MANAGEMENT DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(Expressed in US dollars)

INTRODUCTION

The following Management Discussion and Analysis ("MD&A") dated May 25, 2023, discusses the financial condition and results of operations of Majestic Gold Corp. (TSX-V: MJS) ("Majestic" or "the Company") for the three months ended March 31, 2023. The MD&A should be read in conjunction with the accompanying unaudited condensed consolidated financial statements of the Company and notes thereto for the three months ended March 31, 2023 (the "Financial Report").

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

This discussion focuses on key statistics from the unaudited condensed consolidated financial statements for the three months ended March 31, 2023, 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.

Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's website www.majesticgold.com.

OPERATIONAL HIGHLIGHTS

Three months ended March 31, 2023

- ***Gold production*** was 8,127 ounces, compared to 10,071 ounces produced for the FY2022 comparative period;
- ***Revenue*** was $14 million, compared to $17.4 million for the FY2022 comparative period;
- ***Gross profit*** from mining operations was $7.1 million, compared to $9.7 million for the FY2022 comparative period;
- ***Net income*** was $4 million, compared to $5.4 million for the FY2022 comparative period;
- ***Cash flow from operating activities, excluding changes in non-cash working capital*** was $7.2 million, compared to $7.7 million for the FY2022 comparative period. For computation details, refer to pages 13-15 of the MD&A for this Non-IFRS financial measure;
- ***Strong financial position*** at March 31, 2023. The Company had cash and short-term investments of $58.2 million (December 31, 2022 - $52.7 million) and working capital of $41.3 million (December 31, 2022 - $36.4 million);
- ***Total cash costs and all-in sustaining costs*** *("AISC")* for the first quarter of FY2023, were $730 per ounce and $845 per ounce, compared to $659 per ounce and $763 per ounce for the FY2022 comparative period. For AISC computation details, refer to pages 13-15 of the MD&A for this Non-IFRS financial measure;
- ***Adjusted EBITDA*** for the first quarter of FY2023, was $7.5 million, compared to $9.9 million for the FY2022 comparative period. For EBITDA computation details, refer to pages 13-15 of the MD&A for this Non-IFRS financial measure.

OUTLOOK

- The Company's subsidiary Persistence Resources Group Ltd ("PRG"), filed its renewal application to the Stock Exchange of Hong Kong Limited (the "HKEX") for listing of its shares on the Main Board of the HKEX. PRG, together with its sponsor and legal advisors are progressing through the HKEX listing application process and are responding to queries from both the HKEX and Hong Kong Securities and Futures Commission to complete the proposed initial public offering of the shares of Persistence. The HKEX renewal application document can be found at www.majesticgold.com/investors/hkex-application;
- The Company continues work on Phase 2 of the Songjiagou Open-Pit Mine expansion program with the expectation of completion during Q2 of FY2023;
- The Company is evaluating a further exploration program on certain tenements of the four Western Australian tenements held under a LOI commencing FY2023 Q2, following the most recent announced results from the geological work on the three of the four tenements; and

- The Company's future growth strategy is to pursue potential property acquisitions, as well as exploring other development and growth opportunities.

DESCRIPTION OF BUSINESS

Majestic is a Vancouver, Canada based gold producer with mining operations in China and exploration and evaluation properties held directly or under option agreements in Australia, and Canada. The Company's main business involves the acquisition, exploration and development of mineral properties. At March 31, 2023, and at the date of this MD&A, the Company's mineral property interests and mining operations are located in China, with the Songjiagou Gold Mines as the Company's flagship project as well holding directly or under options on early-stage exploration properties in Australia and Canada. The Company is a TSX Venture Exchange Tier One listed mining company trading under the symbol "MJS".

SONGJIAGOU GOLD MINES

The Company's principal gold mining operations are the SJG Open-Pit Mine and the SJG Underground Mine located in Shandong province, China. The Company commenced commercial gold production at the SJG Open-Pit Mine in May 2011. Majestic holds its 75% interest in SJG Project through its 94% owned subsidiary Persistence Resources Group Ltd. ("Persistence") indirectly. The remaining 25% of SJG Project is held by Yantai Dahedong Processing Co. Ltd. The Company's mining licenses for the SJG Open-Pit Mine and SJG Underground Mine are valid until May 17, 2031 and February 18, 2031 respectively.

