



Condensed Consolidated Interim Financial Statements

June 30, 2022 and 2021

(Unaudited)
(Expressed in Canadian Dollars)

Victoria Gold Corp.

June 30, 2022 and December 31, 2021

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") as issued by the International Accounting Standards Board. Financial statements include certain amounts based on estimates and judgments. When alternative methods exist, management has chosen those it deems most appropriate in the circumstances to ensure that the condensed consolidated interim financial statements are presented fairly, in all material respects.

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

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

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

(signed) "John McConnell"
Director, President and CEO
August 11, 2022

(signed) "Marty Rendall"
CFO
August 11, 2022

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>	June 30, 2022	December 31, 2021
Assets			
Current assets			
Cash and cash equivalents		\$ 29,131,014	\$ 31,250,867
Marketable securities and warrants		13,926,929	10,670,011
Receivables	5	5,705,036	956,104
Inventory	6	200,522,907	137,752,028
Current portion of derivative instruments	12	3,567,597	70,345
Prepaid expenses		4,028,433	6,737,332
		256,881,916	187,436,687
Non-current assets			
Restricted cash	7	409,508	519,761
Deferred taxes		26,085,735	27,676,840
Exploration and evaluation assets	7	61,493,122	49,353,477
Property, plant and equipment	8	655,757,680	626,400,098
		\$1,000,627,961	\$ 891,386,863
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	9	\$ 79,686,735	\$ 60,487,577
Income and mining taxes payable		8,325,914	8,056,570
Deferred premium	15	4,201,203	-
Current portion of lease liability	10	762,599	382,130
Current portion of derivative instruments	12	12,060,508	-
Current portion of long-term debt	11	57,696,552	55,702,552
		162,733,511	124,628,829
Non-current liabilities			
Deferred taxes		74,795,832	62,507,626
Lease liability	10	3,269,242	1,005,818
Derivative instruments	12	-	18,873,989
Long-term debt	11	166,787,178	151,250,785
Asset retirement obligations ("ARO")	13	40,772,981	39,988,179
		448,358,744	398,255,226
Shareholders' Equity			
Share capital	15	424,945,045	401,217,210
Contributed surplus		23,918,763	24,471,505
Accumulated other comprehensive loss		(1,972,326)	(1,996,992)
Retained earnings		93,323,692	59,753,479
		540,215,174	483,445,202
Equity attributable to Victoria Gold shareholders			
Non-controlling interest	7	12,054,043	9,686,435
		552,269,217	493,131,637
Total liabilities and shareholders' equity			
		\$1,000,627,961	\$ 891,386,863

See accompanying notes to the condensed consolidated interim financial statements.

**Authorized for issue by the Board of
Directors on August 11th, 2022 and
signed on its behalf.**

"T. Sean Harvey" Director **"Chris Hill"** Director

Victoria Gold Corp.
Condensed Consolidated Interim Statements of Income and Comprehensive Income

(Unaudited)
(Expressed in Canadian Dollars)

		Three month period ended		Six month period ended	
	Notes	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Revenue		\$ 69,380,862	\$ 63,509,127	\$ 128,834,422	\$ 126,258,151
Cost of goods sold	18	30,289,645	27,704,954	50,378,034	52,992,705
Depreciation and depletion		16,225,803	13,087,329	29,294,800	25,716,853
Gross profit		22,865,414	22,716,844	49,161,588	47,548,593
Corporate general and administration	19	2,343,912	1,965,563	5,104,274	4,466,704
Operating earnings		20,521,502	20,751,281	44,057,314	43,081,889
Finance income		20,444	9,535	35,433	20,326
Finance costs	20	(3,121,548)	(3,248,920)	(5,687,170)	(6,942,513)
Unrealized gain (loss) on marketable securities		(1,899,461)	1,352,858	2,313,814	295,236
Unrealized and realized gain (loss) on derivative instruments	12	16,200,384	(10,852,019)	10,020,294	8,687,002
Foreign exchange gain (loss)		(7,017,047)	3,126,591	(3,882,109)	5,898,314
		4,182,772	(9,611,955)	2,800,262	7,958,365
Income before taxes		24,704,274	11,139,326	46,857,576	51,040,254
Current income and mining taxes		(269,344)	-	(269,344)	-
Deferred tax expense		(7,310,784)	(9,847,799)	(13,416,715)	(17,947,799)
Net income		\$ 17,124,146	\$ 1,291,527	\$ 33,171,517	\$ 33,092,455
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Currency translation adjustment		26,801	120,268	48,431	87,639
Total comprehensive income for the period		\$ 17,150,946	\$ 1,411,795	\$ 33,219,948	\$ 33,180,094
Total comprehensive income for the period		\$ 17,124,146	\$ 1,291,527	\$ 33,171,517	\$ 33,092,455
Net income attributable to:					
Shareholders of the Company		\$ 17,306,352	\$ 1,468,761	\$ 33,570,213	\$ 33,269,689
Non-controlling interest		(182,206)	(177,234)	(398,696)	(177,234)
		\$ 17,124,146	\$ 1,291,527	\$ 33,171,517	\$ 33,092,455
Other comprehensive income (loss) attributable to:					
Shareholders of the Company		\$ 13,649	\$ 90,760	\$ 24,666	\$ 58,131
Non-controlling interest		13,151	29,508	23,765	29,508
		\$ 26,800	\$ 120,268	\$ 48,431	\$ 87,639
Comprehensive income attributable to:					
Shareholders of the Company		\$ 17,320,000	\$ 1,559,521	\$ 33,594,879	\$ 33,327,820
Non-controlling interest		(169,055)	(147,726)	(374,931)	(147,726)
		\$ 17,150,946	\$ 1,411,795	\$ 33,219,948	\$ 33,180,094
Earnings per share	14				
Basic		\$ 0.27	\$ 0.02	\$ 0.52	\$ 0.53
Diluted		\$ 0.25	\$ 0.02	\$ 0.49	\$ 0.50
Weighted average number of shares outstanding	14				
Basic		64,268,071	62,407,040	63,813,262	62,268,167
Diluted		67,472,733	65,796,869	67,017,923	65,657,996

See accompanying notes to the condensed consolidated interim financial statements.

