



Consolidated Financial Statements

As at and for the years ended December 31, 2022 and 2021

(Expressed in thousands of Canadian Dollars)

Independent auditor's report

To the Shareholders of
Victoria Gold Corporation

Opinion

We have audited the consolidated financial statements of **Victoria Gold Corporation** and its subsidiaries [the "Group"], which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of income and comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ["IFRS"].

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Valuation of in-process inventory

Key audit matter	How our audit addressed the key audit matter
<p>The Group's in-process inventory balance amounted to \$159.6 million as at December 31, 2022. In-process inventory represents material that is currently being treated in the processing plant to extract the contained gold and to transform it into a saleable product. The amount of gold in the in-process inventory is determined by assay and by measure of the quantities of the various gold-bearing materials in the recovery process which determines the costs that are allocated to the in-process inventories.</p> <p>This matter has been considered a key audit matter due to the significant judgement involved in evaluating management's in-process inventory valuation model, specifically the assumption with respect to the amount of gold-bearing materials in the recovery process.</p> <p>Refer to notes 3(s) and 4 in the consolidated financial statements for the Group's disclosures related to in-process inventory.</p>	<p>To test the Group's valuation of in-process inventory, we performed the following substantive procedures, among others:</p> <ul style="list-style-type: none"> • Evaluated the appropriateness of management's model and recalculated the mathematical accuracy thereof. • Evaluated the work of management's expert who estimated the amount of gold-bearing materials in the recovery process by performing a retrospective analysis and comparing to actual gold recovered throughout the year as well as assay results used in the estimation process. • We involved our internal mining specialists to assess the appropriateness of the methodology applied by management's expert and the resulting estimate of the amount of gold-bearing materials in the recovery process. • We assessed management expert's objectivity, professional qualifications, experience, and their use of accepted industry practices.

Other information

Management is responsible for the other information. Other information is comprised of Management's Discussion and Analysis. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Dean Braunsteiner.

The logo for Ernst & Young LLP, featuring the company name in a stylized, handwritten-style script.

Toronto, Canada
February 22, 2023

Chartered Professional Accountants
Licensed Public Accountants

Victoria Gold Corp.

December 31, 2022 and December 31, 2021

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The accompanying consolidated financial statements and all other financial information included in this report are the responsibility of management. The consolidated 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 consolidated 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 consolidated financial statements to satisfy itself that management is properly discharging its responsibilities to the Directors, who approve the consolidated financial statements.

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

(signed) "John McConnell"
Director, President and CEO
February 22, 2023

(signed) "Marty Rendall"
CFO
February 22, 2023

See accompanying notes to the consolidated financial statements.

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

	<i>Notes</i>	December 31, 2022	December 31, 2021
Assets			
Current assets			
Cash and cash equivalents		\$ 20,572	\$ 31,251
Marketable securities		12,805	10,670
Receivables	5	10,726	956
Inventory	6	211,713	137,752
Current portion of derivative instruments	12	-	70
Prepaid expenses		3,198	6,737
		<u>259,014</u>	<u>187,436</u>
Non-current assets			
Restricted cash		185	520
Investment in associate	7	2,806	-
Deferred taxes	25	26,769	27,677
Exploration and evaluation assets	7	57,219	49,353
Property, plant and equipment	8	670,813	626,400
		<u>670,813</u>	<u>626,400</u>
Total assets		\$ 1,016,806	\$ 891,386
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	9	\$ 89,554	\$ 60,487
Income and mining taxes payable	25	378	8,056
Current portion of lease liability	10	716	382
Current portion of derivative instruments	12	11,202	-
Current portion of long-term debt	11	62,477	55,703
		<u>164,327</u>	<u>124,628</u>
Non-current liabilities			
Deferred taxes	25	85,872	62,508
Lease liability	10	2,929	1,006
Derivative instruments	12	-	18,874
Long-term debt	11	184,512	151,251
Asset retirement obligations ("ARO")	13	34,980	39,988
		<u>34,980</u>	<u>39,988</u>
Total liabilities		472,620	398,255
Shareholders' Equity			
Share capital	15	426,260	401,217
Contributed surplus		23,737	24,472
Accumulated other comprehensive loss		(2,517)	(1,997)
Retained earnings		96,706	59,753
		<u>96,706</u>	<u>59,753</u>
Equity attributable to Victoria Gold shareholders		544,186	483,445
Non-controlling interest	7	-	9,686
		<u>-</u>	<u>9,686</u>
Total equity		544,186	493,131
Total liabilities and shareholders' equity		\$ 1,016,806	\$ 891,386

See accompanying notes to the consolidated financial statements.

**Authorized for issue by the Board of
Directors on February 22nd, 2023
and signed on its behalf.**

"T. Sean Harvey"

Director

"Chris Hill"

Director

Victoria Gold Corp.

Consolidated Statements of Income and Comprehensive Income

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

	Notes	For the years ended	
		December 31, 2022	December 31, 2021
Revenue		\$ 321,843	\$ 356,454
Cost of goods sold	18	166,444	145,529
Depreciation and depletion		67,667	59,951
Gross profit		87,732	150,974
Corporate general and administration	19	8,640	8,398
Operating earnings		79,092	142,576
Finance income		242	45
Finance costs	20	(15,090)	(13,480)
Unrealized gain (loss) on marketable securities		1,192	2,283
Loss on deemed disposal of subsidiary	7	(4,973)	-
Share of loss from equity-accounted investment		(225)	-
Unrealized and realized gain on derivative instruments	12	12,961	12,173
Foreign exchange gain (loss)		(16,159)	232
		(22,052)	1,253
Income (loss) before taxes		57,040	143,829
Current income and mining taxes	25	(1,004)	(7,968)
Deferred tax expense	25	(20,996)	(25,493)
Net income		\$ 35,040	\$ 110,368
Other comprehensive income (loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Currency translation adjustment		(74)	38
Release of reserves related to deemed disposal of subsidiary		(483)	-
Total comprehensive income (loss) for the period		\$ 34,483	\$ 110,406
Total comprehensive income (loss) for the period		\$ 35,040	\$ 110,368
Net income (loss) attributable to:			
Shareholders of the Company		\$ 36,470	\$ 110,715
Non-controlling interest		(1,430)	(347)
		\$ 35,040	\$ 110,368
Other comprehensive income (loss) attributable to:			
Shareholders of the Company		\$ (520)	\$ 21
Non-controlling interest		(37)	17
		\$ (557)	\$ 38
Comprehensive income (loss) attributable to:			
Shareholders of the Company		\$ 35,950	\$ 110,736
Non-controlling interest		(1,467)	(330)
		\$ 34,483	\$ 110,406
Earnings (loss) per share	14		
Basic		\$ 0.55	\$ 1.77
Diluted		\$ 0.54	\$ 1.68
Weighted average number of shares outstanding	14		
Basic		64,142,532	62,446,317
Diluted		64,426,032	65,676,813

See accompanying notes to the consolidated financial statements.

