



(an exploration and development stage company)

Condensed Consolidated Interim Financial Statements

August 31, 2014 and 2013

(Unaudited)
(Expressed in Canadian Dollars)

Victoria Gold Corp.

(an exploration and development stage company)
August 31, 2014 and February 28, 2014

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The accompanying condensed consolidated interim financial statements and all other financial information included in this report are the responsibility of management. The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). 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 consolidated financial statements are presented fairly, in all material respects.

Management maintains appropriate systems of internal control, consistent with reasonable cost, 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 consolidated financial statements to satisfy itself that management is properly discharging its responsibilities to the Directors, who approve the consolidated 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
October 29, 2014

(signed) "Marty Rendall"
CFO
October 29, 2014

See accompanying notes to the condensed consolidated interim financial statements.

Victoria Gold Corp.
Condensed Consolidated Interim Statements of Financial Position

(Unaudited)

(Expressed in Canadian Dollars)

| | <i>Notes</i> | August 31, 2014 | February 28, 2014 |
|---|--------------|----------------------------|------------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | \$ 16,759,624 | \$ 14,175,031 |
| Marketable securities and warrants | 5 | 4,092,011 | 179,837 |
| HST and other receivables | 6 | 77,230 | 11,008,083 |
| Prepaid expenses | | 207,925 | 135,042 |
| | | <u>21,136,790</u> | <u>25,497,993</u> |
| Non-current assets | | | |
| Restricted cash | | 1,824,799 | 1,973,401 |
| Property and equipment | 7 | 4,093,450 | 4,489,942 |
| Resource properties | 8 | <u>111,373,171</u> | <u>106,485,337</u> |
| Total assets | | <u>\$ 138,428,210</u> | <u>\$ 138,446,673</u> |
| Liabilities and Shareholders' Equity | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | \$ 4,848,003 | \$ 3,907,705 |
| Income taxes payable | | 578,047 | - |
| | | <u>5,426,050</u> | <u>3,907,705</u> |
| Non-current liabilities | | | |
| Deferred taxes | | - | 1,375,120 |
| Asset retirement obligations ("ARO") | 10 | <u>2,389,726</u> | <u>2,408,772</u> |
| Total liabilities | | <u>7,815,776</u> | <u>7,691,597</u> |
| Shareholders' Equity | | | |
| Share capital | 11 | 151,618,587 | 151,618,587 |
| Contributed surplus | | 13,673,722 | 13,439,501 |
| Accumulated other comprehensive loss | | (3,029,261) | (2,929,884) |
| Accumulated deficit | | <u>(31,650,614)</u> | <u>(31,373,128)</u> |
| Total shareholder's equity | | <u>130,612,434</u> | <u>130,755,076</u> |
| Total liabilities and equity | | <u>\$ 138,428,210</u> | <u>\$ 138,446,673</u> |

See accompanying notes to the condensed consolidated interim financial statements.

Authorized for issue by the Board
of Directors on October 29th, 2014
and signed on its behalf.

"T. Sean Harvey"

Director

"Chris Hill"

Director

Victoria Gold Corp.
Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

(Unaudited)

(Expressed in Canadian Dollars)

