

Victoria Gold Reports Fourth Quarter And Full Year 2020 Results

Toronto, ON / March 23, 2021 / Victoria Gold Corp. (TSX-VGXC) (“Victoria” or the “Company”) is pleased to announce results for the fourth quarter and year ended December 31, 2020. The Eagle Gold Mine achieved commercial production on July 1, 2020. As a result, financial results highlighted herein for the year ended December 31, 2020 are based on the 6 months from the declaration of commercial production through to December 31, 2020. Prior to achievement of commercial production, operational revenues and expenses were capitalized to long-term assets.

Gold sales were 40,023 ounces at an average realized price¹ of US\$1,883/oz during the fourth quarter and 72,052 ounces at an average realized price¹ of US\$1,882/oz, over the inaugural two quarters of commercial production. All amounts are in Canadian dollars unless otherwise indicated.

Mr. John McConnell, President and CEO commented, *“As previously press released, gold production in the second half of 2020 was 77,748 ounces, which exceeded the top end of guidance. All in sustaining costs were US\$1,206 over the second half of 2020, which was below the mid-point of guidance. Compared to the third quarter, the fourth quarter of 2020 achieved a 20% increase in gold production coupled with a 15% decrease in all in sustaining costs per ounce. We expect material improvements in production and unit costs to continue in 2021 as the Company benefits from recently completed operational improvements and the increasing inventory of recoverable gold on the heap leach pad. Note that due to the Company’s seasonal stacking plan, 2021 production will be weighted toward the second half of the year, as it was in 2020.”*

This release should be read in conjunction with the Company’s December 31, 2020 Financial Statements and Management’s Discussion and Analysis (“MD&A”) available on the Company’s website or on SEDAR.

Operational Highlights

- **Achieved commercial production** at Eagle Gold Mine on July 1, 2020
- **Mine production** in the fourth quarter was 2.2 million tonnes of ore. Mine production for the twelve months was 7.5 million tonnes of ore.
- **Ore stacked** on the heap leach pad in the fourth quarter was 2.3 million tonnes at an average grade of 0.81 grams per tonne (g/t). Ore stacked for the twelve months, was 7.3 million tonnes at an average grade of 0.84 g/t.
- **Gold production** was 42,436 ounces in the fourth quarter. Gold production for the twelve months was 116,644 ounces.

Financial Highlights

- **Gold sold** in the fourth quarter was 40,023 ounces, at an average realized price¹ of \$2,453 (US\$1,883) per ounce. Gold sold since declaration of commercial production was 72,052 ounces, at an average realized price¹ of \$2,480 (US\$1,882) per ounce.
- Recognized **revenue** was \$98.2 million based on sales of 40,023 ounces of gold in the fourth quarter. Recognized annual revenue since declaring commercial production was \$178.7 million based on sales of 72,052 ounces of gold.
- **Operating earnings** were \$39.8 million for the fourth quarter. Annual operating earnings were \$66.9 million.

- **Cash costs**¹ were \$1,013 (US\$777) per ounce and **all-in sustaining costs** (“AISC”)¹ were \$1,459 (US\$1,120) per ounce of gold sold for the fourth quarter. Cash costs¹ were \$1,039 (US\$788) per oz and all-in sustaining costs (“AISC”)¹ were \$1,589 (US\$1,206) per ounce of gold sold since declaring commercial production.
- **Free cash flow**¹ was \$20.6 million or \$0.33 per share¹ in the fourth quarter. Free cash flow¹ was \$48.0 million or \$0.78 per share¹ for the 6 month period since achieving commercial production.
- **Cash** and cash equivalents were \$56.1 million at December 31, 2020 after repaying \$39.8 million of principal against the Company’s debt facilities for the year ended December 31, 2020.

Fourth Quarter and Full Year 2020 Operating Results

		Three months ended December 31, 2020	Year ended December 31, 2020 ⁽¹⁾
Operating data			
Ore mined	Tonnes	2,247,243	7,529,181
Waste mined	Tonnes	3,084,892	12,370,280
Total mined	Tonnes	5,332,135	19,899,461
Strip ratio	(waste to ore)	1.37	1.64
Mining rate	Tonnes/day	57,997	54,369
Ore stacked on pad	Tonnes	2,316,522	7,271,334
Ore stacked grade	g/t Au	0.81	0.84
Throughput (stacked)	Tonnes/day	25,174	19,866
Gold ounces produced	ounces	42,436	116,644
Gold ounces sold	ounces	40,023	102,551

(1) Note the disclosure of operating results and supporting discussion in this news release does not present comparative statistics for the prior year as the Eagle Gold Mine declared commercial production effective July 1, 2020.

