MAJESTIC GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(All amounts are expressed in Canadian dollars unless otherwise indicated)

FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2011

INTRODUCTION

This Management Discussion and Analysis ("MDA") of Majestic Gold Corp. ("Majestic" or "the Company") is dated May 30, 2011 and should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2010 and related notes. This discussion focuses on key statistics from the consolidated financial statements for the six and three months ended March 31, 2010 compared to the same period in the previous year 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 related to Majestic is available on SEDAR at www.sedar.com.

The Company is a TSX Venture Exchange listed company involved in mineral exploration and mining operations. At May 30, 2011 the Company had 506,201,309 common shares issued and outstanding. The Company is engaged in locating, acquiring, exploring and, if warranted, mining and developing natural resource properties with a particular emphasis on properties which may contain economic reserves of precious metals. At May 30, 2011 all of the Company's current property and mining operations are in China.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MDA 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 annual Management's Discussion and Analysis for the year ended September 30, 2010 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.

OVERALL PERFORMANCE

On January 20, 2011, the Company announced that Wardrop, A Tetra Tech Company, ("Wardrop") has completed and delivered a positive Preliminary Assessment ("PA" or "Preliminary Assessment") for the Songjiagou Gold Project located in Shandong Province, People's Republic of China.

Highlights are as follows:

- Net Present Value of US $525 million using a 10% discount rate
- Internal Rate of Return of 78.6%
- Payback in 1.4 years
- Total gold production of 2.324 million ounces (average 105,645 oz/yr) for life-of-mine
- Life-of-Mine strip ratio 1.87 : 1 (waste to ore)
- Mine-Life of 22 years.

At March 31, 2011, the Company had a working capital of $494,053 (September 30, 2010 - $975,436 deficiency).

The Company currently may not have sufficient working capital to meet the Company's administrative overhead, maintaining its mineral interests and continuing with its exploration and mining program in the coming year.

The Company is currently evaluating other sources of financing, including debt and equity financings, or a combination thereof, and believes that these future financings and the cash proceeds to be received from the sale of the Sawayeardun project it will be able to cover its working capital shortfall and have adequate cash to continue supporting its exploration efforts on its mineral properties and mining operations.

MINERAL PROPERTY INTERESTS

The Company believes that opportunities exist in China to participate in joint ventures with local companies to continue exploration of properties that were once funded by the central government.

The Company's mineral properties and deferred exploration expenditures are summarized as follows:

China	- $ -
Muping	17,583,942
Shandong	1
Jingang	1
	17,583,944

Sawayaerdun Property

Pursuant to a joint venture agreement entered into during the year ended September 30, 2004 with a party in China and the completion of the required minimum cumulative exploration expenditures, the Company acquired a 90% interest in the Sawayaerdun Project in the Xinjiang Province, China.

On April 19, 2009, the Company entered into an agreement (the “Agreement”) to sell their interest to the Chinese Co-Venturer (the “Purchaser”) for CNY 45,500,000 (CAD 7,143,530) (the “Purchase Price”). The Company’s share of the proceeds was CNY 40,950,000 (CAD 6,429,177). The TSX Venture Exchange accepted the Agreement on May 14, 2009. During the year ended September 30, 2009, the Company recognized a loss of $4,683,592 on the sale of this property.

On September 8, 2009, upon the approval of the transaction by the China Xinjiang Bureau of Geology and Mineral Resources (the “Bureau”), the Company received the first installment of the Purchase Price, CNY 25,000,000 (CAD 3,925,016). On July 30, 2010, after the Bureau received all documents required to facilitate the transfer of the exploration and mining permits, the Company received the second installment of the Purchase Price, CNY 15,000,000 (CAD 2,355,010). The Agreement provides for the remainder of the Purchase Price, CNY 5,500,000 (CAD 816,751), to be received within 10 business days after the exploration and mining permits are transferred and registration of the joint venture company with the Industry and Commerce and Tax Bureau is cancelled.

