



**MANAGEMENT DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*(Expressed in US dollars)*

**For the nine months ended June 30, 2013**

**Majestic Gold Corp.**  
**Management's Discussion and Analysis**  
**For the nine months ended June 30, 2013**

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**INTRODUCTION**

The following discussion is Management Discussion and Analysis ("MD&A") of the financial condition and results of operations of Majestic Gold Corp. ("Majestic" or "the Company") and should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements and related notes thereto for the three and nine months ended June 30, 2013, (the "Financial Report") and with the audited financial statements for the years ended September 30, 2012 and 2011.

The financial information in this MD&A is derived from the Company's financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in US dollars unless otherwise indicated.

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

This MD&A contains information to August 29, 2013.

This discussion focuses on key statistics from the condensed consolidated interim financial statements for the three and nine months ended June 30, 2013, and up to the date of this MD&A, and pertains to known risks and uncertainties relating to the gold exploration and development and mining industry. This discussion should not be considered all-inclusive, as it excludes changes that may occur in general economic, political and environmental conditions.

**HIGHLIGHTS**

- Gold production from the Song Jiagou Gold Project was 5,119 ounces for the quarter ended June 30, 2013, compared to 4,891 ounces produced for the comparative period;
- Tonnes of ore milled was 499,175 tonnes for the quarter ended June 30, 2013, compared to 516,353 tonnes milled for the comparative quarter;
- Gold sales revenue for the third quarter of 2013 was \$3,309,181 from the sale of 2,251 ounces at an average realized gold price of \$1,470 per ounce compared to revenue of \$4,961,079 from the sale of 3,215 ounces at an average realized gold price of \$1,543 per ounce for the comparative quarter;
- Gross profit was \$859,000 for the third quarter of 2013, compared to \$1,600,000 in the comparative quarter;
- Cash costs were \$1,040 per ounce for the quarter ended June 30, 2013, compared to \$1,030 per ounce in the comparative quarter;
- The onsite assay lab was completed in July 2013. The new assay lab will allow the Company to implement improved grade control, which should lead to higher head grades of ore delivered to the mill;
- The Company completed the exchange provided for in the Agreement with Yantai Dahedong Processing Co. Ltd. As a result, Dahedong now holds a 25% equity stake in the Company's Chinese subsidiary, Yantai Zhongjia Mining Co. Ltd., in place of the 25% Net Profits granted to it in 2010;
- SRK Consulting China Ltd. completed, for the Company, a NI 43-101 Technical Report in support of the Preliminary Economic Assessment for the Song Jiagou Gold Project located in Shandong Province.

**DESCRIPTION OF THE BUSINESS**

Majestic is a Vancouver, Canada based gold producer with mining operations in China. The Company's main business involves the acquisition, exploration and development of mineral properties. At June 30, 2013, and at the date of this MD&A, all of the Company's mineral property interests and mining operations are located in China. The Company is a TSX Venture Exchange listed mining company under the symbol "MJS".

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The Company's principal mining operation is the Song Jiagou Gold Mine Project of the Muping mineral property, located in the Chinese province of Shandong. Majestic holds its interest in Muping through its 94% owned subsidiary Majestic Yantai Gold Ltd. ("Majestic Yantai"). The Company commenced commercial gold production at the Song Jiagou Gold Mine Project in May 2011.

**SONG JIAGOU GOLD MINE**

The Song Jiagou Gold Mine ("Song Jiagou" or the "Project"), located in the Chinese province of Shandong, is the Company's flagship project. The Company began commercial production in May 2011. The Company expects gold production to continue to increase during the next twelve months as the Company commences to process the higher grade ore from the main ore body at Song Jiagou. The Company has completed the construction of the new on-site assay lab and is in the process of implementing improved grade control, which should lead to higher head grades of ore delivered to the mill. The improvements in the on-site assay lab will allow for better analytical determinations and the expansion of the lab facilities will allow for more samples to be processed on a daily basis, resulting in better information for the mining operations.

