

Vancouver, British Columbia (FSCwire) - [Majestic Gold Corp.](#) ("Majestic" or the "Company") (TSX.V: MJS, FSE: A0BK1D) reports its financial and operational results for the first quarter, ended December 31, 2016. This release should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and associated management discussion and analysis for the same period that are available on SEDAR (www.sedar.com) and www.majesticgold.com. The following financial results are expressed in US dollars unless otherwise stated.

OVERVIEW

- Gold production from the Songjiagou Gold Mine for the three months ended December 31, 2016, was 5,841 ounces, compared to 7,213 ounces produced for the comparative period. The decrease in gold production in the current period over the comparative period is primarily attributed to approximately 30,000 tonnes of higher grade fine fraction material that was processed in the comparative period;
- Tonnes milled for the three months ended December 31, 2016, were 413,310 tonnes with an average head grade of 0.48 g/t, compared to 418,550 tonnes milled, with an average head grade of 0.58 g/t, for the comparative period. The lower average head grade, for the current period over the comparative period, is due to the processing of approximately 30,000 tonnes of higher grade fine fraction material at the mill in the comparative period;
- Gold sales revenue for the three months ended December 31, 2016 was \$4.1 million, from the sale of 3,119 ounces, at an average realized gold price of \$1,280 per ounce, compared to gold sales revenue, for the comparative period, of \$4.4 million from the sale of 3,537 ounces, at an average realized gold price of \$1,233 per ounce. The 8% decrease in gold sales revenue for the current period is due to a 12% drop in the number of ounces and partially offset by a 4% increase in the average realized gold price over the comparative period;
- Cash costs were \$854 per ounce and production costs were \$1,009 per ounce for the three months ended December 31, 2016, compared to cash costs of \$1,033 per ounce and production costs of \$1,284 per ounce for the comparative period. The decrease in both the cash and production costs for the current period over the comparative, is due primarily to a lower volume of waste material produced at mine and thereby reducing waste removal costs;
- General and administrative ("G&A") expenses were \$684,746 for three months ended December 31, 2016, compared to \$707,370 for the comparative period;
- On December 21, 2016, the Company closed a non-brokered private placement financing of 72,500,000 units at CAD\$0.135 per unit for total subscription proceeds of CAD\$9,787,500. Each unit consisted of one common share and one common share purchase warrant entitling the holder to purchase an additional common share at CAD\$0.155 for a period of two years after the closing. The 72,500,000 units were issued in January 2017. Proceeds from the private placement will be used to partially fund construction of housing for inhabitants of two villages that are being relocated due to their close proximity to the Songjiagou open pit operation and for general working capital purposes; and
- During the current period, the Company began development on the Songjiagou North property.

FINANCIAL INFORMATION

	Three months ended December 31, 2016		Three months ended December 31, 2015
Operating data			
Gold produced (ozs)	5,841		7,213
Gold realized net of smelting fees (ozs)	5,408		6,976
Gold sold (ozs)	3,119		3,537
Average realized gold price (\$/oz sold)	\$ 1,280	\$	1,233
Total cash costs (\$/oz sold) ⁽¹⁾	854		1,033
Total production costs (\$/oz sold) ⁽¹⁾	1,009		1,284
All-in sustaining costs per ounce (\$/oz sold) ⁽¹⁾	1,053		1,219
Financial data			
Total revenues	\$ 4,078,820	\$	4,444,460
Gross profit ⁽²⁾	933,189		(96,178)
Adjusted EBITDA ⁽¹⁾	811,703		165,067

Net profit (loss)	319,700	(662,080)
Net profit (loss) attributable to shareholders	146,491	(548,999)
Basic and diluted loss per share	0.00	(0.00)
	December 31, 2016	September 30, 2016

Balance Sheet

Cash and cash equivalents	\$ 5,274,060	9,037,258
Total assets	97,990,089	93,305,139
Total debt	32,525,305	33,038,286

(1) See "Additional Non-IFRS Financial Measures" in the Company's MD&A.

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

PRODUCTION RESULTS

	Three months ended December 31, 2016	Three months ended December 31, 2015
Production data		
Tonnes mined	437,022	540,605
Tonnes milled	413,310	418,550
Head grade (g/t)	0.48	0.58
Mill recovery	89.8%	91.0%
Gold produced (ozs)	5,841	7,213
Gold realized, net of smelting fees (ozs)	5,408	6,976

All technical information contained in this news release has been reviewed and approved by Stephen Kenwood, P. Geo., who is a director of the Company and a qualified person under the definitions established by NI 43-101.

About Majestic Gold

Currently focused solely in China, [Majestic Gold Corp.](http://www.majesticgold.com) is a British Columbia based company engaged in commercial gold production at the Songjiagou Gold Mine in eastern Shandong Province, China. Additional information on the Company and its projects is available at www.sedar.com and on the Company's website at www.majesticgold.com.

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Cautionary Notes

Certain statements contained herein may constitute forward âlooking statements and are made pursuant to the "safe harbor"

provisions of the United States Private Securities Litigation Reform Act of 1995 and Canadian securities laws. Forward âlooking statements are statements which relate to future events. Such statements include estimates, forecasts and statements as to management's expectations with respect to, among other things, business and financial prospects, financial multiples and accretion estimates, future trends, plans, strategies, objectives and expectations, including with respect to production, exploration drilling, reserves and resources, exploitation activities and events or future operations. Information inferred from the interpretation of drilling results and information concerning mineral resource estimates may also be deemed to be forward-looking statements, as it constitutes a prediction of what might be found to be present when, and if, a project is actually developed.

In some cases, you can identify forward âlooking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, level of activity, performance or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward âlooking statements.

While these forward âlooking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggestions herein. Except as required by applicable law, Majestic Gold does not intend to update any forward âlooking statements to conform these statements to actual results

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