Muping Properties

In May 2004, the Company, through its 94% owned subsidiary Majestic Yantai Gold Ltd. (“Majestic Yantai”), acquired an interest in thirteen exploration licenses located in the Chinese province of Shandong (the “Muping Mineral Property”). The Company acquired these licenses as part of a Co-operation Contract with Shandong Yantai Muping Gold Mine, China. This agreement gave the Company the option to acquire a 60% interest in Yantai Zhongia Mining Inc. (“JVCo”), a Chinese Co-operation Company that was established to hold the rights to the Muping Mineral Property. In order to secure its rights and interest in the Co-operative company, the Company was required to contribute a minimum of CNY 35,000,000 (CAD 5,233,723) in exploration costs by March 2009 (completed). During the years ended September 30, 2008 and 2007, nine of the thirteen exploration licenses were abandoned and not renewed, leaving four exploration licenses that make up the Muping, China project.

Mining operations

During the year ended September 30, 2010 the Company entered into the following Agreements relating to its mining operations in China:

1. On February 11, 2010 the Company entered into an Acquisition Agreement (“Agreement”) with Yantai Dahedong Processing Co. Ltd ("Dahedong") to acquire the remaining 40% (“Muping JV Interest”) of JVCo. As part of the proposed transaction, JVCo will acquire the Mining Permit required to commence mining operations at Muping and will commence mining operations. Details of the mining operations to be undertaken by Dahedong on behalf of JVCo are outlined below.
2. On September 1, 2010 the Company entered into a Declaration of Trust and Profit Sharing Agreement ("Profit Sharing Agreement") with Dahedong, which, among other matters, outlined the basis by which the mining operations and share of profits are to be conducted and distributed. The Profit Sharing Agreement was a re-affirmation of essential arrangements as outlined in the original Agreement of February 11, 2010.
3. On September 29, 2010 the Company entered into Addendum No. 1 to the Agreement, details of which are outlined below.

The Muping JV Interest was initially transferred from its holders to Dahedong. The agreement then provides for this interest to be transferred to Majestic Yantai. Upon completion of the Muping JV Interest by Majestic Yantai, the Company’s interest in JVCo and the Muping Mineral Property will increase from 54% to 94%.

As consideration for the Muping JV Interest, the Company issued 160,000,000 common shares of the Company with an estimated fair value of $8,000,000. In addition, the Company paid a finder’s fee by the issuance of 8,000,000 common shares of the Company with an estimated fair value of $400,000.

Majestic entered into the Agreement to facilitate commencement of mining operations at the Muping Mineral Property. The Agreement provides that Dahedong will carry on mining operations on the property. In addition, Dahedong will process ore mined from the property at facilities owned by it.

The Agreement also provides for construction of a new mill and related facilities (collectively the “New Mill”) with an output of at least 5,000 tonnes per day. The cost of acquiring the land for the New Mill will be borne entirely by Dahedong if its capacity does not exceed 5,000 tonnes per day. If Majestic designates a larger capacity mill, the costs of the land will be borne as to 75% by JVCo and 25% by Dahedong. In either event, construction costs will be borne as to 75% by JVCo and 25% by Dahedong.

Under the Agreement, Dahedong will carry out mining operations. Dahedong will be responsible for mining, transporting and processing ore and tailings and other waste material from the Property for a period of 30 years (the “Mining Term”).

Significant terms of the Agreement are as follows:

1. As compensation for the use of Dahedong’s mining assets and equipment during the Mining Term, Dahedong will be entitled to 25% of the net profits (“Net Profits”), as defined in the Agreement, of JVCo derived from mining operations during the Mining Term;

2. 100% of all revenue received by JVCo will accrue to the sole benefit of JVCo;

3. Until the transfer of the Muping JV Interest to Dahedong has received all required Chinese governmental approvals and has been completed, 60% of Net Profits will be distributed to Majestic Yantai and JVCo will retain the remaining 40% of Net Profits. As of December 31, 2010, all required Chinese government approvals have been completed.

4. After the transfer of the Muping JV Interest to Dahedong has been completed and before the transfer of the Muping JV Interest to Majestic Yantai is completed, 60% of Net Profits will be distributed to Majestic Yantai, 25% of Net Profits will be distributed to Dahedong to compensate Dahedong for the use of the Mining Assets and the remaining 15% of Net Profits retained by JVCo pending completion of the acquisition of the Muping JV Interest by Majestic Yantai. As of December 31, 2010, the transfer of the Muping JV Interest to Majestic Yantai has been completed.