| | Notes | For the three months ended August 31, | | For the six month period ended August 31, | |
|--|-------|--|--------------|--|----------------|
| | | 2014 | 2013 | 2014 | 2013 |
| Operating expenses | | | | | |
| Salaries and benefits excluding share-based payments | | \$ 316,719 | \$ 293,835 | \$ 755,935 | \$ 893,659 |
| Office and administrative | | 146,655 | 175,189 | 293,392 | 346,508 |
| Share-based payments | 12 | 57,296 | 101,015 | 146,580 | 264,346 |
| Marketing | | 62,254 | 79,766 | 151,079 | 157,234 |
| Legal and accounting | | 43,297 | 49,943 | 105,179 | 202,518 |
| Consulting | | 9,213 | 38,591 | 94,215 | 176,291 |
| Amortization | | 1,769 | 3,447 | 3,537 | 7,352 |
| Foreign exchange loss | | 9,126 | (95,230) | 154,028 | (71,125) |
| Loss on disposal of property and equipment | | - | 288,122 | - | 288,122 |
| | | 646,329 | 934,678 | 1,703,945 | 2,264,905 |
| Finance (income) costs | | | | | |
| Unwinding of present value discount: ARO | | 9,102 | 7,553 | 18,289 | 15,036 |
| Interest and bank charges | | 2,208 | 3,674 | 3,664 | 5,026 |
| Interest income | 6 | (61,220) | (217,226) | (261,928) | (559,497) |
| Change in fair value of marketable securities and warrants | | (1,239,344) | (372,923) | (1,267,327) | 486,005 |
| | | (1,289,254) | (578,922) | (1,507,302) | (53,430) |
| Share of net gain of associate | | - | (104,761) | - | (66,410) |
| Income (loss) before taxes | | 642,925 | (250,995) | (196,643) | (2,145,065) |
| Current income taxes | | (80,843) | (800,649) | (80,843) | (800,649) |
| Net income (loss) | | 562,082 | (1,051,644) | (277,486) | (2,945,714) |
| Other Comprehensive income (loss) | | | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | | | |
| Currency translation adjustment | | 22,452 | 118,763 | (99,377) | 220,455 |
| Share of other comprehensive loss of associate | | - | (19,348) | - | (28,561) |
| Total items that may be reclassified subsequently to profit or loss | | 22,452 | 99,415 | (99,377) | 191,894 |
| Total comprehensive income (loss) for the period | | \$ 584,534 | \$ (952,229) | \$ (376,863) | \$ (2,753,820) |
| Income (loss) per share - basic and diluted | 9 | \$ 0.002 | \$ (0.003) | \$ (0.001) | \$ (0.009) |
| Weighted average number of shares | | | | | |
| Basic and diluted | | 340,073,973 | 340,073,973 | 340,073,973 | 340,073,973 |

See accompanying notes to the condensed consolidated interim financial statements.

Victoria Gold Corp.

Condensed Consolidated Interim Statement of Changes in Shareholder's Equity

(Unaudited)

(Expressed in Canadian Dollars)

| Notes | Share capital | | Contributed surplus | Accumulated other comprehensive loss | Accumulated deficit | Total equity | |
|-----------------------------------|------------------|--------------------|-----------------------|--------------------------------------|-----------------------|------------------------|-----------------------|
| | Number of shares | Amount | | | | | |
| | 340,073,973 | \$ 151,618,587 | \$ 12,820,726 | \$ (3,395,872) | \$ (28,049,647) | \$ 132,993,794 | |
| Transactions with owners: | | | | | | | |
| | | | 264,346 | | | 264,346 | |
| | | | 95,758 | | | 95,758 | |
| | - | - | 360,104 | - | - | 360,104 | |
| | | | | | (2,945,714) | (2,945,714) | |
| | | | | (28,561) | | (28,561) | |
| | | | | 220,455 | | 220,455 | |
| Balance at August 31, 2013 | 11 | 340,073,973 | \$ 151,618,587 | \$ 13,180,830 | \$ (3,203,978) | \$ (30,995,361) | \$ 130,600,078 |
| | | 340,073,973 | \$ 151,618,587 | \$ 13,439,501 | \$ (2,929,884) | \$ (31,373,128) | \$ 130,755,076 |
| Transactions with owners: | | | | | | | |
| | | | 146,580 | | | 146,580 | |
| | | | 87,641 | | | 87,641 | |
| | | - | 234,221 | - | - | 234,221 | |
| | | | | | (277,486) | (277,486) | |
| | | | | (99,377) | | (99,377) | |
| Balance at August 31, 2014 | 11 | 340,073,973 | \$ 151,618,587 | \$ 13,673,722 | \$ (3,029,261) | \$ (31,650,614) | \$ 130,612,434 |

See accompanying notes to the condensed consolidated interim financial statements.

