VICTORIA GOLD CORP
TSX | VGCX

Condensed Interim Financial Statements

March 31, 2023 and 2022

(Unaudited)
(Expressed in thousands of Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The accompanying condensed interim financial statements and all other financial information included in this report are the responsibility of management. The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Financial statements include certain amounts based on estimates and judgments. When alternative methods exist, management has chosen those it deems most appropriate in the circumstances to ensure that the condensed interim financial statements are presented fairly, in all material respects.

Management maintains appropriate systems of internal control, to give reasonable assurance that its assets are safeguarded, and the financial records are properly maintained.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Audit Committee, which is comprised of three Directors, all of whom are non-management and independent, meets with management to review the condensed interim financial statements to satisfy itself that management is properly discharging its responsibilities to the Directors, who approve the condensed interim financial statements.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial reporting standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) "John McConnell"
Director, President and CEO
May 11, 2023

(signed) "Marty Rendall"
CFO
May 11, 2023

See accompanying notes to the condensed interim financial statements.

Victoria Gold Corp.
Condensed Interim Statements of Financial Position
(Expressed in thousands of Canadian Dollars)

(Unaudited)

	Notes	March 31, 2023	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents		**$ 23,606**	$ 20,572
Marketable securities		**12,485**	12,805
Receivables	*5*	**5,201**	10,726
Inventory	*6*	**223,570**	211,713
Current portion of derivative instruments	*13*	**760**	-
Prepaid expenses		**2,553**	3,198
		268,175	259,014
Non-current assets			
Restricted cash		**185**	185
Investment in associate	*9*	**2,664**	2,806
Deferred taxes		**-**	26,769
Exploration and evaluation assets	*7*	**57,905**	57,219
Property, plant and equipment	*8*	**669,857**	670,813
Total assets		**$ 998,786**	$ 1,016,806
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	*10*	**$ 67,139**	$ 89,554
Income and mining taxes payable		**378**	378
Current portion of lease liability	*11*	**692**	716
Current portion of derivative instruments	*13*	**21,604**	11,202
Current portion of long-term debt	*12*	**56,960**	62,477
		146,773	164,327
Non-current liabilities			
Deferred taxes		**59,790**	85,872
Lease liability	*11*	**2,756**	2,929
Long-term debt	*12*	**208,849**	184,512
Asset retirement obligations ("ARO")	*14*	**34,300**	34,980
Total liabilities		**452,468**	472,620
Shareholders' Equity			
Share capital	*16*	**426,260**	426,260
Contributed surplus		**24,886**	23,737
Accumulated other comprehensive loss		**(2,517)**	(2,517)
Retained earnings		**97,689**	96,706
Equity attributable to Victoria Gold shareholders		**546,318**	544,186
Total liabilities and shareholders' equity		**$ 998,786**	$ 1,016,806

See accompanying notes to the condensed interim financial statements.

Authorized for issue by the Board of Directors on May 11th, 2023 and signed on its behalf. **"T. Sean Harvey"** Director **"Chris Hill"** Director

Victoria Gold Corp.
Condensed Interim Statements of Income and Comprehensive Income
(Expressed in thousands of Canadian Dollars, except share and per share amounts)
(Unaudited)

	Notes	Three month period ended March 31, 2023	March 31, 2022
Revenue		**$ 96,549**	$ 59,454
Cost of goods sold	*19*	**57,938**	20,088
Depreciation and depletion		**17,627**	13,069
Gross profit		**20,984**	26,297
Corporate general and administration	*20*	**3,226**	2,760
Operating earnings		**17,758**	23,537
Finance income		**178**	15
Finance costs	*21*	**(5,815)**	(2,565)
Unrealized gain (loss) on marketable securities		**(320)**	4,213
Share of loss from equity-accounted investment	*9*	**(142)**	-
Unrealized and realized loss on derivative instruments	*13*	**(9,576)**	(6,180)
Foreign exchange gain (loss)		**(414)**	3,135
		(16,089)	(1,382)
Income before taxes		**1,669**	22,155
Deferred tax expense		**(686)**	(6,106)
Net income		**$ 983**	$ 16,049
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Currency translation adjustment		**-**	22
Total comprehensive income for the period		**$ 983**	$ 16,071
Total comprehensive income for the period		**$ 983**	$ 16,049
Net income attributable to:			
Shareholders of the Company		**$ 983**	$ 16,265
Non-controlling interest		**-**	(216)
		$ 983	$ 16,049
Other comprehensive income attributable to:			
Shareholders of the Company		**$ -**	$ 11
Non-controlling interest		**-**	11
		$ -	$ 22
Comprehensive income attributable to:			
Shareholders of the Company		**$ 983**	$ 16,276
Non-controlling interest		**-**	(205)
		$ 983	$ 16,071
Earnings per share	*15*		
Basic		**$ 0.02**	$ 0.25
Diluted		**$ 0.02**	$ 0.24
Weighted average number of shares outstanding	*15*		
Basic		**64,522,683**	63,353,399
Diluted		**65,460,478**	66,826,562

See accompanying notes to the condensed interim financial statements.