5. After the transfer of the Muping JV Interest to Majestic Yantai has been completed, and acceptance from the TSX-V has been received, 75% of Net Profits will be distributed to Majestic Yantai and the remaining 25% of Net Profits will be distributed to Dahedong. As of December 31, 2010, acceptance from the TSX-V has been received.

6. To cover Dahedong's operational costs, Dahedong will receive ¥75 per tonne ("Mining Fee") for all mining, transporting and processing services required to produce concentrate suitable for delivery to a refinery or smelter. The Mining Fee will be paid only from revenue from mining operations so that no cost, expense or liability will accrue to or be payable by JVCo with respect to mining operations, and the Mining fee will be paid to Dahedong from revenue before any revenue is distributed to any participant in JVCo. On August 25, 2010, the Mining Fee was revised resulting in Mining Fees ranging between ¥55 and ¥75 per tonne for open pit operations and ¥92.5 and ¥130 for underground operations. The Mining Fees are based on ranges of ore head grade.

7. Dahedong will be primarily responsible for dealings with Chinese governmental authorities and interest groups in carrying out mining operations.

On September 29, 2010, an Addendum No.1 ("Addendum") to the Agreement was signed with effect from February 11, 2010 outlining specific addenda to the original Agreement as follows:

I. Pursuant to the Profit Sharing Agreement made as of September 1, 2010, it was agreed the Company would advance further funds to JVCo by way of capital contributions to fund the expansion of operations including construction of the New Mill thereby increasing the Company's legal interest in JVCo from 60% to 75% before any transfer of the Muping JV interest by Dahedong;

II. Section 8 of the original Agreement is deleted in its entirety with the following substitued in its place and stead:

    a. Dahedong will construct one New Mill and related facilities with an output of approximately 6,000 tonnes per day at a budgeted cost of $50,000,000;

    b. Dahedong shall complete the procedures for the acquisition and lease of land to be occupied by the New Mill, obtain necessary approvals, complete filing procedures, and coordinate the supply of utilities such as water and electric power for the New Mill;

    c. Dahedong shall be responsible for 25% of the costs incurred in the construction of the New Mill including permitting, leasing and licensing costs, and JVCo shall be responsible for 75% of construction costs;

    d. Ownership of the New Mill shall be vested in JVCo;

    e. Dahedong will be responsible to pay all construction costs in the first instance;

f. JVCo will reimburse Dahedong for 100% of JVCo's share of construction costs out of JVCo's share of Net Profits before any Net Profits are paid or distributed by JVCo to the Company;

g. JVCo's share of construction costs will be paid only from JVCo's share of Net Profits so that no cost, expense or other liability will accrue to or be payable by JVCo otherwise than out of Net Profits;

h. JVCo will pay to Dahedong a financing fee equal to 10% of JVCo's share of construction costs out of JVCo's share of Net Profits after JVCo's share of construction costs have been paid in full and before any Net Profits are paid or distributed by JVCo to the Company;

i. Title to the New Mill shall not be transferred to JVCo until JVCo has reimbursed Dahedong for JVCo's share of construction costs out of JVCo's share of Net Profits;

j. JVCO shall have the right, but not the obligation, to pay or reimburse Dahedong for all or any portion of JVCo's share of construction costs from other sources of funding which may be available to JVCo from time to time.

Completion of the proposed acquisition was approved by the TSX Venture Exchange and by regulatory authorities in China in September 2010.

Resource

On January 20, 2011 the Company announced that Wardrop, A Tetra Tech Company ("Wardrop") completed a Preliminary Assessment ("PA") for the Songjiagou Gold Project.

Highlights of the PA are as follows:

- Net present value of US$525-million using a 10% discount rate
- Internal rate of return of 78.6%
- Payback in 1.4 years
- Total gold production of 2.3 million ounces for life-of-mine
- Life-of-mine-strip ratio 1.87 : 1 (waste to ore)
- Mine-life of 22 years

In 2006, Wardrop prepared a National Instrument 43-101 (NI 43-101) compliant, resource estimate of the Songjiagou deposit. On the basis of additional data collected during 2006, Wardrop prepared an updated estimate in late 2007.

In April 2010, Wardrop completed an update of the 2007 resource estimate to take into account assay results from surface core drilling and trenching that were carried out during 2007, as well as depletion from surface mining since the time of the last estimate. Depletion attributable to underground mining during the same interval was negligible.

