political risks that could significantly affect its operations and cash flows. These risks include changes in local laws affecting the mining industry, a decline in the price of commodities, uncertainties inherent in estimating mineral resources and fluctuations in the foreign currencies against the US dollar. The Company does not use derivatives or hedging to mitigate the risk of changes in the price of gold or currency fluctuations.

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

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

The Company's property is located in an area that can experience severe winter weather conditions which could adversely affect mining operations. In addition, the Company is subject to changes in environmental laws and regulations that may result in unexpected costs.

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**20. Risks and capital management (continued)**

**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 and reclamation deposits held in bank accounts that earn interest at variable interest rates. The Company's loans payable accrues interest at fixed rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on the estimated fair value as of June 30, 2023.

*Foreign exchange risk*

The Company reports its financial statements in USD. The functional currency of its head office, is CAD, the functional currency of all intermediate holding companies is HKD and the functional currency of its Chinese subsidiary is RMB. The Company is exposed to foreign exchange risk when the Company undertakes transactions and holds assets and liabilities in currencies other than its functional currencies.

The Company currently does not engage in foreign exchange currency hedging. The Company's exposure to currency risk affect net income is summarized as follows:

	June 30, 2023	December 31, 2022
Financial assets denominated in U.S. Dollars	\$ 8,771,968	\$ 11,603,464

As at June 30, 2023, with other variables unchanged, a 10% strengthening (weakening) of the USD against the Company's functional currencies, would have decreased (increased) net income by approximately \$0.88 million (December 31, 2022 - \$1.2 million).

*Currency Risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk to the extent expenditures incurred or funds received and balances maintained by the Company are denominated in currencies other than the functional currency of the entity completing the transaction or holding the funds. The Company does not manage currency risks through hedging or other currency-based derivatives. At June 30, 2023, the Company and its subsidiaries hold USD\$8,771,968, exposing the Company to currency risk.

**21. Financial Instruments**

**Fair Value**

Management has assessed that the fair values of cash and cash equivalents, restricted and pledged deposits, financial assets included in prepayments, deposits and other receivables, trade and bills payables, financial liabilities included in other payables, deposits received and accruals, amounts due to related parties, other long-term liabilities and the interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of other long-term assets and other long-term liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The following tables set forth the Company's financial assets and liabilities that are measured at fair value level on a recurring basis within the fair value hierarchy at June 30, 2023 and December 31, 2022 that are not otherwise disclosed. The assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

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**21. Financial Instruments (continued)**

Financial assets	Level	June 30, 2023	December 31, 2022
Cash	1	\$ 50,716,589	\$ 45,362,546
Short-term investments	1	9,818,900	7,383,000
Reclamation deposits	1	2,658,816	2,526,227
Receivables <sup>(1)</sup>	2	1,148,436	1,159,300
Other long-term assets	2	1,043,244	937,093
<b>Total</b>		<b>\$ 65,385,985</b>	<b>\$ 57,368,166</b>

<sup>(1)</sup> Receivables exclude sales and income tax receivables.

Financial liabilities	Level	June 30, 2023	December 31, 2022
Accounts payable and accrued liabilities	2	\$ 6,128,632	\$ 5,093,822
Interest-bearing bank borrowings	2	4,151,790	4,307,498
Other long-term liabilities	2	5,256,374	5,452,164
<b>Total</b>		<b>\$ 15,536,796</b>	<b>\$ 14,853,484</b>

Fair value of the other financial instruments excluded from the table above approximates their carrying amount as at June 30, 2023 and December 31, 2022, due to the short-term nature of these instruments. There were no transfers into or out of Level 3 during the six-month period ended June 30, 2023 and the year ended December 31, 2022.

**22. Non-controlling interest**

The Company's equity interest in Zhongjia is held indirectly through its 94% owned subsidiary Persistence Resources Group Ltd. by way of Persistence's 100% ownership interest in Majestic Yantai. Majestic Yantai has a 75% equity interest in Zhongjia. The non-controlling interest represents the 25% equity interest in Zhongjia held by Dahedong and the 6% equity interest in Persistence held by another minority shareholder.

The continuity of non-controlling interests is summarized as follows:

	Zhongjia	Persistence	Total
Balance, December 31, 2022	\$ 17,550,611	\$ 4,729,534	\$ 22,280,145
Share of net income	2,225,163	357,087	2,582,250
Share of other comprehensive loss	(713,413)	(102,920)	(816,333)
<b>Balance, June 30, 2023</b>	<b>\$ 19,062,361</b>	<b>\$ 4,983,701</b>	<b>\$ 24,046,062</b>

**23. Subsequent events**

Subsequent to June 30, 2023, the Company:

- On August 9, 2023, reinvested its CAD\$3 million short-term investment at an annual rate of 4.85% maturing in September 2023. (Note 5); and
- On August 25, 2023, the Company renewed its loan of CNY30,000,000 (\$4,151,790) (Note 13).