On July 29, 2013, the Company completed of the exchange provided for in the Acquisition Agreement ("Agreement") with Yantai Dahedong Processing Co. Ltd ("Dahedong"). As a result, Dahedong now holds a 25% equity stake in the Company's Chinese subsidiary, Yantai Zhongjia Mining Co. Ltd., in place of the 25% Net Profits granted to it in 2010. JVCo owns the Muping Property in the Chinese province of Shandong, China. Majestic indirectly owns a 71% interest in JVCo through its 94% interest in Majestic Yantai, which now owns a 75% interest in JVCo. Dahedong's acquisition of the other 25% of JVCo effectively means that it has a 25% working interest in JVCo in place of an entitlement to 25% of Net Profits. As a result, Dahedong is now obligated to contribute 25% of capital and other expenses for expansion and improvement of the mining facilities, as well as other capital expenses associated with mining operations. JVCo will continue to have the use of Dahedong's mining assets at no cost to JVCo, including various land use contracts with the Chinese government for the operation of processing mills and disposal of tailings, water rights, two mills with processing capacities of 200 and 1,200 tonnes per day respectively, and related buildings and other mining facilities, machinery and equipment.

**RESOURCE**

On August 21, 2013, the Company announced that SRK Consulting China Ltd., ("SRK") has completed a NI 43-101 Technical Report in support of the Preliminary Economic Assessment ("PEA") for the Song Jiagou Gold Project located in Shandong Province, People's Republic of China. The NI 43-101 Technical Report is available on SEDAR at [www.sedar.com](http://www.sedar.com).

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.

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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**

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.

#### **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 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 were used to estimate the operating cost in the 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;

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- 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. The trailing five year average gold price, (i.e. RMB 273.89/g, or US\$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.
3A	7,400 tpd	Village relocation is needed.

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

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.

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%).

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.

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

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**SELECTED FINANCIAL INFORMATION**

	Three months ended June 30, 2013	2012	Nine months ended June 30, 2013	2012
<b>Operating data</b>				
Gold produced (ozs)	5,119	4,891	14,769	14,237
Gold realized net of smelting fees (ozs)	4,770	4,578	13,764	13,321
Gold sold (ozs)	2,251	3,215	9,734	10,403
Average realized gold price (\$/oz sold)	\$ 1,470	\$ 1,543	\$ 1,621	\$ 1,686
Total cash costs (\$/oz sold) <sup>(1)</sup>	1,040	1,030	1,043	1,007
<b>Financial data</b>				
Total revenues	\$ 3,551,168	\$ 5,198,838	\$ 16,576,510	\$ 17,774,525
Gross profit <sup>(2)</sup>	858,996	1,586,338	5,444,311	6,402,210
Net loss attributable to shareholders	(1,663,360)	(2,462,352)	(2,782,687)	(2,350,445)
Basic and diluted loss per share	(0)	(0)	(0)	(0)
Cash and cash equivalents	16,255,747	24,460,820	16,255,747	24,460,820
Total debt	15,439,505	5,116,096	15,439,505	5,116,096

(1) "Total cash costs" are presented on a per ounce sold basis. See "Additional Financial Measures".

(2) "Gross profit" represents total revenues, net of cost of goods sold.

## RESULTS OF OPERATIONS

### Gold Production

	Three months ended June 30, 2013	2012	Nine months ended June 30, 2013	2012
<b>Production data</b>				
Tonnes mined	501,851	655,057	1,431,589	1,752,420
Tonnes milled	499,175	516,353	1,444,307	1,465,259
Tonnes per day (tpd)	5,485	5,674	5,291	5,157
Head grade (g/t)	0.36	0.35	0.36	0.36
Mill recovery	86.0%	84.2%	86.0%	84.2%
Gold produced (ozs)	5,119	4,891	14,769	14,237
Gold realized, net of smelting fees (ozs)	4,770	4,578	13,764	13,321

Total gold produced for the third quarter of 2013 was 5,119 ounces, up 4.6% from 4,891 ounces for the comparative quarter of 2012. Total gold realized was 4,770 ounces for the third quarter of 2013, an increase of 4.2% compared to 4,578 ounces from the comparative quarter of 2012.