The April 2010 updated resource estimate was made using an un-rotated block model, which is to say the blocks in the model were oriented orthogonally east-west and north south. In October 2010, Majestic requested that the estimate be redone using a block model rotated parallel to the trend of the deposit as well as a lower cutoff (0.3 g/t versus 0.4 g/t gold).

The lower threshold grade (0.3 versus 0.4 g/t) is attributable to a lower cost for contract mining and milling that Majestic negotiated during the period between the two estimates.

The rotated orientation is consistent with previous estimates and also aligns the block model with cross-sections that are cut perpendicular to the strike of the deposit. The change in block model orientation as well as the decrease in cutoff grade resulted in an overall enhancement of both estimated tonnes and grade. This report incorporates those changes. There has been no change in the underlying data between the April 2010 estimate and the current estimate.

Preliminary Production Schedule

The life-of-mine strip ratio is 1.87 to 1 (waste to ore). Total ounces contained in the resource are 3,074,787; of this 2,324,000 ounces are potentially recoverable as bullion during the mine operations at an average annual production of approximately 106,000 ounces per year.

Capital costs

As outlined in the PA, total capital costs are estimated at $136.3-million including:

- initial capital of $64.4-million
- initial working capital of $7.1-million
- and sustaining capital of $64.8-million

The majority of sustaining capital is required in years 4 and 5 and consists mainly of capital required to expand tailings storage facilities.

Operating costs

Life-of-mine ("LOM") operating costs are estimated at US$11.67 per tonne milled, including mining, process and transportation costs based on the current contract terms.

Operating Cash Flows

Operating cash flows based on pit optimization parameters employed by Wardrop indicate that in years 1-8 the mine will produce a total of approximately 1,152,000 ounces of gold (144,000 ounces annually) and generate US$841 million (US$105 million annually) in operating cash flow compared with life-of mine production of 2.32 million ounces of gold in concentrate (106,000 ounces annually) and operating cash flow of US$1.516 billion (US$68.9 million annually).

Economic Returns

Wardrop evaluated the economic viability of the Songjiagou project using pre-tax discounted cash flow analysis based on the engineering work and cost estimates discussed in the Preliminary Assessment. Over the life of the mine, Songjiagou is estimated to produce on average 106,000 ounces gold in concentrate per year. Total gold produced for LOM will be 2.324 million ounces; with a gold price of $973 per ounce and total operating cash flow of US$1,516 million, the total cash cost is US$745 million or US$321 per ounce of gold. The pre-tax Net Present Value is US$525 million and the IRR is 78.6%.

Based on the estimates in the Preliminary Economic Assessment, Majestic plans to move ahead with continued development of the project, including more detailed engineering studies and applications for mining permits.

Wardrop consultants, all of whom are independent of Majestic, prepared the Preliminary Economic Assessment and are Qualified Persons as defined by section 1.4 of National Instrument

43-101. The QP's have reviewed and approved the information contained in the Preliminary Assessment.

The geological information has been reviewed and approved by Mike Hibbitts, P. Geo., who is a qualified person under the definitions established by National Instrument 43-101.

Shandong, China

The Shandong project consists of exploration licenses acquired by way of a Co-operation Contract with Yantai Jinze Mining and Technology Ltd. Under this agreement, the Company acquired a 90% interest in Yantai Jinze Gold Inc., a Chinese Cooperation Company that was established to hold the exploration rights to certain properties located in the vicinity of Yantai City in the Province of Shandong. In accordance with an amended agreement dated January 20, 2008, the Company was required to contribute $300,000 in order to secure its interest (completed).

The Company has three additional active licenses in the Yuhuangding, Baima and Xianiantou areas within the Shandong project.

During the year ended September 30, 2010, the Company determined that this property was impaired and therefore recognized a write-down of $957,675.

Jingang, China

In July 2006, the Company entered into a Co-operation Contract with China Shandong No. 3 Mineral and Geological Exploration Institute. The Company has the right to acquire a 70% interest in Yantai Ludi Jingang Gold Mining Inc., a Chinese Co-operation Company was established to hold the exploration rights to the Jingang Gold Project in the Shandong Province of China. In order to secure its interest in the co-operation company, the Company is required to contribute a minimum of $567,125 in exploration costs and make a cash payment of CNY 1,750,000 to China Shandong No. 3 Mineral and Geological Exploration Institute. The timetable for these exploration costs is as follows:

- $170,833 in exploration costs are be contributed within 90 days of the issuance of the business license to the co-operation company;
- $396,292 in exploration costs are to be contributed within 1.5 years of the issuance of the business licenses of the co-operation company in accordance with Chinese laws; and
- make the cash payment of CNY 1,750,000 within one month from when the transfer approval of all mining and exploration licenses is received.

