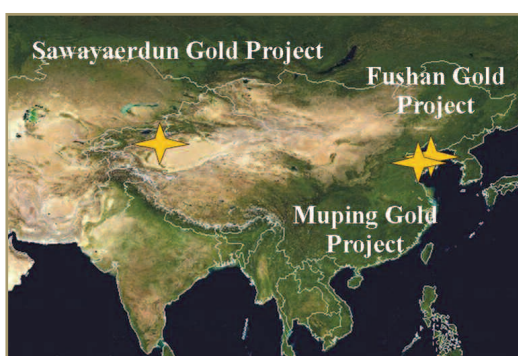


# Majestic Gold Corp

TSX Venture company, Majestic Gold, is involved in exploring three main projects, all of which have previous gold mining activity associated with them.

Although at opposite ends of China, the projects are located in the highly prospective Tian Shan gold belt and the country's largest producing province of Shandong.

Location of Majestic's projects in west and east China



## Licences and Joint Venture Partners

In terms of a November 2003 joint venture agreement with Xinjiang Bureau of Geology and Mineral Resources (XBGMR), Majestic, through a BVI subsidiary, has the right to earn a 90% interest in the Sawayaerdun project by funding a minimum of US\$2 million in exploration over four years.

The property covers an area of 123 km<sup>2</sup>.

## Geology

The geology at Sawayaerdun consists of Silurian and Devonian aged carbon-bearing and carbonaceous sandstones and phyllites.

Gold mineralisation is hosted mainly in late-Carboniferous psamitic rocks that are in fault contact with Devonian carbonates.

Sheared structures hosting mineralisation are northeast trending and dip steeply to the northwest. Dominant structures include: northeasterly trending anticlines and synclines; northeasterly trending thrust and strike-slip faults; and north-northwest trending block faulting which offset northeasterly structures.

## Project: Sawayaerdun

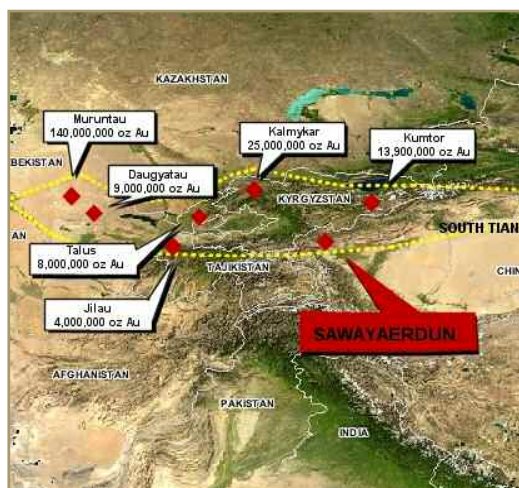
Province: Xinjiang Status: Definition

### Location

The Sawayaerdun Gold Project is located 200 km northwest of Kashi, in the western region of Xinjiang Province.

The property is located in the prolific Tian Shan gold belt.

Sawayaerdun's position on the Tian Shan gold belt



Exploration data acquired by the XBGMR between 1994 and 1998 would indicate that Sawayaerdun has similar geological characteristics and gold occurrences to the major gold operations at Muruntau, in Uzbekistan, and Kumtor, in Kyrgyzstan.

The similarity in structural geology and mineral setting between Sawayaerdun and two of the great deposits on the Tian Shan Belt suggests potential for a bulk tonnage target.

Some 22 gold zones have been identified at Sawayaerdun through trenching over an area more than 5,000 m long and 2,500 m wide. The main gold zones are located in the north-central portion of the property.

Zone IV, which has undergone the most thorough exploration on the property, has been traced on surface for almost 4 km. It averages a width of 25 m and has been projected to depths 275 m below surface.



## Previous Exploration

XBGMR tested the IV zone at depth in 16 adits and 11 (vertical) drill holes and reported a total inferred resource (Chinese category D and E) of 26 Mt at an average grade of 1.75 g/t for 1.4 Moz of gold contained.

Reportedly, approximately 15% of this resource was in oxide ore.

XBGMR also dug trenches at three additional gold zones (I, II, and XI) for a combined length of over 7,500 m, reporting average widths and grades at surface of 4.37 m and 1.37 g/t gold.

These other zones were not tested at depth, in either adits or drill holes.

In 2003, in the course of preparing of a geological due diligence report for the Majestic, geologists took 33 continuous chip samples from 8 trenches along a two km strike length of Zone IV.

All of the samples were 2 m in length and continuous within each trench.