### Revenues

	Three months ended June 30, 2013	2012	Nine months ended June 30, 2013	2012
<b>Gold</b>				
Ounces sold	2,251	3,215	9,734	10,403
Average realized price (\$/oz)	\$ 1,470	\$ 1,543	\$ 1,621	\$ 1,686
<b>Revenues</b>				
Gold	\$ 3,309,181	\$ 4,961,079	\$ 15,777,817	\$ 17,536,766
Lease	241,987	237,759	798,693	237,759
	\$ 3,551,168	\$ 5,198,838	\$ 16,576,510	\$ 17,774,525

Gold sales revenue for the third quarter of 2013 was \$3,309,181 on gold sales of 2,251 ounces at an average realized gold price of \$1,470 compared to \$4,961,079 on gold sales of 3,215 at an average

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realized gold price of \$1,543 for the comparative quarter of 2012. The decrease in gold sales revenue is due primarily to 964 fewer ounces being sold as well as to a decrease in the average realized gold price for the ounces sold in the current quarter of 2013 compared to the comparative quarter of 2012. At the end of March 2013, there was a collapse in the gold price and it is expected this decline in gold price will continue to have an impact on the Company's revenues for the next two fiscal quarters.

Revenue also included mining lease revenue of \$241,987 in the current quarter (2012- \$237,759).

**Cost of Goods Sold**

	Three months ended June 30,		Nine months ended June 30,	
	2013	2012	2013	2012
<b>Ounces sold</b>	2,251	3,215	9,734	10,403
<b>Per ounce of gold sold <sup>(1)</sup></b>				
Cash costs	\$ 1,040	\$ 1,030	\$ 1,043	\$ 1,007
Production costs	1,196	1,124	1,144	1,093
<b>Cost of Goods Sold</b>				
Total cash costs	\$ 2,340,085	\$ 3,312,456	\$ 10,151,559	\$ 10,473,124
Total production costs	2,692,172	3,612,500	11,132,199	11,372,315

(1) See "Additional Financial Measures".

The cash costs per ounce were \$1,040 for the quarter ended June 30, 2013, compared to \$1,030 per ounce for the comparative quarter of 2012.

The production costs per ounce were \$1,196 for the quarter ended June 30, 2013, compared to \$1,142 per ounce for the comparative quarter of 2012.

**Other Items**

The more significant other items for the third quarters ended June 30, 2013 and 2012 are discussed below.

The details of the changes in general and administrative expenses for the three and nine months ended June 30, 2013 and 2012 are as follows:

	Three months ended June 30,		Nine months ended June 30,	
	2013	2012	2013	2012
	-\$-	-\$-	-\$-	-\$-
Consulting and management fees	631,607	678,583	1,794,364	1,692,495
Depreciation	46,258	22,263	103,674	66,071
Financial Advisory Services	99,956	74,184	350,173	154,434
Office and general	264,782	48,281	967,916	820,241
Professional fees	148,027	39,177	373,476	200,369
Salaries	165,183	132,812	493,661	563,777
Shareholder communications, transfer agent and filing fees	47,484	71,428	93,294	147,879
Travel	466,731	388,010	1,377,673	1,028,826
<b>Total</b>	<b>1,870,028</b>	<b>1,454,738</b>	<b>5,554,231</b>	<b>4,674,092</b>

Consulting and management fees were \$631,037 for the quarter ended June 30, 2013, compared to \$678,353 for the comparative quarter of 2012. The decrease is due primarily to fees incurred in the prior quarter related to a consulting agreement which terminated during August 2012.

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Financial advisory fees were \$99,956 for the quarter ended June 30, 2013, compared to \$74,184 in the comparative quarter of 2012. These fees relate primarily to a consulting agreement with Deloitte for financial advisory services.

Office and general costs were \$264,782 for the quarter ended June 30, 2013, compared to \$48,281 for the comparative quarter of 2012. The increase of \$216,051 for the current quarter was due primarily to timing of the expenses being incurred during the quarter as the cumulative costs of \$967,916 for nine months ended June 30, 2013, were comparative to \$820,241 incurred for the comparative period of 2012. The overall increase of \$147,675 is due to the increased operating costs for the newly completed mine site office building.

Professional fees were \$148,027 for the quarter ended June 30, 2013, compared to \$39,177 for the comparative quarter. The fees relate primarily to the Company's efforts in seeking potential merger and acquisition opportunities.

Travel costs were \$466,731 for the quarter ended June 30, 2013, compared to \$388,010 for the prior period. Travel costs are primarily related to the Company's continued efforts in seeking potential merger and acquisition opportunities and for attending investor conferences and meetings in Asia and Europe.