Victoria Gold Corp.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Unaudited)

(Expressed in Canadian Dollars)

Notes	Share capital		Contributed surplus	Accumulated other comprehensive loss	Retained earnings (deficit)	Non-controlling interest	Total equity	
	Number of shares	Amount						
Balance at December 31, 2020	62,117,040	\$ 395,740,554	\$ 22,873,438	\$ (2,017,697)	\$ (50,961,993)	\$ 6,432,961	\$ 372,067,263	
Transactions with owners:								
Proceeds from stock options exercised	424,834	3,214,805	-	-	-	-	3,214,805	
Fair values allocated upon exercise:								
Stock options	-	792,743	(792,743)	-	-	-	-	
Share-based payments, expensed	-	-	1,760,369	-	-	-	1,760,369	
Total transactions with owners:	424,834	4,007,548	967,626	-	-	-	4,975,174	
Net income for the period	-	-	-	-	33,269,689	(177,234)	33,092,455	
Other comprehensive income/(loss):								
Currency translation adjustment	-	-	-	58,131	-	29,508	87,639	
Balance at June 30, 2021	15	62,541,874	\$ 399,748,102	\$ 23,841,064	\$ (1,959,566)	\$ (17,692,304)	\$ 6,285,235	\$ 410,222,531
Balance at December 31, 2021	62,701,207	\$ 401,217,210	\$ 24,471,505	\$ (1,996,992)	\$ 59,753,479	\$ 9,686,435	\$ 493,131,637	
Transactions with owners:								
Proceeds from share issue	1,000,000	20,000,000	-	-	-	-	20,000,000	
Proceeds from stock options exercised	309,334	2,320,005	-	-	-	-	2,320,005	
Shares issued for property	447,142	6,259,988	-	-	-	-	6,259,988	
Fair values allocated upon exercise:								
Stock options	-	897,842	(897,842)	-	-	-	-	
Share issuance costs	-	(1,102,739)	-	-	-	-	(1,102,739)	
Share-based payments, expensed	-	-	345,100	-	-	-	345,100	
Premium on flow-through shares	-	(4,647,261)	-	-	-	-	(4,647,261)	
Total transactions with owners:	1,756,476	23,727,835	(552,742)	-	-	-	23,175,093	
Non-controlling interest	-	-	-	-	-	2,742,539	2,742,539	
Net income (loss) for the period	-	-	-	-	33,570,213	(398,696)	33,171,517	
Other comprehensive income/(loss):								
Currency translation adjustment	-	-	-	24,666	-	23,765	48,431	
Balance at June 30, 2022	15	64,457,683	\$ 424,945,045	\$ 23,918,763	\$ (1,972,326)	\$ 93,323,692	\$ 12,054,043	\$ 552,269,217

See accompanying notes to the condensed consolidated interim financial statements.

Victoria Gold Corp.
Condensed Consolidated Interim Statements of Cash Flows

(Unaudited)

(Expressed in Canadian Dollars)

		Six month period ended	
		June 30,	June 30,
	Notes	2022	2021
Operating activities			
Net income for the period		\$ 33,171,517	\$ 33,092,455
Adjustments for:			
Depreciation and depletion		29,294,800	25,716,853
Share-based payments	16	595,535	1,760,369
Income and mining taxes		13,686,059	17,947,799
Finance costs		5,778,978	6,932,981
Unrealized (gain) loss on marketable securities		(2,313,814)	(295,236)
Unrealized (gain) loss on derivative instruments	12	(10,310,734)	(15,423,703)
Amortization		53,613	53,613
Unrealized foreign exchange (gain) loss, net		3,645,656	(6,846,883)
Operating cash flow before working capital adjustments		73,601,610	62,938,248
Working capital adjustments:			
(Increase) decrease in receivables		(4,747,965)	2,033,413
(Increase) decrease in inventory		(62,770,879)	(33,569,373)
(Increase) decrease in marketable securities		(943,104)	(161,250)
(Increase) decrease in prepaid expenses and deposits		2,616,131	1,547,159
Increase (decrease) in accounts payables and accrued liabilities		4,979,770	(9,852,399)
		(60,866,047)	(40,002,450)
Net cash flows (used in) from operating activities		12,735,563	22,935,798
Investing activities			
Exploration and evaluation assets	7	(5,228,228)	(2,209,688)
Restricted cash		99,000	2,740,654
Purchase of property, plant and equipment		(43,302,749)	(54,603,921)
Net cash flows used in investing activities		(48,431,977)	(54,072,955)
Financing activities			
Shares issued for cash, net of issuance costs	15	22,971,741	-
Exercise of options		2,320,005	3,214,805
Interest paid		(3,750,453)	(5,414,498)
Equipment finance facility	11	5,235,429	-
Principal (repayment) draw of long-term debt	11	7,048,137	(7,588,296)
Principal repayment of lease liability		(384,162)	(368,486)
Net cash flows from (used in) financing activities		33,440,697	(10,156,475)
Foreign exchange gain on cash balances		135,864	7,094
Net increase (decrease) in cash and cash equivalents		(2,119,853)	(41,286,538)
Cash and cash equivalents, beginning of the period		31,250,867	56,136,314
Cash and cash equivalents, end of the period		29,131,014	\$ 14,849,776

See accompanying notes to the condensed consolidated interim financial statements. Supplementary Cash Flow information is provided in Note 22.