Victoria Gold Corp.
Condensed Consolidated Interim Statement of Cash Flows

(Unaudited)

(Expressed in Canadian Dollars)

| | Notes | For the six month period ended August 31, | |
|---|---------|--|----------------------|
| | | 2014 | 2013 |
| Cash flows from operating activities | | | |
| Net income (loss) for the period | | \$ (277,486) | \$ (2,945,714) |
| Adjustments for: | | | |
| Share-based payments | 12 | 146,580 | 264,346 |
| Income taxes | | (27,464) | 848,980 |
| Loss (gain) on disposal of property and equipment | | - | 288,122 |
| Share of net (gain) loss of associate | | - | (66,410) |
| Unwinding of present value discount: ARO | 10 | 18,289 | 15,036 |
| Change in fair value of marketable securities and warrants | | (704,767) | (1,542,871) |
| Unwinding of present value discount: Receivables | 6 | (195,403) | (510,690) |
| Amortization | | 3,537 | 7,352 |
| Net unrealized foreign exchange loss | | 104,961 | (178,377) |
| | | (931,753) | (3,820,226) |
| Working capital adjustments: | | | |
| (Increase) decrease in HST and other receivables | | 5,120,835 | 8,164,413 |
| (Increase) decrease in marketable securities | | (5,565,081) | 247,220 |
| (Increase) decrease in prepaid expenses | | (59,845) | (40,549) |
| Increase (decrease) in accounts payables and accrued liabilities | | 168,923 | 133,342 |
| | | (335,168) | 8,504,426 |
| Net cash flows provided by (used in) operating activities | | (1,266,921) | 4,684,200 |
| Cash flows used in investing activities | | | |
| Resource properties | 8 | (3,807,136) | (8,163,386) |
| Cash received from disposition of securities and assets held for sale | | 7,634,098 | 5,000,000 |
| Restricted cash | | 103,853 | 14,395 |
| Purchase of property and equipment | | (3,415) | (114,376) |
| Proceeds on disposition of property and equipment | | - | 37,026 |
| Net cash flows provided by (used in) investing activities | | 3,927,400 | (3,226,341) |
| Cash flows from financing activities | | | |
| Exercise of warrants and options | 11 & 12 | - | - |
| Net cash flows from financing activities | | - | - |
| Foreign exchange gain on cash balances | | (75,886) | 103,965 |
| Net increase in cash and cash equivalents | | 2,584,593 | 1,561,824 |
| Cash and cash equivalents, beginning of the period | | 14,175,031 | 12,488,626 |
| Cash and cash equivalents, end of the period | | \$ 16,759,624 | \$ 14,050,450 |

See accompanying notes to the condensed consolidated interim financial statements. Supplementary Cash Flow information is provided in Note 16.

Victoria Gold Corp.

(an exploration and development stage company)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended August 31, 2014 and 2013

(Unaudited)

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Victoria Gold Corp. ("Victoria" or "the 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 TSX-V.

The Company is engaged in the acquisition, evaluation, exploration and development of mineral properties. To date, the Company has not realized any revenues from its properties and is considered to be an exploration and development stage company. The Company's registered office is located at 80 Richmond St. West, Suite 303, Toronto, Ontario, M5H 2A4, Canada.

The recoverability of the amounts shown for resource properties and related deferred costs is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing and permits to complete the development, and upon future profitable production or proceeds from disposition of these assets.

These condensed consolidated interim financial statements have been prepared using IFRS applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due for the foreseeable future. The Company's future is currently dependent upon its ability to successfully complete additional financing arrangements, secure all necessary permits, its ability to fulfil its planned exploration and development programs and upon future profitable production from, or the proceeds from the disposition of, its mineral properties. The Company periodically seeks financing to continue the exploration and development of its resource properties and to meet its future administrative requirements. Although the Company has been successful in raising funds to date, there can be no assurances that the steps management is taking, and will continue to take, will be successful in future reporting periods.