The results are summarised in the table below:

Location	Assay Values
Trench 12	1.96 g/t over 12 m
Trench 23	2.62 g/t over 10 m
Trench 24	0.48 g/t over 4 m
Trench 31	1.87 g/t over 10 m
Trench 35	0.92 g/t over 4 m
Trench 39	1.79 g/t over 10 m
Trench 64	2.35 g/t over 8 m
Trench 68	3.47 g/t over 8 m
(incl. 9.26 g/t over 2 m)	

Majestic's 2004 work programme concentrated on confirming previous trench and drilling intercepts on Zone IV.

Zone	Length (m)	Width (m)	Grade (g/t Au)
Target 1	750	30.5	1.96
Target 2	200	21.7	1.98
Target 3	580	13.3	1.22
Target 4	700	10.5	1.10
Target 5	1,000	6.7	1.57
Entire Zone	> 3,250	15.1	1.51

The initial exploration programme started in early June last year after the company established 5 targets along Zone IV.

The programme consisted of re-establishment, re-mapping and sampling of previous trenches and a geophysical (IP) survey extending across the Target 1 area and across the anticlinal structure hosting gold Zones I, II and XI in order to locate follow up drillhole sites along the target.

By September, Majestic had tested a total of 850 m of strike length by 17 trenches at 50 m intervals along strike.

Highlights included 17m at a grade of 2.12 g/t gold (in MT26); 39 m at 1.47 g/t (MT30) and 53 m at 1.57 g/t (MT38).

A 5-hole, 1,605 m drill programme towards the end of 2004 confirmed the continuity and grade of gold mineralisation identified in the trenches.

Highlights from the programme include 54 m at a grade of 1.54 g/t gold in SWD04-02, 50 m at 1.43 g/t in SWD04-03, 29 m at 2.17 g/t in SWD04-01 and 60 m at 1.19 g/t in SWD04-05 (not true widths). Later fire assays from a Vancouver laboratory showed an average 11% improvement on these grades.

Finally, Majestic conducted a reconnaissance soil geochemical survey which identified three gold and arsenic in soil anomalies between Zone IV and the southern extension of the three other known major gold mineralized zones (I, II and XI).

## Current Exploration Programme

The 2005 campaign encompasses step-out drilling along a strike length of at least 2,500 m to provide sufficient results in order to be able to calculate a resource estimate.

Concurrent with the Zone IV drilling programme, Majestic is conducting geophysical and geochemical surveys in the area between Zone IV and Zone II approximately 1,500 m to the east.

Majestic believes that this area provides another "excellent" target for significant gold mineralisation and currently hosts Zones I, II and XI, representing 7,500 m of combined strike length of known gold mineralisation along the axis of an anticline.

In September 2005, Majestic reported that to-date it had completed 33 diamond drill holes (5,679 m out of a planned 10,000 m) successfully intersecting the pyrite-arsenopyrite-stibnite breccia zone hosting gold mineralisation over a strike length of 1,830 m, and also tested the zone to depths of 252m below surface. True widths between 13 to 50m have been delineated.

Majestic has also received results from the 40 line-km geochemical and geophysical survey conducted over a broad anticline that hosts gold mineralisation from Zones XI, II and XI.

A strong coincidental geochemical and geophysical anomaly has been identified which runs parallel to Zone XI; and the company is presently designing a drill programme to test this anomaly before the end of the year.

## Project: Muping

Province: Shandong Status: Definition

### Location

The Muping project covers exploration licences in the eastern gold producing province of Shandong.



### Licences and Joint Venture Partners

Majestic has a joint venture agreement, through a 90%-owned BVI subsidiary, with Shandong Yantai Muping gold mine (SYM), which gives the Canadian the right to earn 60% of 13 exploration licences in Shandong.

SYM is the fourth largest gold producer in region.

Under the terms of the December 2004 joint venture agreement, which received government approval in March 2005, Majestic must fund US\$4.24 million of exploration and development costs over a 4-year period.

Following the completion of the earn-in, SYM must contribute its pro rata share or face dilution down to 15%.

The 13 exploration licences cover an area of 75.1 km<sup>2</sup>.

### Geology

More than 95% of the gold in Shandong Province is hosted in Mesozoic granitoids, which intrude Late Archean metamorphic basement rocks.

It is generally accepted that the deposits of the Jiaodong Peninsula form one of the largest provinces of granitoid-hosted lode-gold deposits in the world.

The area accounts for approximately 25% of China's annual gold production.

Gold mineralisation is mainly associated with NE-SW and NNE-SSW trending regional faults and related secondary fractures in the granitoid intrusions or at the contacts between different lithologies.

There are two current exploration programmes underway on various licence areas within the Muping jv area of operation.

