VICTORIA GOLD CORP
TSX | VGCX

Consolidated Financial Statements

As at and for the years ended December 31, 2023 and 2022

(Expressed in thousands of Canadian Dollars)

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 20, 2024

(signed) "Marty Rendall"
CFO
February 20, 2024

See accompanying notes to the consolidated financial statements.

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, 2023 and 2022, 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 material accounting policy information.

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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years 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 matters

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.

Key audit matter	How our audit addressed the key audit matter
Valuation of in-process inventory	
The Group's in-process inventory balance amounted to $160.6 million as at December 31, 2023. 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. 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. Refer to notes 3(s), 4 and 7 in the consolidated financial statements for the Group's disclosures related to in-process inventory.	To test the Group's valuation of in-process inventory, we performed the following substantive procedures, among others: • 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 comprises the information included in 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.

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 Brittany Keenan.

/s/ Ernst & Young LLP

Toronto, Canada
February 20, 2024

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

	Notes	December 31, 2023	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents		**$ 14,971**	$ 20,572
Marketable securities		**11,778**	12,805
Receivables	*6*	**10,824**	10,726
Inventory	*7*	**217,941**	211,713
Current portion of derivative instruments	*14*	**1,903**	-
Prepaid expenses		**3,692**	3,198
		261,109	259,014
Non-current assets			
Restricted cash		**185**	185
Investment in associate	*10*	**2,327**	2,806
Deferred taxes	*27*	**11,982**	26,769
Exploration and evaluation assets	*8*	**65,623**	57,219
Property, plant and equipment	*9*	**675,660**	670,813
Total assets		**$ 1,016,886**	$ 1,016,806
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	*11*	**$ 59,879**	$ 89,554
Consideration payable on acquisition	*5*	**2,859**	-
Income and mining taxes payable	*27*	**2,175**	378
Current portion of lease liability	*12*	**1,385**	716
Current portion of derivative instruments	*14*	**2,475**	11,202
Current portion of long-term debt	*13*	**45,307**	62,477
		114,080	164,327
Non-current liabilities			
Deferred taxes	*27*	**75,493**	85,872
Lease liability	*12*	**2,086**	2,929
Long-term debt	*13*	**190,868**	184,512
Consideration payable on acquisition	*5*	**1,817**	-
Asset retirement obligations ("ARO")	*15*	**43,161**	34,980
Total liabilities		**427,505**	472,620
Shareholders' Equity			
Share capital	*17*	**449,988**	426,260
Contributed surplus		**20,065**	23,737
Accumulated other comprehensive loss		**(2,517)**	(2,517)
Retained earnings		**121,845**	96,706
Total shareholders' equity		**589,381**	544,186
Total liabilities and shareholders' equity		**$ 1,016,886**	$ 1,016,806

See accompanying notes to the consolidated financial statements.

Authorized for issue by the Board of Directors on February 20th, 2024 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, 2023	December 31, 2022
Revenue		**$ 416,902**	$ 321,843
Cost of goods sold	*20*	**263,947**	166,444
Depreciation and depletion		**72,697**	67,667
Gross profit		**80,258**	87,732
Corporate general and administration	*21*	**9,875**	8,640
Operating earnings		**70,383**	79,092
Finance income		**782**	242
Finance costs	*22*	**(23,626)**	(15,090)
Unrealized gain (loss) on marketable securities		**(1,028)**	1,192
Loss on deemed disposal of subsidiary		**-**	(4,973)
Share of loss from equity-accounted investment	*10*	**(679)**	(225)
Unrealized and realized gain (loss) on derivative instruments	*14*	**(7,544)**	12,961
Foreign exchange gain (loss)		**5,106**	(16,159)
		(26,989)	(22,052)
Income before taxes		**43,394**	57,040
Current income and mining taxes	*27*	**(1,955)**	(1,004)
Deferred tax expense	*27*	**(16,300)**	(20,996)
Net income		**$ 25,139**	$ 35,040
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Currency translation adjustment		**-**	(74)
Release of reserves related to deemed disposal of subsidiary		**-**	(483)
Total comprehensive income for the period		**$ 25,139**	$ 34,483
Total comprehensive income for the period		**$ 25,139**	$ 35,040
Net income attributable to:			
Shareholders of the Company		**$ 25,139**	$ 36,470
Non-controlling interest		**-**	(1,430)
		$ 25,139	$ 35,040
Other comprehensive income attributable to:			
Shareholders of the Company		**$ -**	$ (520)
Non-controlling interest		**-**	(37)
		$ -	$ (557)
Comprehensive income attributable to:			
Shareholders of the Company		**$ 25,139**	$ 35,950
Non-controlling interest		**-**	(1,467)
		$ 25,139	$ 34,483
Earnings per share	*16*		
Basic		**$ 0.38**	$ 0.55
Diluted		**$ 0.38**	$ 0.54
Weighted average number of shares outstanding	*16*		
Basic		**65,967,188**	64,142,532
Diluted		**66,472,557**	64,426,032

