



(an exploration and development stage company)

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS**

**For the three months ended May 31, 2016**

**DATED: July 27, 2016**

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## **VICTORIA GOLD CORP.**

(an exploration and development stage company)

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

*This Management's Discussion and Analysis has been prepared as at July 27, 2016, and contains certain "Forward-Looking Statements" within the meaning of the Canadian Securities laws. All statements, other than statements of historical fact, included herein, including, without limitation, statements regarding potential mineralization and reserves, exploration results and future plans and objectives of Victoria Gold Corp. (the "Company" or "Victoria") are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.*

The following management's discussion and analysis ("MD&A") of the operating results and financial position of the Company should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements and the notes thereto of the Company for the three months ended May 31, 2016 and for the year ended February 29, 2016. These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and all amounts are expressed in Canadian dollars, unless otherwise stated.

### **FORWARD-LOOKING STATEMENTS**

These consolidated financial statements and MD&A contain certain forward-looking statements relating to, but not limited to, the Company's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production and the timing thereof and costs and timing of drilling campaigns, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, exploration and drilling success or failure, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, securing financing, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

### **OVERVIEW**

Victoria Gold is an emerging gold producer whose flagship asset is its 100% owned Dublin Gulch property which hosts the Eagle Gold Deposit. Dublin Gulch is situated in central Yukon, Canada, approximately 375 kilometers north of the capital city of Whitehorse. The property covers an area of approximately 555 square kilometers, is accessible by road year-round and is located within Yukon Energy Corporation's service area.

## CORPORATE ACTIVITIES (since March 1, 2016)

On April 7, 2016, The Company engaged JDS Energy and Mining Inc. ("JDS") to lead the Feasibility Study ("FS") update with support from Merit Consultants International, Allnorth and certain key independent consultants. The FS is expected to be completed H2 2016.

On June 16, 2016, The Company announced that Ms. Heather White would be joining the Board pursuant to the terms of the financing announced on April 20, 2016.

On June 29, 2016, The Company announced that Mr. Patrick Downey will be standing for election to the Board at the Company's annual general meeting of shareholders on August 8, 2016.

On July 5, 2016, The Company announced the purchase of a used all-season camp complete with 110 dorm rooms, industrial kitchen, recreational & mud room, and arctic corridors for the price of \$275,000. The Company expects to realize nearly \$6 million in upfront capital camp savings for the FS update currently underway (see April 7, 2016 News Release).

## EXPLORATION AND DEVELOPMENT ACTIVITIES

The Company has incurred resource expenditures through May 31, 2016, net of property acquisitions, sales and impairments, totalling \$117.1 million. During the quarter ended May 31, 2016, the Company incurred net resource property expenditures totalling \$3.4 million.

Comparatively, the Company had incurred resource expenditures through May 31, 2015, net of property acquisitions, sales and impairments, totalling \$110.4 million. During the quarter ended May 31, 2015, the Company incurred net resource property expenditures totalling \$1.1 million.

	Santa Fe (Nevada)	Dublin Gulch (Yukon)	Other properties **	Total
<b>Balance February 29, 2016</b>	\$ 7,251,971	\$ 105,031,450	\$ 1,432,087	\$ 113,715,508
Acquisition	-	-	-	-
Salaries and benefits	19,986	159,271	-	179,257
Amortization	-	152,748	-	152,748
Office and administration	10,031	112,855	-	122,886
Land claims and royalties	7	20,409	38,650	59,066
Environmental and permitting	8,084	18,430	-	26,514
Government and community relations	-	185,660	-	185,660
Site operations	-	812,576	-	812,576
Engineering and design	-	269,609	-	269,609
Assaying	-	190,565	-	190,565
Drilling and indirects	-	1,114,283	-	1,114,283
Other exploration	-	480,692	-	480,692
Asset retirement obligation adjustment	-	-	-	-
Exploration and development costs for the period	38,108	3,517,098	38,650	3,593,856
Currency translation	(217,752)	-	-	(217,752)
<b>Balance May 31, 2016</b>	\$ 7,072,327	\$ 108,548,548	\$ 1,470,737	\$ 117,091,612

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

For the three months ended May 31, 2016, the Company incurred \$38,108 in property exploration and development expenditures on its Santa Fe, NV property. \$8,084 was spent on environmental and permitting including water monitoring and reclamation planning, \$19,986 on salaries and benefits and \$10,031 on office and administrative charges.

For the three months ended May 31, 2016, the company incurred \$3,517,098 in property exploration and development expenditures on its Dublin Gulch, YT property. \$1,785,540 was spent on exploration of Olive & Shamrock target, including assays, drilling and exploration support. \$269,609 was spent on engineering and design of the Eagle Gold project. \$812,576 was spent to support site operations including equipment, fuel and other site related costs associated with the 2016 drill program. \$185,660 was spent on government and community relations. \$18,430 was incurred for environmental and permitting activities. There was a \$152,748 charge for amortization, \$159,271 incurred for salaries and benefits and \$133,264 in miscellaneous charges to support the exploration and development of Dublin Gulch.

## PROPERTY INFORMATION, RECENTLY COMPLETED ACTIVITIES & OUTLOOK

### a) Property Information

The Dublin Gulch property includes the Eagle Gold Project, the Wolf Tungsten Deposit (previously referred to as the Mar-Tungsten Deposit), the Potato Hills Trend including the Olive, Shamrock and Nugget targets, NND Cat B land and other targets. The property is located 85 km by road north of the village of Mayo in the Yukon, Canada. The property is centered on the confluence of the Haggart Creek and Dublin Gulch, at approximately 64°02' N and 135°50' W. The property comprises an aggregate area of approximately 555 square kilometers.

On May 5, 2011, a NI 43-101 Technical Report outlining an updated mineral resource prepared by Wardrop, a Tetra Tech Company ("Wardrop") on the Eagle Gold Project was filed on [www.sedar.com](http://www.sedar.com).

#### Eagle Zone Resource Summary May 2011 (Ordinary Kriging)

Indicated	Tonnes	Grade(G AU/T) No Cap	Grade(G AU/T) Capped	Gold(Ounces*) No Cap	Gold(Ounces*) Capped
Granodiorite	203,280,554	0.70	0.68	4,580,805	4,475,397
Metasediment	18,913,024	0.68	0.63	412,016	385,603
Total/Average	222,193,578	0.70	0.68	4,992,821	4,861,001
Inferred	Tonnes	Grade(G AU/T) No Cap	Grade(G AU/T) Capped	Gold(Ounces*) No Cap	Gold(Ounces*) Capped
Granodiorite	68,019,034	0.60	0.58	1,302,859	1,276,558
Metasediment	9,911,733	0.87	0.68	275,848	218,196
Total/Average	77,930,767	0.63	0.60	1,578,707	1,494,754

\* 1 troy ounce = 31.10348grams

In February 2012, the Company released the results of a National Instrument 43-101 feasibility study on the Eagle Gold Project. The feasibility study was revised in 2015 and refiled on May 29, 2015 to include after-tax financial analysis and to improve certain disclosures. The feasibility study was prepared under the direction of Tetra Tech, Inc. ("Tetra Tech"), an industry leading, international engineering firm, supported by a globally recognized feasibility study team, all of whom were independent of the Company, including:

- Merit Consultants International Inc. ("Merit"), responsible for the capital cost estimate ("CCE") and construction and project execution activities;
- SRK Consulting (U.S.) Inc ("SRK"), responsible for the in-pit Mineral Resource;
- BGC Engineering ("BGC"), responsible for geotechnical engineering pertaining to on-site infrastructure, waste rock storage area and pit slopes;
- Kappes, Cassidy & Associates ("KCA"), responsible for metallurgy; and
- Knight Piésold, responsible for water management.