Victoria Gold Corp.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in thousands of Canadian Dollars, except for share amounts)

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	\$ 22,874	\$ (2,018)	\$ (50,962)	6,433	\$ 372,067
Transactions with owners:							
Proceeds from stock options exercised	584,167	4,410	-	-	-	-	4,410
Fair values allocated upon exercise:							
Stock options	-	1,067	(1,067)	-	-	-	-
Share-based payments, expensed	-	-	2,665	-	-	-	2,665
Total transactions with owners:	584,167	5,477	1,598	-	-	-	7,075
Non-controlling interest	-	-	-	-	-	3,583	3,583
Net income (loss) for the year	-	-	-	-	110,715	(347)	110,368
Other comprehensive income/(loss):							
Currency translation adjustment	-	-	-	21	-	17	38
Balance at December 31, 2021	15 62,701,207	\$ 401,217	\$ 24,472	\$ (1,997)	\$ 59,753	\$ 9,686	\$ 493,131
Balance at December 31, 2021	62,701,207	\$ 401,217	\$ 24,472	\$ (1,997)	\$ 59,753	\$ 9,686	\$ 493,131
Transactions with owners:							
Proceeds from share issue	1,000,000	20,000	-	-	-	-	20,000
Proceeds from stock options exercised	374,334	2,843	-	-	-	-	2,843
Shares issued for property	447,142	6,260	-	-	-	-	6,260
Fair values allocated upon exercise:							
Stock options	-	1,080	(1,080)	-	-	-	-
Share issuance costs, net of tax	-	(493)	-	-	-	-	(493)
Share-based payments, expensed	-	-	345	-	-	-	345
Premium on flow-through shares	-	(4,647)	-	-	-	-	(4,647)
Total transactions with owners:	1,821,476	25,043	(735)	-	-	-	24,308
Non-controlling interest	-	-	-	-	-	4,046	4,046
Net income (loss) for the year	-	-	-	-	36,470	(1,430)	35,040
Other comprehensive income/(loss):							
Currency translation adjustment	-	-	-	(37)	-	(37)	(74)
Release of reserves related to deemed disposal of subsidiary	-	-	-	(483)	483	(12,265)	(12,265)
Balance at December 31, 2022	15 64,522,683	\$ 426,260	\$ 23,737	\$ (2,517)	\$ 96,706	\$ -	\$ 544,186

See accompanying notes to the consolidated financial statements.

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

	Notes	For the years ended	
		December 31, 2022	December 31, 2021
Operating activities			
Net income for the year		\$ 35,040	\$ 110,368
Adjustments for:			
Depreciation and depletion		67,667	59,951
Share-based payments	16	792	2,665
Income and mining taxes		21,389	33,549
Share of loss from equity-accounted investment		225	-
Finance costs		15,086	13,472
Unrealized (gain) loss on marketable securities		(1,192)	(2,283)
Unrealized (gain) loss on derivative instruments	12	(7,602)	(29,427)
Loss on deemed disposal of subsidiary	7	4,973	-
Amortization		107	107
Unrealized foreign exchange (gain) loss, net		15,676	(1,154)
Operating cash flow before working capital adjustments		152,161	187,248
Working capital adjustments and income taxes paid:			
(Increase) decrease in receivables		(9,833)	2,194
(Increase) decrease in inventory		(73,961)	(51,054)
(Increase) decrease in marketable securities		(943)	(4,014)
(Increase) decrease in prepaid expenses and deposits		3,059	(4,025)
Increase (decrease) in accounts payables and accrued liabilities		21,842	1,749
Income taxes paid		(8,682)	-
		(68,518)	(55,150)
Net cash flows from operating activities		83,643	132,098
Investing activities			
Exploration and evaluation assets	7	(14,394)	(8,914)
Cash disposed upon deemed disposal of subsidiary		(3,953)	-
Restricted cash		(86)	2,741
Purchase of property, plant and equipment		(107,898)	(89,846)
Net cash flows used in investing activities		(126,331)	(96,019)
Financing activities			
Shares issued for cash, net of issuance costs	15	19,507	5,063
Exercise of options		2,843	4,410
Interest paid		(10,843)	(9,275)
Equipment finance facility	11	17,777	3,148
Principal (repayment) draw of long-term debt	11	2,825	(63,533)
Principal repayment of lease liability		(772)	(752)
Net cash flows from (used in) financing activities		31,337	(60,939)
Foreign exchange gain on cash balances		672	(25)
Net increase (decrease) in cash and cash equivalents		(10,679)	(24,885)
Cash and cash equivalents, beginning of the year		31,251	56,136
Cash and cash equivalents, end of the year		\$ 20,572	\$ 31,251

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

Victoria Gold Corp.

Notes to the Consolidated Financial Statements For the years ended December 31, 2022 and 2021

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

1. NATURE OF OPERATIONS

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

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

2. BASIS OF PRESENTATION

These consolidated financial statements include the accounts of Victoria, its wholly-owned subsidiary, Victoria Gold (Yukon) Corp. and its 49.89% interest in Lahontan Gold Corp. ("Lahontan").

These consolidated financial statements were approved by the Board of Directors for issue on February 22, 2023.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial statements of the Company are prepared in accordance with IFRS, are presented in Canadian dollars and include the operating results of the Company's subsidiaries. The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in *Note 4*.

(b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except for the revaluation of certain financial instruments to fair value.

(c) Consolidation

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is acquired by the Company and are deconsolidated from the date that control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies. All intercompany balances, revenues and expenses and earnings and losses resulting from intercompany transactions are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are a separate component of the Company's equity. Non-controlling interests consist of the non-controlling interests on the date of the original business combination plus the non-controlling interests' share of changes in equity since the date of acquisition.

(d) Share-based payments

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes

Victoria Gold Corp.

Notes to the Consolidated Financial Statements For the years ended December 31, 2022 and 2021

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

(direct employee) or provides services similar to those performed by a direct employee. The fair value is measured at grant date and each tranche is recognized on a graded basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense or capitalized is adjusted to reflect the actual number of share options that are expected to vest.

(e) Current and deferred income taxes

The tax expense for the period comprises current and deferred income tax. Tax is recognized through earnings, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(f) Property, plant and equipment

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statements of income and comprehensive income. Where an item of PPE comprises major components with different useful lives, the components are accounted for as separate items of PPE. Expenditures incurred to replace a component of an item of PPE that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

Victoria Gold Corp.

Notes to the Consolidated Financial Statements For the years ended December 31, 2022 and 2021

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

The Company provides for amortization of its PPE at the following annual rates:

Field and Automotive equipment	- straight line over the useful life (ranging 5 to 12 years)
Buildings and structures	- straight line over the useful life (ranging 3 to 12 years)
Leasehold improvements	- straight line over the term of the lease (5 years)
Other assets	- straight line over the useful life (ranging 3 to 4 years)

Assets under construction are capitalized as a separate component of property, plant and equipment. On completion, the cost of construction is transferred to the appropriate category. Assets under construction are not amortized. Amortization commences on the date when the assets are available for use.

Upon commencement of production, mineral property costs are depleted on a unit-of-production basis over the estimated life of the asset to which they relate. The useful life of the mineral property (excluding capitalized stripping costs) is determined with reference to its proven and probable reserves. Capitalized stripping costs are depleted using the unit-of-production method over the estimated proven and probable reserves to which they relate.

Borrowing costs

Interest and financing costs on debt or other liabilities that are directly attributed to the acquisition, construction and development of a qualifying asset are capitalized to the asset. All other borrowing costs are expensed as incurred.

(g) Exploration and evaluation assets

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired. Exploration and evaluation expenditures are capitalized as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are expensed in the income for the year.

Capitalized costs, including certain operating expenses, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Exploration and evaluation assets are reviewed for impairment at each cash-generating unit ("CGU") level. The Company defines CGU on a property by property basis.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining properties within PPE.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial production, or alternatively, sale of the respective areas of interest.