H2 Results vs. Revised H2 2020 Guidance

		H2 2020 Guidance	H2 2020 Results	H2 Achievement
Gold production	ounces	72,000 - 77,000	77,748 oz	Exceeded target
AISC	US\$/oz sold	\$1,175 - \$1,275	\$1,206/oz	Met AISC target

Gold production and sales

During the three months ended December 31, 2020, the Eagle Gold Mine produced 42,436 ounces of gold. During the three months ended December 31, 2020, the Company sold 40,023 ounces of gold.

During the year ended December 31, 2020 the Eagle Gold Mine produced 116,644 ounces of gold. Gold sales during the year ended December 31, 2020 were 102,551 ounces.

¹ Refer to “Non-IFRS Performance Measures” section.

Mining

During the three months ended December 31, 2020, a total of 2.2 million tonnes of ore were mined at Eagle, at a strip ratio of 1.4:1.0 with a total of 5.3 million tonnes of material mined.

During the year ended December 31, 2020, a total of 7.5 million tonnes of ore were mined, at a strip ratio of 1.6:1 with a total of 19.9 million tonnes of material mined.

Mining and processing activities continued to ramp up toward full production during the fourth quarter of 2020. Total tonnes mined were 19% lower in the fourth quarter versus the third quarter as a result of reduced waste mining. Waste mining was lower in the fourth quarter as considerable waste mining was advanced in the third quarter and thereby, ore mined increased by 7% quarter over quarter.

Processing

During the three months ended December 31, 2020, a total of 2.3 million tonnes of ore was stacked on the heap leach pad at an average head grade of 0.81 g/t Au. The throughput rate was approximately 25,200 tonnes of ore per day.

A total of 7.3 million tonnes of ore was processed during the year ended December 31, 2020, at an average head grade of 0.84 g/t Au and a throughput rate of approximately 19,900 tonnes per day.

Ore stacked on the heap leach pad increased by 21% over the third quarter of 2020. Ore stacked improved considerably in the fourth quarter and particularly during the second half of November through the end of the year. Both gold grade and metallurgical recoveries have reconciled well against the Eagle reserve model and a significant gold inventory is building on the heap leach pad.

As at December 31, 2020, the Company estimates there are 62,959 recoverable ounces within mineral inventory.

As of the date of this press release, a number of improvements related to material handling within the process circuit have been completed. These corrective measures are significantly improving reliability and, in turn, will improve ore stacking and gold production going forward. Optimization activities included:

Optimization Activity	Details	Progress
Tertiary stockpile feeders and crusher feed chutes	Improved design to reduce maintenance requirements and increase productivity.	Complete
Equipment protective wear liners	Enhanced liner design and product selection to significantly increase wear life, reduce maintenance requirements and down time.	Complete
Control systems	Process logic upgrades to reduce nuisance trips and improve start-up times.	Complete
Dust suppression in secondary/tertiary crusher building	Improved spillage & dust suppression to improve safety and productivity.	Complete
Grasshopper conveyors on HLP	Increasing horse power to allow for improved capacity and production.	Complete

Sustaining capital

The Company incurred a total of \$15.8 million in sustaining capital expenditures during the three months ended December 31, 2020. Significant sustaining capital expenditures during the period included Phase 1-B heap leach facility infrastructure of \$1.0 million, upgrades to the material handling system including chute liners of \$7.2 million, spares for the CAT 6040 shovels of \$1.0 million and capitalized stripping costs of \$4.4 million.

The Company incurred a total of \$35.7 million in sustaining capital expenditures during the year ended December 31, 2020. Significant sustaining capital expenditures during the period included Phase 1-B heap leach facility infrastructure of \$5.4 million, upgrades to the material handling system including chute liners of \$9.6 million, spares for the CAT 6040 shovels of \$2.3 million and capitalized stripping costs of \$11.2 million.

Fourth Quarter and Full Year 2020 Financial Results

		Three months ended December 31, 2020	Year ended December 31, 2020 ⁽¹⁾
Financial data			
Revenue	\$	98,221,599	178,747,827
Gross profit	\$	43,159,771	76,315,208
Net income	\$	54,851,137	14,891,909
Earnings per share - Basic	\$	0.885	0.246
Earnings per share - Diluted	\$	0.834	0.232
		As at December 31, 2020	As at December 31, 2019
Financial position			
Cash and cash equivalents	\$	56,136,314	16,882,129
Working capital	\$	25,370,418	(54,710,172)
Property, plant and equipment	\$	579,617,049	616,911,260
Total assets	\$	776,760,617	686,615,731
Long-term debt	\$	209,660,142	239,347,404

(1) Eagle Gold Mine achieved commercial production effective July 1, 2020. As such, only revenue and related cost of goods sold from this date are recognized in the Company's consolidated statements of income (loss) and comprehensive income (loss) for the year ended December 31, 2020 and in this table. Gold sales and related costs prior to that were capitalized to mineral properties.