The feasibility study built upon the pre-feasibility study completed by Scott Wilson RPA (see news release dated, March 9, 2010) and confirmed the technical and financial viability of constructing and operating a 29,500 tonne/day (“tpd”) open-pit gold mine including a three-stage crush, in-valley heap leaching and adsorption desorption gold recovery plant (“ADR plant”) operation at Eagle.

<b>Highlights of the Feasibility Study</b> (all amounts in Canadian dollars unless otherwise stated)	
Proven and Probable Gold Reserves (oz)*	2,300,768
Average Annual Gold Production (oz, first 5 years)	211,000
Average Annualized Gold Production (oz, LOM)	192,000
Initial CapEx	\$382,799,000
Capitalized Pre-stripping for mining operations	\$16,941,000
OpEx (\$ per tonne processed, first 5 years)	\$11.95
OpEx (\$ per tonne processed, LOM)	\$12.21
Operating Cost per ounce (\$US/oz, first 5 years)	\$542

\*The stated mineral reserves are included within mineral resources.

Probable Mineral Reserves of 92 million tonnes of ore grading 0.78 grams per tonne (g/t) result in 2.3 million contained ounces of gold. Life of mine (“LOM”) payable gold production is 1.7 million ounces. Initial capital costs were estimated to be \$382.8 million including contingency, excluding working capital of \$31.2 million and pre-stripping of \$16.9 million.

#### **In-Pit Mineral Resources**

SRK estimated an in-pit gold Resource for the purpose of mine planning using Inverse Distance Squared at a cut-off grade of 0.2 g/t constrained within a \$1,500 pit optimization shell. The stated mineral resource is inclusive of mineral reserves. A total of 22,439 assay intervals with gold assays in 183 drill holes were used to define a wireframe with assays capped at 13.0 g/t Au. The capped gold assays were composited into 3 m intervals from the top of the drill hole with breaks at the wireframe boundary. Composite intervals less than 0.5 m in length were added to the composite immediately above. A block model with a block size of 15 m x 15 m x 7.5 m was used for the grade estimation.

#### **Mineral Reserves**

Probable Mineral Reserves are the economically minable portions of the Measured and Indicated in-pit Mineral Resources as demonstrated by the feasibility study.

<b>Eagle Mineral Reserves</b>			
<b>Classification</b>	<b>Ore 000's tonnes</b>	<b>Gold g/t</b>	<b>Contained Gold ozs</b>
<b>Probable</b>	<b>91,594</b>	<b>0.78</b>	<b>2,300,768</b>

\*The stated mineral reserves are included within mineral resources.

#### **Mining**

Eagle is an open pit mine and will operate as a drill, blast, shovel and haul operation with a nominal rate of 29,500 tpd ore and mine life of 9 years. Ore will be hauled to the first stage crushing unit located toward the north east side of the pit. Total ore to be mined and processed is 91.6 million tonnes grading 0.78 g/t for a total contained 2.3 million ounces gold. Grades are significantly higher in the initial 3 years and include 21.6 million tonnes of ore grading 0.94 g/t, significantly accelerating cash flows in the first few years of operations. Waste rock will be hauled to one of two waste rock storage areas immediately to the south and north of the open pit. Waste rock storage will be managed to allow for future pit expansion. The ratio of waste to ore is favourable at 1.45 to 1 and total waste material is 132.4 million tonnes.

### Processing

Ore will be hauled from the open-pit to the primary crusher at a nominal rate of 29,500 tpd. Following the primary crusher, the ore will be conveyed through a secondary and tertiary crushing circuit to a final size of 6.3mm and conveyed to an in-valley heap leach pad. Ore will be stacked in 10m lifts using grasshopper conveyors and leached for 150 days. The pregnant solution, laden with gold once leaching is complete, will be pumped to an ADR plant where gold will be stripped from the solution and poured into doré bars. Life of mine recovery is estimated at 72.6% with significantly higher recovery in the initial three years as a result of greater oxidation of ore in the upper portion of the pit.

### Infrastructure

The project is well supported by local infrastructure. Eagle is accessed via an existing year-round road connecting to the Silver Trail Highway. Grid power currently runs along the highway and Victoria has a letter of intent in place with the Yukon Energy Corp to support grid power via a spur line to be constructed along the existing access road. A sizeable gravel airstrip is located in Mayo approximately 85km by road from the project site. An existing construction ready 100-person camp is currently operational at site. All mine site infrastructure to be built for Eagle is located within a few kilometers ("km") of the open pit.

### Capital Costs

The initial capital cost for Eagle is estimated (in Q1 2012 dollars) at CAD \$382.8 million with an accuracy of 15%, includes contingency of \$38.2 million and excludes \$16.9 million in pre-stripping for mining operations. The contingency allowance was calculated based on assessed risk factors for each of the major capital cost categories. Direct costs include the mining fleet, crushers, heap leach, processing plant, power, water management systems, infrastructure, communications and temporary construction camp. Indirect costs include initial fills, spares, commissioning and start-up, engineering and procurement, construction management and freight and logistics. Life of mine sustaining capital costs are estimated at \$132.9 million and closure costs (net of salvage value) are \$64.2 million.