The Company is currently working on Phase 2 of the SJG Open-Pit Mine expansion program with current expansion work focused on the third bench at +93m and the fourth bench at +81m. The Company expects to complete the expansion work on the third bench in the fourth quarter of 2023 and the fourth bench in the third quarter of 2024. The Company recently completed Phase 1 on the expansion work on the +105m bench and the +117m bench.

RESOURCES FOR SJG OPEN-PIT MINE

The Company filed an amended technical report titled "Independent Technical Report of Songjiagou Project, Shandong Province, The People's Republic of China" (the "Amended Report") dated January 19, 2016, as prepared by SRK Consulting (China) Ltd. ("SRK").

The Amended Report is an amendment of the initial technical report in support of the Preliminary Economic Assessment ("PEA") for the Songjiagou Gold Mine dated August 2, 2013, and prepared by SRK Consulting (China) Ltd. The Amended Report is available under the Company's profile on SEDAR at www.sedar.com.

A PEA should not be considered to be a prefeasibility or feasibility study, as the economics and technical viability of the Songjiagou Project have not been demonstrated at this time. A PEA is preliminary in nature; it includes inferred mineral resources 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.

SJG UNDERGROUND MINE

The SJG Underground Mine lies immediately north of the SJG Open-Pit Mine. 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, was renewed on February 18, 2021 and is valid until February 18, 2031. The mining license area covers a continuation of the gold mineralization that is currently being developed in the adjacent SJG Open-Pit Mine. The Company commenced production at SJG Underground Mine in October 2019.

Majestic has engaged SRK to update the technical report for SJG project and will be announced and disclosed when the report is finalized.

EXPLORATION

Australia – Four Tenements in Western Australian

On March 16, 2023, the Company announced the results from the mapping and prospecting on the Leonora, Sir Samuel, and Salmon Gums properties. The Company's consultants have recommended continued work on the Sir

Samuel and Leonora properties and no further work on the Salmon Gums property. As such the Company is current evaluating a further exploration program on the Sir Samuel and Salmon Gums properties.

On June 15, 2021, the Company entered into a letter of intent ("LOI") and further extension on December 15, 2021 and again on June 15, 2022, 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 current LOI allows Majestic until June 15, 2023 to complete its technical review and preliminary exploration work of the four tenements.

Summary of Terms of the Amended Agreement:

• The Company extended its LOI until June 15, 2023 to carry out a technical review and preliminary exploration work on the tenements;

• Provided that the Company spends a total of A$100,000 by June 15, 2023, (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; and

• 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.

QUALIFIED PERSON

Stephen Kenwood, President and CEO of Majestic, is the Company's QP as defined by National Instrument 43-101 and is the non-independent QP that has read and approved the technical information contained in this MD&A.

SELECTED FINANCIAL AND OPERATING RESULTS

		Three months ended March 31,		
		2023		2022
Operating data				
Gold produced (ozs)		8,127		10,071
Gold realized net of smelting fees (ozs)		7,415		9,168
Gold sold (ozs)		7,429		9,185
Average realized gold price ($/oz sold)	$	1,858	$	1,847
Total cash costs ($/oz sold) (1)		730		659
Total production costs ($/oz sold) (1)		931		830
All-in sustaining costs ($/oz sold) (1)		845		763
Financial data				
Revenue	$	13,967,828	$	17,365,423
Gross profit (2)		7,050,277		9,742,355
Adjusted EBITDA (1)		7,477,661		9,923,214
Net income		4,028,362		5,417,860
Net income attributable to shareholders		2,656,250		3,477,452
Basic and diluted income per share		0.00		0.01

		March 31, 2023		December 31, 2022
Balance Sheet				
Cash	$	48,562,405	$	45,362,546
Total assets		146,072,227		139,605,949
Total current liabilities		21,862,600		21,059,237

(1) See "Additional Non-IFRS Financial Measures" on pages 13-15.
(2) "Gross profit" represents total revenues, net of cost of goods sold.

