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### **DISCLOSURE CLARIFICATION**

As a result of a review by the B.C. Securities Commission, Majestic Gold Corp. is issuing the following news release to clarify its technical disclosure.

#### *Disclosure Regarding Mineral Resources and the Company's Decision to Place the Song Jiagou Project Into Production*

The Company's disclosure regarding the Song Jiagou Gold Project located in Shandong Province, People's Republic of China, provides estimates of *in situ* mineral resources in the indicated and inferred categories, and also refers to "potentially mineable" or "potentially recoverable" mineral resources. The use of the two latter terms may confuse some readers because they could be interpreted to indicate that only a portion of the indicated and inferred *in situ* resources have a reasonable prospect for economic extraction. That is not the case.

100% of the *in situ* mineral resources have been classified as indicated or inferred in National Instrument 43-101 (NI 43-101) reports prepared for the Company during 2006, 2007 and 2010 by Wardrop Engineering Inc. (a Tetra Tech Company) ("Wardrop"). By definition, that means that Wardrop considers all of those mineral resources to be reasonably capable of economic extraction. However, in a positive Preliminary Assessment Report (PEA) prepared by Wardrop during early 2011, Wardrop determined that the economic benefit to the Company of extracting less than 100% of the *in situ* mineral resources would exceed the economic benefit to the Company of extracting 100% of the *in situ* mineral resources – its "pit optimization model" - due to the fact that the Song Jiagou deposit is comprised of two apparent populations of gold mineralization: higher values that are contained within fractures in the conglomerate, and a low-grade envelope or "halo" comprised of the conglomerate that surrounds the higher-grade fractures. In its technical disclosure after receiving the PEA, the Company used the terms "potentially minable" and "potentially recoverable" to identify the higher grade portion of the *in situ* mineral resources which Wardrop recommended developing in the first instance to maximize the economic benefit to the Company. The Company used those terms in its technical disclosure without the foregoing explanation. The PEA is available for review at [www.sedar.com](http://www.sedar.com).

The use of the phrase "potentially mineable" resources might lead a reader to misinterpret such resources as mineral reserves. There are no established mineral reserves at Song Jiagou. In addition, such term includes inferred resources as well as indicated resources. Accordingly, the following language should have been included in disclosure using that phrase: *"The "potentially mineable" resources used in the preliminary economic assessment includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability."*

The Company's technical disclosure does not state that the decision to commence production at Song Jiagou was not based on based on a technical report and was made without completing a feasibility

study. NI 43-101 does not require an issuer to establish mineral reserves supported by a technical report or to complete a feasibility study to support a production decision. However, NI 43-101 does state that an issuer should disclose that it is not basing its production decision on a feasibility study of mineral reserves demonstrating economic and technical viability, and should provide adequate disclosure of the increased uncertainty and the specific economic and technical risks of failure associated with its production decision. Under paragraph 1.4(e) of Form 51-102F1, an issuer must also disclose in its Management Discussion & Analysis (MD&A) whether such a production decision is based on a technical report. The Company has not included such a statement in its technical disclosure or MD&A, but will do so in the future.

The Company's production decision was made based on the open pit optimization resource model set out in the PEA, which takes into account the relatively low mining costs negotiated by the Company. The pit optimization that was conducted in the preliminary assessment generated a production schedule summary at grade cut-off of 0.30 g/t Au as set out below (p. 13 of the PEA):

Preliminary Production Summary Variable	Value
Mill Tonnes (inc. Stockpile)	53,559,000
Mill Tonnes	52,682,000
Waste Tonnes	100,377,000
Strip Ratio	1.87
Au Grade (g/t)	1.52
Contained Metal (g)	80,218,208
Mine Life (years)	22

The PEA includes the inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the preliminary assessment will ever be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

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

*Resource Category	Cut-off (g/t)	Tonnes	Au Uncap g/t	**Au Cap g/t	Ounces Au Uncap	Ounces Au Cap
Indicated	0.30	33,739,586	1.384	1.147	1,501,298	1,244,211
Inferred	0.30	38,812,054	1.500	1.467	1,871,755	1,830,576