Victoria Gold Corp.
Condensed Interim Statements of Changes in Shareholders' Equity
(Expressed in thousands of Canadian Dollars, except for share amounts)
(Unaudited)

	Notes	Share capital: Number of shares	Share capital: Amount	Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Non-controlling interest	Total equity
Balance at December 31, 2021		62,701,207	$ 401,217	$ 24,472	$ (1,997)	$ 59,753	$ 9,686	$ 493,131
Transactions with owners:								
Proceeds from share issue		1,000,000	20,000	-	-	-	-	20,000
Proceeds from stock options exercised		25,333	190	-	-	-	-	190
Fair values allocated upon exercise:								
Stock options		-	74	(74)	-	-	-	-
Share issuance costs		-	(1,103)	-	-	-	-	(1,103)
Share-based payments, expensed		-	-	345	-	-	-	345
Premium on flow-through shares		-	(4,647)	-	-	-	-	(4,647)
Total transactions with owners:		1,025,333	14,514	271	-	-	-	14,785
Non-controlling interest		-	-	-	-	-	2,880	2,880
Net income (loss) for the period		-	-	-	-	16,265	(216)	16,049
Other comprehensive income/(loss):								
Currency translation adjustment		-	-	-	11	-	11	22
Balance at March 31, 2022	*16*	63,726,540	$ 415,731	$ 24,743	$ (1,986)	$ 76,018	$ 12,361	$ 526,867
Balance at December 31, 2022		64,522,683	$ 426,260	$ 23,737	$ (2,517)	$ 96,706	$ -	$ 544,186
Transactions with owners:								
Share-based payments, expensed		**-**	**-**	**964**	**-**	**-**	**-**	**964**
Share-based payments, capitalized		**-**	**-**	**185**	**-**	**-**	**-**	**185**
Total transactions with owners:		**-**	**-**	**1,149**	**-**	**-**	**-**	**1,149**
Net income for the period		**-**	**-**	**-**	**-**	**983**	**-**	**983**
Balance at March 31, 2023	*16*	**64,522,683**	**$ 426,260**	**$ 24,886**	**$ (2,517)**	**$ 97,689**	**$ -**	**$ 546,318**

See accompanying notes to the condensed interim financial statements.

Victoria Gold Corp.
Condensed Interim Statements of Cash Flows
(Expressed in thousands of Canadian Dollars)

(Unaudited)

	Notes	Three month period ended March 31, 2023	Three month period ended March 31, 2022
Operating activities			
Net income for the period		**$ 983**	$ 16,049
Adjustments for:			
Depreciation and depletion		**17,627**	13,069
Share-based payments	*17*	**1,420**	469
Income and mining taxes		**686**	6,106
Share of loss from equity-accounted investment	*9*	**142**	-
Finance costs		**5,814**	2,656
Unrealized (gain) loss on marketable securities		**320**	(4,213)
Unrealized (gain) loss on derivative instruments	*13*	**9,643**	5,890
Amortization		**27**	27
Unrealized foreign exchange (gain) loss, net		**(261)**	(3,353)
Operating cash flow before working capital adjustments		**36,401**	36,700
Working capital adjustments and income taxes paid:			
(Increase) decrease in receivables		**5,525**	(3,784)
(Increase) decrease in inventory		**(11,857)**	(29,264)
(Increase) decrease in marketable securities		**-**	130
(Increase) decrease in prepaid expenses and deposits		**645**	3,478
Increase (decrease) in accounts payables and accrued liabilities		**(18,879)**	(13,987)
		(24,566)	(43,427)
Net cash flows from (used in) operating activities		**11,835**	(6,727)
Investing activities			
Exploration and evaluation assets	*7*	**(1,271)**	(3,238)
Restricted cash		**-**	99
Purchase of property, plant and equipment		**(20,852)**	(28,361)
Net cash flows used in investing activities		**(22,123)**	(31,500)
Financing activities			
Shares issued for cash, net of issuance costs	*16*	**-**	23,872
Exercise of options		**-**	190
Interest paid		**(4,770)**	(1,729)
Equipment finance facility	*12*	**7,002**	5,235
Principal (repayment) draw of long-term debt, net	*12*	**11,298**	20,422
Principal repayment of lease liability		**(197)**	(194)
Net cash flows from financing activities		**13,333**	47,796
Foreign exchange gain on cash balances		**(11)**	(125)
Net increase in cash and cash equivalents		**3,034**	9,444
Cash and cash equivalents, beginning of the period		**20,572**	31,251
Cash and cash equivalents, end of the period		**$ 23,606**	$ 40,695

See accompanying notes to the condensed interim financial statements. Supplementary Cash Flow information is provided in Note 23.

(Unaudited)
(Tables expressed in thousands of Canadian Dollars, except share and per share amounts)

1. NATURE OF OPERATIONS

Victoria Gold Corp. (“Victoria” or “Company”), a British Columbia company, was incorporated in accordance with the *Business Corporations Act* (British Columbia) on September 21, 1981. The Company’s common shares are listed on the Toronto Stock Exchange (TSX).

The Company is engaged in the operation, exploration and acquisition of mineral properties. The Company’s producing asset is the Eagle Gold Mine. The Company’s registered office is located at 80 Richmond St. West, Suite 204, Toronto, Ontario, M5H 2A4, Canada.

2. BASIS OF PRESENTATION

These unaudited condensed interim financial statements for the three months ended March 31, 2023 have been prepared in accordance with IAS 34, ‘Interim financial reporting’. The condensed interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2022, which have been prepared in accordance with IFRS.

These condensed interim financial statements include the accounts of Victoria and its 38.29% interest in Lahontan Gold Corp. (“Lahontan”).