At September 30, 2009, the issuance of the business license and the receipt transfer of all mining and exploration licenses had not occurred. Therefore, to date, the contributions described above are not yet due and have not been made.

During the year ended September 30, 2010, the Company determined that this property was impaired and therefore recognized a write-down of $294,508.

RESULTS OF OPERATIONS

Second quarter ended March 31, 2011 and 2010

Gold revenue from the Songjiagou Mine for the three months ended March 31, 2011 was $1,217,359 (2010 - $1,730,392) on the sale of 1,036.86 ounces.

Management does not consider the provision of statistical information on current operations at the Songjiagou Mine as relevant because current revenues and costs are the result of mining from the cleanup of stopes underground and materials remaining in the open pit left by the former mine owner**.** The Company is in the process of preparing its mining plan for underground and surface operations. Once these operations commence, management will provide appropriate statistical information in accordance with industry standards.

Comparison of operating results

Net loss for the three months ended March 31, 2011 was $1,346,332 (2010 - $502,128).

Expenses for the three months ended March 31, 2011 were $2,035,063 compared to $1,755,035 in the same period of 2010. The increase is primarily due to the following:

Operation costs decreased to $884,434 compared to $1,469,873 due to the increased efficiency of mining operations.

General and administrative expenses increased to $1,144,443 compared to $285,162 in 2010 due to the increase in capital raising activity to develop the Songjiagou mine.

SUMMARY OF QUARTERLY RESULTS

	Mar 31, 2011 - $ -	Dec 31, 2010 - $ -	Sep 30, 2010 - $ -	Jun 30, 2010 - $ -
Net revenues	1,346,332	1,899,832	1,558,770	2,403,550
Net income (loss)	(1,247,934)	(1,451,165)	(1,596,881)	(2,665,516)
Per share	$(0.00)	$(0.00)	$(0.01)	$(0.01)
	Mar 31, 2010 - $ -	Dec 31, 2009 - $ -	Sep 30, 2009 - $ -	Jun 30, 2009 - $ -
Net revenues	1,730,392	Nil	Nil	Nil
Net income (loss)	502,128	(878,744)	(5,024,009)	470,609
Per share	$(0.00)	$(0.00)	$(0.05)	$(0.00)

Significant variations in the loss from one period to another is mainly due to the start-up of mining operations, the issuance of incentive stock options, which results in an increase in stock-based compensation, and the write down of previously capitalized mineral property expenditures.

LIQUIDITY

At March 31, 2011, the Company had cash of $1,605,253 (September 30, 2010 - $1,791,845) and working capital of $494,053 (September 30, 2010 – $975,436 deficiency).

The Company normally maintains sufficient cash to meet the Company's business requirements. However, at March 31, 2011 the cash balance of $1,605,253 would not be sufficient to meet the cash requirements for the Company's administrative overhead, maintain its mineral interests and continue with its exploration and mining program in its next fiscal year.

To preserve its cash position, the Company plans to concentrate its efforts on Songjiagou defer exploration expenditures on other projects until the Songjiagou property becomes viable. The Company believes with future common share issuances, the cash proceeds to be received from the sale of the Sawayeardun project and proceeds from gold sales from Songjiagou Mine it will be able to cover its working capital shortfall and have adequate cash to continue supporting its exploration and mining operations on its mineral properties.

The Company believes it will be able to continue to raise sufficient capital through private placements and the exercising of warrants and options to finance its future corporate, exploration and mining activities.

During six months ended March 31, 2011, the Company received proceeds of $10,010,014 from the exercise of 99,680,140 share purchase warrants.

In April 8, 2008, the Company issued an unsecured note payable of $2,000,000 to RAB as part of obtaining funding for the purpose of making the Company's final capital contribution to Yantai Zhongjia Mining Inc., the Chinese joint venture company that holds the rights to the Muping Mineral Property (Note 7). The loan bared interest at the rate of 30% per annum on all principal amounts commencing on September 1, 2008. The note matured on September 30, 2008. The Company was required to pay a $25,000 re-commitment fee at the beginning of each month during which the principal of the loan plus any unpaid interest remains outstanding.