At August 31, 2014, Victoria Gold Corp. ("Victoria" or "the Company") had a working capital surplus of \$15,710,740 (compared with a surplus of \$21,590,288 at February 28, 2014), reported a net loss of \$277,486 (2014 net loss - \$2,945,714) and accumulated deficit of \$31,650,614 (\$31,373,128 at February 28, 2014).

2. BASIS OF PRESENTATION

These consolidated financial statements include the accounts of Victoria and its wholly-owned subsidiaries including:

- Victoria Resources (U.S.) Inc., a Nevada corporation,
- Gateway Gold Corp., a British Columbia corporation,
- Gateway Gold (USA) Corp., a Nevada corporation,
- StrataGold Corporation, a British Columbia corporation,

Gateway Gold Corp. and Gateway Gold (USA) Corp. (together referred to as "Gateway") were acquired by the Company on December 18, 2008.

StrataGold Corporation ("StrataGold") was acquired by the Company on June 4, 2009.

These financial statements were approved by the Board of Directors for issue on October 30, 2014.

Victoria Gold Corp.
 (an exploration and development stage company)
Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended August 31, 2014 and 2013

(Unaudited)
 (Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year, except those noted below:

The Company has adopted the following new and revised standards, along with any consequential amendments, effective March 1, 2014. These changes were made in accordance with the applicable transitional provisions:

(i) Amendment to IAS 32, *Financial Instruments: Presentation, on assets and liabilities offsetting*. These amendments are to the application guidance in IAS 32, *Financial instruments: Presentation*, and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

(ii) IFRIC 21, *Levies*. This is an interpretation of IAS 37, *Provisions, contingent liabilities and contingent assets*. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

The adoption of the above standards did not have any impacts upon the Corporation.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these condensed consolidated 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 consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated 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 consolidated interim financial statements, the significant judgments made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended February 28, 2014.

5. MARKETABLE SECURITIES AND WARRANTS

| | August 31, 2014 | February 28, 2014 |
|--|----------------------------|------------------------------|
| Current investments | | |
| Opening balance | \$ 179,837 | \$ 6,577,381 |
| Additions | 5,002,523 | 5,006,038 |
| Disposals | (2,357,675) | (12,008,355) |
| Change in fair value | <u>1,267,326</u> | <u>604,773</u> |
| Financial assets at fair value through profit and loss | <u>\$ 4,092,011</u> | <u>\$ 179,837</u> |

Victoria Gold Corp.

(an exploration and development stage company)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended August 31, 2014 and 2013

(Unaudited)

(Expressed in Canadian Dollars)

6. RECEIVABLES

Following the completion of the Cove sale during the February 28, 2013 year end, the Company received a non-interest bearing promissory note from Premier Gold Mines Ltd. "Premier". The nominal amount of the promissory note of \$20,000,000 (the present value of the promissory note, using a discount rate of 7% was \$18,080,181 as at June 14, 2012) was to be received over the next two years from the date of sale. The value of the receivable was being accreted to the face value of the promissory note at its maturity date, with recognition through the statement of comprehensive income as a form of interest income over the term of the note.

During the period ended August 31, 2014, \$5 million cash and \$5 million in Premier common stock was received by the Company to settle the outstanding June 13, 2014 promissory note and \$195,403 was accreted to interest income as a result of the unwinding of the discount (\$510,690 - 2013). There was an additional \$66,525 of interest income earned on cash balances during the six month period (\$48,807 - 2013).