On January 1, 2023, the Company amalgamated with its subsidiary Victoria Gold (Yukon) Corp., (a British Columbia corporation). The prior period comparatives were presented on a consolidated basis.

These condensed interim financial statements were approved by the Board of Directors for issue on May 11, 2023.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed in these condensed interim financial statements are the same as those applied in the Company’s audited consolidated financial statements for the year ended December 31, 2022.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these condensed interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2022.

(Unaudited)
(Tables expressed in thousands of Canadian Dollars, except share and per share amounts)

5. RECEIVABLES

Receivables includes the following components:

	March 31, 2023	December 31, 2022
GST receivable	**$ 5,072**	$ 6,163
Trade and other receivables	**129**	4,563
Total	**$ 5,201**	$ 10,726

6. INVENTORY

Inventory includes the following components:

	March 31, 2023	December 31, 2022
Stockpiled ore	**$ 10,735**	$ 10,809
In-process inventory	**170,934**	159,590
Finished goods inventory	**7,607**	12,369
Total mineral inventory	**189,276**	182,768
Materials and supplies	**34,294**	28,945
Total	**$ 223,570**	$ 211,713

As at March 31, 2023, $39.1 million (December 31, 2022 – $38.2 million) of non-cash costs such as depreciation, depletion and site share-based compensation were included in inventory.

7. EXPLORATION AND EVALUATION ASSETS

	Dublin Gulch (Yukon)	Other properties **	Total
Balance December 31, 2022	$ 49,378	$ 7,841	$ 57,219
Salaries and benefits	291	-	291
Land claims and royalties	-	60	60
Environmental and permitting	4	-	4
Drilling and indirects	59	-	59
Other exploration	272	-	272
Exploration and evaluation costs for the period	626	60	686
Balance March 31, 2023	$ 50,004	$ 7,901	$ 57,905

** Other properties include interests in Donjek, Aurex, and Clear Creek in Yukon Territory.

(Unaudited)
(Tables expressed in thousands of Canadian Dollars, except share and per share amounts)

	Other property interest (Nevada)	Dublin Gulch (Yukon)	Other properties **	Total
Balance December 31, 2021	$ 12,027	$ 35,743	$ 1,583	$ 49,353
Acquisitions	-	-	6,163	6,163
Salaries and benefits	708	1,325	-	2,033
Land claims and royalties	5	27	35	67
Environmental and permitting	-	4	-	4
Drilling and indirects	1,486	7,015	24	8,525
Other exploration	731	5,264	36	6,031
Exploration and evaluation costs for the year	2,930	13,635	95	16,660
Currency translation	(557)	-	-	(557)
Deemed disposal of Lahontan property	(14,400)	-	-	(14,400)
Balance December 31, 2022	$ -	$ 49,378	$ 7,841	$ 57,219

** Other properties include interests in Donjek, Aurex, and Clear Creek in Yukon Territory.

8. PROPERTY, PLANT AND EQUIPMENT

	Other assets	Right-of-use assets	Leasehold improvements	Buildings & structures	Equipment	Mineral Properties	Total
Cost							
December 31, 2021	$ 1,367	$ 3,340	$ 589	$ 254,689	$ 171,216	$ 320,145	$ 751,346
Additions	382	3,029	-	45,280	24,485	39,858	113,034
Disposals	-	(1,476)	-	-	(64)	-	(1,540)
December 31, 2022	1,749	4,893	589	299,969	195,637	360,003	862,840
Additions	**-**	**-**	**-**	**1,877**	**7,053**	**7,968**	**16,898**
March 31, 2023	**$ 1,749**	**$ 4,893**	**$ 589**	**$ 301,846**	**$ 202,690**	**$ 367,971**	**$ 879,738**
Accumulated amortization							
December 31, 2021	$ 1,084	$ 2,233	$ 441	$ 51,127	$ 42,636	$ 27,425	$ 124,946
Charge	124	898	148	24,778	21,751	20,867	68,566
Disposals	-	(1,476)	-	-	(9)	-	(1,485)
December 31, 2022	1,208	1,655	589	75,905	64,378	48,292	192,027
Charge	**68**	**227**	**-**	**6,589**	**5,323**	**5,647**	**17,854**
March 31, 2023	**$ 1,276**	**$ 1,882**	**$ 589**	**$ 82,494**	**$ 69,701**	**$ 53,939**	**$ 209,881**
Net book value							
December 31, 2021	$ 283	$ 1,107	$ 148	$ 203,562	$ 128,580	$ 292,720	$ 626,400
December 31, 2022	$ 541	$ 3,238	$ -	$ 224,064	$ 131,259	$ 311,711	$ 670,813
March 31, 2023	**$ 473**	**$ 3,011**	**$ -**	**$ 219,352**	**$ 132,989**	**$ 314,032**	**$ 669,857**

During the three months ended March 31, 2023, the Company capitalized $7.6 million (March 31, 2022 – $9.2 million) of deferred stripping costs to mineral properties. The depletion expense related to deferred stripping for the three months ended March 31, 2023 was $1.3 million (March 31, 2022 – $0.5 million). Included in the mineral properties balance at March 31, 2023 is $80.1 million (March 31, 2022 – $53.0 million) related to deferred stripping costs.

(Tables expressed in thousands of Canadian Dollars, except share and per share amounts)

The carrying value of equipment pledged as security for the related Equipment Financing Facility at March 31, 2023 was $45.7 million (December 31, 2022 – $43.7 million) (*Note 12*).