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: Number of shares	Share capital: Amount	Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Non-controlling interest	Total equity
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		-	(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
Release of reserves related to deemed disposal of subsidiary		-	-	-	(483)	483	(12,265)	(12,265)
Currency translation adjustment		-	-	-	(37)	-	(37)	(74)
Balance at December 31, 2022	*17*	64,522,683	$ 426,260	$ 23,737	$ (2,517)	$ 96,706	$ -	$ 544,186
Balance at December 31, 2022		64,522,683	$ 426,260	$ 23,737	$ (2,517)	$ 96,706	$ -	$ 544,186
Transactions with owners:								
Proceeds from stock options exercised		**345,000**	**2,778**	**-**	**-**	**-**	**-**	**2,778**
Proceeds from warrants exercised		**1,666,667**	**15,625**	**-**	**-**	**-**	**-**	**15,625**
Fair values allocated upon exercise:								
Stock options		**-**	**966**	**(966)**	**-**	**-**	**-**	**-**
Warrants		**-**	**4,359**	**(4,359)**	**-**	**-**	**-**	**-**
Share-based payments, expensed		**-**	**-**	**1,246**	**-**	**-**	**-**	**1,246**
Share-based payments, capitalized		**-**	**-**	**407**	**-**	**-**	**-**	**407**
Total transactions with owners:		**2,011,667**	**23,728**	**(3,672)**	**-**	**-**	**-**	**20,056**
Net income for the year		**-**	**-**	**-**	**-**	**25,139**	**-**	**25,139**
Balance at December 31, 2023	*17*	**66,534,350**	**$ 449,988**	**$ 20,065**	**$ (2,517)**	**$ 121,845**	**$ -**	**$ 589,381**

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, 2023	December 31, 2022
Operating activities			
Net income for the year		**$ 25,139**	$ 35,040
Adjustments for:			
Depreciation and depletion		**72,697**	67,667
Share-based payments	*18*	**2,614**	792
Income and mining taxes	*27*	**18,255**	21,389
Share of loss from equity-accounted investment	*10*	**679**	225
Finance costs		**23,622**	15,086
Unrealized (gain) loss on marketable securities		**1,028**	(1,192)
Unrealized gain on derivative instruments	*14*	**2,753**	(7,602)
Loss on deemed disposal of subsidiary		**-**	4,973
Amortization		**119**	107
Unrealized foreign exchange (gain) loss, net		**(6,293)**	15,676
Operating cash flow before working capital adjustments		**140,613**	152,161
Working capital adjustments and income taxes paid:			
(Increase) decrease in receivables		**(98)**	(9,833)
(Increase) decrease in inventory		**(6,228)**	(73,961)
(Increase) decrease in marketable securities		**-**	(943)
(Increase) decrease in prepaid expenses and deposits		**(494)**	3,059
Increase (decrease) in accounts payables and accrued liabilities		**(19,571)**	21,842
Income taxes paid		**(158)**	(8,682)
		(26,549)	(68,518)
Net cash flows from operating activities		**114,064**	83,643
Investing activities			
Acquisition of Golden Predator	*5*	**(8,212)**	-
Exploration and evaluation assets	*8*	**(8,042)**	(14,394)
Settlement of gold call options	*14*	**(13,384)**	(3,953)
Restricted cash		**-**	(86)
Purchase of property, plant and equipment		**(80,531)**	(107,898)
Net cash flows used in investing activities		**(110,169)**	(126,331)
Financing activities			
Shares issued for cash, net of issuance costs	*17*	**-**	19,507
Exercise of warrants and options		**18,100**	2,843
Interest paid		**(20,563)**	(10,843)
Principal (repayment) draw of long-term debt, net	*13*	**(5,981)**	20,602
Principal repayment of lease liability		**(785)**	(772)
Net cash flows from (used in) financing activities		**(9,229)**	31,337
Foreign exchange (gain) loss on cash balances		**(267)**	672
Net increase (decrease) in cash and cash equivalents		**(5,601)**	(10,679)
Cash and cash equivalents, beginning of the year		**20,572**	31,251
Cash and cash equivalents, end of the year		**$ 14,971**	$ 20,572

See accompanying notes to the consolidated financial statements. Supplementary Cash Flow information is provided in Note 24.