**Initial Capital Cost Estimate** (all amounts in Canadian dollars unless otherwise stated):

<b>Initial Capital Cost Estimate</b> (all amounts in Canadian dollars unless otherwise stated)	
Mining	\$ 36,266,000
Site General	\$ 33,522,000
Process	\$ 96,399,000
Ancillaries	\$ 21,153,000
Power Supply & Distribution	\$ 11,113,000
Water Management	\$ 5,085,000
Heap Leach Pad	\$ 63,833,000
Owner's Costs	\$ 8,913,000
Indirect Costs	\$ 68,277,000
Contingency	\$ 38,238,000
<b>Total Directs, Indirects, Owner's Cost, including Contingency</b>	<b>\$ 382,799,000</b>

(exclusive of \$16.9 million pre-stripping for mining operations)

### Operating Costs

LOM site operating costs, are CAD \$12.21 per tonne processed, as summarized below:

Year	Tonnes Leached (000's)	Average Grade (g/t Au)	Gold Produced (oz)	Cost (\$CAD per tonne leached)	Operating Cost (\$USD per oz)
1	1,284	0.89	23,719	\$ 12.64	\$ 629
2	9,720	0.93	207,132	\$ 12.84	\$ 554
3	10,607	0.96	233,119	\$ 11.28	\$ 472
4	10,544	0.89	215,040	\$ 11.63	\$ 525
5	10,589	0.80	201,180	\$ 11.92	\$ 577
6	10,634	0.78	202,216	\$ 12.08	\$ 584
7	10,647	0.78	190,141	\$ 11.34	\$ 584
8	10,654	0.63	153,346	\$ 11.47	\$ 733
9	10,302	0.59	136,377	\$ 11.71	\$ 814
10	6,613	0.58	88,558	\$ 11.41	\$ 784
11			17,924		
12			3,745		
<b>Total or Average</b>	<b>91,594</b>	<b>0.78</b>	<b>1,672,497</b>	<b>\$ 12.21</b>	<b>\$ 615</b>

### Financial Analysis

Base case: consensus based long-term gold price US\$1,325/ounce gold and US\$/CAD\$ exchange rate of \$0.92:

- Net Present Value (NPV) at 5% is **\$380.8 million**, pre-tax and **\$226.8 million**, post-tax
- NPV at 8% is **\$273.1 million**, pre-tax and **\$150.1 million**, post-tax
- Internal Rate of Return (IRR) is **24.1%**, pre-tax and **18.1%**, post-tax
- Payback is **3.1 years** pre-tax and **3.3 years**, post-tax

### Capital Cost and Operational Cost Estimate Fluctuations

On April 9, 2012, the Company filed the feasibility study on SEDAR in respect of the Eagle Gold Project. The feasibility study was revised in 2015 and refiled on May 29, 2015 to include after-tax financial analysis and to improve certain disclosures. The revised feasibility study continues to rely upon capital and operating cost estimates developed for the original 2012 feasibility study. Input prices, including labour, equipment, consumables including fuel, exchange rates and others are subject to change which may in turn lead to material fluctuations in capital and operating costs.

#### **b) Recently Completed Activities**

In February 2016, the Company announced a 2016 exploration program focused on expanding the Olive-Shamrock target, a satellite zone to Eagle, and plans to update the Eagle Gold Feasibility Study.

The program completed in June 2016 consisted of diamond drilling, surface trenching and geophysical surveys over the Olive-Shamrock zone with a focus on previously undrilled areas linking the Olive and Shamrock mineralization. The program was designed to result in the maiden Resource Estimate for the Olive Zone.

Plan maps and drill sections relating to the assay results presented below can be found on the Company's website at [www.vitgoldcorp.com](http://www.vitgoldcorp.com).



**Table 1\* Selected results - Olive Zone 2016 Diamond Drilling**

Hole ID	From (m)	To (m)	Length (m)	Gold (g/t)
DG16-643C	6.1	172.2	166.1	0.8
including	6.1	65.9	<b>59.8</b>	<b>1.0</b>
and	120.6	161.5	<b>41.0</b>	<b>1.1</b>
DG16-644C	80.0	117.7	<b>37.7</b>	<b>1.0</b>
DG16-645C	21.3	26.3	<b>4.9</b>	<b>1.2</b>
and	74.7	109.2	<b>34.5</b>	<b>1.0</b>
and	119.4	130.3	10.9	0.7
DG16-646C	27.4	91.4	64.0	0.7
Including	27.4	47.6	<b>20.2</b>	<b>2.0</b>
DG16-647C	55.6	111.9	56.3	0.4
Including	73.5	83.2	<b>9.6</b>	<b>1.3</b>
DG16-648C	24.4	52.2	27.8	0.2
DG16-649C	5.5	137.2	131.7	0.3
Including	5.5	16.7	<b>11.2</b>	<b>1.1</b>
and	85.7	91.1	<b>5.4</b>	<b>2.7</b>
DG16-650C	93.6	105.5	<b>11.8</b>	<b>2.7</b>
and	132.6	170.7	<b>38.1</b>	<b>2.1</b>
and	194.6	201.5	<b>6.9</b>	<b>2.0</b>
DG16-651C	69.4	83.7	<b>14.3</b>	<b>1.0</b>
and	143.0	150.9	7.9	0.9
DG16-653C	19.4	120.8	<b>101.4</b>	<b>0.5</b>
Including	59.4	75.8	<b>16.4</b>	<b>1.2</b>
and	91.4	107.9	<b>16.5</b>	<b>1.3</b>
Including	95.8	99.7	<b>4.6</b>	<b>3.8</b>
DG16-654C	41.6	183.6	142.0	0.6
Including	41.6	46.2	<b>4.6</b>	<b>3.0</b>
and	76.2	81.5	5.3	1.2
and	78.0	79.5	<b>1.5</b>	<b>4.2</b>
and	113.3	122.4	<b>9.1</b>	<b>1.6</b>
and	134.7	146.2	<b>11.5</b>	<b>1.7</b>
and	164.3	179.7	<b>15.4</b>	<b>1.3</b>
DG16-655C	11.3	155.8	<b>144.5</b>	<b>1.2</b>
Including	11.3	17.5	<b>6.2</b>	<b>5.0</b>
and	42.4	86.7	<b>44.3</b>	<b>1.8</b>
Including	50.9	67.4	<b>16.5</b>	<b>4.2</b>
and	111.1	129.5	<b>18.4</b>	<b>1.7</b>
and	154.8	155.8	<b>1.0</b>	<b>8.4</b>
DG16-656C	35.9	109.7	<b>73.8</b>	<b>1.6</b>

