

Victoria Gold: 2023 First Quarter Financial Results

Toronto, ON / May 11, 2023 / Victoria Gold Corp. (TSX-VGXC) (“Victoria” or the “Company”) is pleased to announce its first quarter 2023 summary financial and operating results.

The Company uses certain non-IFRS performance measures throughout this news release. Please refer to the “Non-IFRS Performance Measures” section of this news release for more information. All currency figures are in Canadian \$ unless otherwise indicated.

This release should be read in conjunction with the Company’s Financial Statements and Management’s Discussion and Analysis (“MD&A”) for the three months ended March 31, 2023 and 2022, available on the Company’s website or on SEDAR.

First Quarter 2023 Highlights	
Gold produced	37,619 ounces
Average gold price realized	\$ 2,526 per ounce
Revenue (000s)	\$ 96,549
Gross Profit (000s)	\$ 20,984
Net Income (000s)	\$ 983
Earnings per share – Basic	\$ 0.02
EBITDA (000s)	\$ 26,380

“2023 is off to a very good start at the Eagle Gold Mine,” noted Mr. John McConnell, President and CEO. “During previous years, the Mine underwent a period during the winter where no ore was stacked on the heap leach pad. We have now proven that year-round stacking is feasible and this has resulted in record first quarter production, including ore tonnes mined and stacked on the heap leach pad as well as gold production. As we look forward, we expect production improvements to continue resulting in a 10 – 20% annual increase in gold production and sales in 2023 versus 2022.”

Operational highlights – First Quarter 2023

- **Mine production** was 2.2 million tonnes (“t”) of ore in the quarter.
- **Ore stacked** on the heap leach facility (“HLF”) in the quarter was 2.1 million t at an average grade of 0.86 grams per tonne (“g/t”).
- **Gold production** was 37,619 ounces (“oz”) in the quarter.

Financial highlights – First Quarter 2023

- **Gold sold** in the quarter was 38,201 oz, at an average realized price¹ of \$2,526 (US\$1,867) per oz.
- Recognized **revenue** was \$96.5 million based on sales of 38,201 oz of gold in the quarter.
- **Operating earnings** were \$17.8 million in the quarter.
- **Net income** was \$1.0 million, or \$0.02 per share on a basic basis and \$0.02 per share on a diluted basis for the quarter.
- **Cash costs**¹ were \$1,508 (US\$1,115) per oz of gold sold in the quarter.
- All-in sustaining costs (“**AISC**”)¹ were \$1,921 (US\$1,420) per oz of gold sold in the quarter.
- **EBITDA**¹ were \$26.4 million in the quarter, or \$0.41 per share¹ in the quarter.
- **Free cash flow**¹ deficiency was \$15.1 million, or \$0.23 per share¹ in the quarter.
- **Cash and cash equivalents** were \$23.6 million at March 31, 2023 after net draw of \$11.3 million against the Company’s debt facilities for the year.

First Quarter 2023 Operating Results

		Three months ended	
		March 31, 2023	March 31, 2022
Operating data			
Ore mined	t	2,151,804	1,328,023
Waste mined	t	3,073,222	2,274,894
Total mined	t	5,225,026	3,602,917
Strip ratio	w:o	1.43	1.71
Mining rate	tpd	58,056	40,032
Ore stacked on pad	t	2,094,741	881,415
Ore stacked grade	g/t Au	0.86	0.72
Throughput (stacked)	tpd	23,275	9,794
Gold ounces produced	oz	37,619	24,358
Gold ounces sold	oz	38,201	25,518

Notes - Strip ratio: waste to ore (“w:o”)
Mining rate: tonnes per day (“tpd”)

Gold production and sales

During the three months ended March 31, 2023, the Eagle Gold Mine produced 37,619 ounces of gold, compared to the 24,358 ounces of gold production in Q1 2022. The 55% increase in gold production is attributed to higher gold inventory on the heap leach pad and improved heap leach pad operations over the winter period.

During the three months ended March 31, 2023, the Company sold 38,201 ounces of gold, compared to the 25,518 gold ounces sold in Q1 2022. The 50% increase in gold sold is primarily attributed to the increase in gold produced.

Mining

During the three months ended March 31, 2023, a total of 2.2 million tonnes of ore was mined, at a strip ratio of 1.43:1 with a total of 5.2 million tonnes of material mined. In comparison, a total of 1.3

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

million tonnes of ore was mined, at a strip ratio of 1.71:1 with a total of 3.6 million tonnes of material mined for the prior comparable period in 2022.