(h) Flow-through shares

Under Canadian income tax legislation, the Company is permitted to issue flow-through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The Company has adopted a policy to (i) allocate the proceeds between the offering of the shares and the sale of tax benefits when the shares are offered and (ii) recognize an income tax provision upon filing of appropriate renunciation forms with the Canadian taxation authorities for qualifying expenditures previously incurred.

Victoria Gold Corp.

Notes to the Consolidated Financial Statements For the years ended December 31, 2022 and 2021

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

The allocation of the proceeds is made based on the difference between the quoted price of the shares and the amount the investor pays for the flow-through shares. A liability is recognized for the premium paid by the investors. The liability is reduced and the reduction of premium liability is recorded as a deferred tax expense income upon filing of appropriate renunciation forms with the Canadian taxation authorities for qualifying expenditures previously incurred.

(i) Impairment of non-financial assets

At each financial position reporting date, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For the purposes of impairment testing, assets are grouped at the lowest levels for which they are separately identifiable cash flows. An asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately through operating income.

(j) Foreign currencies

Functional and presentation currency

All amounts in these consolidated financial statements are presented in Canadian Dollars unless otherwise stated.

The functional currency of the Company is the Canadian Dollar and the functional currency of the significant operating subsidiaries is either the Canadian Dollar or the US Dollar. The functional currency for the Company and its' subsidiaries is determined as the currency of the primary economic environment in which they operate.

Foreign currency translation

Transactions in currencies other than the functional currency are translated to the functional currency at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the statement of financial position date. Exchange gains and losses on settlement of transactions, and the translation of monetary assets and liabilities other than in functional currency are recorded in income.

Translation from functional to presentational currency

The results and financial position of all of the Company's subsidiaries that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

- Assets and liabilities are translated at the closing rate at the date of that statement of financial position.
- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the

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rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

- All resulting exchange differences are recognized in other comprehensive income and as a separate component of equity.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash deposits in banks, certificates of deposit and short-term investments with remaining maturities of three months or less at the time of acquisition.

(l) Restricted cash

Restricted cash includes reclamation bonds held by the Government of Yukon and the Nevada Bureau of Land Management in the United States. The cash will be returned to the Company upon successful completion of reclamation at the Company's properties Yukon, Canada and in Nevada, USA.

(m) Asset retirement obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying value of the asset, as soon as the obligation to incur such costs arises. Risk-free discount rates using pre-tax rates that reflect the time value of money are used to calculate the net present value. The Company records a provision for environmental rehabilitation in the consolidated financial statements when it is incurred and capitalizes this amount as an increase in the carrying amount of the related asset. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration are created on an ongoing basis as the site is disturbed during production are provided for at their net present values and accretion is charged against profits as extraction progresses.

(n) Earnings per share

Basic earnings per common share is calculated by dividing the earnings attributed to shareholders for the period by the weighted average number of common shares outstanding in the period. Diluted earnings per share is calculated by dividing the earnings attributed to shareholders for the period by the weighted average number of common shares outstanding adjusted to include the effects of dilutive common share equivalents such as stock options and warrants.

(o) Right-of-use asset and Lease liabilities

The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease (i.e., the date the underlying asset is available for use) with respect to all lease agreements in which it is the lessee, except for short-term leases and leases of low-value assets. For short-term leases and leases of low-value assets, the Company recognizes the lease payments as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, each operation's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

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Lease payments included in the measurement of the lease liability comprise the following: fixed payments, including in-substance fixed payments, less any lease incentives receivable, variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the Company expects to exercise an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The right-of-use asset is initially measured at cost, which comprises the following: the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the Company, and an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The right-of-use asset is subsequently measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. It is depreciated in accordance with the Company's accounting policy for PPE, from the commencement date to the earlier of the end of its useful life or the end of the lease term.

Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to net earnings over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

On the consolidated statements of financial position, the Company presents right-of-use assets in the PPE line item and lease liabilities in the lease liability line item.

(p) Segment reporting

A segment is a component of the Company that is distinguishable by economic activity (operating segments), and/or by its geographical location (geographical segments), which is subject to risks and rewards that are different from those of other segments. The Company reports separately four operating segments, corporate segment, mineral production and exploration and evaluation in two geographical segments, Canada and the United States.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker which consists of review of total assets and net income. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

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(q) Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

The Company classifies its financial instruments in the following categories:

Financial assets at fair value through profit or loss (“FVTPL”)

Financial assets measured at FVTPL are assets which do not qualify as financial assets at amortized cost or at fair value through other comprehensive income. Changes in fair values of FVTPL assets are recorded in the consolidated statements of income and comprehensive income in the period in which they arise.

The Company currently has marketable securities classified as FVTPL.

Financial assets at amortized cost

Financial assets classified as amortized cost are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. The Company’s financial assets, which are not provisionally priced, are comprised of cash, due from related parties, other receivables and interest receivable with fixed or determined cash flows related solely to principal and interest amounts. Financial assets at amortized cost are initially recognized at the amount expected to be received, net of any transaction costs incurred. Subsequently, financial assets are measured at amortized cost using the effective interest method. The Company recognizes a loss allowance for expected credit losses on a financial asset that is measured at amortized cost when applicable.

Financial liabilities at amortized cost

Financial liabilities are measured at amortized cost using the effective interest method, unless they are required to be measured at FVTPL, or the Company has opted to measure them at FVTPL. Accounts payable and accrued liabilities and credit facilities are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost, using the effective interest method. Transaction costs incurred on the establishment of the debt facilities are recognized as deferred finance charge and transferred as a reduction to debt in proportion to the drawdown of the debt facility. Deferred finance charges classified as a reduction to debt are amortized over the life of the debt facility using the effective interest rate method. When it is determined that it is probable that some or all of the debt facility will not be drawn-down, the related transaction costs are amortized over the remaining debt facility period.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are liabilities which include embedded derivatives and cannot be classified as amortized cost. Financial liabilities at FVTPL are initially recognized at fair value with any changes to fair value recognized in the consolidated statements of income and comprehensive income in the period in which they arise.

(r) Derivatives

The Company uses derivative financial instruments to manage exposure to fluctuations in gold prices and may use derivatives to manage exposure to interest rates, foreign currency exchange rates and input costs.

The Company initially recognizes all derivative financial instruments at fair value and on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are classified as current or non-current based on contractual maturity.

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(s) Inventory

Inventory classifications include “stockpiled ore,” “in-process inventory,” “finished goods inventory” and “materials and supplies.” The stated value of all production inventories include direct production costs and attributable overhead and depreciation incurred to bring the materials to their current point in the processing cycle. General and administrative costs for corporate offices are not included in any inventories.

Stockpiled ore represents unprocessed ore that has been extracted from the mine and is stored for future processing. Stockpiled ore and recoverable gold ounces therein is measured by estimating the number of ore tonnes (via truck counts or by physical surveys) added to, or removed from the stockpile, the number of contained gold ounces (based on assay data) and estimated gold recovery percentage. Stockpiled ore value is based on the costs incurred (including depreciation and depletion) in bringing the ore to the stockpile. Costs are added to the stockpiled ore based on current mining costs per tonne and are removed at the average cost per tonne of ore in the stockpile.