Hole ID	From (m)	To (m)	Length (m)	Gold (g/t)
Including	35.9	46.5	<b>10.6</b>	<b>9.1</b>
and	68.6	77.7	9.1	0.8
<b>DG16-657C</b>	<b>6.6</b>	<b>164.6</b>	<b>158.0</b>	<b>0.4</b>
Including	6.6	14.4	7.8	1.2
and	69.8	81.1	<b>11.2</b>	<b>1.5</b>
and	92.4	93.7	<b>1.3</b>	<b>6.2</b>
<b>DG16-658C</b>	<b>3.1</b>	<b>132.3</b>	<b>129.2</b>	<b>0.5</b>
Including	17.2	19.0	<b>1.8</b>	<b>4.9</b>
and	43.1	46.2	<b>3.1</b>	<b>2.6</b>
and	106.5	119.0	<b>12.5</b>	<b>1.5</b>
<b>DG16-660C</b>	<b>36.1</b>	<b>117.3</b>	<b>81.2</b>	<b>0.5</b>
Including	64.0	80.0	<b>16.0</b>	<b>1.6</b>
Including	77.7	80.0	<b>2.3</b>	<b>7.8</b>
<b>DG16-661C</b>	<b>5.4</b>	<b>175.3</b>	<b>169.9</b>	<b>0.3</b>
Including	5.4	16.9	<b>11.5</b>	<b>1.7</b>
and	59.4	70.3	10.9	0.8
and	80.3	81.8	<b>1.5</b>	<b>4.5</b>
and	142.3	144.5	<b>2.2</b>	<b>2.1</b>
and	174.3	175.3	1.0	2.6
<b>DG16-662C</b>	<b>19.1</b>	<b>41.5</b>	<b>22.4</b>	<b>1.0</b>
Including	32.0	36.9	<b>4.9</b>	<b>4.2</b>
and	86.7	140.2	53.5	0.4
Including	93.3	103.4	10.1	1.1
<b>DG16-663C</b>	<b>83.0</b>	<b>111.4</b>	<b>28.4</b>	<b>1.0</b>
Including	83.0	92.1	<b>9.1</b>	<b>2.6</b>
and	124.4	161.5	<b>37.2</b>	<b>1.5</b>
Including	136.8	153.9	<b>17.1</b>	<b>2.7</b>
<b>DG16-664C</b>	<b>38.1</b>	<b>68.7</b>	<b>30.6</b>	<b>0.5</b>
Including	59.0	68.7	9.7	1.0
and	99.5	123.4	23.9	0.6
Including	106.7	121.9	15.2	0.7
<b>DG16-665C</b>	<b>88.4</b>	<b>111.3</b>	<b>22.9</b>	<b>1.5</b>
Including	94.5	99.1	<b>4.6</b>	<b>4.3</b>
and	121.9	143.4	21.5	0.4
Including	132.6	138.7	6.1	0.8
<b>DG16-666C</b>	<b>29.6</b>	<b>30.8</b>	<b>1.2</b>	<b>7.5</b>
and	72.0	100.3	28.3	0.4
<b>DG16-667C</b>	<b>91.1</b>	<b>155.5</b>	<b>64.3</b>	<b>0.7</b>
Including	97.5	103.6	<b>6.1</b>	<b>1.5</b>
Including	132.8	141.7	<b>8.9</b>	<b>1.5</b>

Hole ID	From (m)	To (m)	Length (m)	Gold (g/t)
and	198.1	199.6	<b>1.5</b>	<b>7.8</b>
DG16-668C	40.3	53.7	<b>13.4</b>	<b>1.5</b>
Including	40.3	46.9	<b>6.6</b>	<b>3.0</b>
DG16-669C	1.5	55.9	<b>54.4</b>	<b>1.3</b>
Including	16.6	32.0	<b>15.4</b>	<b>2.0</b>
DG16-670C	33.5	70.1	36.6	0.4
Including	57.5	70.1	12.6	0.8
DG16-671C	1.7	68.2	<b>66.5</b>	<b>1.1</b>
Including	10.9	37.5	<b>26.5</b>	<b>2.1</b>
DG16-672C	138.7	252.8	114.1	0.6
Including	162.2	177.7	<b>15.5</b>	<b>2.3</b>
DG16-673C	38.1	86.9	<b>48.8</b>	<b>0.9</b>
Including	42.7	71.6	<b>29.0</b>	<b>1.3</b>
DG16-674C	4.6	17.2	12.6	0.9
DG16-675C	47.0	93.0	<b>46.0</b>	<b>1.1</b>
Including	51.3	71.6	<b>20.3</b>	<b>2.1</b>
DG16-676C	27.1	84.8	57.7	0.5
Including	27.1	40.8	<b>13.7</b>	<b>1.4</b>
DG16-677C	24.0	109.5	85.5	0.9
Including	24.0	70.7	<b>46.7</b>	<b>1.5</b>
DG16-678C	36.6	73.2	36.6	0.9
Including	37.3	58.5	<b>21.2</b>	<b>1.5</b>
DG16-679C	No Significant Values			
DG16-680C	27.4	73.2	<b>45.7</b>	<b>2.5</b>
Including	28.8	39.6	<b>10.9</b>	<b>8.2</b>
DG16-681C	23.3	24.0	0.7	1.0
And	73.8	74.8	1.0	2.6
DG16-683C	41.9	50.4	8.5	0.8
Including	41.9	43.0	1.1	5.9
DG16-684C	14.7	16.7	2.0	7.8
DG16-685C	52.6	60.1	7.5	1.3
And	92.7	184.4	91.7	0.4
Including	92.7	117.6	<b>24.9</b>	<b>1.0</b>
DG16-682C	116.2	184.4	68.2	0.44
Including	116.2	131.1	14.8	0.62
And including	164.5	184.4	19.9	0.66

Hole ID	From (m)	To (m)	Length (m)	Gold (g/t)
DG16-686C	50.3	85.4	<b>35.1</b>	<b>1.75</b>
Including	67.6	84.0	<b>16.4</b>	<b>2.87</b>
DG16-687C	123.2	141.8	<b>18.6</b>	<b>2.00</b>
including	137.4	141.8	<b>4.4</b>	<b>7.32</b>
DG16-688C	9.1	39.6	30.5	0.49
including	9.1	21.4	<b>12.2</b>	<b>1.09</b>
DG16-690C	37.4	51.3	13.9	0.29
and	112.5	125.5	13.0	0.35
DG16-691C	13.3	34.2	20.9	0.72
Including	18.5	30.0	<b>11.5</b>	<b>1.19</b>
And	123.5	143.8	20.3	0.46
including	125.7	141.2	15.5	0.57
DG16-694C	47.4	133.3	85.9	0.35
including	63.4	81.7	<b>18.3</b>	<b>1.04</b>
And including	120.6	133.3	12.7	0.32
DG16-695C	3.5	9.6	6.1	0.96
DG16-696C	78.0	179.6	101.6	0.30
including	155.5	167.5	<b>12.1</b>	<b>1.09</b>
DG16-697C	61.8	70.3	8.5	0.20
DG16-699C	No Significant Values			
DG16-700C	37.9	144.0	<b>106.1</b>	<b>0.94</b>
Including	47.2	106.0	<b>58.7</b>	<b>1.21</b>
And Including	116.2	133.1	<b>16.9</b>	<b>1.26</b>
DG16-689C	62.5	123.4	<b>60.9</b>	<b>0.67</b>
Including	61.0	65.4	<b>4.4</b>	<b>2.06</b>
And	79.8	95.7	<b>15.9</b>	<b>1.39</b>
DG16-692C	60.1	63.8	3.7	3.16
DG16-693C	39.2	45.6	6.4	0.74
DG16-698C	1.7	169.2	<b>167.5</b>	<b>0.92</b>
Including	10.7	40.8	<b>30.1</b>	<b>2.85</b>
And	105.5	162.8	<b>57.3</b>	<b>1.01</b>
DG16-701C	No Significant Values			
DG16-702C	8.6	79.3	70.7	0.31
including	12.8	20.4	<b>7.5</b>	<b>1.52</b>
DG16-703C	4.9	31.1	26.2	0.31
Including	22.0	27.1	<b>5.1</b>	<b>0.96</b>
DG16-704C	68.8	129.3	60.5	0.52

Hole ID	From (m)	To (m)	Length (m)	Gold (g/t)
Including	68.8	89.6	<b>20.8</b>	<b>0.98</b>
DG16-705C	16.6	30.5	13.9	0.30
including	16.6	18.2	<b>1.6</b>	<b>1.17</b>
DG16-709C	57.9	64.0	6.1	0.66
DG16-712C	13.7	27.1	13.4	0.31
including	21.7	27.1	5.4	0.69

\*Note: Reported intersections are drilled intersections, but are estimated at approximately two-thirds of true width of the mineralized zone.