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

The details of the changes in the consolidated finance expense for the three and nine months ended June 30, 2013 and 2012 are as follows:

	Three months ended June 30, 2013 -\$-	2012 -\$-	Nine months ended June 30, 2013 -\$-	2012 -\$-
Interest on loans	263,779	29,756	773,553	57,824
Interest record on liability component of convertible loan	-	7,488	-	7,488
Finance fee on construction of New Mill	44,545	1,838,105	232,215	1,838,105
Accretion of asset retirement obligation	23,257	62,263	69,179	62,263
Total	331,581	1,937,612	1,074,947	1,965,680

Net loss for the three months ended June 30, 2013, was \$1,663,384 (\$0.00 per share) compared to a loss of \$2,448,560 (\$0.00 per share) for the comparative period.

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**SUMMARY OF QUARTERLY RESULTS**

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

	<b>June 30, 2013 -\$-</b>	<b>March 31, 2013 -\$-</b>	<b>December 31, 2012 -\$-</b>	<b>September 30, 2012 -\$-</b>
Net revenues	\$3,551,168	\$8,681,386	\$4,343,956	\$13,895,744
Net loss	(\$1,663,384)	(\$959,866)	(\$52,002)	\$111,721
Per share	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)
	<b>June 30, 2012 -\$-</b>	<b>March 31, 2012 -\$-</b>	<b>December 31, 2011 -\$-</b>	<b>September 30, 2011 -\$-</b>
Net revenues	\$5,198,838	\$5,900,629	\$6,675,058	\$5,401,067
Net loss	(\$2,448,560)	\$425,241	(\$159,183)	(\$6,835,369)
Per share	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.01)

Significant variations in the net revenues periods is primarily due to variances in gold sales and metal prices.

Significant variations in the net loss from one period to another are mainly due to variations in gold sales, metal prices, increase in the start-up costs of mining operations, the issuance of incentive stock options, which results in an increase in stock-based compensation.

**LIQUIDITY**

The Company's liquidity requirements arise principally from the need for working capital to finance expansion of its mining and processing operations. The Company's principal sources of funds have been proceeds from the borrowing from various financial institutions in China, equity financings, and cash generated from operations. The Company's liquidity depends primarily on its ability to generate cash flow from its operations and to obtain external financing to meet its debt obligations as they become due, as well as the Company's future operating and capital expenditure requirements.

At June 30, 2013, the Company had cash and cash equivalents of \$16,255,747 (September 30, 2012 - \$24,974,244) and had working capital of \$4,439,152 (September 30, 2012 - \$6,832,954).

Majestic began the nine months ended June 30, 2013, with \$24,974,244 in cash and cash equivalents. During the nine month period ended June 30, 2013, the Company had a net cash outflow from operating activities of \$8,087,508, net of working capital changes, spent \$1,205,652 on investing activities which was attributable to the purchase of property, plant and equipment, received \$1,533,498 from financing activities which was primarily attributable to loans borrowings, net of borrowing repayments, and had foreign exchange loss of \$958,835, to end at June 30, 2013, with \$16,255,747 in cash and cash equivalents.

Management considers its operating cash flows to be sufficient to cover the next twelve months to meet its planned exploration, development, operational activities, and its current outstanding debts. The Company has completed its mining and production facilities and is now dependent on achieving consistent profitable income from operations. Revenue and expenses should increase as production increases with the mill reaching full capacity. Should this not be achieved, the Company will continue to be dependent on raising additional funds to meet operational requirements and ultimately upon achieving profitable operations.

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**CAPITAL RESOURCES**

At the date of this MD&A, the Company has 44,575,000 stock options at exercise prices ranging from CAD\$0.12 to CAD\$0.20. In addition the Company has 222,500,000 share purchase warrants at an exercise price of CAD\$0.20. All stock options, and share purchase warrants and finders warrants will, if exercised, provide additional cash. At the date of this MD&A, 17,625,000 of the 44,575,000 stock options outstanding are "in the money" which if exercised, would generate CAD\$2,115,000 in cash.

As at the date of this MD&A, other than as described herein and in the Financial Report, the Company has no other arrangements for sources of financing.