Revenue

During the fourth quarter, the Company sold 40,023 ounces of gold at an average realized price of \$2,453 (US\$1,883) (see "Non-IFRS Performance Measures" section) resulting in revenue of \$98.2 million. Revenue is net of treatment and refining charges, which were \$0.3 million for the fourth quarter.

Since declaring commercial production, the Company sold 72,052 ounces of gold at an average realized price of \$2,480 (US\$1,882) (see "Non-IFRS Performance Measures" section) resulting in

revenue of \$178.7 million. Revenue is net of treatment and refining charges which were \$0.5 million for the 2020 year.

Cost of goods sold

Cost of goods sold of \$40.9 million and \$75.3 million for the fourth quarter and 2020 period respectively, are comprised of production costs, (including mining, processing, site services and site general and administration costs), royalty and selling costs.

Depreciation and depletion

Depreciation and depletion was \$14.1 million and \$27.1 million for the fourth quarter and 2020 period respectively. Assets are depreciated on a straight-line basis over their useful life, or depleted on a units-of-production basis over the reserves to which they relate.

Net income

The Company reported income of \$54.9 million for the fourth quarter 2020, compared to income of \$10.1 million for the previous years comparable period. The increase in net income is the result of operating earnings, unrealized and realized gains on derivative instruments, foreign exchange gains and current income taxes, partially offset by finance costs and deferred taxes.

The Company reported income of \$14.9 million for the 2020 year, compared to a loss of \$9.8 million for the previous year. The increase in net income is the result of operating earnings, unrealized gains on marketable securities, foreign exchange gains and income from a prior period sale, partially offset by finance costs, unrealized and realized losses on derivative instruments and current and deferred taxes.

Liquidity and Capital Resources

At December 31, 2020, the Company had cash and cash equivalents of \$56.1 million and a working capital surplus of \$25.4 million. The increase in cash and cash equivalents of \$39.3 million, was due to operating activities and changes in working capital including foreign exchange losses on cash balances (\$111.4 million increase in cash), partially offset by investing activities (\$63.8 million decrease in cash) from construction and sustaining capital for the Eagle Gold Mine, net of amounts received from a prior period sale and a release of restricted cash requirements and financing activities (\$8.3 million decrease in cash) from principal and interest repayments made on credit facilities, net of amounts received from share issuances.

2021 Outlook

Victoria's operational outlook assumes that operations will continue without any significant COVID-19 related interruptions. The Company continues to maintain preventative measures at site to protect our workforce and communities, and to mitigate the effects of COVID-19 on our operations. Any reduction or suspension of our operations due to COVID-19, could impact our ability to achieve the Company's 2021 outlook.

Gold production at the Eagle Gold Mine for 2021 is estimated to be between 180,000 to 200,000 ounces. Mining, crushing and ore stacking on the heap leach pad are all expected to operate at full capacity during 2021 while gold production, which lags mining and stacking activities in heap leach operations, will continue to build up through the first half of 2021 reaching full capacity in the second half of 2021. Gold production will be strongly weighted to the second half of the year due to seasonal stacking of ore on the Eagle leach pad, which is curtailed for the 90 coldest days of the year, January through March. During this no stacking period, mining operations, primary crushing and stockpiling of

ore continues with ongoing leaching and gold production. Subject to favourable weather conditions, ore stacking may be resumed ahead of schedule.

AISC for 2021 are expected to be between US\$1,050 and US\$1,175 per ounce of gold sold. Sustaining capital is estimated at US\$47 million for 2021. Sustaining capital will be high in 2021 compared with future years due to one-time infrastructure expenditures including construction of the truck shop (US\$8 million) and water treatment plant (US\$11 million).

Waste stripping is included in AISC but is not included in the estimated sustaining capital above. Waste stripping will be expensed or capitalized based on the actual quarterly stripping ratio versus the expected life of mine stripping ratio. This accounting treatment for waste stripping will affect earnings and sustaining capital but will not affect AISC or cash flow.

Exploration spending in 2021 is estimated to be US\$10 million and is considered growth capital.

Qualified Person

The technical content of this news release has been reviewed and approved by Paul D. Gray, P.Geo, as the "Qualified Person" as defined in National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*.

Conference Call and Webcast Details

Participant Access Information

Please join the event 5-10 minutes prior to scheduled start time. When prompted, provide the confirmation code or event title.