**Table 2: Selected Results – Olive Zone 2016 Trench Program**

Trench ID	From (m)	To (m)	Length (m)	Gold (g/t)
OLTR-16-04	3.0	13.0	<b>10.0</b>	<b>0.90</b>
OLTR-16-05	2.0	27.5	<b>23.5</b>	<b>0.49</b>
including	18.0	27.5	7.5	1.07
OLTR-16-09	4.0	11.0	7.0	0.80
OLTR-16-10	0.0	49.0	<b>49.0</b>	<b>1.28</b>
including	15.0	47.0	<b>32.0</b>	<b>1.87</b>
OLTR-16-11	4.0	28.0	19.0	0.31
OLTR-16-12	24.0	42.0	<b>18.0</b>	<b>1.52</b>
OLTR-16-14	0.0	14.0	<b>14.0</b>	<b>9.08</b>
including	6.0	14.0	<b>8.0</b>	<b>15.62</b>
OLTR-16-15	18.0	29.0	6.0	0.38
OLTR-16-18	0.0	22.0	<b>22.0</b>	<b>0.42</b>
including	16.0	18.0	<b>2.0</b>	<b>3.87</b>
OLTR-16-19	0.0	6.0	6.0	1.19
including	2.0	4.0	2.0	2.67
OLTR-16-20	0.0	68.0	60.0	0.21
including	6.0	14.0	<b>8.0</b>	<b>1.36</b>
OLTR-16-21	0.0	4.0	4.0	0.32
OLTR-16-25	0.0	52.0	<b>52.0</b>	<b>4.41</b>
including	36.0	52.0	<b>16.0</b>	<b>13.52</b>
OLTR-16-26	0.0	22.0	22.0	0.50
including	8.0	18.0	10.0	0.87
OLTR-16-28	0.0	112.0	106.0	0.12
including	66.0	86.0	<b>20.0</b>	<b>0.42</b>

Trench ID	From (m)	To (m)	Length (m)	Gold (g/t)
OLTR-16-31	8.0	22.0	<b>14.0</b>	<b>0.82</b>

Note -The intervals presented in the above table represent the total length for all samples collected from each trench, and as with Olive diamond drill intersections, are estimated at approximately two-thirds of true widths of mineralized zones. In certain trenches, it was not possible to sample consistently across the entire trench lengths (due to the lack of sampleable material) and total trench lengths are reported in these instances.

**Table 3: Selected results - Shamrock Zone 2016 Diamond Drilling**

Hole ID	From (m)	To (m)	Length (m)	Gold (g/t)
DG16-706C	15.2	80.8	65.5	0.51
including	33.5	49.3	<b>15.7</b>	<b>1.51</b>
DG16-707C	22.6	184.1	161.5	0.46
including	28.9	59.9	<b>31.0</b>	<b>1.30</b>
and including	156.0	171.6	<b>15.6</b>	<b>1.46</b>
DG16-708C	81.6	100.0	18.4	0.34
and	121.5	124.0	2.5	0.48
and	134.8	153.0	18.2	0.37
including	144.0	153.0	9.0	0.66
and	161.5	179.3	17.8	0.64
including	161.5	167.6	6.1	1.59
DG16-710C	27.1	55.7	<b>28.5</b>	<b>0.98</b>
including	48.3	55.7	<b>7.4</b>	<b>1.61</b>
and	118.3	150.9	32.6	0.28
including	118.3	122.9	4.6	1.05
DG16-711C	75.3	120.3	45.0	0.16
and	147.6	149.4	1.8	1.47
DG16-713C	3.1	69.8	68.7	0.33
including	3.1	8.9	5.9	0.86
and	14.4	22.4	8.0	0.69
and	34.4	37.7	2.7	1.79
DG16-714C	64.1	121.6	<b>57.5</b>	<b>0.82</b>
including	93.5	121.6	<b>28.2</b>	<b>1.35</b>
DG16-715C	38.5	125.0	<b>86.4</b>	<b>0.67</b>
including	38.5	97.0	<b>58.4</b>	<b>0.95</b>
or	38.5	80.0	<b>41.5</b>	<b>1.23</b>
DG16-716C	7.2	22.9	15.6	0.34
and	37.7	44.2	6.6	1.22
DG16-717C	105.8	146.3	40.5	0.27
including	135.4	146.3	10.9	0.57

Hole ID	From (m)	To (m)	Length (m)	Gold (g/t)
DG16-718C	6.1	132.6	<b>126.5</b>	<b>0.76</b>
including	31.8	129.5	<b>97.7</b>	<b>0.93</b>
or	31.8	71.5	<b>39.7</b>	<b>2.09</b>
DG16-719C	3.2	155.5	<b>152.3</b>	<b>0.62</b>
including	3.2	40.5	<b>37.3</b>	<b>1.87</b>
and including	68.6	88.4	19.8	0.77
DG16-720C	85.3	137.2	51.8	0.49
including	96.0	108.6	<b>12.6</b>	<b>1.16</b>
DG16-721C	89.7	93.6	3.9	0.18
DG16-722C	15.5	78.8	<b>63.3</b>	<b>0.69</b>
including	54.9	78.8	<b>23.9</b>	<b>1.12</b>
DG16-723C	73.9	74.8	0.9	1.27
DG16-724C	6.1	114.3	<b>108.2</b>	<b>0.52</b>
including	13.7	69.1	<b>55.4</b>	<b>0.92</b>
or including	13.7	31.7	<b>17.9</b>	<b>1.69</b>
DG16-725C	58.9	60.9	2.0	0.90
DG16-726C	<b>No Significant Values</b>			
DG16-727C	16.3	36.1	16.6	0.30
including	16.3	19.2	2.9	1.35
and	85.3	111.6	26.2	0.69
including	93.6	103.0	<b>9.5</b>	<b>1.57</b>
DG16-728C	81.2	96.4	15.2	0.72
including	81.2	88.7	7.45	1.20

*Note: Reported intersections are drilled intersections, but are estimated at approximately two-thirds of true width of the mineralized zone.*

In February 2015, the Company announced attractive heap leach recoveries and kinetic results from phase 1 column metallurgy test work on the Olive Zone. The first three of nine metallurgical column tests conducted by KCA were completed on Olive oxide material and generated an average recovery of 69% using the same crush size as proposed at the Eagle Gold project. Importantly, over 80% of the recoverable gold was recovered in the first 30 days demonstrating very favourable leaching kinetics.