In management's view, given the nature of the Company's operations, which consists of exploration, mining and evaluation of mining properties, the most relevant financial information relates primarily to current liquidity, solvency and planned property expenditures. The Company's financial success will be dependent upon the extent to which it can discover mineralization and the economic viability of developing its properties. Such development may take years to complete and the amount of resulting income, if any, is difficult to determine. The sales value of any minerals discovered by the Company is largely dependent upon factors beyond the Company's control, including the market value of the metals to be produced.

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

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Authorized: an unlimited number of common shares without par value.	Common shares issued and outstanding	Common share purchase warrants	Stock options
Outstanding at June 30, 2013 and at the date of this MD&A	839,765,216	222,500,000	44,575,000

**TRANSACTIONS WITH RELATED PARTIES**

**Related party transactions**

The Company incurred the following related party transactions during the three and nine months ended June 30, 2013 and 2012:

	Three months ended June 30, 2013 -\$-	2012 -\$-	Nine months ended June 30, 2013 -\$-	2012 -\$-
Consulting fees charged by companies controlled by directors of the Company	323,157	495,298	826,525	1,240,346
Rent and administrative fees charged by companies controlled by directors of the Company	-	-	16,330	23,145
Legal fees charge by a law firm jointly controlled by a former Director	-	72,817	72,483	81,758
Mining and milling services charged by Dahedong	4,362,172	4,061,300	12,783,877	11,904,076
	4,685,329	4,629,415	13,699,215	13,249,325

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**Compensation of key management personnel**

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

	Three months ended June 30, 2013	2012	Nine months ended June 30, 2013	2012
	- \$ -	- \$ -	- \$ -	- \$ -
Short-term employee benefits – management fees	73,057	26,752	189,510	166,596

Key management included the Company's directors, executive officers and senior management. These transactions occurred in the normal course of operations and are measured at their exchange amounts, which is the amount of consideration established and agreed to by the parties.

**NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE**

A number of new standards, amendments to standards and interpretations are not yet effective as of June 30, 2013, and have not been applied in preparing these condensed consolidated financial statements. None of these are expected to have a material effect on the financial statements of the Company.

**New standard IFRS 9 “Financial Instruments”**

This new standard is a partial replacement of IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

**New standard IFRS 10 “Consolidated Financial Statements”**

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

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

**New standard IFRS 11 “Joint Arrangements”**

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

**New standard IFRS 12 “Disclosure of Interests in Other Entities”**

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

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**New standard IFRS 13 "Fair value measurement"**

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

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

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

**Amendments to IAS 32 "Financial Instruments: Presentation"**

These amendments address inconsistencies when applying the offsetting requirements, and are effective for annual periods beginning on or after January 1, 2014.

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

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

**COMMITMENT AND CONTINGENCIES**

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

**OFF-BALANCE SHEET ARRANGEMENTS**

At June 30, 2013, the Company had no off-balance sheet arrangement such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Financial Instruments**

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

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Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

**Risk Management**

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada and China. The credit risk associated with cash held in Canada is reduced by management ensuring that the Company uses a major Canadian financial institution with strong investment grade ratings by a primary ratings agency. The credit risk associated with cash held in China is reduced, but not fully mitigated, by management using a financial institution that is operated by the Government of China.

**Liquidity Risk**

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in 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.

**Industry Risk**

The Company is a mining and exploration company with properties and mining operations focused 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 CNY 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.

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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 and exploration programs. In addition, the Company is subject to changes in environmental laws and regulations that may result in unexpected costs.

**Market Risk**

The significant market risks to which the Company is exposed are interest rate risk, currency risk and other commodity price risk. These are discussed further below:

*Interest Rate Risk*

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's cash consists of cash held in bank accounts that earn interest at variable interest rates. The Company's 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, 2013.

*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. The Company and its subsidiaries do not have significant transactions or hold significant cash denominated in currencies other than their functional currencies. Therefore, this risk is considered minimal.

*Other Price Risk*

Other price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk, price risk or foreign exchange risk.

The Company is exposed to changes in market prices as this can impact the value of its investments.

The Company is exposed to changes in the price of gold which affects its earnings and cash flows. Changes in the price of gold will impact the profits and resulting cash flows of the company and could potentially impact the classification and amounts of certain liabilities, most notably the asset retirement obligation.