Moderator Name: John McConnell (Event)
Company Name: Victoria Gold Corp.
Event Conference Title: VGCX Year-end 2020 Results Conference Call
Time Zone: Pacific Time (US & Canada)
Start Time/Date: 09:00 Wednesday, March 24, 2021
Duration: 60 minutes

Conference ID: 4283746

Dial in:

Location	Purpose	Phone Type	Phone Number
Event Plus Dial-In Number:	Participant	Tollfree/Freephone	(833) 670-0707
Event Plus Toll Dial-In Number	Participant	Toll Dial-in	(236) 714-2922

About the Dublin Gulch Property

Victoria Gold's 100%-owned Dublin Gulch gold property (the "Property") is situated in central Yukon Territory, Canada, approximately 375 kilometers north of the capital city of Whitehorse, and approximately 85 kilometers from the town of Mayo. The Property is accessible by road year round, and is connected to Yukon Energy's electrical grid.

The Property covers an area of approximately 555 square kilometers, and is the site of the Company's Eagle and Olive Gold Deposits. The Eagle Gold Mine is Yukon's newest operating gold mine. The Eagle and Olive deposits include Proven and Probable Reserves of 3.3 million ounces of gold from 155 million tonnes of ore with a grade of 0.65 grams of gold per tonne, as outlined in a National Instrument 43-101 Technical Report for the Eagle Gold Mine dated December 3, 2019. The Mineral Resource under National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") for the Eagle and Olive deposits has been estimated to host 227 million tonnes averaging 0.67 grams of gold per tonne, containing 4.7 million ounces of gold in the "Measured and Indicated" category, inclusive of Proven and Probable Reserves, and a further 28 million tonnes averaging 0.65 grams of gold per tonne, containing 0.6 million ounces of gold in the "Inferred" category.

Non-IFRS Performance Measures

This news release refers to certain financial measures, such as average realized gold price per oz sold, cash cost per oz sold, free cash flow and all-in sustaining cost, which are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS. These measures may differ from those made by other companies and accordingly may not be comparable to such measures as reported by other companies. These measures have been derived from the Company's financial statements because the Company believes that, with the achievement of commercial production, they are of assistance in the understanding of the results of operations and its financial position. Please refer to the Company's MD&A for the year ended December 31, 2020 for an explanation of the non-IFRS performance measures used.

Cautionary Language and Forward-Looking Statements

This press release includes certain statements that may be deemed "forward-looking statements". Except for statements of historical fact relating to Victoria, information contained herein constitutes forward-looking information, including any information related to Victoria's strategy, plans or future financial or operating performance. Forward-looking information is characterized by words such as "plan", "expect", "budget", "target", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may", "will", "could" or "should" occur, and includes any guidance and forecasts set out herein (including, but not limited to, production and operational guidance of the Corporation). In order to give such forward-looking information, the Corporation has made certain assumptions about the its business, operations, the economy and the mineral exploration industry in general, in particular in light of the impact of the novel coronavirus and the COVID-19 disease ("COVID-19") on each of the foregoing. In this respect, the Corporation has assumed that production levels will remain consistent with management's expectations, contracted parties provide goods and services on agreed timeframes, equipment works as anticipated, required regulatory approvals are received, no unusual geological or technical problems occur, no material adverse change in the price of gold occurs and no significant events occur outside of the Corporation's normal course of business. Forward-looking information is based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those described in, or implied by, the forward-looking information. These factors include the impact of general business and economic

conditions, risks related to COVID-19 on the Company, global liquidity and credit availability on the timing of cash flows and the values of assets and liabilities based on projected future conditions, anticipated metal production, fluctuating metal prices, currency exchange rates, estimated ore grades, possible variations in ore grade or recovery rates, changes in accounting policies, changes in Victoria's corporate resources, changes in project parameters as plans continue to be refined, changes in development and production time frames, the possibility of cost overruns or unanticipated costs and expenses, uncertainty of mineral reserve and mineral resource estimates, higher prices for fuel, steel, power, labour and other consumables contributing to higher costs and general risks of the mining industry, failure of plant, equipment or processes to operate as anticipated, final pricing for metal sales, unanticipated results of future studies, seasonality and unanticipated weather changes, costs and timing of the development of new deposits, success of exploration activities, requirements for additional capital, permitting time lines, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and timing and possible outcomes of pending litigation and labour disputes, risks related to remote operations and the availability of adequate infrastructure, fluctuations in price and availability of energy and other inputs necessary for mining operations. Although Victoria has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in, or implied by, the forward-looking information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The reader is cautioned not to place undue reliance on forward-looking information. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding Victoria's expected financial and operational performance and Victoria's plans and objectives and may not be appropriate for other purposes. All forward-looking information contained herein is given as of the date hereof, as the case may be, and is based upon the opinions and estimates of management and information available to management of the Corporation as at the date hereof. The Corporation undertakes no obligation to update or revise the forward-looking information contained herein and the documents incorporated by reference herein, whether as a result of new information, future events or otherwise, except as required by applicable laws.

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