In August 2015, the Company released the results from the phase 2 metallurgical test work on the Olive Zone. The remaining 6 of 9 column leach tests confirm better than expected recoveries. Recoveries averaged 68% for oxide material and 57% for transitional and sulphide material. These results confirm favourable leaching kinetics from earlier testing which showed that, when using the same crush size as proposed at the Eagle gold project, over 80% of the total gold is recovered within the first 30 days.

### c) Outlook

Outlook includes forward-looking statements which are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. See page 1 "FORWARD-LOOKING STATEMENTS".

The Company has completed the environmental assessment process for the Eagle Gold project and has received all major permits required for construction, operation and closure including the Quartz Mining License and the Water Use License.

The Company continues to advance engineering to support construction activities at the Eagle Gold project.

Diamond drilling for the 2016 Exploration Program was completed in June 2016. All drilling and trenching results from the Olive Zone and Shamrock Zone have been released. The Company is assessing further exploration programs at Olive, Shamrock and the Potatoes-hills Trend.

An inaugural resource statement for the Olive Zone is expected to be included within the Eagle Feasibility Study Update which is scheduled to be completed in H2 2016.

The technical content of Victoria's MD&A has been reviewed and approved by Paul D. Gray, P. Geo., the Company's Qualified Person as defined by National Instrument ("NI") 43-101.

## SELECTED FINANCIAL INFORMATION

The following information has been extracted from the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), for each of the quarters ended May 31.

### *Selected Quarterly Information ended May 31:*

	2016		2015		2014	
Total revenues	\$	-	\$	-	\$	-
Net loss/(income) year to date	\$	896,467	\$	723,190	\$	839,568
Net loss/(income) per share year to date – basic and diluted	\$	0.002	\$	0.002	\$	0.002
Total assets	\$	157,980,496	\$	130,519,660	\$	137,909,223
Total non-current liabilities	\$	955,397	\$	2,796,202	\$	3,757,281

## RESULTS OF OPERATIONS

### Quarters ended May 31, 2016 and 2015

The Company reported a loss of \$896,467 (\$0.002 per share) for the quarter ended May 31, 2016, compared to a loss of \$723,190 (\$0.002 per share) in the equivalent period during the previous year. The increased loss year over year is the result of an increased foreign exchange loss, partially offset by lower share-based payments.



VARIANCE ANALYSIS	YTD 2016	YTD 2015	2016 VS 2015 VARIANCE HIGHER/(LOWER)
Operating expenses			
Salaries and benefits	\$ 339,416	\$ 368,791	\$ (29,375)
Office and administrative	144,187	98,279	45,908
Share-based payments	23,810	111,270	(87,460)
Marketing	99,174	75,138	24,036
Legal and accounting	45,577	37,990	7,587
Consulting	5,000	7,500	(2,500)
Amortization	966	1,238	(272)
Foreign exchange loss/ (gain)	217,086	33,297	183,789
	<b>875,216</b>	<b>733,503</b>	<b>141,713</b>
Finance (income)/costs			
Unwinding of present value discount: ARO	5,370	5,307	63
Interest and bank charges	1,069	2,570	(1,501)
Interest income	(11,902)	(25,174)	13,272
Loss/(gain) on fair value of marketable securities	26,714	6,984	19,730
	<b>21,251</b>	<b>(10,313)</b>	<b>31,564</b>
Loss for the period	<b>896,467</b>	<b>723,190</b>	<b>173,277</b>

During the quarter ended May 31, 2016, the Company reported Salaries and benefits of \$339,416 versus \$368,791 for the previous year's comparable period. The decrease is a result of reduced staff and decrease in burdens, including benefits. Office and administrative costs are higher than the prior year due to increased usage. Share-based payments were \$23,810 versus \$111,270 for the previous year's comparable period. The decrease in Share-based payments is due to the number and timing of employee option issuances and the vesting schedule. Marketing expenses increased (\$24,036 higher) over the prior year due to an enhanced marketing program. Legal and accounting (\$7,587 higher) and Consulting (\$2,500 lower) costs have changed slightly due to usage of corporate and financial lawyers and consultants. Losses on foreign exchange during the quarter ended May 31, 2016 were \$217,086 compared to \$33,297 in the previous year due to fluctuations in the Canadian and US exchange rate. During the quarter ended May 31, 2016, the Company reported a loss in the fair value of marketable securities of \$26,714 compared to a loss of \$6,984 in the previous year. The decrease in interest income for the quarter is a result of lower cash balances year over year.

Total assets increased by \$24.8 million from \$133.2 million to \$158.0 million during the period from March 1, 2016 to May 31, 2016. Current assets increased by \$21.3 million (see "Liquidity and Capital Resources" herein), property and equipment increased by \$0.1 million and resource properties increased by \$3.4 million due to continued exploration and development expenditures. Total liabilities, primarily accounts payable and accrued liabilities increased \$1.4 million.

**Summary of Unaudited Quarterly Results:**

	31 MAY 16	29 FEB 16	30 NOV 15	31 AUG 15
Total Revenues	\$ -	\$ -	\$ -	\$ -
Loss (income)	\$ 896,467	\$ 454,547	\$ 543,265	\$ 112,744
Loss (income) per share – basic and diluted	\$ 0.002	\$ 0.001	\$ 0.002	\$ 0.000

  

	31 MAY 15	28 FEB 15	30 NOV 14	31 AUG 14
Total Revenues	\$ -	\$ -	\$ -	\$ -
Loss (income)	\$ 723,190	\$ 6,101,091	\$ 1,074,178	\$ (562,082)
Loss (income) per share – basic and diluted	\$ 0.002	\$ 0.018	\$ 0.003	\$ (0.002)

**LIQUIDITY AND CAPITAL RESOURCES**

At May 31, 2016, the Company had cash and cash equivalents of \$34,760,091 (February 29, 2016 - \$13,942,137) and a working capital surplus of \$28,135,980 (February 29, 2016 – \$8,211,838). The increase in cash and cash equivalents of \$20.8 million over the three months ended May 31, 2016, was due to the issuance of shares and exercising of options (\$24.1 million increase in cash) partially offset by operating expenses and changes in working capital including foreign exchange losses (\$0.4 million decrease in cash) and investing activities (\$2.9 million decrease in cash) from on-going exploration and development of the Company's resource properties. 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 its mineral properties, and the proceeds from the disposition of its mineral properties. The Company periodically seeks financing to continue the exploration and development of its mineral 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.