In-process inventory represents material that is currently being treated in the processing plant to extract the contained gold and to transform it into a saleable product. The amount of gold in the in-process inventory is determined by assay and by measure of the quantities of the various gold-bearing materials in the recovery process. The in-process inventory is valued at the average of the beginning inventory and the cost of material fed into the processing stream plus in-process conversion costs including applicable mine-site overheads, depreciation and depletion related to the processing facilities.

Finished goods inventory is saleable gold in the form of doré bars that have been poured and have been or are ready to be, shipped to the refiner. Included in the costs are the direct costs of the mining and processing operations as well as direct mine-site overheads, depreciation and depletion.

Materials and supplies inventories consist primarily of equipment parts and other consumables required in the mining and ore processing activities.

All inventories are valued at the lower of average cost or net realizable value.

(t) Revenue recognition

Revenue is generated from the sale of refined gold and silver. The Company produces doré bars which contain both gold and silver. These products are further processed to produce refined gold and silver for sale. Revenue from refined sales are recognized net of treatment and refining charges. The Company's performance obligations relate primarily to the delivery of mine production in refined form to its customers.

Revenue is recognized when control is transferred to the customer. Control is achieved when a product is delivered to the customer, the customer has full discretion over the product and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Control over the refined gold or silver is transferred to the customer and revenue is recognized upon delivery to the customer.

Sales of refined gold are recorded on the date of delivery to the customer's bullion account with payment typically received on the same day. Sales of silver are recorded on the date of sale.

(u) Mineral properties

Development costs recorded at the Eagle Gold Mine are capitalized to mineral property within property, plant and equipment. Mineral property assets, including property acquisition, mine-site development, commissioning that will only be processed at the end of the mine life and certain waste stripping that provide a future benefit, are recorded at cost.

Mineral properties are depleted over the life of the proven and probable reserves to which they relate, using a

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units-of-production method. At the open pit mine, the costs of removing overburden in order to expose ore during its initial development period are capitalized.

Mineral properties include stripping costs. Stripping costs are the costs incurred to remove mine waste materials to gain access to mineral ore deposits during production. Stripping costs incurred during the development of a mine are capitalized to mineral properties. Stripping costs incurred subsequent to commencement of commercial production are variable production costs that are included in the cost of inventory produced during the period in which they are incurred, unless the stripping activity can be shown to give rise to future benefits from the mineral property, in which case the stripping cost are deferred and included in mineral properties. Future benefits arise when stripping activity increases the future output of the mine by providing access to an extension of an ore body or to a new ore body. Deferred stripping costs are depreciated based on the units-of-production method using the related proven and probable mineral reserves as the depreciation base.

(v) Investments in associates

Associates are entities over which the Company exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without control or joint control over those policies. The Company accounts for associates using the equity method of accounting. Interests in associates are initially recognized at cost. Subsequent to initial recognition, the carrying value of the Company's interest in an associate is adjusted for the Company's share of comprehensive income and distributions of the investee. The carrying value of associates is assessed for impairment at each statement of financial position date.

(w) Accounting Pronouncements

New accounting standards, amendments and interpretations not yet adopted

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies. The amendments are effective January 1, 2023, with early adoption. Management does not expect material changes to its accounting policy disclosures upon adoption of these amendments.

In February 2021, the IASB issued amendments to IAS 8 to introduce a definition of "Accounting Estimates". The amendments clarify the distinction between changes in accounting estimates and accounting policies as well as the correction of errors. Additionally, the IASB clarifies how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective January 1, 2023, with early adoption permitted. Management has determined that there will be no material impact to the Company's consolidated financial statements upon adoption of these amendments.

In May 2021, the IASB published amendments to IAS 12 - Income Taxes. The amendments will require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The proposed amendments will typically apply to transactions such as leases for the lessee and decommissioning and restoration obligations related to assets in operation. The effective date is for annual periods beginning on or after January 1, 2023, with early adoption permissible. The Company does not expect a significant impact to the financial statements as a result of the adoption effective January 1, 2023.

In October 2020, the IASB published amendments to IAS 1 - Presentation of Financial Statements - Classification of debt with covenants as current or non-current. Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the IASB has removed the requirement

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for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least 12-months after the reporting period. This new requirement may change how companies classify their debt. The amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognized as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current. The IASB has now clarified that when classifying liabilities as current or non-current, a company can ignore only those conversion options that are recognized as equity. Therefore, companies may need to reassess the classification of liabilities that can be settled by the transfer of the company's own equity instruments. The effective date is for annual periods beginning on or after January 1, 2024, with early adoption permissible. The Company is currently assessing the effect of the amendments on its consolidated financial statements and the possibility of early adoption.

There are no other IFRS standards or interpretations that are not yet effective that would be expected to have a material impact on the consolidated financial statements of the Company.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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:

COVID-19

The Company continues to manage and respond to the COVID-19 pandemic within the framework of its Pandemic Response Plan, along with recommendations of health authorities and local and national requirements. The Company has implemented preventative measures to ensure the safety of its workforce, local communities and other key stakeholders.

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 exploitation 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.

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Inventory valuation

All inventory is valued at the lower of average cost or net realizable value. Management is required to make various estimates and assumptions to determine the value of stockpiled ore, in-process inventory and finished goods inventory. The estimates and assumptions included surveyed quantities of stockpiled ore, in-process volumes, contained metal content, recoverable metal content, costs to recover saleable metal and metal prices. Changes in these estimates can result in changes to the carrying amounts of inventories and mine operating costs in future periods.

Mineral reserves and resources

Determining mineral reserves and resources is a complex process involving numerous variables and is based on a professional evaluation using accepted international standards for the assessment of mineral reserves. Estimation is a subjective process, and the accuracy of such estimates is a function of the quantity and quality of available data, the assumptions made and judgement used in engineering and geological interpretation. Mineral reserve estimation may vary as a result of changes in the price of gold and silver, production costs, and with additional knowledge of the ore deposits and mining conditions.

Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's results and financial position, particularly a change in the rate of depreciation and depletion of the related mining asset.

Income taxes and recovery of deferred tax assets

The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the consolidated financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on income in the period that the changes occur.

Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives. Levels of future taxable income are affected by, among other things, market prices, production costs, quantities of proven and probable reserves, and interest rates.

5. RECEIVABLES

Receivables includes the following components:

	December 31, 2022	December 31, 2021
GST receivable	\$ 6,163	\$ 313
Trade and other receivables	4,563	643
Total	\$ 10,726	\$ 956

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6. INVENTORY

Inventory includes the following components:

	December 31, 2022	December 31, 2021
Stockpiled ore	\$ 10,809	\$ 1,736
In-process inventory	159,590	115,430
Finished goods inventory	12,369	2,770
Total mineral inventory	182,768	119,936
Materials and supplies	28,945	17,816
Total	\$ 211,713	\$ 137,752

As at December 31, 2022, \$38.2 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	\$ 12,027	\$ 35,743	\$ 1,583	\$ 49,353
Acquisitions	-	-	6,163	6,163
Salaries and benefits	708	1,325	-	2,033
Land claims and royalties	5	27	35	67
Environmental and permitting	-	4	-	4
Drilling and indirects	1,486	7,015	24	8,525
Other exploration	731	5,264	36	6,031
Exploration and evaluation costs for the year	2,930	13,635	95	16,660
Currency translation	(557)	-	-	(557)
Deemed disposal of Lahontan property	(14,400)	-	-	(14,400)
Balance December 31, 2022	\$ -	\$ 49,378	\$ 7,841	\$ 57,219

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

Prior to December 31, 2022, the Company had a 50.32% interest in Lahontan. On November 3, 2022, Lahontan issued 800,000 shares to Minquest under the Moho option agreement. As a result of the issuance, total shares outstanding of Lahontan were 93,460,501. As at December 31, 2022, the Company held 46,626,046 of the outstanding shares equating to an ownership interest in Lahontan of 49.89%. It was determined that the Company had lost control over Lahontan. In accordance with IFRS 10 *Consolidated Financial Statements*, the investment in Lahontan was deemed to have been disposed of on November 3, 2022, and the retained interest was revalued at its fair value of \$3.0 million. On the deemed disposal date, the net assets, retained earnings and non-controlling interest of Lahontan were derecognized, resulting in a loss on deemed disposal of subsidiary of \$5.0 million for the year ended December 31, 2022.