Victoria Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements For the three and six month periods ended June 30, 2022 and 2021

(Unaudited)

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

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

The Company is engaged in the operation, exploration and acquisition of mineral properties. On July 1, 2020 the Company achieved commercial production at the Eagle Gold Mine. The Company's registered office is located at 80 Richmond St. West, Suite 204, Toronto, Ontario, M5H 2A4, Canada.

2. BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2022 and June 30, 2021 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2021, which have been prepared in accordance with IFRS.

These condensed consolidated interim financial statements include the accounts of Victoria, its wholly-owned subsidiary, Victoria Gold (Yukon) Corp. and its 50.93% interest in Lahontan Gold Corp. ("Lahontan").

These financial statements were approved by the Board of Directors for issue on August 11, 2022.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in the Company's audited consolidated financial statements for the year ended December 31, 2021.

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 condensed consolidated interim financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2021.

Victoria Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements For the three and six month periods ended June 30, 2022 and 2021

(Unaudited)

(Expressed in Canadian Dollars)

5. RECEIVABLES

Receivables includes the following components:

	June 30, 2022	December 31, 2021
GST receivable	\$ 1,089,278	\$ 312,677
Trade and other receivables	4,615,758	643,427
Total	<u>\$ 5,705,036</u>	<u>\$ 956,104</u>

6. INVENTORY

Inventory includes the following components:

	June 30, 2022	December 31, 2021
Stockpiled ore	\$ 6,943,377	\$ 1,735,813
In-process inventory	165,539,374	115,430,127
Finished goods inventory	6,068,903	2,769,614
Total mineral inventory	<u>178,551,654</u>	<u>119,935,554</u>
Materials and supplies	21,971,253	17,816,474
Total	<u>\$ 200,522,907</u>	<u>\$ 137,752,028</u>

As at June 30, 2022, \$37.7 million (December 31, 2021 – \$27.1 million) of non-cash costs such as depreciation, depletion and site share-based compensation were included in inventory.

7. EXPLORATION AND EVALUATION ASSETS

	Other property interest (Nevada)	Dublin Gulch (Yukon)	Other properties **	Total
Balance December 31, 2021	\$ 12,026,909	\$ 35,743,396	\$ 1,583,172	\$ 49,353,477
Acquisitions			6,163,153	6,163,153
Salaries and benefits	469,732	421,792	-	891,523
Land claims and royalties	(134,600)	15,000	34,500	(85,100)
Environmental and permitting	-	4,085	-	4,085
Drilling and indirects	1,470,094	1,621,860	24,324	3,116,278
Other exploration	459,482	1,572,662	9,950	2,042,093
Exploration and evaluation costs for the period	<u>2,264,708</u>	<u>3,635,398</u>	<u>68,774</u>	<u>5,968,879</u>
Currency translation	7,613	-	-	7,613
Balance June 30, 2022	<u>\$ 14,299,230</u>	<u>\$ 39,378,794</u>	<u>\$ 7,815,098</u>	<u>\$ 61,493,122</u>

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

As of June 30, 2022, restricted cash consists of \$0.4 million relating to interest in other properties, primarily Santa Fe (December 31, 2021 - \$0.4 million).

During the quarter ended June 30, 2022, the Company purchased the interest of an option consideration purchase agreement with Banyan Gold Corp. regarding claims contiguous to the Aurex property, from Alexco Resource Corp. for shares.

Victoria Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements For the three and six month periods ended June 30, 2022 and 2021

(Unaudited)

(Expressed in Canadian Dollars)

	Other property interest (Nevada)	Dublin Gulch (Yukon)	Other properties **	Total
Balance December 31, 2020	\$ 10,419,030	\$ 29,040,083	\$ 1,566,929	\$ 41,026,042
Sale of property interest	-	-	(131,250)	(131,250)
Salaries and benefits	725,708	837,088	-	1,562,796
Land claims and royalties	676,158	115,800	64,845	856,803
Drilling and indirects	859,128	4,136,413	4,500	5,000,041
Other exploration	538,132	1,614,012	78,148	2,230,292
Exploration and evaluation costs for the year	2,799,126	6,703,313	147,493	9,649,932
Currency translation	(1,191,247)	-	-	(1,191,247)
Balance December 31 2021	\$ 12,026,909	\$ 35,743,396	\$ 1,583,172	\$ 49,353,477