(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-VGCX").

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 33.03% interest in Lahontan Gold Corp. ("Lahontan") and the Company's 100% interest in Golden Predator Mining Corp. and Golden Predator Exploration Ltd. (together "Golden Predator").

On January 1, 2023, the Company amalgamated with its subsidiary Victoria Gold (Yukon) Corp., (a British Columbia corporation).

On September 14, 2023, the Company acquired a 100% interest in Golden Predator.

These consolidated financial statements were approved by the Board of Directors for issue on February 20, 2024.

3. MATERIAL ACCOUNTING POLICY INFORMATION

(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.

As at December 31, 2023, non-controlling interest is nil (December 31, 2022 – nil).

(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 (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.

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.

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.

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

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 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.

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.

(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.

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

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.

(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 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 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. The amendments had no material impact on the consolidated financial statements of the Company.

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. The amendments had no material impact on the consolidated financial statements of the Company.

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 amendments had no material impact on the consolidated financial statements of the Company.

New accounting standards, amendments and interpretations not yet adopted

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 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 does not expect a significant impact to the consolidated financial statements as a result of adoption effective January 1, 2024.

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:

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.

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

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.

Acquisition accounting

The company accounted for the acquisition of Golden Predator as an asset acquisition. Significant judgement and estimates were required to determine whether the application of this accounting treatment was appropriate for the transaction. These included, amongst others, the determination that Golden Predator was not considered a business under IFRS 3 – Business Combinations as Golden Predator did not have significant inputs, processes, and output, that together constitute a business.

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

5. ACQUISITION OF GOLDEN PREDATOR

On September 14, 2023 (the "Closing"), the Company completed the acquisition of Golden Predator from Sabre Gold Mines Corp. (the "Acquisition"). Consideration for the Acquisition was comprised of:

i. $0.9 million in cash and an additional $7.0 million in cash or Victoria shares at Victoria's election (Victoria elected to pay cash), paid on closing;
ii. $0.5 million in cash and an additional $2.5 million in cash or Victoria shares at Victoria's election, payable on the 12-month anniversary of the closing date (this has been discounted to $2.8 million using the Bank of Canada quarterly yield on marketable bonds of 1.21%); and
iii. $0.5 million in cash and an additional $1.5 million in cash or Victoria shares at Victoria's election, payable on the 24-month anniversary of the closing date (this has been discounted to $1.8 million using the Bank of Canada quarterly yield on marketable bonds of 1.21%).

The acquisition was accounted for as an asset acquisition. The total consideration was allocated to the assets acquired based on their fair value with the balance of consideration less the identified assets recorded to exploration and evaluation assets:

Total Consideration	**$**	**12,714**
Allocation of net assets:		
Receivables		7
Deferred taxes		11,893
Exploration and evaluation assets		939
Accounts payable and accrued liabilities		(125)
Total assets and liabilities acquired	**$**	**12,714**
Total consideration in the acquisition was as follows:		
Cash Consideration		7,870
Final acquisition payment		4,620
Transaction costs		224
Total consideration	**$**	**12,714**

6. RECEIVABLES

Receivables includes the following components:

		December 31, 2023		December 31, 2022
GST receivable	**$**	**4,621**	$	6,163
Trade and other receivables		**6,203**		4,563
Total	**$**	**10,824**	$	10,726

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

7. INVENTORY

Inventory includes the following components:

	December 31, 2023	December 31, 2022
Stockpiled ore	**$ 3,847**	$ 10,809
In-process inventory	**160,571**	159,590
Finished goods inventory	**11,924**	12,369
Total mineral inventory	**176,342**	182,768
Materials and supplies	**41,599**	28,945
Total	**$ 217,941**	$ 211,713

All inventories are valued at the lower of average cost or net realizable value. As at December 31, 2023, all inventories are valued at average cost which includes $37.0 million (December 31, 2022 – $38.2 million) of non-cash costs such as depreciation, depletion and site share-based compensation. The Company estimates there are 86,073 recoverable oz within mineral inventory as at December 31, 2023 (December 31, 2022 – 102,175 recoverable oz).