### 1. Song Jiaguo

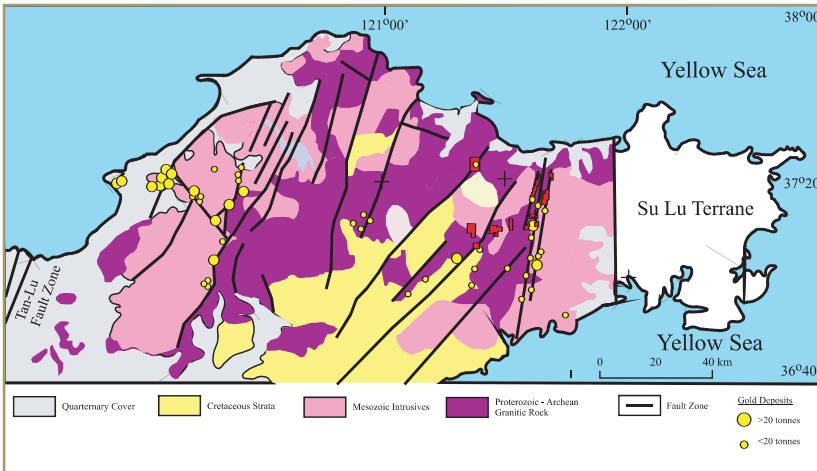
The Song Jiaguo Exploration Licence covers an area of 4.1 km<sup>2</sup>.

### Geology and Previous Exploration

The Song Jiagou property includes the Fekenyun mine, a 120 t/d mining and milling operation where ore is extracted from the lower two of four levels of underground workings.

In 1998, the Shandong 3rd Geological and Mineral Institute published a resource of 1.8 Mt at a grade of 6.76 g/t gold for contained metal of 391,800 oz.

Gold mineralisation is hosted by a series of steeply dipping, sub parallel north-northeast trending fault zones within upper Cretaceous



conglomerates overlying Proterozoic granitic rocks.

Gold is associated with pyrite and occurs as cementation material, and as fine sulphide veins within breccias in the fault zones.

The Chinese drilled a total of 41 diamond drill holes at Song Jiagou and over 4,900 m of underground tunnelling exists on four levels to depths of 268 m below surface.

### Current Exploration Programme

Majestic commenced a detailed review of all available data and amassed a data base of historical results from drilling and underground chip samples.

Initial analysis of the underground sampling reported by Muping, indicated areas of widespread gold mineralisation away from the high grade fault structures into the host conglomerate sequence.

The Majestic geologists recognized the large alteration envelopes around the high-grade structures within the conglomerates as having potential to host bulk mineable gold mineralisation.

Majestic's 2005 work programme is aimed at confirming the nature and extent of the gold mineralisation and commencing a detailed underground sampling and drill programme to expand the known gold mineralisation within the fault zones both along strike and to depth.

The programme includes some 7,500 m drilling

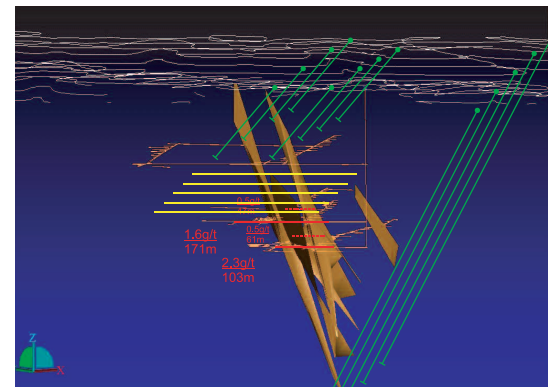
### 2005 drill programme at Song Jiagou

to confirm and expand on the high grade resource potential and to test bulk mineable targets, along with underground bulk sampling.

The company hopes to be in a position to estimate a bulk mineable resource and conduct a scoping study by year end.

In February, Majestic received geochemical results on channel samples taken in drifts of the level 4 underground workings of the Fekenyun mine.

A total of 107 contiguous channel samples were taken from two sub-parallel drifts located approximately 258 m below surface. The drifts are orientated perpendicular to the strike direction of known high-grade structures and provide a good opportunity to evaluate the host conglomerate for bulk mineable potential.



Majestic collected 68 samples over 103 m along the south drift, which assayed between 18-121,176 ppb gold across 1.5 m, while a further 40 samples covering 60.2 m of the north drift, 60 m along strike from the south drift, returned assay values of 12-8,789 ppb gold across 1.5 m.

These results were followed up with results from channel sampling from four cross cuts on Levels 3 and 4 which returned an average of 1,506 ppb gold (1.5 g/t) over 95.4 m widths, including a higher grade section averaging 2,607 ppb (2.6 g/t) over 47.5 m.