7. PROPERTY AND EQUIPMENT

| | Other assets | Buildings/ structure | Field & automotive equipment | Leasehold improvements | Land | Total |
|-------------------------------------|-----------------|-------------------------|------------------------------------|---------------------------|------------|--------------|
| Cost | | | | | | |
| March 1, 2013 | \$ 545,282 | \$ 5,964,352 | \$ 185,506 | \$ 309,529 | \$ 307,855 | \$ 7,312,524 |
| Additions | 57,219 | 98,928 | - | - | - | 156,147 |
| Disposals | (20,288) | - | (11,856) | - | (307,855) | (339,999) |
| February 28, 2014 | 582,213 | 6,063,280 | 173,650 | 309,529 | - | 7,128,672 |
| Additions | 3,415 | - | - | - | - | 3,415 |
| August 31, 2014 | \$ 585,628 | \$ 6,063,280 | \$ 173,650 | \$ 309,529 | \$ - | \$ 7,132,087 |
| Accumulated amortization | | | | | | |
| March 1, 2013 | \$ 242,047 | \$ 1,359,384 | \$ 83,897 | \$ 58,860 | \$ - | \$ 1,744,188 |
| Charge | 102,457 | 725,438 | 19,377 | 61,906 | - | 909,178 |
| Disposals | (10,560) | - | (4,076) | - | - | (14,636) |
| February 28, 2014 | 333,944 | 2,084,822 | 99,198 | 120,766 | - | 2,638,730 |
| Charge | 37,397 | 323,221 | 8,336 | 30,953 | - | 399,907 |
| August 31, 2014 | \$ 371,341 | \$ 2,408,043 | \$ 107,534 | \$ 151,719 | \$ - | \$ 3,038,637 |
| Net book value | | | | | | |
| March 1, 2013 | \$ 303,235 | \$ 4,604,968 | \$ 101,609 | \$ 250,669 | \$ 307,855 | \$ 5,568,336 |
| February 28, 2014 | \$ 248,269 | \$ 3,978,458 | \$ 74,452 | \$ 188,763 | \$ - | \$ 4,489,942 |
| August 31, 2014 | \$ 214,287 | \$ 3,655,237 | \$ 66,116 | \$ 157,810 | \$ - | \$ 4,093,450 |

During the period ended August 31, 2014, the Company capitalized amortization related to resource properties of \$396,370 (\$444,906 – 2013).

Victoria Gold Corp.

(an exploration and development stage company)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended August 31, 2014 and 2013

(Unaudited)

(Expressed in Canadian Dollars)

8. RESOURCE PROPERTIES

| | Santa Fe (Nevada) | Dublin Gulch (Yukon) | Other properties ** | Total |
|--|----------------------|-------------------------|------------------------|----------------|
| Balance February 28, 2014 | \$ 11,926,333 | \$ 93,848,244 | \$ 710,760 | \$ 106,485,337 |
| Acquisition | - | - | (2,560) | (2,560) |
| Salaries and benefits | 47,244 | 775,095 | - | 822,339 |
| Amortization | - | 396,370 | - | 396,370 |
| Office and administration | 14,500 | 402,874 | - | 417,374 |
| Land claims and royalties | 52,328 | 15,620 | 28,255 | 96,203 |
| Environmental and permitting | 63,957 | 777,321 | - | 841,278 |
| Government and community relations | - | 317,205 | - | 317,205 |
| Site operations | - | 78,186 | - | 78,186 |
| Engineering and design | - | 143,745 | - | 143,745 |
| Assaying | - | 136,068 | - | 136,068 |
| Drilling and indirects | - | 1,488,500 | - | 1,488,500 |
| Other exploration | - | 387,736 | - | 387,736 |
| Exploration and development costs for the period | 178,029 | 4,918,720 | 28,255 | 5,125,004 |
| Currency translation | (234,610) | - | - | (234,610) |
| Balance August 31, 2014 | \$ 11,869,752 | \$ 98,766,964 | \$ 736,455 | \$ 111,373,171 |

Victoria Gold Corp.