During the year ended December 31, 2022, the Company purchased from Alexco Resource Corp, for Victoria shares, property claims contiguous to the Aurex property in Yukon along with Alexco's interest in an option agreement with Banyan Gold Corp.

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	Other property interest (Nevada)	Dublin Gulch (Yukon)	Other properties **	Total
Balance December 31, 2020	\$ 10,419	\$ 29,040	\$ 1,567	\$ 41,026
Sale of property interest	-	-	(131)	(131)
Salaries and benefits	726	837	-	1,563
Land claims and royalties	676	116	65	857
Environmental and permitting	-	-	-	-
Drilling and indirects	859	4,136	4	4,999
Other exploration	538	1,614	78	2,230
Exploration and evaluation costs for the year	2,799	6,703	147	9,649
Currency translation	(1,191)	-	-	(1,191)
Balance December 31 2021	\$ 12,027	\$ 35,743	\$ 1,583	\$ 49,353

** Other properties include interests in Donjek, Aurex, CanAlask 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	\$ 3,354	\$ 589	\$ 246,992	\$ 143,490	\$ 247,992	\$ 643,784
Additions	-	9	-	7,697	27,726	72,153	107,585
Disposals	-	(23)	-	-	-	-	(23)
December 31, 2021	1,367	3,340	589	254,689	171,216	320,145	751,346
Additions	382	3,029	-	45,280	24,485	39,858	113,034
Disposals	-	(1,476)	-	-	(64)	-	(1,540)
December 31, 2022	\$ 1,749	\$ 4,893	\$ 589	\$ 299,969	\$ 195,637	\$ 360,003	\$ 862,840
Accumulated amortization							
December 31, 2020	\$ 979	\$ 1,405	\$ 285	\$ 30,062	\$ 23,632	\$ 7,804	\$ 64,167
Charge	105	851	156	21,065	19,004	19,621	60,802
Disposals	-	(23)	-	-	-	-	(23)
December 31, 2021	1,084	2,233	441	51,127	42,636	27,425	124,946
Charge	124	898	148	24,778	21,751	20,867	68,566
Disposals	-	(1,476)	-	-	(9)	-	(1,485)
December 31, 2022	\$ 1,208	\$ 1,655	\$ 589	\$ 75,905	\$ 64,378	\$ 48,292	\$ 192,027
Net book value							
December 31, 2020	\$ 388	\$ 1,949	\$ 304	\$ 216,930	\$ 119,858	\$ 240,188	\$ 579,617
December 31, 2021	\$ 283	\$ 1,107	\$ 148	\$ 203,562	\$ 128,580	\$ 292,720	\$ 626,400
December 31, 2022	\$ 541	\$ 3,238	\$ -	\$ 224,064	\$ 131,259	\$ 311,711	\$ 670,813

During the year ended December 31, 2022, the Company capitalized \$32.5 million (December 31, 2021 – \$31.0 million) of deferred stripping costs to mineral properties. The depletion expense related to deferred stripping for the year ended December 31, 2022 was \$3.0 million (December 31, 2021 – \$2.3 million). Included in the mineral properties balance at December 31, 2022 is \$73.8 million (December 31, 2021 – \$44.2 million) related to deferred stripping costs.

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The carrying value of equipment pledged as security for the related Equipment Financing Facility at December 31, 2022 was \$43.7 million (December 31, 2021 – \$32.4 million) (Note 11).

Certain of the Company's mining properties are subject to royalty arrangements based on their net smelter returns ("NSR"s). At December 31, 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. is included in Revenue as it does not impact ounces available for sale, and a Royalty expense recorded is associated with the cash payment.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include the following components:

	December 31, 2022	December 31, 2021
Trade payables	\$ 51,613	\$ 24,320
Accrued liabilities	32,552	31,317
Payroll related liabilities	5,389	4,850
Total	\$ 89,554	\$ 60,487

10. LEASE LIABILITY

	Total
As at December 31, 2021	\$ 1,388
Additions	3,029
Interest expense	158
Lease payments	(930)
Lease liabilities at December 31, 2022	\$ 3,645
Current lease liability	\$ 716
Non-current lease liability	\$ 2,929

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.

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	December 31, 2022	December 31, 2021
MATURITY ANALYSIS		
< 1 year	\$ 716	\$ 382
1 to 3 years	1,253	216
3 to 5 years	1,044	790
> 5 years	632	-
Total	\$ 3,645	\$ 1,388

11. DEBT

The Loan Facilities are outlined below and include certain financial covenants that are calculated and reported each fiscal quarter. As at December 31, 2022, the Company is in compliance with all financial covenants.

Loan Facilities

Term Facility

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

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

As at December 31, 2022, principal of US\$33.3 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.

Subsequent to year end, on February 17, 2023, the Company amended the Term Facility, increasing the amount outstanding by US\$25.0 million to a total of US\$58.8 million and extended the maturity date to September 30, 2024.

Revolving Credit Facility

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

- Interest rate of SOFR plus 2.75%;
- Accrued interest is repayable quarterly 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 December 31, 2022, principal of US\$114.9 million was outstanding on the Revolving Credit Facility. Deferred financing charges in the amount of \$2.6 million are being amortized using the full amount of the facility, including any undrawn amount, over the full term of the facility using the effective interest rate method.

Equipment Finance Facility

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

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

As at December 31, 2022, principal of US\$34.2 million was outstanding on the Equipment Finance Facility. Deferred financing charges in the amount of \$2.7 million are being amortized over the Term using the effective interest rate method.

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	December 31, 2022	December 31, 2021
Equipment Finance Facility, principal	\$ 46,141	\$ 38,884
Equipment Finance Facility, interest	675	340
Equipment Finance Facility, ending balance	<u>\$ 46,816</u>	<u>\$ 39,224</u>
Term Debt Facility, principal	\$ 44,784	\$ 83,101
Term Debt Facility, interest	18	1
Term Debt Facility, ending balance	<u>\$ 44,802</u>	<u>\$ 83,102</u>
Revolver Facility, principal	\$ 155,216	\$ 84,626
Revolver Facility, interest	155	2
Revolver Facility, ending balance	<u>\$ 155,371</u>	<u>\$ 84,628</u>
Total Debt	\$ 246,989	\$ 206,954
Less: Current portion	<u>(62,477)</u>	<u>(55,703)</u>
Long-term Debt	<u>\$ 184,512</u>	<u>\$ 151,251</u>

During the year ended December 31, 2022 the Company incurred interest expense of \$11.6 million (December 31, 2021 – \$9.3 million) and amortized deferred financing charges of \$2.0 million (December 31, 2021 – \$3.3 million) in the consolidated statements of income and comprehensive income.