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

8. PROPERTY, PLANT AND EQUIPMENT

	Other assets	Right-of-use assets	Leasehold improvements	Buildings & structures	Equipment	Mineral Properties	Total
Cost							
December 31, 2020	\$ 1,367,374	\$ 3,354,100	\$ 589,149	\$ 246,991,946	\$ 143,489,837	\$ 247,991,658	\$ 643,784,064
Additions	-	9,068	-	7,696,533	27,726,571	72,153,176	107,585,348
Disposals	-	(23,285)	-	-	-	-	(23,285)
December 31, 2021	1,367,374	3,339,883	589,149	254,688,479	171,216,408	320,144,834	751,346,127
Additions	310,317	3,028,055	-	30,069,004	13,212,134	12,476,247	59,095,757
Disposals	-	(1,475,648)	-	-	-	-	(1,475,648)
June 30, 2022	\$ 1,677,691	\$ 4,892,290	\$ 589,149	\$ 284,757,483	\$ 184,428,542	\$ 332,621,081	\$ 808,966,236
Accumulated amortization							
December 31, 2020	\$ 978,856	\$ 1,404,764	\$ 285,463	\$ 30,061,948	\$ 23,632,064	\$ 7,803,920	\$ 64,167,015
Charge	104,820	851,086	156,268	21,065,270	19,004,127	19,620,728	60,802,299
Disposals	-	(23,285)	-	-	-	-	(23,285)
December 31, 2021	1,083,676	2,232,565	441,731	51,127,218	42,636,191	27,424,648	124,946,029
Charge	57,421	443,376	73,710	11,291,893	10,137,576	7,734,199	29,738,175
Disposals	-	(1,475,648)	-	-	-	-	(1,475,648)
June 30, 2022	\$ 1,141,097	\$ 1,200,293	\$ 515,441	\$ 62,419,111	\$ 52,773,767	\$ 35,158,847	\$ 153,208,556
Net book value							
December 31, 2020	\$ 388,518	\$ 1,949,336	\$ 303,686	\$ 216,929,998	\$ 119,857,773	\$ 240,187,738	\$ 579,617,049
December 31, 2021	\$ 283,698	\$ 1,107,318	\$ 147,418	\$ 203,561,261	\$ 128,580,217	\$ 292,720,186	\$ 626,400,098
June 30, 2022	\$ 536,594	\$ 3,691,997	\$ 73,708	\$ 222,338,372	\$ 131,654,775	\$ 297,462,234	\$ 655,757,680

During the six months ended June 30, 2022, the Company capitalized \$9.8 million (June 30, 2021 - \$22.6 million) of deferred stripping costs to mineral properties. The depletion expense related to deferred stripping for the six months ended June 30, 2022 was \$1.4 million (June 30, 2021 - \$0.7 million). Included in the mineral properties balance at June 30, 2022 is \$53.0 million (June 30, 2021 - \$37.4 million) related to deferred stripping costs.

The carrying value of equipment pledged as security for the related Equipment Financing Facility at June 30, 2022 was \$37.0 million (\$32.4 million – December 31, 2021) (Note 11).

Victoria Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements For the three and six month periods ended June 30, 2022 and 2021

(Unaudited)

(Expressed in Canadian Dollars)

Certain of the Company's mining properties are subject to royalty arrangements based on their net smelter returns ("NSR"s). At June 30, 2022, the Company's royalty arrangements based on production were as follows:

Royalty arrangements:

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

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

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include the following components:

	June 30, 2022	December 31, 2021
Trade payables	\$ 41,797,523	\$ 24,319,607
Accrued liabilities	33,879,595	31,317,279
Payroll related liabilities	4,009,617	4,850,691
Total	\$ 79,686,735	\$ 60,487,577

10. LEASE LIABILITY

	Total
As at December 31, 2021	\$ 1,387,948
Additions	3,028,056
Disposals	
Interest expense	77,778
Lease payments	(461,941)
Lease liabilities at June 30, 2022	\$ 4,031,841
Current lease liability	762,599
Non-current lease liability	3,269,242

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

Victoria Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements For the three and six month periods ended June 30, 2022 and 2021

(Unaudited)

(Expressed in Canadian Dollars)

	June 30, 2022	December 31, 2021
MATURITY ANALYSIS		
< 1 year	\$ 762,599	\$ 382,130
1 to 3 years	665,224	215,779
3 to 5 years	1,707,281	790,039
> 5 years	896,737	-
Total	\$ 4,031,841	\$ 1,387,948

11. DEBT

On December 18, 2020 the Company announced it had entered into a credit agreement with a syndicate of banks, comprised of Bank of Montreal, CIBC and BNP Paribas, in connection with a secured US\$200 million debt facility (the "Loan Facility"). The Loan Facility was comprised of a US\$100 million term loan (the "Term Facility") and a US\$100 million revolving facility (the "Revolving Credit Facility").

The funding from the Loan Facility was used to repay the previously outstanding project finance facility, which included senior and subordinated debt that was used for the construction of the Eagle Gold Mine. The Revolving Credit Facility is available for general corporate purposes subject to customary terms and conditions.

On December 20, 2021 the Company amended the terms of both the revolving and term loan facilities. Under the amended agreement, interest rate would be reduced by 0.50%. Amounts drawn on the facilities are subject to interest at LIBOR plus 2.50% to 3.50% per annum, with the undrawn portion subject to a standby fee of 0.56% to 0.79% per annum. The maturity date of the revolving facility has also been extended to December 2024 from December 2023.

On June 16, 2022, the Company amended the terms of the Revolving Credit Facility. Under the amended agreement, the available facility has been increased from US\$100 million to US\$125 million.

The Loan Facility is available by way of US dollar LIBOR loans, with an interest rate ranging from 2.50% to 3.50% over LIBOR (currently one month LIBOR is approximately 1.65%), based on the Company's leverage ratio and other customary terms and conditions.

The Loan Facility includes certain financial covenants that are calculated and reported each fiscal quarter, which commenced on December 31, 2020. As at June 30, 2022, the Company is in compliance with all covenants.

Loan Facilities

Term Facility

US\$100 million loan facility with the following commercial terms:

- Interest rate of LIBOR plus 2.75%;
- Principal and interest are repayable in 12 equal quarterly installments which began on March 31, 2021.

As at June 30, 2022, principal of US\$50.0 million was outstanding on the Term Facility. Deferred financing charges in the amount of \$2.6 million are being amortized over the term using the effective interest rate method.

Revolving Credit Facility

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

- Interest rate of LIBOR plus 2.75%;

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- Accrued interest is repayable quarterly and began on March 31, 2021;
- Principal and accrued interest are due at maturity, on December 31, 2024, and may be repaid early without penalty.

As at June 30, 2022, principal of US\$94.9 million was outstanding on the Revolving Credit Facility. Deferred financing charges in the amount of \$2.6 million are being amortized using the full amount of the facility, including any undrawn amount, over the full term of the facility using the effective interest rate method.