(an exploration and development stage company)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended August 31, 2014 and 2013

(Unaudited)

(Expressed in Canadian Dollars)

| | Santa Fe (Nevada) | Dublin Gulch (Yukon) | Other properties ** | Total |
|---|----------------------|-------------------------|------------------------|----------------|
| Balance February 28, 2013 | \$ 10,792,182 | \$ 83,290,459 | \$ 689,828 | \$ 94,772,469 |
| Acquisition | - | (4,500) | (38,386) | (42,886) |
| Salaries and benefits | 78,586 | 2,051,906 | - | 2,130,492 |
| Amortization | - | 896,775 | - | 896,775 |
| Office and administration | 90,645 | 1,062,366 | - | 1,153,011 |
| Land claims and royalties | 45,671 | 139,079 | 59,318 | 244,068 |
| Environmental and permitting | 79,637 | 1,450,646 | - | 1,530,283 |
| Government and community relations | - | 509,433 | - | 509,433 |
| Site operations | - | 1,282,108 | - | 1,282,108 |
| Engineering and design | - | 2,398,920 | - | 2,398,920 |
| Assaying | - | 89,201 | - | 89,201 |
| Drilling and indirects | - | 508,269 | - | 508,269 |
| Other exploration | - | 212,586 | - | 212,586 |
| Asset retirement obligation adjustment | (6,274) | (39,004) | - | (45,278) |
| Exploration and development costs for the period | 288,265 | 10,562,285 | 59,318 | 10,909,868 |
| Currency translation | 845,886 | - | - | 845,886 |
| Balance February 28, 2014 | \$ 11,926,333 | \$ 93,848,244 | \$ 710,760 | \$ 106,485,337 |

** Other properties include interests in Donjek, Aurex, Eureka, Canalask, Clear Creek and Hyland in Yukon Territory and Island Mountain in Nevada.

9. INCOME (LOSS) PER SHARE

(a) Basic

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

| | For the three months ended August 31, | | For the six months ended August 31, | |
|---|--|----------------|--|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| Net income (loss) | \$ 562,082 | \$ (1,051,644) | \$ (277,486) | \$ (2,945,714) |
| Weighted average number of common shares issued | 340,073,973 | 340,073,973 | 340,073,973 | 340,073,973 |
| Basic earnings (loss) per share | \$ 0.002 | \$ (0.003) | \$ (0.001) | \$ (0.009) |

(b) Diluted

The fully diluted earnings per share is calculated using the common share balance increased by the number of common shares that could be issued under outstanding in the money warrants and options of the Company.

Victoria Gold Corp.
(an exploration and development stage company)
Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended August 31, 2014 and 2013

(Unaudited)
(Expressed in Canadian Dollars)

| | For the three months ended August 31, | | For the six months ended August 31, | |
|---|--|----------------|--|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| Net income (loss) attributable to common shareholders | \$ 562,082 | \$ (1,051,644) | \$ (277,486) | \$ (2,945,714) |
| Weighted average number of common shares issued | 340,073,973 | 340,073,973 | 340,073,973 | 340,073,973 |
| Adjustment for: | | | | |
| Stock options | 8,190,000 | - | - | - |
| Weighted average number of ordinary shares for diluted earnings per share | 348,263,973 | 340,073,973 | 340,073,973 | 340,073,973 |
| Diluted earnings (loss) per share | \$ 0.002 | \$ (0.003) | \$ (0.001) | \$ (0.009) |

10. 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 Resource properties dependent 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 Santa Fe and Dublin Gulch properties. The estimated costs of reclamation are based on current regulatory requirements and the estimated reclamation costs at the reporting date using the following assumptions:

- a) total undiscounted amount of inflation adjusted future reclamation costs was determined to be \$723,126 for Dublin Gulch and \$1,887,622 for Santa Fe;
- b) weighted average risk-free interest rate at 1.2% and a long-term inflation rate of 2.8%; and
- c) expected timing of risk adjusted cash outflows required to settle the obligation will be incurred over the period through 2027 for Dublin Gulch and through 2015 for Santa Fe.