The Equipment Finance Facility with Cat Financial is secured by leased equipment with a carrying value of \$43.7 million as of December 31, 2022 (December 31, 2021 – \$32.4 million).

The Company's scheduled debt principal repayments as at December 31, 2022 are summarized in the table, below:

	2023	2024	2025	2026	2027 and thereafter	Total
Term Debt Facility	\$ 45,147	\$ -	\$ -	\$ -	\$ -	\$ 45,147
Revolving Loan Facility	-	155,579	-	-	-	155,579
Equipment Finance Facility	16,589	12,460	12,054	5,621	-	46,724
	<u>\$ 61,736</u>	<u>\$ 168,039</u>	<u>\$ 12,054</u>	<u>\$ 5,621</u>	<u>\$ -</u>	<u>\$ 247,450</u>

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12. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative Instruments outstanding	Quantity outstanding	Remaining term	Exercise price	Fair value - asset (liability) (C\$)
<i>Current Instruments</i>				
<u>Gold forwards</u>				
Gold forwards	30,000 oz	January 2023 - December 2023	US\$1,863	\$ (147)
<u>Gold call options</u>				
Gold call options - sold	20,000 oz	April 13, 2023	US\$1,485	(9,595)
<u>Warrants</u>				
Warrants	1,666,667	April 13, 2023	C\$9.375	(390)
<u>Interest rate swap</u>				
Interest rate swap		December 31, 2023		(1,070)
<i>Total Instruments</i>				\$ (11,202)

Gold Forwards

In December 2022, the Company entered into gold forward contracts for 30,000 ounces of gold at a price of US\$1,863 per ounce with monthly expiry dates of January 27 through December 27, 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. The Company recognized the mark-to-market adjustment gain of \$5.5 million, based on US\$1,823 per ounce of gold and a foreign exchange rate of 1.3544 US\$ to C\$, in net income of the consolidated statements of income and comprehensive income for the year ended December 31, 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 December 31, 2022 the gold call option fair value was \$9.6 million, based on US\$1,823 per ounce of gold and a foreign exchange rate of 1.3544 US\$ to C\$. The Company recognized the mark-to-market adjustment loss of \$0.3 million in net income of the consolidated statements of income and comprehensive income for the year ended December 31, 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 December 31, 2022, the warrant fair value was \$0.4 million based on the December 31, 2022 closing share price of \$7.15. The Company recognized the

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mark-to-market adjustment gain of \$9.2 million in net income of the consolidated statements of income and comprehensive income for the year ended December 31, 2022.

Interest rate swap

On July 31, 2022, the Company entered into an interest rate swap expiring on December 31, 2023. Under the terms of the swap, the SOFR interest rate is fixed at 3.18% for a nominal amount of US\$50.0 million. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and in the consolidated financial statements based on contractual maturity. These derivative financial instruments are recorded at fair value using external broker-dealer quotations. The Company recognized the mark-to-market adjustment loss of \$1.1 million in net income of the consolidated statements of income and comprehensive income for the year ended December 31, 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 December 31, 2022 was determined to be \$49.4 million for Dublin Gulch (December 31, 2021 - \$49.7 million) and \$nil for its interest in other properties, primarily Santa Fe (December 31, 2021 - \$0.4 million);
- weighted average risk-free interest rate at 3.3% 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 2034 for Dublin Gulch.

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

	December 31, 2022	December 31, 2021
Balance, beginning of the year	\$ 39,628	\$ 27,856
Accretion on reclamation provision	1,306	726
ARO change due to revaluation	(5,954)	11,046
	\$ 34,980	\$ 39,628
Interest in other properties	-	360
Balance, end of the year	\$ 34,980	\$ 39,988

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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.

	For the years ended	
	December 31, 2022	December 31, 2021
Net income	\$ 35,040	\$ 110,368
Weighted average number of common shares issued	64,142,532	62,446,317
Basic earnings per share	\$ 0.55	\$ 1.77

(b) Diluted

	For the years ended	
	December 31, 2022	December 31, 2021
Net income attributable to common shareholders	\$ 35,040	\$ 110,368
Weighted average number of common shares issued	64,142,532	62,446,317
Adjustment for:		
Warrants	-	1,666,667
Deferred share units & restricted share units	283,500	-
Stock options	-	1,563,829
Weighted average number of ordinary shares for diluted earnings per share	64,426,032	65,676,813
Diluted earnings per share	\$ 0.54	\$ 1.68

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 64,522,683 and 62,701,207 shares for years ended December 31, 2022 and December 31, 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 \$1.0 million 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.

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 December 31, 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.

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

	December 31, 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 year	1,563,829	\$ 10.13	\$ 5,822	2,147,996	\$ 9.43	\$ 6,889
Granted	-	\$ -	-	-	\$ -	-
Exercised	(374,334)	\$ 7.60	(1,080)	(584,167)	\$ 7.55	(1,067)
Expired	-	\$ -	-	-	\$ -	-
Forfeited	-	\$ -	-	-	\$ -	-
Outstanding, end of the year	1,189,495	\$ 10.93	\$ 4,742	1,563,829	\$ 10.13	\$ 5,822

As at December 31, 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	344,995	344,995	\$ 8.05	December 9, 2022 *
December 14, 2020	844,500	844,500	\$ 12.10	December 14, 2023
	1,189,495	1,189,495		

* The expiry of this tranche of options was extended as the Company was on blackout at expiry and through the date of these statements.

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%.

As at December 31, 2022, the Company had restricted share units and deferred share units issued to directors, officers and employees of the Company outstanding as follows:

	December 31, 2022	
	Restricted share units	Deferred share units
Outstanding, beginning of the year	-	-
Granted	236,000	56,000
Exercised	-	-
Expired	-	-
Forfeited	(8,500)	-
Outstanding, end of the year	227,500	56,000

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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 year ended December 31, 2022 was \$0.4 million and \$10,317 was capitalized.

On May 9, 2022, the Company granted 24,000 RSUs. 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 year ended December 31, 2022 was \$36,984.

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 year ended December 31, 2022 was \$0.3 million.

Warrants

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

	December 31, 2022			December 31, 2021		
	Number of Warrants	Weighted average exercise price	Fair Value	Number of Warrants	Weighted average exercise price	Fair Value
Outstanding, beginning of the year	1,666,667	\$ 9.375	\$ 4,359	1,666,667	\$ 9.375	\$ 4,359
Outstanding, end of the year	1,666,667	\$ 9.375	\$ 4,359	1,666,667	\$ 9.375	\$ 4,359
	Number of Warrants	Exercise price		Expiry date		
Issued in private placement	1,666,667	\$ 9.375		April 13, 2023		
	1,666,667					

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

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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, 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 years ended December 31, 2022 and December 31, 2021 was as follows:

	December 31, 2022	December 31, 2021
Salaries and other short term employment benefits	\$ 3,897	\$ 3,361
Share-based compensation	\$ 345	\$ 2,665

18. COST OF GOODS SOLD

Cost of goods sold include the following components:

	For the years ended	
	December 31, 2022	December 31, 2021
Operating costs:		
Mining	\$ 90,721	\$ 74,833
Processing	115,165	92,185
Site services	21,780	20,680
Site general and administration costs	31,023	27,071
Royalty (Note 8)	3,137	3,929
Production costs	261,826	218,698
Change in inventory	(95,382)	(73,169)
Total	\$ 166,444	\$ 145,529