As at June 30, 2013, the Company has no contracts or agreements in place to mitigate these price risks.

**DIRECTORS**

Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring mineral properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest, which they may have, in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any directors in a conflict will disclose their interests and abstain from voting in such matters. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

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**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION**

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management, and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

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

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

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

**RISKS AND UNCERTAINTIES**

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

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

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

*Exploration and mining risks*

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

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

*Reserves and resource estimates*

The mineral and resources estimates disclosed in the Company's public filings are only estimates and no assurances can be given that any particular level of recovery of minerals will be realized or that an identified resource will ever qualify as a commercially mineable deposit which can be legally and economically exploited. The Company relies on laboratory-based recovery models to project estimated ultimate recoveries by ore type at optimal crush sizes. Actual gold recoveries may exceed or fall short of projected laboratory test results. As stated previously, the grade of mineralization ultimately mined may differ from the

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one indicated by the drilling results and the difference may be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, inaccurate or incorrect geologic, metallurgical or engineering work, and work interruptions among other things. Short-term factors, such as the need for an orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations or the results of those operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under onsite conditions or in production scale operations. Material changes in proven and probable reserves or resource grades, waste-to-ore ratios or recovery rates may affect the economic viability of projects. The estimated proven and probable reserves and resources disclosed in the Company's public filings should not be interpreted as assurances of mine life or of the profitability of future operations.

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

*Foreign countries, laws and regulations*

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

*Commodity prices*

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

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

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

*Environmental compliance and other regulatory requirements*

Any significant mining operation will have some environmental impact, including land and habitat impact, arising from the use of land for mining and related activities, and certain impact on water resources near the project sites, resulting from water use, rock disposal and drainage run-off. The current exploration and mining activities of the Company require permits from various governmental authorities and such operations are, and will be, governed by laws and regulations governing exploration, mining, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety, mine permitting and other matters. Companies engaged in exploration and mining activities generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits the Company may require for exploration, development and mining will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project the Company may undertake.

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

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

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

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

*Insurance and uninsured risks*

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

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

*Dependence on key personnel*

The success of the Company will be largely dependent upon the performance of its key officers, employees and consultants. Local mineral deposits and mining operations depend on a number of factors, not the least of which is the technical skill of the exploration and mining personnel involved. The success of the Company is largely dependent on the performance of its key personnel including its Chief Executive Officer and Vice President of Exploration and Development. Failure to retain key personnel or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's

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success. The Company has not purchased any "key man" insurance with respect to any of its directors, officers or key employees and has no current plans to do so.

*Property interests*

The ability of the Company to carry out successful mineral exploration, development activities and mining operations is dependent, in part, on the Company's ability to acquire and maintain title to its mineral interests. No guarantee can be given that the Company will be in a position to comply with the obligations that this requirement entails, or to require third parties to comply with their obligations with respect to such properties. Furthermore, while it is common practice that permits and licenses may be renewed, extended or transferred into other forms of licenses appropriate for ongoing operations, no guarantee can be given that a renewal, extension or a transfer will be granted to the Company or, if they are granted, that the Company will be in a position to comply with all conditions that are imposed.

Furthermore, at any point in time certain of the Company's mineral interests may be the subject of contractual promises to assign, pursuant to which a third party has agreed to assign to the Company, or to an entity in which the Company holds its interest in the applicable property, certain licenses and/or concession contracts upon the issuance of such licenses or concession contracts by the mining registry to the promising party. The failure of a promising party to comply with its contractual obligation could have a materially adverse impact on the Company's interests in the license or concession.

The acquisition of the right to exploit, develop and/or mine its mineral properties is a detailed and time-consuming process. Although the company is satisfied it has taken reasonable measures to acquire unencumbered rights to explore on and exploit its mineral reserves on its mineral interests, there can be no assurances the interest in the Company's properties is free from defects or that the material contracts between the Company and the entities owned or controlled by foreign government will not be unilaterally altered or revoked. There can be no assurances the Company's rights will not be challenged or impugned by third parties, that the Company's interests in properties may be subject to prior unregistered agreements, or that transfers and title may be affected by undetected defects.