RESULTS OF OPERATIONS

Gold Production

(Ounces)	Three months ended March 31, 2023	2022
Songjiagou Operations		
SJG Open-Pit Mine	6,967	9,273
SJG Underground Mine	1,160	798
Total	8,127	10,071

The details of SJG Project Operations for the three months ended March 31, 2023 and 2022 are as follows:

	Three months ended March 31, 2023	2022
Production data		
SJG Open-Pit Mine		
Tonnes mined	420,609	470,110
Tonnes milled	473,150	477,969
Head grade (g/t)	0.49	0.62
Mill recovery	94.02%	95.37%
Gold produced (ozs)	6,967	9,273
Gold realized net of smelting fees (ozs)	6,359	8,442
SJG Underground Mine		
Tonnes mined	21,438	15,000
Tonnes milled	21,438	15,000
Head grade (g/t)	1.71	1.68
Mill recovery	98.34%	98.30%
Gold produced (ozs)	1,160	798
Gold realized net of smelting fees (ozs)	1,056	726
Total SJG Project Operations		
Tonnes mined	442,047	485,110
Tonnes milled	494,588	492,969
Head grade (g/t)	0.54	0.66
Mill recovery	94.61%	95.60%
Gold produced (ozs)	8,127	10,071
Gold realized net of smelting fees (ozs)	7,415	9,168

Gold production was 8,127 ounces for the first quarter of FY2023, from 494,588 tonnes of ore milled with an average grade of 0.54 g/t and a 94.61% recovery rate, compared to 10,071 ounces produced, from 492,969 tonnes milled with an average grade of 0.66 g/t and a 95.60% recovery rate, for the FY2022 comparative quarter.

The decrease in both the gold grade and quantity mined for the current period can be attributed to ongoing work of completing Phase 2 of the open pit expansion and its related stripping. As the pit expansion process has limited accessibility of higher-grade ore as well as mobility within the open-pit, the Company has used lower grade ore from the stockpile and blended it with current mined ore during the current period. The Company anticipates the gold grade and mining volume will revert to previous levels during Q2 of 2023 as it completes Phase 2 of the open-pit expansion.

Revenue

		Three months ended March 31, 2023		2022
Gold				
Ounces sold		7,429		9,185
Average realized price ($/oz)	$	1,858	$	1,847
Revenues				
Gold	$	13,804,949	$	16,966,985
Sulphur		162,879		398,438
	$	13,967,828	$	17,365,423

Gold revenue for the first quarter of FY2023 was $13.8 million, from the sale of 7,429 ounces, at an average realized gold price of $1,858 per ounce, compared to gold sales revenue of $17 million for the FY2022 comparative quarter, from the sale of 9,185 ounces, at an average realized gold price of $1,847 per ounce.

The Company's gold revenue is generated from the sale of gold at the sale prices set in its gold sales orders. The Company's gold sale prices for its sales orders are determined with reference to the prevailing Au(T+D) spot price quoted on the Shanghai Gold Exchange.

Revenues also include sulfur sales of $162,879 for the first quarter of fiscal 2023 and $398,438 for the FY2022 comparative quarter. The sulfur revenue is earned from the sale of sulfur recovered from gold concentrate during the smelting process. The Company entered into a March 16, 2022 agreement with its smelter whereby the Company sells its sulfur recovered during the smelting process.

Cost of Sales

		Three months ended March 31, 2023		2022
Ounces sold		7,429		9,185
Per ounce of gold sold [(1)]				
Cash costs	$	730	$	659
Production costs		931		830
Cost of Goods Sold				
Total cash costs	$	5,419,626	$	6,049,924
Total production costs		6,917,551		7,623,068

(1) See "Additional Non-IFRS Financial Measures" on pages 13-15.

Cash costs were $730 per ounce for the first quarter of FY2023, compared to $659 for the FY2022 comparative quarter. Production costs were $931 per ounce for the first quarter of FY2023, compared to $830 per ounce for the FY2022 comparative quarter.

The Company continues to work in maintaining it average cash costs below $675 per ounce and anticipates cash costs will revert to prior levels in Q2 of FY2023 upon the completion of Phase 2 of the open pit expansion.

Other Items

The Company's general and administrative expenses ("G&A") expenditures for the first quarter of FY2023, were $1,211,010, compared to $1,494,484 for the FY2022 comparative quarter.

The significant variances for the three months ended March 31, 2023 and 2022 are as follows:

Financial advisory expenditures for the first quarter of FY2023 were $221,557 (FY2022 - $552,584). The higher financial advisory fees in the FY2022 comparative quarter were due to completion and filing of the HKEX listing application as well as the cost incurred through the ongoing listing application due diligence process. The Company expects these costs to continue to be incurred in 2023 as the Company files its renewal application and continues to complete due diligence process with HKEX and SFC.