Certain of the Company's mining properties are subject to royalty arrangements based on their net smelter returns ("NSR"s). At March 31, 2023, the Company's royalty arrangements based on production were as follows:

Royalty arrangements:	
Franco-Nevada Corp.	1% Cash NSR – Settled via cash payment royalty expense after production
Osisko Gold Royalties Ltd.	5% Metal NSR – Settled via delivery of metal ounces after production

The royalty arrangements listed above have an impact on the Company's financial statement presentation of Revenue and Royalty expense. Revenue herein is based on 95% of the production from the Eagle Mine after the delivery of the 5% metal NSR attributable to Osisko Gold Royalties Ltd. As a result, this 5% NSR is not recorded in Revenue nor as a Royalty expense. The 1% cash NSR held by Franco-Nevada Corp. is included in Revenue as it does not impact ounces available for sale, and a Royalty expense recorded is associated with the cash payment.

9. INVESTMENT IN ASSOCIATE

As at March 31, 2023, the Company had a 38.29% (December 31, 2022 – 49.89%) ownership interest in Lahontan. The following table summarizes the change in investment in Lahontan for the period ended March 31, 2023:

	March 31, 2023	**December 31, 2022**
Balance, beginning of the period	**$ 2,806**	$ 8,004
Loss on deemed disposal of subsidiary	**-**	(4,973)
Share of loss from equity-accounted investment	**(142)**	(225)
Balance, end of the period	**$ 2,664**	$ 2,806

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include the following components:

	March 31, 2023	**December 31, 2022**
Trade payables	**$ 35,153**	$ 51,613
Accrued liabilities	**28,703**	32,552
Payroll related liabilities	**3,283**	5,389
Total	**$ 67,139**	$ 89,554

(Unaudited)
(Tables expressed in thousands of Canadian Dollars, except share and per share amounts)

11. LEASE LIABILITY

		Total
As at December 31, 2022	**$**	**3,645**
Additions		**-**
Interest expense		**37**
Lease payments		**(234)**
Lease liabilities at March 31, 2023	**$**	**3,448**
Current lease liability	**$**	**692**
Non-current lease liability	**$**	**2,756**

The Company has lease liabilities for contracts related to equipment, vehicles, and office premises in: (1) Vancouver, BC, (2) Toronto, Ontario and (3) Whitehorse, Yukon. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

		March 31, 2023		**December 31, 2022**
MATURITY ANALYSIS				
< 1 year	**$**	**692**	$	716
1 to 3 years		**1,211**		1,253
3 to 5 years		**1,047**		1,044
> 5 years		**498**		632
Total	**$**	**3,448**	$	3,645

12. DEBT

On February 22, 2023 the Company further amended its Loan Facility dated December 18, 2020, as amended December 20, 2021 and June 16, 2022. Pursuant to the amended Loan Facility, the Company has added Desjardins and National Bank to the syndicate, replacing BNP Paribas. In addition, the Company has increased the amount of the Term Facility by US$25.0 million and extended the maturity date of the Term Facility to September 30, 2024. The Term Facility is repayable in seven equal quarterly instalments through to the Maturity Date. There has been no change to the Revolving Credit Facility which continues to have a limit of US$125 million and a maturity date of December 31, 2024.

The Loan Facilities are outlined below and include certain financial covenants related to maintaining a leverage ratio at less than or equal to 3.0, an interest service coverage ratio at greater than or equal to 4.0 and a tangible net worth covenant. As at March 31, 2023, the Company is in compliance with all financial covenants.

<u>Loan Facilities</u>

Term Facility

US$58 million loan facility with the following commercial terms:

- Interest rate of SOFR plus 2.75%;
- Principal and interest are repayable in 7 equal quarterly installments.

(Unaudited)
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As at March 31, 2023, principal of US$50.0 million was outstanding on the Term Facility. Deferred financing charges in the amount of $2.6 million are being amortized over the term using the effective interest rate method.

Revolving Credit Facility

US$125 million loan facility with the following commercial terms:

- Interest rate of SOFR plus 2.75%;
- Accrued interest is repayable quarterly;
- Principal and accrued interest are due at maturity, on December 31, 2024, and may be repaid early without penalty.

As at March 31, 2023, principal of US$109.9 million was outstanding on the Revolving Credit Facility. Deferred financing charges in the amount of $2.6 million are being amortized using the full amount of the facility, including any undrawn amount, over the full term of the facility using the effective interest rate method.

Equipment Finance Facility

US$50 million facility with Caterpillar Financial Services Limited ("Cat Financial") with the following commercial terms:

- Available for drawdown against the acquisition cost of Cat mining equipment;
- Interest rates of SOFR plus 2.50-3.50%;
- 4-6 year, amortizing facility, maturing between April 19, 2023 and October 25, 2026 (the "Term") and;
- Secured by Cat mining equipment.

As at March 31, 2023, principal of US$36.2 million was outstanding on the Equipment Finance Facility. Deferred financing charges in the amount of $2.7 million are being amortized over the Term using the effective interest rate method.