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

| | August 31, 2014 | February 28, 2014 |
|---------------------------------------|--------------------|----------------------|
| Balance, beginning of period | \$ 2,408,772 | \$ 2,288,177 |
| Unwinding of discount: ARO | 18,289 | 30,364 |
| Currency translation | (37,335) | 122,640 |
| ARO change due to change in estimates | - | (32,409) |
| Balance, end of period | 2,389,726 | 2,408,772 |
| Less: Current portion | - | - |
| Long-term liability | \$ 2,389,726 | \$ 2,408,772 |

Victoria Gold Corp.

(an exploration and development stage company)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended August 31, 2014 and 2013

(Unaudited)

(Expressed in Canadian Dollars)

11. 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 340,073,973 and 340,073,973 shares as at August 31, 2014 and 2013, respectively.

12. SHARE - BASED PAYMENTS – EMPLOYEE SHARE OPTION PLAN

The Company has adopted a stock option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date of grant. One-eighth of options granted under the plan vest immediately; a further one-eighth vest after each three month period thereafter, with the final one-quarter vesting eighteen months from the date of grant. At August 31, 2014, 10,328,647 (8,167,397 as at February 28, 2014) additional stock options were available for grant under the Company's stock option plan.

A summary of the status of the Plan as at August 31, 2014 and as at February 28, 2014, and changes during the periods ended on those dates is presented below:

| | August 31, 2014 | | | February 28, 2014 | | |
|--------------------------------------|-------------------------|---------------------------------|---------------------|-------------------------|---------------------------------|---------------------|
| | 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 | 25,840,000 | \$ 0.34 | \$5,153,088 | 23,324,980 | \$ 0.44 | \$5,772,389 |
| Granted | - | \$ - | - | 8,430,000 | \$ 0.12 | 499,056 |
| Exercised | - | \$ - | - | - | \$ - | - |
| Expired | (1,865,000) | \$ 0.48 | (547,564) | (3,836,230) | \$ 0.46 | (815,283) |
| Forfeited | (296,250) | \$ 0.14 | (22,117) | (2,078,750) | \$ 0.26 | (303,074) |
| Outstanding, end of the period | 23,678,750 | \$ 0.33 | \$4,583,407 | 25,840,000 | \$ 0.34 | \$5,153,088 |

Victoria Gold Corp.
(an exploration and development stage company)
Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended August 31, 2014 and 2013

(Unaudited)
(Expressed in Canadian Dollars)

As at August 31, 2014, 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 |
|----------------------|--------------------------------------|--------------------------------------|-----------------------|--------------------|
| September 21, 2009 | 350,000 | 350,000 | \$ 0.38 | September 21, 2014 |
| December 18, 2009 | 1,410,000 | 1,410,000 | \$ 0.70 | December 18, 2014 |
| October 8, 2010 | 130,000 | 130,000 | \$ 1.25 | October 8, 2015 |
| February 9, 2011 | 1,375,000 | 1,375,000 | \$ 1.05 | February 9, 2016 |
| May 18, 2011 | 210,000 | 210,000 | \$ 0.74 | May 18, 2016 |
| August 22, 2011 | 450,000 | 450,000 | \$ 0.65 | August 22, 2016 |
| September 8, 2011 | 600,000 | 600,000 | \$ 0.69 | September 8, 2014 |
| January 20, 2012 | 4,300,000 | 4,300,000 | \$ 0.40 | January 20, 2017 |
| May 28, 2012 | 630,000 | 630,000 | \$ 0.27 | May 28, 2017 |
| September 3, 2012 | 30,000 | 30,000 | \$ 0.22 | September 3, 2017 |
| January 11, 2013 | 6,003,750 | 4,678,750 | \$ 0.25 | January 11, 2018 |
| January 10, 2014 | 8,190,000 | 3,121,250 | \$ 0.12 | January 10, 2019 |
| | <u>23,678,750</u> | <u>17,285,000</u> | | |

The September 21, 2009 granted options have since expired without being exercised.