Research and development expenditures for the first quarter of FY2023 were $81,214 (FY2022 - $183,520). These costs are related to the Company's initiative in developing and implementing new technologies in its mining operations, with the expectation of improving its recovery rates, milling and mining efficiencies and lowering environmental impact of its processing and mining activities.

The remaining G&A 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 monitor production costs, and increase shareholder value.

The details of the changes in the consolidated G&A for the three months ended March 31, 2023 and 2022 are as follows:

	Three months ended March 31,			
		2023		2022
Consulting and management fees	$	169,657	$	175,569
Financial advisory		221,557		552,584
Depreciation		140,469		102,199
Office and general		191,259		201,641
Professional fees		26,671		29,998
Research and development		81,214		183,520
Salaries		237,159		160,981
Shareholder communications		18,925		21,925
Travel		124,099		66,067
Total	$	1,211,010	$	1,494,484

Exploration and evaluation expenditures for the three months ended March 31, 2023 and 2022, were $1,866 and $6,709, respectively. These costs are related to the Company's preliminary exploration work on the four Western Australian tenements held under a LOI.

The details of the changes in the consolidated finance expense for the three months ended March 31, 2023 and 2022 are as follows:

	Three months ended March 31,			
		2023		2022
Interest expenses and finance charges for loans payable	$	52,468	$	51,392
Interest expense for leases		860		1,169
Interest expense for other long-term liabilities		43,384		52,460
Accretion of asset retirement obligation		25,116		26,132
Total	$	121,828	$	131,153

SUMMARY OF QUARTERLY RESULTS

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

	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Revenues	$13,967,828	$12,972,456	$16,044,230	$17,092,248
Net income	$4,028,362	1,024,694	$5,135,207	$5,844,799
Income per share attributable to owners of the parent	0.00	0.00	0.00	0.01
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Revenues	$17,365,423	$14,045,604	$9,653,844	$8,975,339
Net income (loss)	$5,417,860	($146,728)	$1,841,962	$1,315,785
Income per share attributable to owners of the parent	0.00	(0.00)	0.00	0.00

Significant variations in the net income between quarters during FY2022 and FY2023, are primarily due to the volatility of gold prices and variances in gold sales, production costs, G&A expenses.

During the second and third quarters of FY2021, mining operations were temporarily suspended, which impacted the Company's revenue and net income. The net loss for the fourth quarter of FY2021 was due to $5.8 million of income tax expense recognized during the quarter.

LIQUIDITY AND CAPITAL RESOURCES

Majestic continues to maintain a strong financial position and liquidity. At March 31, 2023, the Company had cash and short-term investments totaling $58.2 million, compared to $52.7 million at December 31, 2022.

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 cash generated from operations, proceeds from the borrowing from various financial institutions in China.. 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.

The Company had working capital of $41.3 million at March 31, 2023, improving from a working capital of $36.4 million at December 31, 2022, of which the key components included:

- *Cash* - was $48.6 million; up $3.2 million from the end of fiscal 2022;
- *Short-term investments* - was $9.6 million, up $2.2 from the end of fiscal 2022;
- *Deposits and prepaid expenses* - was $1 million, up $0.2 million from the end of fiscal 2022;
- *Inventories* - was $2.7 million, up $0.03 million from the end of fiscal 2022;
- *Accounts payable and accrued liabilities* - was $4.5 million, down $0.6 million from the end of fiscal 2022;
- *Current portion of long-term liabilities* - was $1.1 million, up $0.01 million from the end of fiscal 2022;
- *Income tax payable* - was $11.9 million, up $1.4 million from the end of fiscal 2022; and
- *Loans payable* - was $4.4 million, up $0.06 million from the end of fiscal 2022.

Majestic began fiscal 2023, with $45.4 million in cash. During the three months ended March 31, 2023, the Company generated $6.3 million from the Company's operating activities, net of working capital changes, expended $3.5 million in net investing activities and $0.05 million in net financing activities, and had a foreign exchange gain of $0.4 million, to end at March 31, 2023 with $48.6 million in cash.

Management considers its operating cash flows to be sufficient for the next twelve months in meeting its planned development, operational activities, and its current outstanding debts. The Company has been achieving consistent profits from its operations and with the open-pit expansion work underway, the Company's anticipates gold production, gold revenues and profits will to continue to grow from its 2022 levels. The Company expects growth through increased production under the expanded mining permit and higher head grades being achieved following the open-pit expansion.

