

Majestic Announces Cancellation of Intercompany Debt

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VANCOUVER, June 15, 2020 - [Majestic Gold Corp.](#) ("Majestic" or the "Company") (TSXV:MJS) announces that it has cancelled intercorporate debt (the "Debt Cancellation") in the total aggregate amount of CAD\$62,073,046 (the "Debt") owed to the Company by its 94% owned subsidiary, Sinogold Resources Holdings Group Co., Ltd. ("Sinogold"). Since Sinogold is a subsidiary of the Company, the Consolidated Statements of Financial Position of the Company do not present the intercompany loans as the loan receivable of the parent company is a loan payable of the subsidiary which offset and eliminate against each other on the Consolidated Statements of Financial Position with any currency exchange differences recorded to foreign exchange translation reserves on the Consolidated Statements of Changes in Equity. The Company has determined the Debt Cancellation will not have any material effect on the Company's business and affairs.

Sinogold is a related party to the Company because it is a subsidiary of the Company, but since it is 94% owned (instead of 100% owned), it is a "related party transaction" pursuant to Multilateral Instrument 61-101-Protection of Minority Security Holders in Special Transactions ("MI 61-101"). Consequently, the Company is obligated to announce the Debt Cancellation under MI 61-101 which was formalized in an agreement between the Company and Sinogold dated June 4, 2020 pursuant to which the Company agreed to cancel the Debt in exchange for a mutual release between the companies, subject to approval of the directors of each of the companies, approval of the TSX Venture Exchange (the "Exchange"), and written approval of arm's length shareholders holding a total aggregate of at least 50% of the common shares of the Company in accordance with the policies of the Exchange.

The board of directors of the Company have unanimously approved of the proposed Debt Cancellation, which was also approved in writing by the arm's length shareholders holding at least 50% of the common shares of the Company. Likewise, the Company has also received conditional approval from the Exchange dated June 8, 2020 for approval of the Debt Cancellation. As a result of the Debt Cancellation, there is no change in the percentage ownership of the Company by anyone. The Company is disclosing the Debt Cancellation less than 21 days before the Debt Cancellation because there is no reason to wait longer to improve the Company's internal accounting. In addition, there has been no formal valuation in respect of the Company and the Debt Cancellation, which would be unnecessary for such an internal accounting matter. Under MI 61-101, the Debt Cancellation is exempt from formal valuation requirements under section 5.4 of MI 61-101 and the minority shareholder approval requirements under section 5.6 of MI 61-101 because pursuant to sections 5.5(e) and 5.7(c) of MI 61-101, it is a transaction supported by arm's length control persons.

About Majestic Gold Corp.

Currently focused mainly in China, [Majestic Gold Corp.](#) is a British Columbia based company engaged in commercial gold production at the Songjiagou Gold Mine in eastern Shandong Province, China and also has an option to acquire 51% ownership of a gold exploration project in Western Australia known as the Fair Adelaide East Project (the "FAE Project"). The FAE Project is located near Kalgoorlie-Boulder City, Western Australia, 520 km northeast of Perth, Australia, and is comprised of 8 contiguous prospecting license tenements covering 1,321.82 hectares, and is further described in a current geological technical report dated February 21, 2020 prepared by SRK Consulting on behalf of Majestic and filed on SEDAR. Additional information on the Company and its projects is available under the Company's profile at www.sedar.com and on the Company's website at www.majesticgold.com.

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FORWARD LOOKING INFORMATION

Certain statements contained in this press release constitute forward-looking information. These statements relate to future events or future performance. The use of the word, "will" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Company's current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially.

Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the Company. The Company cautions the reader that the above list of risk factors is not exhaustive. Those assumptions and factors are based on information currently available to the Company. The forward-looking information contained in this release is made as of the date hereof and the Company is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws, or as otherwise may be disclosed in this news release. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information contained herein.

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