The fair value of each option is accounted for in the statement of comprehensive loss or capitalized to resource properties over the vesting period of the options, and the related credit is included in contributed surplus.

13. 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.

The remuneration of directors and key management of the Company who are not independent for the six months ended August 31, 2014 and 2013 was as follows:

| | 2014 | 2013 |
|---|-------------|-------------|
| Salaries and other short term employment benefits | \$ 455,968 | \$ 643,116 |
| Share based compensation | \$ 113,188 | \$ 195,215 |

The amounts above have been awarded solely to officers of the Company for work performed in their full-time capacity for the Company.

Victoria Gold Corp.

(an exploration and development stage company)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended August 31, 2014 and 2013

(Unaudited)

(Expressed in Canadian Dollars)

14. COMMITMENTS AND CONTINGENCIES

Operating Leases

At August 31, 2014, the Company has future minimum annual operating lease commitments for vehicles and office premises in: (1) Vancouver, BC, (2) Toronto, Ontario and (3) Whitehorse, Yukon, as follows:

| | | |
|-------------------------------------|----|-----------|
| to February 28, 2015 | \$ | 276,160 |
| to February 28, 2016 | | 520,303 |
| to February 28, 2017 | | 224,740 |
| to February 29, 2018 | | 125,776 |
| to February 28, 2019 and thereafter | | 22,134 |
| Total | \$ | 1,169,113 |

15. SEGMENTED INFORMATION

The Company's principal activity is the exploration and development of mineral properties. The Company reports separately three operating segments, corporate segment and mineral exploration and development in two geographical segments, Canada and the United States. A breakdown of mineral properties by geographic expenditures is disclosed in *Note 8*.

| In millions of Cdn \$ | Canada | USA | Corporate | Total |
|-------------------------------------|--------|-------|-----------|-------|
| As at August 31, 2014 | | | | |
| Property and equipment | 4.1 | - | - | 4.1 |
| Resource properties | 99.5 | 11.9 | - | 108.6 |
| HST and other receivables | 0.1 | - | - | 0.1 |
| Total Assets | 104.0 | 13.9 | 20.5 | 138.4 |
| As at February 28, 2014 | | | | |
| Property and equipment | 4.5 | - | - | 4.5 |
| Resource properties | 94.6 | 11.9 | - | 106.5 |
| HST and other receivables | 0.1 | 10.9 | - | 11.0 |
| Total Assets | 99.4 | 23.6 | 15.4 | 138.4 |
| Period ended August 31, 2014 | | | | |
| Net loss/(income) - Quarter | 0.1 | - | (0.7) | (0.6) |
| Net loss/(income) - YTD | 0.2 | (0.3) | 0.4 | 0.3 |
| Period ended August 31, 2013 | | | | |
| Net loss/(income) - Quarter | - | 0.8 | 0.2 | 1.0 |
| Net loss/(income) - YTD | 0.2 | 0.5 | 2.2 | 2.9 |

Victoria Gold Corp.

(an exploration and development stage company)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended August 31, 2014 and 2013

(Unaudited)

(Expressed in Canadian Dollars)

16. SUPPLEMENTARY CASH FLOW INFORMATION

| | August 31, 2014 | February 28, 2014 |
|---|--------------------|----------------------|
| Non-cash investing and financing activities: | | |
| Accounts payable and accrued liabilities relating to resource property expenditures | \$ 1,337,472 | \$ 647,795 |
| Stock-based compensation, capitalized to resource properties (Note 12) | \$ 87,641 | \$ 148,050 |
| Income taxes paid | \$ - | \$ 533,280 |
| Interest paid | \$ - | \$ - |