		March 31, 2023		December 31, 2022
Equipment Finance Facility, principal	**$**	**48,919**	$	46,141
Equipment Finance Facility, interest		**542**		675
Equipment Finance Facility, ending balance	**$**	**49,461**	$	46,816
Term Debt Facility, principal	**$**	**67,480**	$	44,784
Term Debt Facility, interest		**14**		18
Term Debt Facility, ending balance	**$**	**67,494**	$	44,802
Revolver Facility, principal	**$**	**148,501**	$	155,216
Revolver Facility, interest		**353**		155
Revolver Facility, ending balance	**$**	**148,854**	$	155,371
Total Debt	**$**	**265,809**	$	246,989
Less: Current portion		**(56,960)**		(62,477)
Long-term Debt	**$**	**208,849**	$	184,512

During the three month period ended March 31, 2023 the Company incurred interest expense of $5.2 million (March 31, 2022 – $1.7 million) and amortized deferred financing charges of $0.3 million (March 31, 2022 – $0.6 million) in the condensed interim statements of income and comprehensive income.

The Equipment Finance Facility with Cat Financial is secured by leased equipment with a carrying value of $45.7 million as of March 31, 2023 (December 31, 2022 – $43.7 million).

(Unaudited)
(Tables expressed in thousands of Canadian Dollars, except share and per share amounts)

The Company's scheduled debt principal repayments as at March 31, 2023 are summarized in the table, below:

	2023	2024	2025	2026	2027 and thereafter	Total
Term Debt Facility	$ 33,832	$ 33,832	$ -	$ -	$ -	$ 67,664
Revolving Loan Facility	-	148,686	-	-	-	148,686
Equipment Finance Facility	7,508	14,616	13,804	13,497	-	49,425
	$ 41,340	$ 197,134	$ 13,804	$ 13,497	$ -	$ 265,775

13. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative Instruments outstanding	Quantity outstanding	Remaining term	Exercise price	Fair value - asset (liability) (C$)
Current Instruments				
Gold Forwards				
Gold forwards	40,500 oz	April 2023 - December 2023	US$1,887	$ (6,547)
Gold forwards	7,500 oz	January 2024 - March 2024	US$1,982	(726)
Currency Contracts				
Currency contracts	US$36.0M	April 2023 - December 2023	US/C 1.3699	760
Gold call options				
Gold call options - sold	20,000 oz	April 13, 2023	US$1,485	(13,384)
Warrants				
Warrants	1,666,667	April 13, 2023	C$9.375	(155)
Interest rate swap				
Interest rate swap		December 31, 2023		(792)
Total Instruments				**$ (20,844)**

Gold Forwards

As at March 31, 2023, the Company has gold forward contracts for a total of 48,000 ounces of gold at a weighted average price of US$1,902 per ounce with expiry dates ranging from April 2023 through to March 2024. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and classified in the condensed interim financial statements based on contractual maturity. These derivative financial instruments are recorded at fair value using external broker-dealer quotations corroborated by option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. The Company recognized the mark-to-market adjustment loss of $7.3 million, based on US$1,970 per ounce of gold and a foreign exchange rate of 1.3533 US$ to C$, in net income of the condensed interim statements of income and comprehensive income for the period ended March 31, 2023.

Currency Contracts

In March 2023, the Company entered into foreign exchange currency contracts for a notional amount of US$4.0 million per month at a weighted average rate of US$ to C$ of 1.3699 and with monthly expiry dates of March 30 through December 28, 2023. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and classified in the condensed interim financial statements based on contractual maturity. These derivative financial instruments are recorded at fair value using external broker-dealer quotations corroborated by option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. The Company recognized the mark-to-market adjustment gain of $0.8 million in net income of the condensed interim statements of income and comprehensive income for the period ended March 31, 2023.

Gold Call Options

As part of the Eagle Gold Mine project financing, the Company sold a gold call option on 20,000 ounces of gold at a price of US$1,485 per ounce, with an expiry date of April 13, 2023. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and classified in the condensed interim financial statements based on contractual maturity. These derivative financial instruments are recorded at fair value using external broker-dealer quotations corroborated by option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. As at March 31, 2023 the gold call option fair value was $13.4 million, based on US$1,970 per ounce of gold and a foreign exchange rate of 1.3533 US$ to C$. The Company recognized the mark-to-market adjustment loss of $3.8 million in net income of the condensed interim statements of income and comprehensive income for the period ended March 31, 2023.

Warrants

As part of the Eagle Gold Mine project financing, the Company granted 1,666,667 warrants with a strike price of $9.375 and a term of five years. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and classified in the condensed interim financial statements based on contractual maturity. These derivative financial instruments are recorded at fair value using Black-Scholes option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. As at March 31, 2023, the warrant fair value was $0.2 million based on the March 31, 2023 closing share price of $8.96. The Company recognized the mark-to-market adjustment gain of $0.2 million in net income of the condensed interim statements of income and comprehensive income for the period ended March 31, 2023.

Interest rate swap

On July 31, 2022, the Company entered into an interest rate swap expiring on December 31, 2023. Under the terms of the swap, the SOFR interest rate is fixed at 3.18% for a nominal amount of US$50.0 million. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and in the condensed interim financial statements based on contractual maturity. These derivative financial instruments are recorded at fair value using external broker-dealer quotations. The Company recognized the mark-to-market adjustment gain of $0.5 million in net income of the condensed interim statements of income and comprehensive income for the period ended March 31, 2023.

(Unaudited)
(Tables expressed in thousands of Canadian Dollars, except share and per share amounts)

14. ASSET RETIREMENT OBLIGATIONS

Reclamation and closure costs have been estimated based on the Company's interpretation of current regulatory requirements and measured with the most reliable information available. Management's estimate is determined based on the net present value of estimated future cash expenditures for reclamation and closure activities. Reclamation and closure costs are capitalized into exploration and evaluation assets or mineral properties depending on the nature of the asset related to the obligation and amortized over the life of the related asset. Future changes to those regulations and standards, as well as changes resulting from operations, may result in actual reclamation costs differing from the estimate.