On November 3, 2010, the Company repaid the outstanding loan principal balance and accrued interest and fees to RAB in the amount of $2,301,432.

CAPITAL RESOURCES

In order for the Company to earn its interest in mineral properties under option, the Company must meet certain exploration spending thresholds as previously disclosed in this MD&A.

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. However, based on a Preliminary Assessment provided by Wardrop on January 11, 2011, as outlined above, management believes that cash flows from its mining operations will be sufficient to provide the Company with adequate funds to continue its exploration and mining activities in the short and long term.

OFF-BALANCE SHEET ARRANGEMENTS

At March 31, 2011, 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.

TRANSACTIONS WITH RELATED PARTIES

Due to related parties

The following amounts are due to related parties:

	March 31, 2011 -$-	September 30, 2010 -$-
Directors of the Company and a company controlled by a director	54,921	168,973
Company controlled by an officer of the Company	15,344	217,543
	70,265	386,516

Amounts due to related parties are unsecured, non-interest bearing and are repayable on demand.

Transactions with related parties

The Company was charged the following amounts by companies controlled by a significant shareholder and directors or companies controlled by directors of the Company for the three months ended March 31, 2011 and 2010:

	2011 -$-	2010 -$-
Consulting and management fees	217,594	62,458
Rent and administrative services	78,498	9,595
	296,092	72,053

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.

CRITICAL ACCOUNTING ESTIMATES

The Company's accounting policies are described in Notes 2 of its audited consolidated financial statements as at September 30, 2010. The preparation of financial statement in conformity with Canadian generally accepted accounting principles requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported periods. Significant estimates and assumptions are used in determining the application of the going concern concept; the deferral of costs incurred for mineral properties and deferred exploration, assumptions used to determine the fair value of stock-based compensation and the determination of future income taxes. The Company evaluates its estimates on an ongoing basis and bases them on various assumptions that are believed to be reasonable under the circumstances. The Company's estimates form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The Company believes the policies for going concern, mineral properties, stock-based compensation, and future income taxes are critical accounting policies which involve significant judgments and estimates used in the preparation of the Company's financial statements.

The Company considers that its mineral properties have the characteristics of property, plant and equipment, and, accordingly defers acquisition and exploration costs under Canadian generally accepted accounting principles. The recoverability of mineral property acquisition and deferred exploration expenditures is dependent upon the discovery of economically recoverable reserves and on the future profitable production, or proceeds from disposition, of the Company's properties. The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain mineral reserves that are economically recoverable. Development of any property may take years to complete and the amount of resulting income, if any, is difficult to determine with any certainty. The sales value of any mineralization discovered by the Company is largely dependent upon factors beyond the Company's control, such as the market value of the minerals recovered.

Changes in circumstances in the future, many of which are outside of management's control, will impact on the Company's estimates of future recoverability of net amounts to be realized from their assets. Such factors include, but are not limited to, the availability of financing, the identification of economically recoverable reserves, co-venturer decisions and developments, market prices of minerals, the Company's plans and intentions with respect to its assets and other industry and competitor developments.

The consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles, which assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Failure to discover economically recoverable reserves will require the Company to write-off costs capitalized to date and will result in further reported losses.

The Company believes that it has the ability to obtain the necessary financing to meet commitments and liabilities as they become payable.

The Company uses the Black-Scholes option pricing method to determine the fair value of stock-based compensation recognized. Estimates and assumptions are required under the model, including those related to the Company's stock volatility, expected life of options granted, and the risk free interest rate. The Company believes that its estimates used in arriving at stock-based compensation are reasonable under the circumstances.

The determination of the tax basis of deferred exploration costs in foreign jurisdictions and the determination of the appropriate valuation allowance against tax assets are areas requiring management estimates.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The accounting policies followed by the Company are set out in note 2 to the audited consolidated financial statements for the year ended September 30, 2010, and have been consistently followed in the preparation of these consolidated financial statements.