\* Mineral resources are not mineral reserves and do not have demonstrative economic viability. All figures have been rounded to reflect the relative accuracy of the estimates

\*\* gold grades were capped at 40.0 g/t

Open pit optimization was carried out using Whittle™ 4.3 which uses a series of Lerchs Grossman (LG) pit shells at different prices of gold to optimize the size of the pit while maximizing net present value (NVP) of the deposit. The resulting LG shells generated the highest discounted cash flow from the ore body at varying prices of gold. The LG shell used for optimization does not apply practical mining considerations and constraints.

The strategic planning using the generated LG pit resulted in Wardrop identifying the following "potentially mineable" resources within the proposed preliminary production schedule (page 15 of the PEA):

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

The optimization was based on a gold price of US\$973/oz and an exchange rate of USD 1.000 to CAD 1.087.

The Song Jiagou resource estimate was carried out using industry-standard procedures and a geological interpretation of the deposit that, to the extent possible, reflected observations of grade distributions. Modeling of the deposit is uncertain, however, because it is difficult to establish with a high level of confidence the area of influence of higher-grade gold values. The risk remains, therefore, that the geological model may overstate the distribution of high-grade gold values. If future mining demonstrates that this is in fact the case, then the model may overstate anticipated gold grades. Because the probability of this outcome is unknown, the level of uncertainty must also be unknown.

The Company will in future include appropriate language in its materials to ensure the risks associated with its production decision are disclosed to the public.

#### *NI 43-101 Disclosure Issues*

The Company's website, certain news releases and certain investor relations materials include disclosure of mineral resources which do not distinguish between the inferred and indicated categories of mineral resources, as required by NI 43-101. Similarly, the home page of the Company's website states resources solely in the form of contained ounces. Finally, the website refers to "Chinese estimates" without stating the applicable resource categories. Each statement of resources should have distinguished the indicated and inferred categories.

Also, an article prepared by Vicarage Capital Limited and linked to the Company's website combined indicated and inferred resources, and reported gross metal value that is restricted by section 2.3(1)(c) of NI 43-101.

The Company's MD&A discloses the results of an economic analysis based partially on inferred resources without providing the necessary information and cautionary language required by section 2.3 (3) of NI 43-101. The MD&A should include the following statement *"The preliminary economic assessment is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized Mineral resources that are not mineral reserves do not have demonstrated economic viability."*

Similarly, certain videos posted on the website report the results of an economic analysis that includes inferred resources without providing the cautionary language required by s. 2.3(3). These videos should have included the following statement *"The preliminary economic assessment is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability."*

Also, the Company's initial news release on March 11, 2011 provides the results of the PEA without including the proper cautionary language. This news release should have stated *"The preliminary economic assessment is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized Mineral resources that are not mineral reserves do not have demonstrated economic viability."*

### *Qualified Persons Disclosure*

The website and certain investor relations materials did not disclose the name and relationship to the Company of the qualified persons that prepared or approved the technical information. For more clarity either Mike Hibbits, Sr. VP of Development and Exploration and/or Rod Husband President and CEO of Majestic Gold Corp., are the Qualified Persons as defined by National Instrument 43-101 that reviewed and approved the content of the materials and this press release.

### *Retraction of Non-compliant Technical Disclosure*

The Company hereby retracts the following technical disclosure:

- references to total gold resources;
- references to gross metal value;
- reference to the economics of the project without the statement *"The preliminary economic assessment includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized Mineral resources that are not mineral reserves do not have demonstrated economic viability."*

The Company has removed non-compliant third party links from its website and has made the appropriate changes to its website.

### **On Behalf of the Board of Directors**

#### **MAJESTIC GOLD CORP.**

#### **Signed "Rod Husband"**

Rod Husband, P.Ge  
President

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