Total tonnes mined were 45% higher during the three months ended March 31, 2023 due to increased ore stacking in the period from implementation of year-round stacking. Additionally, waste hauls have become progressively shorter in the mine plan.

Processing

During the three months ended March 31, 2023, a total of 2.1 million tonnes of ore was stacked on the HLF at a throughput rate of 23.3 k tpd. A total of 0.9 million tonnes of ore was stacked on the HLF at a throughput rate of 9.8 k tpd for the prior comparable period in 2022.

Ore stacked on the HLF increased by 138% for the three months ended March 31, 2023 due to implementation of year-round stacking of ore on the HLF. In prior years, ore stacking on the HLF was halted during the first quarter due to seasonally cold temperatures. The Company has now successfully demonstrated year-round stacking of ore on the heap leach pad is both technically feasible and operationally achievable. This has allowed for a seamless transition to year-round operations, resulting in an increase in stacked ore for the period.

Ore stacked for the quarter had an average grade of 0.86 g/t Au, compared to 0.72 g/t Au in the prior comparable period in 2022.

As at March 31, 2023, the Company estimates there are 106,980 recoverable oz within mineral inventory.

Capital

The Company incurred a total of \$16.9 million in capital expenditures during the three months ended March 31, 2023:

- (1) sustaining capital of \$6.3 million, including:
 - i. scheduled capital component rebuilds on mobile mining fleet of \$3.2 million,
 - ii. upgrades and capital component rebuilds on material handling system of \$1.3 million,
 - iii. construction of the water treatment facility of \$1.0 million, and
 - iv. other ongoing sustaining capital initiatives of \$0.8 million;
- (2) capitalized stripping activities of \$7.6 million;
- (3) \$4.0 million spend on growth capital expenditures and;
- (4) \$1.0 million adjustment to the Company's asset retirement obligation during the quarter.

First Quarter 2023 Financial Results

Expressed in 000s, except per share amounts	Three months ended	
	March 31, 2023	March 31, 2022
Financial data		
Revenue	\$ 96,549	59,454
Gross profit	\$ 20,984	26,297
Net income	\$ 983	16,049
Earnings per share – Basic	\$ 0.02	0.25
Earnings per share - Diluted	\$ 0.02	0.24

Expressed in 000s, except per share amounts	As at March 31, 2023	As at December 31, 2022
Financial position		
Cash and cash equivalents	\$ 23,606	20,572
Working capital	\$ 121,402	94,687
Property, plant and equipment	\$ 669,857	670,813
Total assets	\$ 998,786	1,016,806
Long-term debt	\$ 208,849	184,512

Revenue

For the three months ended March 31, 2023, the Company recognized revenue of \$96.5 million compared to \$59.5 million for the previous year's comparable period. The increase in revenue is attributed to a higher average realized price, a higher number of gold oz sold and a higher C\$/US\$ exchange rate. Revenue is net of treatment and refining charges, which were \$0.2 million for the three months ended March 31, 2023. The Company sold 38,201 oz of gold at an average realized price of \$2,526 (US\$1,867) (see "Non-IFRS Performance Measures" section), compared to 25,518 oz at an average realized price of \$2,328 (US\$1,838) (see "Non-IFRS Performance Measures" section), in the first quarter of 2022.

Cost of goods sold

Cost of goods sold was \$57.9 million for the three months ended March 31, 2023 compared to \$20.1 million for the previous year's comparable period. The increase in cost of goods sold is attributed to the higher number of gold ounces sold combined with a higher cost per ounce of gold within inventory. The cost per ounce of gold sold is based on the average cost per ounce held within gold inventory on the heap leach pad. The average cost per ounce of gold in inventory is higher year over year due to inflation combined with high production costs per ounce incurred in previous periods, specifically the second half of 2022. Production costs incurred during the current quarter will affect inventory valuation which will impact cost of goods sold in future periods. Cost of goods sold was also higher year over year due to a reduction in the inventory adjustment as the net ounces added to the heap leach pad (inventory) during the current quarter were less than the net ounces added to the heap leach pad in the corresponding quarter during the previous year.