Recent pronouncements

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles ("Canadian GAAP") with IFRS over an expected five year transitional period. The AcSB announced in February 2008 that 2011 will be the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ending September 30, 2012. A changeover plan is being established to convert to the new standards within the allotted timeline and is expected to consist of the following three key phases:

Phase 1 – Assess the impact;
Phase 2 – Design; and
Phase 3 – Implementation.

Phase one will carry out a detailed assessment of the impact of the conversion to IFRS. Phase two will build the tools required for the conversion based on management's decisions about accounting options and the related disclosures. Phase three will roll-out the designed changes. The changes will include the development of the new accounting policies and consolidation templates, the preparation of the IFRS financial statements, and related note disclosure. The Company is consulting with external advisors to assist in the development and execution of a changeover plan to complete the transition to IFRS.

The key elements of the Company's changeover plan will include the impact of IFRS on the following items:

- Accounting policies including:
  - Stock based compensation, and
  - Accounting for income taxes.
- First time adoption of IFRS.

The Company is currently assessing the impact of these new standards on its financial position; however, the financial reporting impact on the transition to IFRS cannot be reasonable estimated at this time.

Business Combination, Consolidated Financial Statements and Non-controlling interest

For interim and annual financial statements relating to its fiscal year commencing on or after January 1, 2011, the Company will be required to adopt new CICA Section 1582 "Business Combinations", Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests". Section 1582 replaces existing Section 1581 "Business Combinations", and Sections 1601 and 1602 together replace Section 1600 "Consolidated Financial Statements". The adoption of Sections 1582 and collectively, 1601 and 1602 provides the Canadian equivalent to

IFRS 3 “Business Combinations” and International Accounting Standard (“IAS”) 27 “Consolidated and Separate Financial Statements” respectively. The impact of adopting these new standards has not yet been assessed and cannot reasonably be estimated at this time.

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 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 has interests in properties that are located in China, a developing country, and the mineral exploration and mining activities of the Company may be affected in varying degrees by political instability and government regulations relating to foreign investment and the mining industry. Any changes in regulations or shifts in political conditions or attitudes are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

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.

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 to be 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 success. The Company has not purchased any "keyman" 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.

Joint ventures

Certain of the properties in which the Company has an interest may be operated through joint ventures with other mining companies and would be subject to the risks normally associated with the conduct of joint ventures. The existence or occurrence of one or more of the following circumstances and events could have a materially adverse impact on the viability of the

Company's interests held through joint ventures, which could have a materially adverse impact on the Company's results of operations and financial conditions:

- inability to exert influence over certain strategic decisions made in respect of joint venture properties;
- disagreement with partners on how to develop and operate mines efficiently;
- inability of partners to meet their obligations to the joint venture or third parties;
- litigation between partners regarding joint venture matters.

Global financial markets

Recent global financial conditions have been characterized by increased volatility and several financial institutions have either gone into bankruptcy or have been rescued by governmental authorities. Access to public financing has been negatively impacted by both rapid decline in value of sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact the ability of the Company to obtain equity or debt financing in the future on terms favourable to the Company. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Company's common shares may be adversely affected.

Financial instruments

The Company’s current financial instruments consist of cash, receivable, advances, investments, accounts payable, loan payable and due to related parties. It is management’s opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair market values of these financial instruments approximate their carrying values due to their short term to maturity.

	March 31, 2011 -$-	September 30, 2010 -$-
Cash	1,605,253	1,791,845
Accounts and other receivable	816,751	1,099,089
Investments	277,396	220,293
Advance	167,980	177,369
Accounts payable and accrued liabilities	2,456,889	1,886,033
Loans payable	-	2,215,615
Due to related parties	70,265	386,516

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 generally accepted Canadian accounting principles 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.

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.

MAJESTIC GOLD CORP.

Stock Exchange	TSX Venture Exchange
Symbol	MJS
Management Team	Rod Husband, P. Geo., President and CEO Mike Hibbitts, P. Geo., VP Exploration and Development Richard Shao, Ph.D., Agent for China Tom Needham, CFO
Independent Directors	Shaohui Chen Gurminder Sangha Rudy Brauer Mike Hibbitts
Auditors	DMCL, Chartered Accountants Vancouver, British Columbia
Transfer Agent	Computershare Trust Company of Canada Vancouver, British Columbia
Corporate Office	502 - 535 Thurlow Street Vancouver, British Columbia, V6E 3L2, Canada Tel: (604) 681-4653 Fax: (604) 568-4902