On June 3, 2021, the Company commenced its Normal Course Issuer Bid (NCIB") under which the Company may, over a 12-month period, commencing June 3, 2021 and ending on June 2, 2022. During the quarter end March 31, 2022, the Company cancelled 1,000,000 shares repurchased under the NCIB.

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

Authorized: an unlimited number of common shares without par value.	Common shares issued and outstanding
Outstanding at March 31, 2023 and at the date of this MD&A	1,042,664,381

TRANSACTIONS WITH RELATED PARTIES

Related party transactions

The Company incurred the following related party transactions during the three months ended March 31, 2023 and 2022:

	Three months ended March 31, 2023	2022
Consulting fees charged by companies controlled by directors and officers of the Company - include key management personnel compensation	$ 154,793	$ 156,438

Compensation of key management personnel

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

	Three months ended March 31, 2023	2022
Short-term employee benefits–management fees	$ 46,608	$ 49,770
Director fees	3,885	3,556
Total	$ 50,493	$ 53,326

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 ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED BUT NOT YET APPLIED

There were no new standards or amendments that became effective during the period ended March 31, 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.

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 12, 13, and 14 to the Financial Report.

OFF-BALANCE SHEET ARRANGEMENTS

The Company from time to time enters into various off-balance sheet arrangements in the ordinary course of business. At March 31, 2023, the Company does not have any off-balance sheet arrangements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. Equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. The Company classifies its cash, receivables, restricted cash and reclamation deposits at amortized cost.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Impairment of financial assets

IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed, but not exceeding what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. The Company classifies its accounts payable, loans payable, security for financial guarantee and other long-term liabilities at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Fair value
The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e.: as prices) or indirectly (i.e.: derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data unobservable inputs.

Financial assets	Level	March 31, 2023	December 31, 2022
Cash	1	$ 48,562,405	$ 45,362,546
Short-term investments	1	9,605,700	7,383,000
Reclamation deposits	1	2,561,980	2,526,227
Receivables (1)	2	1,275,037	1,159,300
Other long-term assets	2	928,209	937,093
Total		$ 62,933,331	$ 57,368,166

(1) Receivables exclude sales and income tax receivables.

Financial liabilities	Level	March 31, 2023	December 31, 2022
Accounts payable and accrued liabilities	2	$ 4,472,001	$ 5,093,822
Interest-bearing bank borrowings	2	4,365,732	4,307,498
Other long-term liabilities	2	5,523,713	5,452,164
Total		$ 14,361,446	$ 14,853,484

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 and reclamation deposits 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
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 of the Financial Report. The following summarizes the undiscounted amount of the remaining contractual maturities of the Company's financial liabilities.

	March 31, 2023				December 31, 2022
	Within a year	2-5 years	Over five years	Total	Total
Accounts payable and accrued liabilities	$ 4,472,001	$ -	$ -	$ 4,472,001	$ 5,093,822
Loans	4,365,732	-	-	4,365,732	4,307,498
Other long-term liabilities	1,092,423	4,347,379	738,798	6,178,600	6,141,995
Total	$ 9,930,156	$ 4,347,379	$ 738,798	$ 15,016,333	$ 15,543,315

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.

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 March 31, 2023.

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.

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.

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 Audit Committee of 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 independent directors.

RISKS AND UNCERTAINTIES

Risks and uncertainties information concerning risks specific to the Company and its industry, which are required to be included in this MD&A are incorporated by reference to the Company's annual MD&A for the year ended December 31, 2022.

ADDITIONAL NON-IFRS FINANCIAL MEASURES

The Company has included additional financial performance measures in this MD&A, such as cash flows from operating activities, excluding changes in non-cash working capital, adjusted EBITDA, total cash costs, total production costs and AISC. The Company reports total cash costs, production costs, and AISC on a per gold ounce sold 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.

"*Cash flows from operating activities, excluding changes in non-cash working capital*" is calculated by excluding changes in non-cash working capital. The Company presents cash flows from operating activities excluding changes in non-cash working capital, as it believes that certain investors use this information to evaluate the Company's performance in comparison to other companies in the precious metals mining industry that present results on a similar basis.

"Adjusted EBITDA" represents earnings before interest (including non-cash accretion of financial obligations), income taxes and depreciation and depletion ("EBITDA"), adjusted to exclude impairment charges, allowance for doubtful accounts, gains or losses on asset dispositions, share-based compensation, gains/losses on financial instruments and foreign exchange gains/losses.