The Company's asset retirement obligations arise from its obligations to undertake site reclamation and remediation in connection with the Dublin Gulch property. The Company prepared the Dublin Gulch reclamation obligation using prescribed third-party contractor rates with a 5% contingency. The estimated costs of reclamation are based on current regulatory requirements and the estimated reclamation costs at the reporting date use the following assumptions:

a) total undiscounted amount of inflation adjusted future reclamation costs at March 31, 2023 was determined to be $47.2 million for Dublin Gulch (December 31, 2022 - $49.4 million);
b) weighted average risk-free interest rate at 3.0% and a long-term inflation rate of 2.0%; and
c) expected timing of risk adjusted cash outflows required to settle the obligation will be incurred over the period through 2035 for Dublin Gulch.

The following is an analysis of the Company's asset retirement obligation:

	March 31, 2023	**December 31, 2022**
Balance, beginning of the period	**$ 34,980**	$ 39,628
Accretion on reclamation provision	**290**	1,306
ARO change due to revaluation	**(970)**	(5,954)
Balance, end of the period	**$ 34,300**	$ 34,980

15. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the net income attributable to common shareholders by the weighted average number of ordinary shares in issue during the period.

	Three month period ended March 31, 2023	**Three month period ended March 31, 2022**
Net income	**$ 983**	$ 16,049
Weighted average number of common shares issued	**64,522,683**	63,353,399
Basic earnings per share	**$ 0.02**	$ 0.25

(Unaudited)
(Tables expressed in thousands of Canadian Dollars, except share and per share amounts)

(b) Diluted

	Three month period ended March 31, 2023		Three month period ended March 31, 2022	
Net income attributable to common shareholders	**$**	**983**	$	16,049
Weighted average number of common shares issued		**64,522,683**		63,353,399
Adjustment for:				
Warrants		**-**		1,666,667
Deferred share units & restricted share units		**592,800**		268,000
Stock options		**344,995**		1,538,496
Weighted average number of ordinary shares for diluted earnings per share		**65,460,478**		66,826,562
Diluted earnings per share	**$**	**0.02**	$	0.24

16. SHARE CAPITAL AND OTHER EQUITY

Authorized, issued and outstanding common shares

Common shares, no par value, authorized unlimited number of shares, issued and outstanding were 64,522,683 and 63,726,540 shares for three month period ended March 31, 2023 and March 31, 2022, respectively.

17. SHARE-BASED PAYMENTS

Omnibus Incentive Plan

The omnibus incentive plan of the Company (the "**Omnibus Plan**") was approved by the shareholders of the Company on August 19, 2020. The Omnibus Plan has been established to attract and retain key talent who are necessary or essential to Victoria's success, reputation and activities and allows Victoria to reward key talent for their performance and greater align their interest with those of Victoria's shareholders. The Omnibus Plan is an "evergreen" plan and the Common Shares available for issuance pursuant to awards granted under the Omnibus Plan may not exceed 10% of the total number of issued and outstanding Common Shares. At March 31, 2023, 4,907,773 (4,907,773 as at December 31, 2022) additional stock options, or other equity based awards were available for grant under the Company's Omnibus Plan.

A summary of the status of the Omnibus Plan as at March 31, 2023 and as at December 31, 2022, and changes during the periods ended on those dates is presented below:

	March 31, 2023					December 31, 2022				
	Number of stock options		Weighted average exercise price		Fair Value Assigned	Number of stock options		Weighted average exercise price		Fair Value Assigned
Outstanding, beginning of the period	**1,189,495**	**$**	**10.93**	**$**	**4,742**	1,563,829	$	10.13	$	5,822
Granted	**330,000**	**$**	**10.44**		**1,534**	-	$	-		-
Exercised	**-**	**$**	**-**		**-**	(374,334)	$	7.60		(1,080)
Expired	**-**	**$**	**-**		**-**	-	$	-		-
Forfeited	**-**	**$**	**-**		**-**	-	$	-		-
Outstanding, end of the period	**1,519,495**	**$**	**10.82**	**$**	**6,276**	1,189,495	$	10.93	$	4,742

(Unaudited)
(Tables expressed in thousands of Canadian Dollars, except share and per share amounts)

As at March 31, 2023, the Company had stock options issued to directors, officers, employees and contractors of the Company outstanding as follows:

Date of grant	Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
December 9, 2019	344,995	344,995	$ 8.05	December 9, 2022 *
December 14, 2020	844,500	844,500	$ 12.10	December 14, 2023
January 27, 2023	330,000	82,500	$ 10.44	January 27, 2028
	1,519,495	1,271,995		

* The expiry of this tranche of options was extended as the Company was on blackout at expiry and through the period ended March 31, 2023. Subsequently, these options have been exercised through the date of these statements.

The fair value of each option is accounted for in the condensed interim statements of income and comprehensive income or capitalized to exploration and evaluation assets over the vesting period of the options, and the related credit is included in contributed surplus.

