



Fast times in China for Majestic Gold

As **Majestic Gold** (MJS-V, MJGCF-O) waits for a revised resource estimate on its Song Jiaguo gold property in eastern China, the company is working on an agreement with a local mill operator so it can start a bulk-sampling program this fall.

Majestic president Rod Husband says the program would take three to six months and ore would be processed at a rate of 300 tonnes per day.

"We are trying to get enough data on grade and recoveries to do a prefeasibility study and a Chinese engineering study that will allow us to ramp up the scale," Husband says.

The mill operator has two mills, which handle 300 and 1,500 tonnes per day, respectively, but Husband says the smaller mill can be upgraded to twice its size.

The larger mill is booked until next July. Husband says he is in the process of formalizing an agreement that will grant Majestic use of the larger mill next summer, which would include access to tailings and waste disposal sites, water and power. The agreement would eventually see Majestic ramp up to 4,000 to 10,000 tonnes per day.

"That would be the ultimate objective," Husband says.

A June 2006 estimate pegged the inferred resource at Song Jiaguo at 13.2 million tonnes grading 0.97 gram gold per tonne, or about 414,000 oz. gold, with a cutoff grade of 0.5 gram gold per tonne.

Majestic has been working in China



BY SUSAN KIRWIN

since 2003, when the company saw the opportunity to find advanced-stage exploration projects in the country.

"There was a lot of low-hanging fruit and the geological risk in China is quite low," Husband says.

Husband says the Chinese strategy was to bring small deposits into production as quickly as possible as a means of creating jobs.

"The problem was the Chinese companies never took a macro approach to exploration, so they didn't know how big these things were or the best way to mine them in terms of scale and scope of mining," Husband says.

The company's joint-venture partner at Song Jiaguo currently mines at a rate of 100 tonnes per day, giving Majestic the confidence to move quickly to the bulk-sample and prefeasibility stages.

Husband says Majestic will forgo a full feasibility study for Song Jiaguo because the bulk sampling and prefeasibility will provide the company with enough information to determine the project's potential for success.

"By doing the bulk sampling, we feel we can take a lot of the risk on recoveries and grade and economics out of the project," Husband says. "We'll only be looking for four to ten million dollars, and because it's such a low-capital project, it doesn't make sense to do all that extra work."

While Majestic would begin with an open pit, the company has uncovered higher-grade narrower veins at depth

between 1 and 10 metres wide, averaging 5 to 7 grams gold per tonne, which could eventually lead to underground mining.

Song Jiaguo is included in the Muping project, which allows Majestic's 90%-owned subsidiary to earn a 60% interest in 14 exploration licences.

On the opposite side of the country, Majestic has a second project it is focusing on called Sawayaerdun, in Xinjiang province, western China. Majestic can earn a 90% interest by funding 100% of the exploration and development in its joint venture with the Xinjiang Bureau of Geology and Mineral Resources.

As of June 2006, Sawayaerdun's indicated resource was 15.3 to 18 million tonnes grading 1.16 to 1.3 grams gold per tonne, using a cutoff of 0.5 gram gold per tonne, for 639,000-667,000 oz. gold.

The property's inferred resource stands at 20.7-24.4 million tonnes grading 1.09 to 1.25 grams gold per tonne, or 836,000-852,000 oz. gold.

While the latest numbers look stronger than Song Jiaguo, Sawayaerdun's remote location makes it the less-advanced project.

"Infrastructure at Sawayaerdun is non-existent," Husband says. "We are forty kilometres from a highway where the power would be."

Majestic has been negotiating with a group that wants to build a 1,000-kilowatt micro hydro plant using water from the river that runs through the area. Husband says the plant's production could be expanded to 3,000 kilowatts.

The company is looking to build a year-round access road because winter



weather conditions keep the company from working past October.

“If we do that, then we will look into bringing a portable mill to do some bulk sampling to confirm the economics of the existing resources,” Husband says.

To speed this along, Majestic is looking for a Chinese partner to help with engineering.

“Our idea is to combine ourselves with

a Chinese partner that can assist us with fast-tracking it,” Husband says. “Some of these Chinese joint-venture partners have access to capital that would allow us to build infrastructure much quicker than we otherwise would following Western methods.”

The company is also in the midst of completing 5,000 to 7,000 metres of drilling at Sawayaerdun in 2007.

Husband wants to build the resource to 3 to 5 million oz. gold.

The property is located in the Tian Shan gold belt which hosts the Muruntau deposit, which has produced 140 million oz. gold since 1960, and the Kumtor mine, in the Kyrgyz Republic, which operator **Centerra Gold** (CG-T, CAGDF-O) estimates will produce about 450,000 oz. gold in 2007.