Depreciation and depletion

Depreciation and depletion was \$17.6 million for the three months ended March 31, 2023 compared to \$13.1 million for the previous year's comparable period. Assets are depreciated on a straight-line basis over their useful life, or depleted on a units-of-production basis over the reserves to which they relate.

Liquidity and Capital Resources

At March 31, 2023, the Company had cash and cash equivalents of \$23.6 million (December 31, 2022 - \$20.6 million) and a working capital surplus of \$121.4 million (December 31, 2022 - \$94.7 million surplus). The increase in cash and cash equivalents of \$3.0 million over the year ended December 31, 2022, was due to operating activities (\$11.8 million increase in cash) primarily from operating cash flow before working capital adjustments and financing activities (\$13.3 million increase in cash) from draws made on credit facilities and long-term debt. This is offset by investing activities (\$22.1 million decrease in cash) primarily from capital expenditures incurred at the Eagle Gold Mine.

2023 Outlook

Victoria's operational outlook assumes that operations will continue without any significant COVID-19 related interruptions. The Company has taken precautions to mitigate the risk of COVID-19 on operations. However, the COVID-19 pandemic and any future emergence and spread of similar pathogens could have a material adverse impact on our business, operations and operating results, financial condition, liquidity and market for our securities.

2023 production and cost guidance is unchanged from when it was originally estimated and released in February 2023.

Production at the Eagle Gold Mine for 2023 is estimated to be between 160,000 and 180,000 ounces.

The seasonality experienced in 2021 and 2022, where gold production was lower in the first half of the year compared to the last half of the year, is expected to be reduced in 2023. Seasonality is expected to diminish compared to previous years, during the first quarter of 2023, the Company successfully demonstrated the feasibility of year-round stacking on the heap leach pad. Seasonality is further moderated as gold ounces in inventory, primarily on the heap leach pad, is higher than in previous years and regularly scheduled maintenance periods, which were previously weighted to the first quarter, are expected to be spread over the year.

AISC¹ for 2023 are expected to be between US\$1,350 and US\$1,550 per oz of gold sold.

Sustaining capital, not including waste stripping, is estimated at C\$30 million (US\$23 million) for 2023. Sustaining capital during 2023 is expected to be materially lower than previous years due to the absence of major one-time infrastructure construction (water treatment plant 2022 and truck shop in 2021). Major items included in 2023 sustaining capital include mobile equipment rebuilds and fixed maintenance rebuilds.

Capitalized waste stripping is estimated at C\$50 million (US\$38 million) and is included in AISC¹ but is not included in the sustaining capital above. Waste stripping will be expensed or capitalized based on the actual quarterly stripping ratio versus the expected life of mine stripping ratio and may be quite variable quarter over quarter and year over year. Waste stripping in 2023 is expected to be higher than the life of mine average annual waste stripping. This accounting treatment for waste stripping will affect earnings and capital but will not affect AISC¹ or cash flow.

Growth capital related to Eagle Gold Mine expansion initiatives is estimated at C\$15 million (US\$11 million) for 2023 and includes heap leach pad expansion. In addition, growth exploration spending in 2023 is estimated to be C\$10 million (US\$8 million).

Qualified Person

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

¹ Refer to the "Non-IFRS Performance Measures" section.

About the Dublin Gulch Property

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

The Property covers an area of approximately 555 square kilometers, and is the site of the Company's Eagle and Olive Gold Deposits. The Eagle and Olive deposits include Proven and Probable Reserves of 2.6 million ounces of gold from 124 million tonnes of ore with a grade of 0.65 grams of gold per tonne. The Mineral Resource for the Eagle and Olive Gold Deposits has been estimated to host 245 million tonnes averaging 0.59 grams of gold per tonne, containing 4.7 million ounces of gold in the "Measured and Indicated" category, inclusive of Proven and Probable Reserves, and a further 36 million tonnes averaging 0.63 grams of gold per tonne, containing 0.7 million ounces of gold in the "Inferred" category.

Non-IFRS Performance Measures

The Company has included certain non-IFRS measures in this new release. Refer to the Company's MD&A for an explanation, discussion and reconciliation of non-IFRS measures. The Company believes that these measures, in addition to measures prepared in accordance with International Financial Reporting Standards ("IFRS"), provide readers with an improved ability to evaluate the underlying performance of the Company and to compare it to information reported by other companies. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to similar measures presented by other issuers.

Cautionary Language and Forward-Looking Statements

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

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

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