

RESOURCE OPPORTUNITIES

...Discovering value in natural resource stocks

Majestic Gold (MJS-TSXV)

The following is extracted from the April 2006-1 Issue

Majestic has just announced a formal resource calculation for its Sawayaerdun gold deposit in western China. Drilling by the company over the past year on Zone 4 has borne out the initial estimates that were based on earlier Chinese work. The just-announced independent estimates show a measured and indicated resource containing 605,962 ounces plus a further 773,751 ounces of inferred resource.

Further drilling will soon be underway at Zone 4, intended to upgrade the resource and continue to test for further extensions of that deposit. The extensive property position hosts several other gold-bearing zones. Majestic drilled four holes in Zone 1 last year, producing results that suggest the potential for that zone to replicate Zone 4. The other zones appear highly prospective, but have yet to be tested by the company.

The company is now working towards a scoping study to get a first look at the economic potential of the project. I expect those figures to look attractive, considering the comparison with Jinshan's 217 Gold Project, which is now in development. The Sawayaerdun ore may need to be milled (rather than heap leached), but the grades support that approach.

Majestic is also working toward a resource calculation on its Song Jiaguo gold deposit in eastern China. Based on estimates by the Chinese joint venture partner and sampling conducted by Majestic, that deposit

also appears to have million-ounce-plus potential within the known mineralized material. There is considerable room for the deposit to continue to grow through exploration of prospective areas.

Majestic has finally begun to get investor recognition for its substantial gold projects. The formal resource estimate at Sawayaerdun supports the current value, with considerable room to grow as Sawayaerdun expands, a formal resource estimate is completed for the project in eastern China and as the potential of the other projects is further evaluated by the company.

*Price April 5, 2006: C\$0.87
Shares Outstanding: 27 million
Shares Fully Diluted: 35.6 million
Market Cap: C\$ 23.5 million
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