Majestic is continuing its underground channel sampling programme on levels 3 and 2, located approximately 210 m and 170 m below surface

Majestic began diamond drilling at Song Jiagou

project in June and by early August, the 3rd Geological Brigade of Shandong had completed 10 diamond-drill holes (1,413 m).

In addition to this shallow drilling, the joint venture mobilised a rig has been to site and started drilling a total of five holes of approximately 600 m to test the down-dip extensions, and adjacent alteration zones of the high-grade zones currently being mined by STM.

## 2. Houzhuang Heiniutai, Zhaodaoshan South, and Wuzhuashan

The Houzhuang Heiniutai, Zhaodaoshan South, and Wuzhuashan licences cover 20.34 km<sup>2</sup> immediately north of the Muping's Denggezhuang mine.

### Geology and Previous Exploration

Gold mineralisation at the Denggezhuang mine is hosted in quartz veins formed along major faults and minor splays, within the Jinniushan fault zone which has been traced for over 60 km.

The Houzhuang Heiniutai, Zhaodaoshan South, and Wuzhuashan licences cover over 10 km of strike length along the Jinniushan fault zone.

The licences host several high grade gold showings.

Work to date on these licences has been limited to shallow shafts and underground workings designed to explore and develop gold bearing mineralisation in faults, shears and splays within the Linglong Proterozoic host rocks.

### Current Exploration Programme

In August, Majestic began a 120 line-km IP survey covering the 9.74 km<sup>2</sup> Houzhang-Henutai licences and the contiguous 1.03 km<sup>2</sup> Zhaodao Mountain licence to test for potential mineralisation occurring within the Jinniushan Fault Zone, which bisects the properties.

### Other Licences

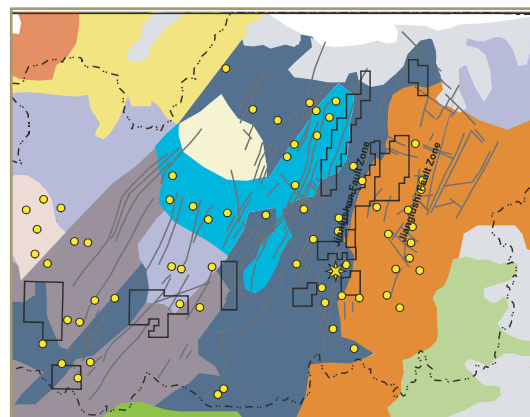
In August this year, Majestic and Trans America Industries Ltd reached an amended joint venture agreement to explore and develop targets on three of the thirteen exploration licences that

*Geology of remaining licences within the Muping project*

Majestic has under option from the Shandong Yantai Muping.

TAI must provide initial funding of US\$0.75 million to earn a 50% interest in the three licences.

The Dazai, Shugezhuang, and Chenjiguo licences cover an area of 900 km<sup>2</sup> on the Jiaodong Peninsula.



## Project: Fushan

Province: Shandong Status: Detection

### Location

The Fushan licence is located on the Jiaodong Peninsula, Shandong Province

### Licences and Joint Venture Partners

Under the terms of a December 2004 agreement with Fushan DJY gold mine (Fushan), Majestic has the right to earn a 60% interest in a joint company established to hold the title to the exploration licence by spending approximately US\$2.4 million over four years on exploration.

Thereafter exploration funding is on a pro-rata basis, save that Fushan cannot be diluted below 12.5%.

The Fushan licence covers an area of 17.1 km<sup>2</sup>

### Geology and Previous Exploration

The Fushan licence is host to three prominent areas of gold mineralisation: the Rennshiwang



South, the Rennshiwang North, and the South Zone.

Each showing hosts gold mineralisation in shear zones that have formed within the Proterozoic intrusive host.

Mineralisation occurs as sulphide disseminations, veins and lenses and consists mainly of pyrite, pyrrhotite, chalcopyrite, galena, sphalerite and bornite with the gold associated primarily with pyrite, pyrrhotite and albite.

Fushan is currently producing approximately 50 t/d from the Rennshiwang South mineralized zone from a series of three exploration adits.

No systematic drilling has been conducted in this area.

### **Current Exploration Programme**

Majestic is currently developing a 2,000 m diamond-drilling programme at its Fushan licence after a 30 line-km IP survey identified a strong chargeability anomaly extending for 600 m in a northeasterly direction with widths of up to 200 m.

The anomaly extends to depths of 100 m and remains open at depth, and is sub-parallel to mapped faults in the area.

**This article is an extract from a *World Gold* special report, *Beyond the Wall – Foreign Involvement in China's Gold Mining Industry*. Copies of the full report, which covers 60 companies and over 100 projects, can be obtained from World Gold by completing the following subscription form.**

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