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## **Majestic Gold arranges \$10-million convertible loan**

**Vancouver, British Columbia, July 26, 2011 – Majestic Gold Corp. (TSX.V: MJS).**

**Mr. Rod Husband reports**

### **CONVERTIBLE LOAN FINANCING ARRANGED**

Majestic Gold Corp. has arranged a \$10-million loan to advance its Song Jiagou project in China. A total of \$9-million from the proceeds from the loan will be used by the company in connection with its Song Jiagou project and the balance of \$1-million for general working capital purposes.

The loan will have a one-year term and loan principal will be convertible at the option of the lender in whole or in part into common shares of the company until 12 months from the date of the loan advance at the price of 20.5 cents per share. The loan will bear interest at the rate of 7.5 per cent per year, payable on maturity, and accrued and unpaid interest will be convertible at the option of the lender in whole or in part into shares of the company until 12 months from the date of the loan advance at market price at the time of conversion.

The lender is at arm's length from the company and will not become an insider as a result of any conversion of principal and interest. All shares issued on any conversion of loan principal or interest will be subject to a four-month hold period from the date of advance of loan proceeds. The loan is subject to acceptance by the TSX Venture Exchange.

As additional consideration for the loan, the company has agreed to forward at least \$9-million to Majestic Yantai Gold Ltd., a British Virgin Islands company owned 94 per cent by the company, to be used to further advance its Song Jiagou project.

The borrower has also agreed to a 90-day period for reciprocal due diligence reviews and discussions for the possible further involvement of the lender in the Song Jiagou project.

In the event that no further agreement is reached between the lender and the company during the 90-day period, then the loan and a minimum of seven months interest will automatically convert to shares in the company at a price of 20.5 cents per share and the interest at market price respectively.

In addition, the company is pleased to announce that it has arranged a non-brokered private placement of up to 15 million shares to be issued at the price of 20 cents per share for gross proceeds of \$3-million.

Completion of the offering is subject to TSX Venture Exchange acceptance. The company will pay finders' fees in cash and/or securities in connection with the offering, in accordance with exchange policy. All securities issued pursuant to the offering will be subject to a four-month hold period from the closing date. The proceeds from the offering will be used to finance exploration activities on the company's Song Jiagou gold project in China and for general corporate expenses.

**On Behalf of the Board of Directors**

**MAJESTIC GOLD CORP.**

**Signed "Rod Husband"**

Rod Husband, P.Ge  
President

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