"Total cash costs per ounce" is calculated from operation's 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 and depletion to total cash costs and dividing the sum by the number of ounces of gold sold.

"All-in sustaining cash costs per ounce" ("AISC") is a performance measure that reflects the expenditures that are required to produce an ounce of gold from current operations. While there is no standardized meaning of the measure across the industry, the Company's definition is derived from the definition, as set out by the World Gold Council in its guidance dated November 16, 2018, respectively. The World Gold Council is a non-regulatory, non-profit organization established in 1987 whose members include global senior mining companies. The Company believes that this measure

is useful to external users in assessing operating performance and the ability to generate free cash flow from operations.

Majestic defines AISC as the sum of Total Cash Costs per ounce (as defined above) and adds the sum of G&A, share-based compensation, sustaining capital expenditures and certain exploration and evaluation costs, all divided by the number of ounces sold. As this measure seeks to reflect the full cost of gold production from current operations, new project capital is not included in the calculation of all-in sustaining costs per ounce. Additionally, certain other cash expenditures, including income tax payments and financing costs, are not included.

The following table provides the computation of cash flows from operating activities, excluding changes in non-cash working capital:

	Three months ended March 31, 2023	2022
Cash provided from operating activities	$ 6,286,043	$ 7,660,594
Less:		
Changes in non-cash working capital	(956,731)	(76,446)
Cash provided from operating activities, excluding changes in non-cash working capital	$ 7,242,774	$ 7,737,040

The following table provides details of the primary components of adjusted EBITDA:

	Three months ended March 31, 2023	2022
Revenue	$ 13,967,828	$ 17,365,423
Cost of sales, net of depreciation and depletion	(5,419,626)	(6,049,924)
G&A, net of depreciation	(1,070,541)	(1,392,285)
Adjusted EBITDA	$ 7,477,661	$ 9,923,214

The following table provides a reconciliation of adjusted EBITDA to the consolidated financial statements for the three months ended March 31, 2023 and 2022:

	Three months ended March 31, 2023	2022
Net Income	$ 4,028,362	$ 5,417,860
Depreciation and depletion	1,638,394	1,675,343
Exploration and evaluation expenditures	1,866	6,709
Finance expense (income)	(140,844)	61,113
Foreign exchange loss	42,698	64,140
Gain on sale of assets	(857)	-
Other expenses	-	123,827
Income tax expense	1,908,042	2,574,222
Adjusted EBITDA	$ 7,477,661	$ 9,923,214

The following tables provide reconciliation to the consolidated financial statements of total cash costs per ounce, and total production costs per ounce as disclosed in this MD&A to the consolidate financial statements for the three months ended March 31, 2023 and 2022:

		Three months ended March 31, 2023		2022
Gold sold (ozs)		7,429		9,185
Total cash costs per ounce				
Mining and Milling fees	$	4,366,992	$	4,904,773
Smelting costs		368,107		582,298
Resource taxes		494,620		606,376
Other direct costs		7,449		4,582
Changes in ending gold concentrate inventory		182,458		(48,105)
Total cash costs	$	5,419,626	$	6,049,924
Per ounce sold	$	730	$	659
Total production costs per ounce				
Total cash costs	$	5,419,626	$	6,049,924
Depreciation and depletion		1,497,925		1,573,144
Total production costs	$	6,917,551	$	7,623,068
Per ounce sold	$	931	$	830
All-in sustaining costs per ounce				
Total cash costs	$	5,419,626	$	6,049,924
G&A, net of depreciation, R&D and financial advisory expenses		767,770		656,181
Sustaining capital expenditures (1)		88,015		302,082
All-in sustaining costs	$	6,275,411	$	7,008,187
Per ounce sold	$	845	$	763

(1) Sustaining capital expenditures are defined those expenditures which do not increase annual gold ounce production and excludes certain expenditures at the Company's operations which are deemed expansionary in nature. Capital expenditures include unpaid capital expenditures incurred in the period.

The following table reconciles sustaining capital expenditures to the Company's total additions as reported in the consolidated statements of cash flows for the three months ended March 31, 2023 and 2022:

		Three months ended March 31, 2023		2022
Additions to property, plant and equipment				
SJG Project	$	1,162,906	$	6,711,279
Sustaining capital		88,015		302,082
	$	1,250,921	$	7,013,361

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, labor 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 year ended December 31, 2022, filed with the applicable securities regulatory authorities and available at SEDAR 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 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.