These condensed consolidated interim financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of operations as they come due for the foreseeable future.

The Company is in the process of advancing its mineral properties and the recoverability of the amounts shown for mineral properties and related deferred costs is dependent upon the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from disposition of the mineral properties. The amounts shown as mineral property costs represent incurred costs to date and do not necessarily represent future values.

The Company holds the predominant amount of its cash in chequing and investment accounts at a major Canadian bank. The investment accounts predominantly invest in Government of Canada treasury bills.

**OPERATING ACTIVITIES**

During the quarter ended May 31, 2016, operating activities, including non-cash working capital changes, required funding of \$0.4 million (as compared with the same period during the previous year that required funding of \$0.6 million). The year over year decrease in cash used by operating activities is due to reduced funds required for working capital changes.

## RELATED PARTY TRANSACTIONS

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 three months ended May 31, 2016 and 2015 is outlined below.

	2016	2015
Salaries and other short term employment benefits	\$191,655	\$ 213,744
Share based compensation	\$ 18,085	\$ 70,573

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

## FINANCING ACTIVITIES

On June 17, 2016, the Company closed a non-brokered private placement flow-through offering (the "Offering") raising gross proceeds of approximately \$2.9 million, representing the issuance of 4,384,615 common shares priced at \$0.65 per share. Finders' fees of up to 5% were paid on a portion of the Offering. The flow-through shares are subject to a four-month hold period.

### 2016 Flow-through Financing (All amounts are approximate)

<u>Description</u>	<u>Prior Disclosure</u>	<u>Actual Spent</u>	<u>Remaining*</u>	<u>Total</u>	<u>Variance</u>
Dublin Gulch Exploration	\$2.9	\$0	\$2.9	\$2.9	Nil

\*Remaining funds are held in the form of cash and are expected to be used by the Company to incur exploration expenses in respect of the greater Dublin Gulch property, more specifically, the Olive and Shamrock targets.

On May 10, 2016, the Company closed a non-brokered private placement for gross proceeds of C\$24,000,000 (the "Offering"). Electrum Strategic Opportunities Fund L.P. ("Electrum") and Sun Valley Gold LLC ("Sun Valley") were the only subscribers to the Offering. The Units were issued at a price of C\$0.30 per Unit. Each Unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share of the Company at a price of C\$0.40 for a period of 3 years following the closing of the Offering. Electrum subscribed for 60,000,000 Units, while Sun Valley subscribed for 20,000,000 Units. Upon closing of the private placement, Electrum owned approximately 13.6% of the issued and outstanding shares of the Company while Sun Valley's ownership of the outstanding common shares of the Company increased to approximately 18.0%. All securities issued pursuant to the Offering are subject to a statutory four month hold period.

On December 23, 2015, the Company closed a non-brokered private placement flow-through offering (the "Offering") raising gross proceeds of approximately \$1.8 million, representing the issuance of 7,358,972 common shares priced at \$0.17 per share and 3,336,000 common shares priced at \$0.18 per share. Finders' fees of 6% were paid in conjunction with the Offering. The flow-through shares were subject to a four-month hold period.

On November 26, 2015, the Company closed a non-brokered private placement flow-through offering (the "Offering") raising gross proceeds of approximately \$1.8 million, representing the issuance of 10,329,164 common shares priced at \$0.17 per share. Finders' fees of 6% were paid on a portion of the Offering. The flow-through shares were subject to a four-month hold period.

**2015 Flow-through Financings**  
**(All amounts are approximate)**

<u>Description</u>	<u>Prior Disclosure</u>	<u>Actual Spent</u>	<u>Remaining*</u>	<u>Total</u>	<u>Variance</u>
Dublin Gulch Exploration	\$3.6	\$2.9	\$0.7	\$3.6	Nil

\*Remaining funds are held in the form of cash and are expected to be used by the Company to incur exploration expenses in respect of the greater Dublin Gulch property, more specifically, the Olive and Shamrock targets.

**OUTSTANDING SHARE DATA**

The authorized capital of the Company consists of an unlimited number of common shares without par value. As of July 26, 2016, the number of issued common shares was 448,952,307 (518,847,724 on a fully diluted basis).

As at July 26, 2016, there were 29,895,417 director, employee and consultant stock options outstanding with an exercise price ranging from \$0.12 to \$0.74 per share and expiring between August 22, 2016 and December 15, 2020. This represents approximately 7% of the issued and outstanding common shares. As at July 26, 2016, there were 40,000,000 warrants outstanding with an exercise price of \$0.40 per share and with an expiration date of May 10, 2019.

**RISK AND UNCERTAINTIES**

***Exploration and mining risks***

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

***Financial capability and additional financing***

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Although the Company has been successful in the past in financing its activities through the sale of equity securities, there can be no assurance that it will be able to obtain sufficient financing in the future to execute its business plan.

***Fluctuating prices***

Factors beyond the control of Victoria may affect (i) the ability of Victoria to raise additional capital and (ii) the marketability of any gold or any other minerals discovered. Among such factors is the prevailing price for natural resources, including gold, which prices may fluctuate widely and which are affected by numerous considerations beyond Victoria's control. The effect of these factors cannot accurately be predicted.

***Dependence on key personnel***

Many of Victoria's personnel are specialized, highly skilled and experienced. The Company's future exploration and development success will depend to a significant extent on its ability to attract and retain qualified personnel. While Victoria has not experienced any significant difficulties to date in attracting and retaining personnel, there can be no assurance that this will continue. The loss of key personnel could have a material adverse effect on the Company's operations and business prospects.

***Operations***

Victoria's operations are subject to operational risks and hazards inherent in the mineral exploitation and extraction industry, including, but not limited to, variations in grade, deposit size, earthquakes and other Acts of God, density and other geological problems, hydrological conditions, availability of power, metallurgical and other processing problems, mechanical equipment performance problems, drill rig shortages, the unavailability of materials and equipment including fuel, labour force disruptions, unanticipated transportation costs, unanticipated regulatory changes, unanticipated or significant changes in the costs of supplies including, but not

limited to, petroleum, labour, and adverse weather conditions. Should any of these risks and hazards affect any of Victoria's exploration and development activities, it may cause delays or a complete stoppage in Victoria's exploration or development activities, which would have a material and adverse effect on the business of Victoria.

#### ***Government regulations and permitting***

Victoria's exploration and development activities are subject to laws and regulations governing health and worker safety, employment standards, waste disposal, protection of the environment, mine development and protection of endangered and protected species, treatment of indigenous peoples and other matters. Each jurisdiction in which Victoria has properties regulates mining and mineral exploration activities. It is possible that future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms and conditions of existing permits and agreements applicable to Victoria or its properties, which could have a material and adverse effect on Victoria's current exploration and development activities. Where required, obtaining necessary permits can be a complex, time-consuming process and Victoria cannot provide assurance whether any necessary permits will be obtainable on acceptable terms, in a timely manner, or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict Victoria from proceeding with the development of an exploration project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities.