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19. CORPORATE GENERAL AND ADMINISTRATION

Corporate general and administration costs include the following components:

	For the years ended	
	December 31, 2022	December 31, 2021
Salaries and benefits	\$ 3,837	\$ 3,484
Office and administrative	1,831	1,267
Share-based payments (Note 16)	608	1,793
Marketing	982	1,005
Professional fees	1,275	742
Amortization	107	107
Total	<u>\$ 8,640</u>	<u>\$ 8,398</u>

20. FINANCE COSTS

Finance costs include the following components:

	For the years ended	
	December 31, 2022	December 31, 2021
Interest on debt facilities (Note 11)	\$ 11,581	\$ 9,331
Amortization of deferred financing charges (Note 11)	2,040	3,260
Interest and bank charges	5	12
Interest expense on leases (Note 10)	158	151
Accretion on reclamation provision (Note 13)	1,306	726
Total	<u>\$ 15,090</u>	<u>\$ 13,480</u>

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:

	Eagle Mine	Dublin Gulch	Nevada	Corporate and other	Total
For the year ended December 31, 2022					
Revenue	\$ 321,843	\$ -	\$ -	\$ -	\$ 321,843
Cost of goods sold	166,444	-	-	-	166,444
Depreciation and depletion	67,667	-	-	-	67,667
Mine operating earnings	87,732	-	-	-	87,732
Corporate general & administration	1,460	-	-	7,180	8,640
Operating earnings (loss)	<u>\$ 86,272</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,180)</u>	<u>\$ 79,092</u>
December 31, 2022					
Property, plant and equipment	\$ 670,775	\$ -	\$ -	\$ 38	\$ 670,813
Exploration and evaluation assets	\$ -	\$ 49,378	\$ -	\$ 7,841	\$ 57,219
Total assets	<u>\$ 917,100</u>	<u>\$ 49,378</u>	<u>\$ -</u>	<u>\$ 50,328</u>	<u>\$ 1,016,806</u>

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	Eagle Mine	Dublin Gulch	Nevada	Corporate and other	Total
For the year ended December 31, 2021					
Revenue	\$ 356,454	\$ -	\$ -	\$ -	\$ 356,454
Cost of goods sold	145,529	-	-	-	145,529
Depreciation and depletion	59,951	-	-	-	59,951
Mine operating earnings	150,974	-	-	-	150,974
Corporate general & administration	1,211	-	(7)	7,194	8,398
Operating earnings (loss)	\$ 149,763	\$ -	\$ 7	\$ (7,194)	\$ 142,576
December 31, 2021					
Property, plant and equipment	\$ 626,255	\$ -	\$ -	\$ 145	\$ 626,400
Exploration and evaluation assets	\$ -	\$ 35,743	\$ 12,027	\$ 1,583	\$ 49,353
Total assets	\$ 776,853	\$ 35,743	\$ 12,027	\$ 66,763	\$ 891,386

22. SUPPLEMENTARY CASH FLOW INFORMATION

	December 31, 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	\$ 18,878	\$ 11,962
Stock-based compensation, capitalized to exploration and evaluation assets	\$ 10	\$ -
Income taxes paid	\$ 8,682	\$ -
Interest paid	\$ 10,843	\$ 9,275

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	\$ 1,388	\$ 208,341
Changes from financing activities:			
Net proceeds from Credit Facility draws	77,926	-	77,926
Principal paid	(57,324)	(772)	(58,096)
Interest paid	(10,685)	(158)	(10,843)
	216,870	458	217,328
Non-cash changes:			
Lease additions	-	3,029	3,029
Interest expense	11,571	158	11,729
Amortization of deferred financing charges	2,040	-	2,040
Foreign exchange loss (gain)	16,508	-	16,508
Balance December 31, 2022	\$ 246,989	\$ 3,645	\$ 250,634

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23. CAPITAL RISK MANAGEMENT

The Company considers its capital structure to consist of capital stock, contributed surplus and accumulated deficit. The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support its exploration, development, construction and operating activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to engage in the operation, exploration and evaluation of its mineral properties and maximize shareholder returns. The Company satisfies its capital requirements through management of its cash resources and by utilizing bank indebtedness, project or equipment financing, royalty or equity issues, as necessary, based on the prevalent economic conditions of both the industry and the capital markets and the underlying risk characteristics of the related assets.

Management reviews its capital management approach on an ongoing basis. There were no significant changes in the Company's approach to capital management during the year ended December 31, 2022. The Company is in compliance with all financial covenants attached to its debt facilities as at December 31, 2022.

24. FINANCIAL RISK MANAGEMENT

(a) Credit risk management

Certain of the Company's financial assets are exposed to a degree of credit risk. The Company endeavours to manage 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 include GST, HST and trade receivables. Restricted cash is comprised of reclamation bonds. Reclamation bonds are supported by non-interest bearing cash deposits held with governmental agencies representing the Yukon. 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, receivables and due from related parties. 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 have sufficient cash resources to meet its financial obligations as they come due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities associated with operations and exploration activities. To the extent the Company does not believe it has sufficient liquidity to meet obligations, it will consider securing additional equity or debt funding. The Company's liquidity may be adversely affected if its access to the capital and debt markets are hindered, whether as a result of a downturn in market conditions generally, or as a result of conditions specific to the company.

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Maturities of financial liabilities

The contractual maturities, based on contractual undiscounted cash flows, for the Company's financial liabilities are as follows:

As at December 31, 2022	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total	Carrying amount
<i>Non-derivatives:</i>						
Accounts payable and accrued liabilities (Note 9)	\$ 89,554	\$ -	\$ -	\$ -	\$ 89,554	\$ 89,554
Lease liability (Note 10)	716	1,253	1,044	632	3,645	3,645
Debt (Note 11)	61,736	180,093	5,621	-	247,450	246,989
Total	\$ 152,006	\$ 181,346	\$ 6,665	\$ 632	\$ 340,649	\$ 340,188

<i>Derivatives:</i>						
Derivative instruments (Note 12)	11,202	-	-	-	11,202	11,202
Total	\$ 11,202	\$ -	\$ -	\$ -	\$ 11,202	\$ 11,202

As at December 31, 2021	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total	Carrying amount
<i>Non-derivatives:</i>						
Accounts payable and accrued liabilities	\$ 60,487	\$ -	\$ -	\$ -	\$ 60,487	\$ 60,487
Lease liability	382	216	790	-	1,388	1,388
Debt	55,703	158,423	-	-	214,126	206,954
Total	\$ 116,572	\$ 158,639	\$ 790	\$ -	\$ 276,001	\$ 268,829

<i>Derivatives:</i>						
Derivative instruments	-	-	18,874	-	18,874	18,874
Total	\$ -	\$ -	\$ 18,874	\$ -	\$ 18,874	\$ 18,874

Undiscounted cash flows for loans payable represent total draws received, net of repayments, from the Credit Facilities, and contractual interest payable over future periods based on the SOFR rate in effect. See Note 11 for amounts recognized in the consolidated financial statements.

As of December 31, 2022, the Company had a cash balance of \$20.6 million (December 31, 2021 - \$31.3 million) to settle current liabilities of \$164.3 million (December 31, 2021 - \$124.6 million).

The Company regularly evaluates its overall cash position and forecasted cash flows to ensure preservation and security of capital as well as maintenance of liquidity. Forecasting takes into consideration the Company's debt financing and internal liquidity targets.