On January 27, 2023, the Company granted 330,000 incentive stock options with an exercise price of $10.44 per option to directors, officers and employees of the Company. The stock options have a term of five years and expire on January 27, 2028. The fair value of these options, totaling $1.5 million will be recognized (expensed and capitalized) over the vesting period of three years, of which $0.4 million ($0.4 million expensed and $39,578 capitalized) has been recognized as at March 31, 2023. The fair value of these options was calculated based on a risk-free annual interest rate of 3.2%, an expected life of 5.0 years, an expected volatility of 53% and a dividend yield rate of nil. This results in an estimated fair value of $4.65 per option at the grant date using the Black-Scholes option-pricing model.

For purposes of the options granted, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model, with the certain assumptions and a forfeiture rate of 8.0%.

As at March 31, 2023, the Company had restricted share units and deferred share units issued to directors, officers and employees of the Company outstanding as follows:

	March 31, 2023		December 31, 2022	
	Restricted share units	Deferred share units	Restricted share units	Deferred share units
Outstanding, beginning of the period	**227,500**	**56,000**	-	-
Granted	**231,300**	**78,000**	236,000	56,000
Exercised	**-**	**-**	-	-
Expired	**-**	**-**	-	-
Forfeited	**-**	**-**	(8,500)	-
Outstanding, end of the period	**458,800**	**134,000**	227,500	56,000

Restricted share units

During the three month period ended March 31, 2023, the Company granted 231,300 restricted share units (“RSU”). The RSUs were granted to eligible employees and vest one-third per year over three years from date of grant. Each RSU entitles the recipient to a payment in shares upon vesting unless the recipient elects to be paid in cash. The payment in cash is based on the market value of one common share at the end of the vesting period.

(Tables expressed in thousands of Canadian Dollars, except share and per share amounts)

Total share-based compensation expense related to RSUs for the three month period ended March 31, 2023 was $0.3 million (March 31, 2022 - $0.1 million) and $50,058 (March 31, 2022 - $2,984) was capitalized.

Deferred share units

During the three month period ended March 31, 2023, the Company granted 78,000 deferred share units ("DSU") to directors of the Company. The DSUs do not vest until the end of service as a director of the Company. Each vested DSU entitles the recipient to a payment either in shares or in cash at the option of the Company. The fair value of the DSUs were estimated as of the date of issuance using the Black-Scholes option pricing model with the following assumptions: a risk-free annual interest rate of 3.9%, an expected life of 3 years, an expected volatility of 55% and a dividend yield rate of nil. Total share-based compensation expense related to DSUs for the period ended March 31, 2023 was $0.7 million (March 31, 2022 - $0.3 million).

Warrants

The following table summarizes information regarding changes in the Company's warrants outstanding:

	March 31, 2023			December 31, 2022		
	Number of Warrants	Weighted average exercise price	Fair Value	Number of Warrants	Weighted average exercise price	Fair Value
Outstanding, beginning of the period	**1,666,667**	**$ 9.375**	**$ 4,359**	1,666,667	$ 9.375	$ 4,359
Outstanding, end of the period	**1,666,667**	**$ 9.375**	**$ 4,359**	1,666,667	$ 9.375	$ 4,359

	Number of Warrants	Exercise price	Expiry date
Issued in private placement	1,666,667	$ 9.375	April 13, 2023 *
	1,666,667		

* Subsequent to March 31, 2023, these warrants were exercised.

The fair value of the warrants expiring on April 13, 2023 were estimated as of the date of issuance using the Black-Scholes option pricing model with the following assumptions: a risk-free annual interest rate of 2.1%, an expected life of 5 years, an expected volatility of 76% and a dividend yield rate of nil.

These April 13, 2023 warrants are considered financial instruments at fair value through profit or loss. The holder of the warrants may exercise the warrants for the Company's common shares. The warrants have been classified as a financial liability instrument and are recorded at fair value at each reporting period end using a Black-Scholes model. Warrant pricing models require the input of certain assumptions including price volatility and expected life. Changes in these assumptions could affect the reported fair value of the warrants (*Note 13*).

18. RELATED PARTIES

Related parties include key management personnel, the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

(Unaudited)
(Tables expressed in thousands of Canadian Dollars, except share and per share amounts)

The remuneration of directors and key management of the Company for the three month periods ended March 31, 2023 and March 31, 2022 was as follows:

	March 31, 2023	March 31, 2022
Salaries and other short term employment benefits	**$ 1,101**	$ 933
Share-based compensation	**$ 1,412**	$ 455

19. COST OF GOODS SOLD

Cost of goods sold include the following components:

	Three month period ended March 31, 2023	Three month period ended March 31, 2022
Operating costs:		
Mining	**$ 27,046**	$ 19,606
Processing	**30,346**	24,325
Site services	**6,832**	5,333
Site general and administration costs	**6,819**	6,527
Royalty (*Note 8*)	**1,041**	387
Production costs	**72,084**	56,178
Change in inventory	**(14,146)**	(36,090)
Total	**$ 57,938**	$ 20,088

20. CORPORATE GENERAL AND ADMINISTRATION

Corporate general and administration costs include the following components:

	Three month period ended March 31, 2023	Three month period ended March 31, 2022
Salaries and benefits	**$ 1,173**	$ 1,113
Office and administrative	**537**	601
Share-based payments (*Note 17*)	**1,166**	410
Marketing	**145**	327
Professional fees	**178**	282
Amortization	**27**	27
Total	**$ 3,226**	$ 2,760

(Unaudited)
(Tables expressed in thousands of Canadian Dollars, except share and per share amounts)