Equipment Finance Facility

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

- Available for drawdown against the acquisition cost of Cat mining equipment;
- Interest rates of LIBOR plus 2.50-3.50%;
- 4-6 year, amortizing facility, maturing between December 31, 2022 and May 12, 2026 (the “Term”) and;
- Secured by Cat mining equipment.

As at June 30, 2022, principal of US\$30.8 million was outstanding on the Equipment Finance Facility. Deferred financing charges in the amount of \$2.7 million are being amortized over the Term using the effective interest rate method.

	June 30, 2022	December 31, 2021
Equipment Finance Facility, principal	\$ 39,000,834	\$ 38,883,671
Equipment Finance Facility, interest	392,393	339,794
Equipment Finance Facility, ending balance	\$ 39,393,227	\$ 39,223,465
Term Debt Facility, principal	\$ 63,620,700	\$ 83,100,854
Term Debt Facility, interest	15,661	1,419
Term Debt Facility, ending balance	\$ 63,636,361	\$ 83,102,273
Revolver Facility, principal	\$ 121,439,284	\$ 84,625,557
Revolver Facility, interest	14,858	2,042
Revolver Facility, ending balance	\$ 121,454,142	\$ 84,627,599
Total Debt	\$ 224,483,730	\$ 206,953,337
Less: Current portion	(57,696,552)	(55,702,552)
Long-term Debt	\$ 166,787,178	\$ 151,250,785

During the six month period ended June 30, 2022 the Company incurred interest expense of \$4.0 million (June 30, 2021 - \$4.9 million) and amortized deferred financing charges of \$1.2 million (June 30, 2021 - \$1.8 million) in the condensed consolidated interim statements of income and comprehensive income.

The Equipment Finance Facility with Cat Financial is secured by leased equipment with a carrying value of \$37.0 million as of June 30, 2022 (\$32.4 million – December 31, 2021).

The Company’s scheduled debt principal repayments as at June 30, 2022 are summarized in the table, below:

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	2022	2023	2024	2025	2026 and thereafter	Total
Term Debt Facility	\$21,476,667	\$42,953,333	\$ -	\$ -	\$ -	\$ 64,430,000
Revolving Loan Facility	-	-	122,248,587	-	-	122,248,587
Equipment Finance Facility	7,057,659	14,301,504	12,370,560	4,896,680	1,117,534	39,743,937
	\$28,534,326	\$57,254,838	\$ 134,619,148	\$ 4,896,680	\$ 1,117,534	\$ 226,422,524

12. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative Instruments outstanding	Quantity outstanding	Remaining term	Exercise price	Fair value - asset (liability) (C\$)
<i>Current Instruments</i>				
<i>Gold forwards</i>				
Gold forwards	15,000 oz	July 2022 - December 2022	US\$2,004	3,567,597
				\$ 3,567,597
<i>Gold call options</i>				
Gold call options - sold	20,000 oz	April 13, 2023	US\$1,485	\$ (8,958,174)
<i>Warrants</i>				
Warrants	1,666,667	April 13, 2023	C\$9.375	(3,102,334)
				(12,060,508)
<i>Total Instruments</i>				\$ (8,492,911)

1. The Company presents the fair value of its derivative instruments on a net basis on the consolidated statements of financial position.

Gold Forwards

In March 2022, the Company entered into gold forward contracts for 15,000 ounces of gold at a price of US\$2,004 per ounce with monthly expiry dates of July 30 through December 29, 2022. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and classified in the consolidated financial statements based on contractual maturity. These derivative financial instruments are recorded at fair value using external broker-dealer quotations corroborated by option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. The Company recognized the mark-to-market adjustment gain of \$3.6 million, based on US\$1,807 per ounce of gold and a foreign exchange rate of 1.2886 US\$ to C\$, in net income of the condensed consolidated interim statements of income and comprehensive income for the six month period ended June 30, 2022.

Gold Call Options

On April 13, 2018, the Company sold a gold call option on 20,000 ounces of gold at a price of US\$1,485 per ounce, with an expiry date of April 13, 2023. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and classified in the consolidated financial statements based on contractual maturity. These derivative financial instruments are recorded at fair value using external broker-dealer quotations corroborated by option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. As at June 30, 2022 the gold call option fair value was \$9.0 million, based on US\$1,807 per ounce of gold and a foreign exchange rate of 1.2886 US\$ to C\$. The Company recognized the

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mark-to-market adjustment gain of \$0.4 million in net income of the condensed consolidated interim statements of income and comprehensive income for the six month period ended June 30, 2022.

Warrants

On April 13, 2018, the Company granted 1,666,667 warrants with a strike price of \$9.375 and a term of five years. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and classified in the consolidated financial statements based on contractual maturity. These derivative financial instruments are recorded at fair value using Black-Scholes option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. As at June 30, 2022, the warrant fair value was \$3.1 million based on the June 30, 2022 closing share price of \$9.99. The Company recognized the mark-to-market adjustment gain of \$6.5 million in net income of the condensed consolidated interim statements of income and comprehensive income for the six month period ended June 30, 2022.

13. ASSET RETIREMENT OBLIGATIONS

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

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

- total undiscounted amount of inflation adjusted future reclamation costs at June 30, 2022 was determined to be \$59.2 million for Dublin Gulch (December 31, 2021 - \$49.7 million) and \$0.5 million for its interest in other properties, primarily Santa Fe (December 31, 2021 - \$0.4 million);
- weighted average risk-free interest rate at 3.2% and a long-term inflation rate of 2.0%; and
- expected timing of risk adjusted cash outflows required to settle the obligation will be incurred over the period through 2035 for Dublin Gulch.

