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Majestic Gold (MJS-TSXV)

Extracted from the April 2005-1 Issue

Underground samples are providing solid support for Majestic's geological model at the Fekenyan gold mine in northeastern China. Gold is presently being produced by the Chinese joint venture partner from a series of parallel high-grade veins.

Majestic postulated that a large volume of material encompassing the veins could be mined as an open pit. That concept was based on informal sampling of the underground workings and several drill holes completed by the Chinese company. (I reported on a site visit and described the mining operation and the geological concept in some detail in the November 2004-2 Issue)

As in many Chinese gold mines, the workings follow the high-grade veins (tunnels along veins are called "drifts"). When the veins come to an end, the miners develop tunnels perpendicular (called "cross cuts") in an attempt to locate other veins. Once a vein is encountered in a cross cut, they drift along that new vein.

The first batch of samples, announced on February 16, attracted considerable investor interest. The second batch, reported March 17th, continues to demonstrate the presence of potentially economic gold values over considerable distances in the material between the veins.

The most important values are those reported from the cross cuts, as they demonstrate the presence of

pervasive gold values between the high-grade veins and thereby set the stage for an open pit mining scenario. The results to date suggest that the material between the veins carries an average of about 1.5 grams gold per tonne.

Projecting that average value onto the volume of material encompassed within the existing workings suggests the presence of perhaps a million ounces outside of the presently delineated veins. The Chinese partner estimated the presence of 1.8 million ounces in the veins. Only a small portion of that material has been mined to date. (Note: These figures are by no means resource estimates, but are merely presented to suggest the potential scope for the project.)

The system is wide open, as evidence suggests the veins continue laterally and to depth. In short, the project has the scope to host a multi-million ounce gold deposit that might be mined as an open pit.

The company is continuing to cut channel samples along the extensive underground workings and expects to begin a drilling program soon, initially from surface.

The Fekenyan mine project is a small part of the Muping joint venture, which encompasses 12 other exploration licenses in addition to Fekenyan. The company has a second joint venture, also in the Shandong province in northeastern China, which also in-

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