#### ***Title***

The acquisition of title to mineral properties is a very detailed and time consuming process. Title to, and the area of, mineral concessions and claims may be disputed. While Victoria believes it has diligently investigated title to the mineral concessions and claims underlying its properties, Victoria cannot guarantee that title to any such properties will not be challenged, or that title to such properties will not be affected by an unknown title defect. Victoria has not surveyed the boundaries of all of its mineral properties and consequently the boundaries of the properties may be disputed.

#### ***Litigation risks***

All industries, including the mining industry, are subject to legal claims, with and without merit. The Company may become involved in legal disputes in the future. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the solution of any particular legal proceeding will not have a material adverse effect on the Company's financial position or results of operations.

#### ***Fair value of financial instruments***

The carrying values for primary financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities, approximate fair values due to their short-term maturities.

#### ***Risk exposure is summarized as follows:***

(a) Credit risk

Certain of the Company's financial assets are exposed to a degree of credit risk. The Company endeavours to mitigate credit risk by holding its cash and cash equivalents as cash deposits and short-term government treasury funds with major commercial banks.

Credit risk relating to accounts receivable and restricted cash arises from the possibility that any counterparty to an instrument fails to perform. The Company's accounts receivable relate to recoveries of HST. Restricted cash includes reclamation bonds. Reclamation bonds reflect non-interest bearing cash deposits held with governmental agencies representing the state of Nevada and interest bearing certificates of deposit held by Wells Fargo. The Company does not feel there is significant counterparty risk that could have an impact on the fair value of cash and

cash equivalents, restricted cash and receivables. The maximum exposure is limited to amounts of cash and cash equivalents, restricted cash and receivables on the statement of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage. Accounts payables and accrued liabilities are due within the current operating period, from June 1, 2016 through August 31, 2016.

(c) Market risk

I. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk of investing cash equivalents into fixed interest rate investments is mitigated by the short terms in which the investments mature. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash and cash equivalents is limited as these investments, although available for sale, renew daily. The short-term investments included in cash and cash equivalents earn interest at prevailing rates. This allows the Company to adapt its investment strategy in the event of any large fluctuations in the prevailing market rates.

II. Foreign currency risk

The Company incurs minimal expenditures in the United States and holds a portion of its cash and cash equivalents in US dollars. This gives rise to a risk that its US dollar expenditures and US dollar cash holdings may be adversely impacted by fluctuations in foreign exchange. The Company does not undertake currency hedging activities.

III. Price risk

The Company's financial assets and liabilities are exposed to price risk with respect to commodity prices and prices of the Company's equity investment, however the risk is limited due to the nature and low balance of the Company's holdings. The Company's exploration drill programs are exposed to price risk, of which the Company has little control. The Company's exploration drill programs are carried out by outside contractors. Cost increases for consumables such as fuel and drill bits are indirectly passed on to the Company through its contracted drill programs.

There has been no significant change in the risk factors affecting the Company on a period over period basis.

## **CONTRACTUAL COMMITMENTS**

The Company has no contractual commitments, other than leases on offices entered into in the normal course of business (*Note 13* of the accompanying unaudited condensed consolidated interim financial statements for the three months ended May 31, 2016). All mineral property agreement commitments are at the option of the Company and the Company can terminate the agreements prior to being required to make payments on the properties.

## **FOREIGN EXCHANGE**

The Company's US operations are denominated in USD, the functional currency of the US entities. The functional currency of all other entities is the Canadian dollar. The presentation currency of the Company is the CAD. Accordingly, fluctuations in the exchange rates (USD/CAD) may impact the consolidated results of operations and

the consolidated reported net assets. The effect of changes in currency fluctuations from the functional currency to the presentation currency on the operations' net assets is recorded in the Company's shareholders' equity as a cumulative translation adjustment.

#### **OFF-BALANCE SHEET TRANSACTIONS**

During the most recent three months ended May 31, 2016, and up to the date of this report, the Company had no off-balance sheet transactions.

#### **CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING CHANGES**

The Corporation's unaudited condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The significant accounting policies applied and recent accounting pronouncements are described in (*Note 3*) of the Corporation's consolidated financial statements for the year ended February 29, 2016. There have been no changes from the accounting policies applied in the February 29, 2016 financial statements, except as disclosed in *Note 3* of the accompanying unaudited interim condensed consolidated financial statements for the three month period ended May 31, 2016.

The preparation of these consolidated 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 consolidated 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.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the balance sheet date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

##### ***Impairment of assets***

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. No impairment indicators of non-financial assets have been noted for the quarters ended May 31, 2016 and 2015.

##### ***Asset Retirement Obligation (ARO)***

The determination of provisions for environmental rehabilitation and reclamation obligations arising from the Company's evaluation and exploration activities requires the use of estimates and management judgment. Future reclamation costs in relation to changes in estimates are accrued based on management's best estimate at the end of each period of the discounted cash costs expected to be incurred. Accounting for reclamation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation work required to comply with existing laws and regulations. These estimates are dependent upon labor and materials costs, known environmental impacts, the effectiveness of rehabilitation measures, inflation rates, and pre-tax interest rates that reflect a current market assessment of time value for money and the risk specific to the obligation. The Company also estimates the timing of the outlays, which is subject to change depending on continued exploration and newly discovered mineral resources.

Actual reclamation costs incurred may differ from those amounts estimated by management. Moreover, future changes to environmental laws and regulations could increase the extent of reclamation work required to be performed by the Company, therefore increasing future costs.

***Stock-based compensation***

Management is required to make certain estimates when determining the fair value of stock options awards and the number of awards that are expected to vest. These estimates affect the amount recognized as stock based payments in the consolidated statements of loss and comprehensive loss based on estimates of forfeiture, stock price volatility and expected lives of the underlying stock options.

***Income taxes and recovery of deferred tax assets***

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. Management did not recognize deferred tax assets as future taxable profits are not expected until the Company reaches technical feasibility and commercial viability of the extraction of the mineral resources, the timing of which is uncertain as the Company is still in the exploration and evaluation stage.

**FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, loan receivable, accounts payable and accrued liabilities and reclamation bonds. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The reclamation bonds are held with a state of Nevada governmental institution, a joint venture partner or as letters of credit at Wells Fargo and represent restricted cash, which will be returned to the Company upon the satisfactory completion of reclamation obligations. The reclamation bonds and certain of the Company's cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are denominated in \$US leading to currency risk arising from fluctuations in the \$C and \$US exchange rate. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments.

**ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

**"John McConnell"**

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John McConnell  
Chief Executive Officer & President

**"Marty Rendall"**

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Marty Rendall  
Chief Financial Officer