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

	June 30, 2022	December 31, 2021
Balance, beginning of the period	\$ 39,627,610	\$ 27,855,642
Accretion on reclamation provision	416,600	725,951
ARO change due to revaluation	266,521	11,046,017
	\$ 40,310,731	\$ 39,627,610
Interest in other properties	462,250	360,569
Balance, end of the period	\$ 40,772,981	\$ 39,988,179

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14. EARNINGS PER SHARE

(a) Basic

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

	Three month period ended		Six month period ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net income	\$ 17,124,146	\$ 1,291,527	\$ 33,171,517	\$ 33,092,455
Weighted average number of common shares issued	64,268,071	62,407,040	63,813,262	62,268,167
Basic earnings per share	\$ 0.27	\$ 0.02	\$ 0.52	\$ 0.53

(b) Diluted

	Three month period ended		Six month period ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net income attributable to common shareholders	\$ 17,124,146	\$ 1,291,527	\$ 33,171,517	\$ 33,092,455
Weighted average number of common shares issued	64,268,071	62,407,040	63,813,262	62,268,167
Adjustment for:				
Warrants	1,666,667	1,666,667	1,666,667	1,666,667
Deferred share units & restricted share units	283,500	-	283,500	-
Stock options	1,254,495	1,723,162	1,254,495	1,723,162
Weighted average number of ordinary shares for diluted earnings per share	67,472,733	65,796,869	67,017,923	65,657,996
Diluted earnings per share	\$ 0.25	\$ 0.02	\$ 0.49	\$ 0.50

15. SHARE CAPITAL AND OTHER EQUITY

Authorized, issued and outstanding common shares

Common shares, no par value, authorized unlimited number of shares, issued and outstanding were 64,457,683 and 62,541,874 shares for the six month period ended June 30, 2022 and June 30, 2021, respectively.

On February 3, 2022, the Company closed a brokered flow-through share offering (the "Offering") raising gross proceeds of \$20.0 million, representing the issuance of 1,000,000 common shares priced at \$20.00 per share. Finders' fees of \$1,000,000 were paid for this transaction. Other issuance costs were paid in conjunction with the Offering. The flow-through shares were subject to a four-month hold period.

Deferred premium on flow-through shares

The premium paid for flow-through shares in excess of the market value of the shares without the flow-through features is initially recognized as a liability. The liability is reduced and the reduction of premium liability is recorded as a tax recovery upon qualifying expenditures incurred. As at June 30, 2022, the Company has incurred \$1.5 million in qualifying exploration expenditures and has recognized a deferred premium liability of \$4,201,203 relating to the flow-through shares financing completed on February 3, 2022 (see above).

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16. SHARE-BASED PAYMENTS

Omnibus Incentive Plan

The omnibus incentive plan of the Company (the "**Omnibus Plan**") was approved by the shareholders of the Company on August 19, 2020. The Omnibus Plan has been established to attract and retain key talent who are necessary or essential to Victoria's success, reputation and activities and allows Victoria to reward key talent for their performance and greater align their interest with those of Victoria's shareholders. The Omnibus Plan is an "evergreen" plan and the Common Shares available for issuance pursuant to awards granted under the Omnibus Plan may not exceed 10% of the total number of issued and outstanding Common Shares. At June 30, 2022, 4,907,773 (4,049,458 as at December 31, 2021) additional stock options, or other equity based awards were available for grant under the Company's Omnibus Plan.

A summary of the status of the Omnibus Plan as at June 30, 2022 and as at December 31, 2021, and changes during the periods ended on those dates is presented below:

	June 30, 2022			December 31, 2021		
	Number of stock options	Weighted average exercise price	Fair Value Assigned	Number of stock options	Weighted average exercise price	Fair Value Assigned
Outstanding, beginning of the period	1,563,829	\$ 10.13	\$5,821,684	2,147,996	\$ 9.43	\$6,888,537
Granted	-	\$ -	-	-	\$ -	-
Exercised	(309,334)	\$ 7.50	(897,842)	(584,167)	\$ 7.55	(1,066,853)
Expired	-	\$ -	-	-	\$ -	-
Forfeited	-	\$ -	-	-	\$ -	-
Outstanding, end of the period	1,254,495	\$ 10.78	\$4,923,842	1,563,829	\$ 10.13	\$5,821,684

As at June 30, 2022, the Company had stock options issued to directors, officers, employees and contractors of the Company outstanding as follows:

Date of grant	Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
December 9, 2019	409,995	409,995	\$ 8.05	December 9, 2022
December 14, 2020	844,500	844,500	\$ 12.10	December 14, 2023
	1,254,495	1,254,495		

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

For purposes of the options granted, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model, with the certain assumptions and a forfeiture rate of 9.4%.

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As at June 30, 2022, the Company had restricted share units and deferred share units issued to directors, officers and employees of the Company outstanding as follows:

	<u>June 30, 2022</u>	
	<u>Restricted share units</u>	<u>Deferred share units</u>
Outstanding, beginning of the period	-	-
Granted	236,000	56,000
Exercised	-	-
Expired	-	-
Forfeited	(8,500)	-
Outstanding, end of the period	<u>227,500</u>	<u>56,000</u>

Restricted share units

On February 18, 2022, the Company granted 212,000 restricted share units (“RSU”). The RSUs were granted to eligible employees and vest one-third per year over three years from date of grant. Each RSU entitles the recipient to a payment in shares upon vesting unless the recipient elects to be paid in cash. The payment in cash is based on the market value of one common share at the end of the vesting period. Total share-based compensation expense related to RSUs for the six month period June 30, 2022 was \$250,434 and \$6,021 was capitalized. During the three months ended June 30, 2022, 8,500 RSUs were forfeited.