**ADDITIONAL FINANCIAL MEASURES**

The Company has included additional financial performance measures in this MD&A, such as total cash costs, and total production costs, on a per ounce basis. The Company reports total cash and production costs on a sales basis. In the gold mining industry, this is a common performance measure but does not have any standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

"*Total cash costs per ounce*" is calculated from operations cash costs, which include resource taxes, and dividing the sum by the number of gold ounces sold. Operations cash costs include mining, milling, smelter and other direct costs.

"*Total production costs per ounce*" are calculated by adding depreciation, amortization and depletion to total cash costs and dividing the sum by the number of ounces of gold sold.

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The following tables provide a reconciliation to the unaudited condensed consolidated interim financial statements of total cash costs per ounce, and total production costs per ounce:

	Three months ended June 30, 2013		Nine months ended June 30, 2013	
	2013	2012	2013	2012
<b>Gold sold (ozs)</b>	2,251	3,215	9,734	10,403
<b>Total cash costs per ounce</b>				
Contractor costs paid to Dahedong	\$ 4,362,172	\$ 4,061,300	\$ 12,783,877	\$ 11,904,076
Smelting costs	106,325	86,884	285,669	268,656
Resource taxes	448,434	(73,379)	758,599	564,743
Other direct costs	252,710	33,713	574,097	75,200
Changes in ending gold concentrate inventory	(2,829,556)	(796,062)	(4,250,683)	(2,339,551)
<b>Total cash costs</b>	<b>\$ 2,340,085</b>	<b>\$ 3,312,456</b>	<b>\$ 10,151,559</b>	<b>\$ 10,473,124</b>
<b>Per ounce sold</b>	<b>\$ 1,040</b>	<b>\$ 1,030</b>	<b>\$ 1,043</b>	<b>\$ 1,007</b>
<b>Total production costs per ounce</b>				
Total cash costs	\$ 2,340,085	\$ 3,312,456	\$ 10,151,559	\$ 10,473,124
Depreciation	454,745	357,518	1,205,348	1,071,434
Amortization of deferred income	(102,658)	(57,474)	(224,708)	(172,243)
<b>Total production costs</b>	<b>\$ 2,692,172</b>	<b>\$ 3,612,500</b>	<b>\$ 11,132,199</b>	<b>\$ 11,372,315</b>
<b>Per ounce sold</b>	<b>\$ 1,196</b>	<b>\$ 1,124</b>	<b>\$ 1,144</b>	<b>\$ 1,093</b>

#### **FORWARD-LOOKING STATEMENTS**

This MD&A contains or incorporates by reference "forward-looking statements" within the meaning of applicable Canadian securities legislation. Except for statements of historical fact relating to the Company, information contained herein constitutes forward-looking statements, including any information as to the Company's strategy, plans or future financial or operating performance. Forward-looking statements are characterized by words such as "plan", "expect", "budget", "target", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include the impact of general business and economic conditions, global liquidity and credit availability on the timing of cash flows and the values of assets and liabilities based on projected future conditions, fluctuating gold prices, currency exchange rates, possible variations in ore grade or recovery rates, changes in accounting policies, changes in the Company's corporate resources, changes in project parameters as plans continue to be refined, changes in project development, construction, production and commissioning time frames, risk related to joint venture operations, the possibility of project cost overruns or unanticipated costs and expenses, higher prices for fuel, steel, power, labour and other consumables contributing to higher costs and general risks of the mining industry, failure of plant, equipment or processes to operate as anticipated, unexpected changes in mine life, unanticipated results of future studies, seasonality and unanticipated weather changes, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and timing and possible outcome of pending litigation and labour disputes, as well as those risk factors discussed or referred to in the Company's Management's Discussion and Analysis for the nine months ended June 30, 2013, filed with the applicable securities regulatory authorities and available at SEDAR [www.sedar.com](http://www.sedar.com). Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that

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forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates, assumptions or opinions should change, except as required by applicable law. The reader is cautioned not to place undue reliance on forward-looking statements. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the Company's expected financial and operational performance and results as at and for the periods ended on the dates presented in the Company's plans and objectives, and may not be appropriate for other purposes.

**Other Information**

Additional information relating to the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com) and at the Company's web site [www.majesticgold.net](http://www.majesticgold.net).