(c) 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 investments. The price risk on equity investments is limited due to the nature and low balance of the Company's holdings. Commodity price risk refers to the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company entered into gold forwards and call options (Note 12) under the Company's hedging policy that was adopted by the Board and continues to monitor prices of precious minerals to determine the appropriate course of action to be taken.

Victoria Gold Corp.

Notes to the Consolidated Financial Statements For the years ended December 31, 2022 and 2021

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

(d) Foreign currency risk

The Company has debt facilities in US dollars being utilized. The Company funds certain expenditures in US dollars. This gives rise to a risk that its US dollar expenditures and US dollar cash holdings and debt may be adversely impacted by fluctuations in foreign exchange. The Company does not currently undertake currency hedging activities.

(e) Interest rate risk

Interest rate risk is the impact that changes in interest rates could have on the Company's investments and liabilities. The Company's cash balances are not subject to significant interest rate risk as balances are current. The Credit Facilities are subject to a variable SOFR rate. Significant changes in the SOFR rate could have a significant impact on the Company's loans payable balance in the consolidated statements of financial position and interest expense on debt facilities in the consolidated statements of income and comprehensive income. On July 31, 2022, the Company entered into an interest rate swap with a fixed SOFR interest rate of 3.18% for a nominal amount of US\$50.0 million.

The Company does not consider its interest rate risk exposure to be significant as at December 31, 2022 with respect to its cash and cash equivalents.

Sensitivity analysis

The following table summarizes the sensitivity of the Company's cash, cash equivalents and restricted cash to changes in interest rates and foreign exchange rates over the year ended December 31, 2022:

	Carrying Amount	Interest rate change ⁽¹⁾		Foreign currency change ⁽²⁾	
		+ 1%	- 1%	+ 10%	- 10%
Cash and cash equivalents (Cdn\$)					
Cash - Cdn\$ denominated	10,052	101	(101)	-	-
Cash - US\$ denominated	10,520	105	(105)	1,052	(1,052)
Total cash and cash equivalents	20,572	206	(206)	1,052	(1,052)
Reclamation bonds - Cdn\$ denominated (interest bearing)	185	2	(2)	-	-
Total amount or impact - cash and deposits	20,757	208	(208)	1,052	(1,052)
Total debt – US\$ denominated	246,989	(2,099)	2,099	(24,699)	24,699
Total impact – cash, deposits and debt		(1,891)	1,891	(23,647)	23,647

1) Interest earned on the Company's interest bearing cash accounts, treasury funds and certificates of deposit is at prevailing rates that fluctuate with changes in banking interest rates and Government t-bill rates. Interest expense on the Company's interest bearing debt is at prevailing rates that fluctuate with changes in banking interest rates. Management believes that a plus or minus 1% annual change in rates is a reasonable estimate of variability over a twelve month period.

2) The Company's US dollar cash balance, US dollar reclamation bonds, US dollar based certificates of deposit and US dollar debt balances are subject to foreign exchange risk. Management has shown a sensitivity analysis of a plus or minus change of 10%.

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Notes to the Consolidated Financial Statements For the years ended December 31, 2022 and 2021

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

(f) 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:

	<i>Classification</i>	December 31, 2022		December 31, 2021	
		Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	<i>Level 1</i>	\$ 20,572	\$ 20,572	\$ 31,251	\$ 31,251
Restricted cash	<i>Level 1</i>	185	185	520	520
Marketable securities	<i>Level 1</i>	12,805	12,805	10,670	10,670
Receivables	<i>Amortized Cost</i>	10,726	10,726	956	956
Accounts payable and accrued liabilities	<i>Amortized Cost</i>	(89,554)	(89,554)	(60,487)	(60,487)
Lease liability	<i>Amortized Cost</i>	(3,645)	(3,645)	(1,388)	(1,388)
Debt	<i>Amortized Cost</i>	(246,989)	(246,989)	(206,954)	(206,954)
Fair value of derivative instruments	<i>Level 2</i>	(11,202)	(11,202)	(18,874)	(18,874)

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).

(g) Estimation of fair values

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

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

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

Trade and other receivables / payables

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

Derivative instruments

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

Victoria Gold Corp.

Notes to the Consolidated Financial Statements For the years ended December 31, 2022 and 2021

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

25. INCOME TAXES

	For the years ended	
	December 31, 2022	December 31, 2021
Current income tax:		
Based on taxable income for the year	\$ (1,004)	\$ (7,968)
	(1,004)	(7,968)
Deferred income tax:		
Origination/reversal of temporary differences	\$ (25,643)	\$ (25,493)
Deferred flow-through share premium	4,647	-
	(20,996)	(25,493)
Income tax recovery / (expense)	\$ (22,000)	\$ (33,461)

The reconciliation of the combined Canadian federal and provincial statutory income tax rate on the net income for the periods ended is as follows:

	For the years ended	
	December 31, 2022	December 31, 2021
Net (income) loss before recovery of income taxes	\$ (57,039)	\$ (143,829)
Expected income tax (expense) recovery	(15,115)	(38,115)
Increase (decrease) resulting from:		
Change in tax benefits not recognized	(395)	18,308
Under (over) provided in prior periods	(5)	-
Yukon mining tax	(2,648)	(12,023)
Effect of flow-through renunciation	4,647	-
Other	(100)	(181)
Non-deductible (non-taxable) permanent items	(8,384)	(1,450)
Income tax recovery / (expense)	\$ (22,000)	\$ (33,461)

The Company's income tax is allocated as follows:

Current tax recovery / (expense)	(1,004)	(7,968)
Deferred tax recovery / (expense)	(20,996)	(25,493)
	\$ (22,000)	\$ (33,461)

The December 31, 2022 statutory tax rate of 26.5% did not change from the December 31, 2021 statutory tax rate.

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

The deferred income tax continuity summary is as follows:	December 31, 2022	December 31, 2021
Opening balance	\$ (34,831)	\$ (9,350)
Recognized in equity	610	-
Deemed disposal of subsidiary	760	-
Foreign exchange impact	-	12
Recognized in net income (loss)	(25,643)	(25,493)
Ending Balance	\$ (59,104)	\$ (34,831)

The following table summarizes the components of deferred income tax:	December 31, 2022	December 31, 2021
Deferred income tax assets:		
Non-capital losses	26,093	27,677
Other	14,581	15,091
Set-off against deferred income tax liabilities	(13,905)	(15,091)
Deferred income tax assets-per statement of financial position	26,769	27,677
Deferred income tax liabilities:		
Fixed Assets	(95,925)	(74,582)
Other	(3,853)	(3,017)
	(99,778)	(77,599)
Set-off against deferred income tax assets	13,905	15,091
Deferred income tax liabilities-per statement of financial position	(85,873)	(62,508)

Management believes that it is not probable that sufficient taxable profit will be available in future years to allow the benefit of the deferred tax assets arising from the following deductible temporary differences to be utilized:

	For the years ended	
	December 31, 2022	December 31, 2021
Non-capital losses	\$ -	\$ -
Capital loss - Canada	\$ 33,100	\$ 7,356
Resource related deductions	\$ 338	\$ 338
Share issue costs	\$ 2,259	\$ 3,535
Intangible assets	\$ -	\$ -
Property plant and equipment	\$ -	\$ -
Marketable Securities	\$ -	\$ -
Yukon Mining Tax	\$ -	\$ -