On May 9, 2022, the Company granted 24,000 restricted share units (“RSU”). The RSUs were granted to an eligible employee and vest one-third per year over three years from date of grant. Each RSU entitles the recipient to a payment in shares upon vesting unless the recipient elects to be paid in cash. The payment in cash is based on the market value of one common share at the end of the vesting period. Total share-based compensation expense related to RSUs for the six month period June 30, 2022 was \$11,386.

Deferred share units

On February 18, 2022, the Company granted 56,000 deferred share units (“DSU”) to directors of the Company. The DSUs do not vest until the end of service as a director of the Company. Each vested DSU entitles the recipient to a payment either in shares or in cash at the option of the Company. The fair value of the DSUs were estimated as of the date of issuance using the Black-Scholes option pricing model with the following assumptions: a risk-free annual interest rate of 1.6%, an expected life of 3 years, an expected volatility of 56% and a dividend yield rate of nil. Total share-based compensation expense related to DSUs for the period was \$345,100.

Warrants

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

	<u>June 30, 2022</u>			<u>December 31, 2021</u>		
	<u>Number of Warrants</u>	<u>Weighted average exercise price</u>	<u>Fair Value</u>	<u>Number of Warrants</u>	<u>Weighted average exercise price</u>	<u>Fair Value</u>
Outstanding, beginning of the period	1,666,667	\$ 9.375	\$ 4,359,345	1,666,667	\$ 9.375	\$ 4,359,345
Outstanding, end of the period	<u>1,666,667</u>	<u>\$ 9.375</u>	<u>\$ 4,359,345</u>	<u>1,666,667</u>	<u>\$ 9.375</u>	<u>4,359,345</u>

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	Number of Warrants	Exercise price	Expiry date
Issued in private placement	1,666,667	\$ 9.375	April 13, 2023
	<u>1,666,667</u>		

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

These April 13, 2023 warrants are considered financial instruments at fair value through profit or loss. The holder of the warrants may exercise the warrants for the Company's common shares. The warrants have been classified as a financial liability instrument and are recorded at fair value at each reporting period end using a Black-Scholes model. Warrant pricing models require the input of certain assumptions including price volatility and expected life. Changes in these assumptions could affect the reported fair value of the warrants (*Note 12*).

17. RELATED PARTIES

Related parties include key management personnel, Coeur Mining, Inc., 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 for the six month periods ended June 30, 2022 and June 30, 2021 was as follows:

	June 30, 2022	June 30, 2021
Salaries and other short term employment benefits	\$ 2,072,344	\$ 1,805,250
Share-based compensation	\$ 573,485	\$ 1,760,369

18. COST OF GOODS SOLD

Cost of goods sold include the following components:

	Three month period ended		Six month period ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Operating costs:				
Mining	\$ 22,147,251	\$ 20,394,837	\$ 41,752,756	\$ 38,934,094
Processing	25,836,758	23,727,139	50,162,048	41,067,046
Site services	5,365,741	4,838,132	10,698,820	10,743,531
Site general and administration costs	8,586,175	6,661,450	15,113,153	12,607,552
Royalty (<i>Note 8</i>)	712,841	619,078	1,100,061	1,242,599
Production costs	62,648,766	56,240,636	118,826,838	104,594,822
Change in inventory	(32,359,121)	(28,535,682)	(68,448,804)	(51,602,117)
Total	<u>\$ 30,289,645</u>	<u>\$ 27,704,954</u>	<u>\$ 50,378,034</u>	<u>\$ 52,992,705</u>

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19. CORPORATE GENERAL AND ADMINISTRATION

Corporate general and administration costs include the following components:

	Three month period ended		Six month period ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Salaries and benefits	\$ 989,420	\$ 945,841	\$ 2,101,956	\$ 1,932,048
Office and administrative	527,728	53,927	1,128,828	419,682
Share-based payments (Note 16)	77,900	578,912	488,354	1,184,665
Marketing	420,795	189,301	747,924	515,671
Professional fees	301,263	170,776	583,599	361,025
Amortization	26,806	26,806	53,613	53,613
Total	\$ 2,343,912	\$ 1,965,563	\$ 5,104,274	\$ 4,466,704

20. FINANCE COSTS

Finance costs include the following components:

	Three month period ended		Six month period ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Interest on debt facilities (Note 11)	\$ 2,285,352	\$ 2,273,262	\$ 4,016,644	\$ 4,910,227
Amortization of deferred financing charges (Note 11)	548,457	853,346	1,173,468	1,783,643
Interest and bank charges	757	5,879	2,680	12,426
Interest expense on leases (Note 10)	43,753	39,771	77,778	82,893
Accretion on reclamation provision (Note 13)	243,229	76,662	416,600	153,324
Total	\$ 3,121,548	\$ 3,248,920	\$ 5,687,170	\$ 6,942,513

21. SEGMENTED INFORMATION

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

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	Eagle Mine	Dublin Gulch	Nevada	Corporate and other	Total
Three months ended June 30, 2022					
Revenue	\$ 69,380,862	\$ -	\$ -	\$ -	\$ 69,380,862
Cost of goods sold	30,289,645	-	-	-	30,289,645
Depreciation and depletion	16,225,803	-	-	-	16,225,803
Mine operating earnings	22,865,414	-	-	-	22,865,414
Corporate general & administration	371,907	-	332,700	1,639,305	2,343,912
Operating earnings (loss)	\$ 22,493,507	\$ -	\$ (332,700)	\$ (1,639,305)	\$ 20,521,502