21. FINANCE COSTS

Finance costs include the following components:

	Three month period ended March 31, 2023		Three month period ended March 31, 2022	
Interest on debt facilities (*Note 12*)	**$**	**5,168**	$	1,731
Amortization of deferred financing charges (*Note 12*)		**319**		625
Interest and bank charges		**1**		2
Interest expense on leases (*Note 11*)		**37**		34
Accretion on reclamation provision *(Note 14)*		**290**		173
Total	**$**	**5,815**	$	2,565

22. SEGMENTED INFORMATION

The Company manages its reportable operating segments by operating mines and development projects. A breakdown of mineral properties by geographic expenditures is disclosed in *Note 7.* The results from operations of these reportable operating segments are summarized in the following tables:

		Eagle Mine		Dublin Gulch		Corporate and other		Total
Three months ended March 31, 2023								
Revenue	$	96,549	$	-	$	-	$	96,549
Cost of goods sold		57,938		-		-		57,938
Depreciation and depletion		17,627		-		-		17,627
Mine operating earnings		20,984		-		-		20,984
Corporate general & administration		-		-		3,226		3,226
Operating earnings (loss)	$	20,984	$	-	$	(3,226)	$	17,758
March 31, 2023								
Property, plant and equipment	$	669,846	$	-	$	11	$	669,857
Exploration and evaluation assets	$	-	$	50,004	$	7,901	$	57,905
Total assets	$	920,651	$	50,004	$	28,131	$	998,786

		Eagle Mine		Dublin Gulch		Nevada		Corporate and other		Total
Three months ended March 31, 2022										
Revenue	$	59,454	$	-	$	-	$	-	$	59,454
Cost of goods sold		20,088		-		-		-		20,088
Depreciation and depletion		13,069		-		-		-		13,069
Mine operating earnings		26,297		-		-		-		26,297
Corporate general & administration		370		-		181		2,209		2,760
Operating earnings (loss)	$	25,927	$	-	$	(181)	$	(2,209)	$	23,537
December 31, 2022										
Property, plant and equipment	$	670,775	$	-	$	-	$	38	$	670,813
Exploration and evaluation assets	$	-	$	49,378	$	-	$	7,841	$	57,219
Total assets	$	917,100	$	49,378	$	-	$	50,328	$	1,016,806

(Unaudited)
(Tables expressed in thousands of Canadian Dollars, except share and per share amounts)

23. SUPPLEMENTARY CASH FLOW INFORMATION

		March 31, 2023		December 31, 2022
Non-cash investing and financing activities:				
Accounts payable and accrued liabilities relating to property, plant and equipment and exploration and evaluation asset expenditures	**$**	**14,982**	$	18,878
Stock-based compensation, capitalized to exploration and evaluation assets	**$**	**90**	$	10
Income taxes paid	**$**	**-**	$	8,682
Interest paid	**$**	**4,770**	$	10,843

Reconciliation of movements in liabilities to cash flows arising from financing activities:

		Long term debt (*Note 12*)		Lease liability (*Note 11*)		Total
Balance December 31, 2022	$	246,989	$	3,645	$	250,634
Changes from financing activities:						
Net proceeds from Credit Facility draws		54,192		-		54,192
Principal paid		(35,891)		(197)		(36,088)
Interest paid		(4,733)		(37)		(4,770)
		260,557		3,411		263,968
Non-cash changes:						
Interest expense		5,168		37		5,205
Amortization of deferred financing charges		319		-		319
Foreign exchange loss (gain)		(235)		-		(235)
Balance March 31, 2023	**$**	**265,809**	**$**	**3,448**	**$**	**269,257**

24. FINANCIAL RISK MANAGEMENT

(a) Fair value of financial assets and liabilities

The book values of the cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, approximate their respective fair values.

The fair values together with the carrying amounts shown in the statements of financial position are as follows:

(Unaudited)
(Tables expressed in thousands of Canadian Dollars, except share and per share amounts)

		March 31, 2023		December 31, 2022	
	Classification	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Cash and cash equivalents	*Level 1*	**$ 23,606**	**$ 23,606**	$ 20,572	$ 20,572
Restricted cash	*Level 1*	**185**	**185**	185	185
Marketable securities	*Level 1*	**12,485**	**12,485**	12,805	12,805
Receivables	*Amortized Cost*	**5,201**	**5,201**	10,726	10,726
Accounts payable and accrued liabilities	*Amortized Cost*	**(67,139)**	**(67,139)**	(89,554)	(89,554)
Lease liability	*Amortized Cost*	**(3,448)**	**(3,448)**	(3,645)	(3,645)
Debt	*Amortized Cost*	**(265,809)**	**(265,809)**	(246,989)	(246,989)
Fair value of derivative instruments	*Level 2*	**(20,844)**	**(20,844)**	(11,202)	(11,202)

The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) Estimation of fair values

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table:

Restricted cash / Securities in listed entities (financial assets at fair value through profit or loss)
Fair value is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

Trade and other receivables / payables
For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

Derivative instruments
The fair value of these derivatives is determined using a valuation model that incorporates such factors as metal prices, metal price volatility, common share prices, common share price volatility, risk-free interest rate and expiry date.

(c) Foreign currency risk

The Company has debt facilities in US dollars being utilized. The Company funds certain expenditures in US dollars. This gives rise to a risk that its US dollar expenditures and US dollar cash holdings and debt may be adversely impacted by fluctuations in foreign exchange.