	Eagle Mine	Dublin Gulch	Nevada	Corporate and other	Total
Six months ended June 30, 2022					
Revenue	\$ 128,834,422	\$ -	\$ -	\$ -	\$ 128,834,422
Cost of goods sold	50,378,034	-	-	-	50,378,034
Depreciation and depletion	29,294,800	-	-	-	29,294,800
Mine operating earnings	49,161,588	-	-	-	49,161,588
Corporate general & administration	741,589	-	514,162	3,848,523	5,104,274
Operating earnings (loss)	\$ 48,419,999	\$ -	\$ (514,162)	\$ (3,848,523)	\$ 44,057,314

June 30, 2022					
Property, plant and equipment	\$ 655,666,341	\$ -	\$ -	\$ 91,339	\$ 655,757,680
Exploration and evaluation assets	\$ -	\$ 39,378,794	\$ 14,299,230	\$ 7,815,098	\$ 61,493,122
Total assets	\$ 895,467,483	\$ 39,378,794	\$ 14,299,230	\$ 51,482,454	\$ 1,000,627,961

	Eagle Mine	Dublin Gulch	Santa Fe	Corporate and other	Total
Three months ended June 30, 2021					
Revenue	\$ 63,509,127	\$ -	\$ -	\$ -	\$ 63,509,127
Cost of goods sold	27,704,954	-	-	-	27,704,954
Depreciation and depletion	13,087,329	-	-	-	13,087,329
Mine operating earnings	22,716,844	-	-	-	22,716,844
Corporate general & administration	225,067	-	-	1,740,496	1,965,563
Operating earnings (loss)	\$ 22,491,777	\$ -	\$ -	\$ (1,740,496)	\$ 20,751,281

	Eagle Mine	Dublin Gulch	Santa Fe	Corporate and other	Total
Six months ended June 30, 2021					
Revenue	\$ 126,258,151	\$ -	\$ -	\$ -	\$ 126,258,151
Cost of goods sold	52,992,705	-	-	-	52,992,705
Depreciation and depletion	25,716,853	-	-	-	25,716,853
Mine operating earnings	47,548,593	-	-	-	47,548,593
Corporate general & administration	610,476	-	-	3,856,228	4,466,704
Operating earnings (loss)	\$ 46,938,117	\$ -	\$ -	\$ (3,856,228)	\$ 43,081,889

June 30, 2021					
Property, plant and equipment	\$ 611,579,963	\$ -	\$ -	\$ 198,567	\$ 611,778,530
Exploration and evaluation assets	\$ -	\$ 30,468,149	\$ 11,877,292	\$ 1,490,884	\$ 43,836,325
Total assets	\$ 736,621,200	\$ 30,468,149	\$ 11,877,292	\$ 19,228,225	\$ 798,194,866

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22. SUPPLEMENTARY CASH FLOW INFORMATION

	June 30, 2022	December 31, 2021
Non-cash investing and financing activities:		
Accounts payable and accrued liabilities relating to property, plant and equipment and exploration and evaluation asset expenditures	\$ 25,920,567	\$ 11,962,377
Stock-based compensation, capitalized to exploration and evaluation assets	\$ 6,021	\$ -
Income taxes paid	\$ -	\$ -
Interest paid	\$ 3,750,453	\$ 9,275,041

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

	Long term debt (Note 11)	Lease liability (Note 10)	Total
Balance December 31, 2021	\$ 206,953,337	\$ 1,387,948	\$ 208,341,285
Changes from financing activities:			
Net proceeds from Credit Facility draws	39,370,329	-	39,370,329
Principal paid	(27,086,763)	(384,162)	(27,470,925)
Interest paid	(3,672,675)	(77,778)	(3,750,453)
	215,564,228	926,008	216,490,236
Non-cash changes:			
Lease additions	-	3,028,055	3,028,055
Interest expense	4,007,087	77,778	4,084,864
Amortization of deferred financing charges	1,173,468	-	1,173,468
Foreign exchange loss (gain)	3,738,947	-	3,738,947
Balance June 30, 2022	\$ 224,483,730	\$ 4,031,841	\$ 228,515,571

23. FINANCIAL RISK MANAGEMENT

(a) Fair value of financial assets and liabilities

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

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

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	Classification	June 30, 2022		December 31, 2021	
		Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	Level 1	\$ 29,131,014	\$ 29,131,014	\$ 31,250,867	\$ 31,250,867
Restricted cash	Level 1	409,508	409,508	519,761	519,761
Marketable securities	Level 1	13,926,929	13,926,929	10,670,011	10,670,011
Receivables	Amortized Cost	5,705,036	5,705,036	956,104	956,104
Accounts payable and accrued liabilities	Amortized Cost	(79,686,735)	(79,686,735)	(60,487,577)	(60,487,577)
Lease liability	Amortized Cost	(4,031,841)	(4,031,841)	(1,387,948)	(1,387,948)
Debt	Amortized Cost	(224,483,730)	(224,483,730)	(206,953,337)	(206,953,337)
Fair value of derivative instruments	Level 2	(8,492,911)	(8,492,911)	(18,873,989)	(18,873,989)

The fair value hierarchy has the following levels:

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

(b) Estimation of fair values

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

Restricted cash / Securities in listed entities (financial assets at fair value through profit or loss)

Fair value is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

Trade and other receivables / payables

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

Derivative instruments

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

(c) Foreign currency risk

The Company incurs minimal exploration expenditures in the United States and holds a portion of its restricted cash and cash and cash equivalents in US dollars. The Company also has debt facilities in US dollars being utilized. The Company funds certain construction expenditures in US dollars. This gives rise to a risk that its US dollar expenditures and US dollar cash holdings and debt may be adversely impacted by fluctuations in foreign exchange. The Company does not currently undertake currency hedging activities.