8. EXPLORATION AND EVALUATION ASSETS

	Brewery Creek (Yukon)	Dublin Gulch (Yukon)	Other properties **	Total
Balance December 31, 2022	$ -	$ 49,378	$ 7,841	$ 57,219
Acquisitions	935	-	54	989
McQuesten earn in	-	-	(600)	(600)
Salaries and benefits	82	1,907	-	1,989
Land claims and royalties	-	17	85	102
Environmental and permitting	42	38	-	80
Government and community relations	-	23	-	23
Drilling and indirects	10	3,130	-	3,140
Other exploration	2	2,679	-	2,681
Exploration and evaluation costs for the year	136	7,794	85	8,015
Balance December 31, 2023	$ 1,071	$ 57,172	$ 7,380	$ 65,623

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

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

	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
Government and community relations	-	-	-	-
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.

9. PROPERTY, PLANT AND EQUIPMENT

	Other assets	Right-of-use assets	Leasehold improvements	Buildings & structures	Equipment	Mineral Properties	Total
Cost							
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
Additions	**-**	**611**	**-**	**51,543**	**25,893**	**418**	**78,465**
Disposals	**-**	**(438)**	**-**	**-**	**-**	**-**	**(438)**
December 31, 2023	**$ 1,749**	**$ 5,066**	**$ 589**	**$ 351,512**	**$ 221,530**	**$ 360,421**	**$ 940,867**
Accumulated amortization							
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
Charge	**271**	**921**	**-**	**27,805**	**21,009**	**23,612**	**73,618**
Disposals	**-**	**(438)**	**-**	**-**	**-**	**-**	**(438)**
December 31, 2023	**$ 1,479**	**$ 2,138**	**$ 589**	**$ 103,710**	**$ 85,387**	**$ 71,904**	**$ 265,207**
Net book value							
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
December 31, 2023	**$ 270**	**$ 2,928**	**$ -**	**$ 247,802**	**$ 136,143**	**$ 288,517**	**$ 675,660**

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

During the year ended December 31, 2023, the Company capitalized $27.6 million (December 31, 2022 – $32.5 million) of deferred stripping costs to mineral properties. The depletion expense related to deferred stripping for the year ended December 31, 2023 was $5.6 million (December 31, 2022 – $3.0 million). Included in the mineral properties balance at December 31, 2023 is $95.7 million (December 31, 2022 – $73.8 million) related to deferred stripping costs.

The carrying value of equipment pledged as security for the related Equipment Financing Facility at December 31, 2023 was $36.3 million (December 31, 2022 – $43.7 million) (*Note 13*).

Mineral Properties includes construction in progress which gets transferred and allocated to buildings & structures, equipment, and other assets.

Certain of the Company's mining properties are subject to royalty arrangements based on their net smelter returns ("NSR"s). At December 31, 2023, 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.

10. INVESTMENT IN ASSOCIATE

As at December 31, 2023, the Company had a 33.03% (December 31, 2022 – 49.89%) ownership interest in Lahontan. The following table summarizes the change in investment in Lahontan for the year ended December 31, 2023:

	December 31, 2023	**December 31, 2022**
Balance, beginning of the year	**$ 2,806**	$ 8,004
Purchase of shares	**200**	-
Loss on deemed disposal of subsidiary	**-**	(4,973)
Share of loss from equity-accounted investment	**(679)**	(225)
Balance, end of the year	**$ 2,327**	$ 2,806

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

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include the following components:

	December 31, 2023	December 31, 2022
Trade payables	**$ 29,435**	$ 51,613
Accrued liabilities	**23,263**	32,552
Payroll related liabilities	**7,181**	5,389
Total	**$ 59,879**	$ 89,554

12. LEASE LIABILITY

	Total
As at December 31, 2022	**$ 3,645**
Additions	**611**
Interest expense	**160**
Lease payments	**(945)**
Lease liabilities at December 31, 2023	**$ 3,471**
Current lease liability	**$ 1,385**
Non-current lease liability	**$ 2,086**

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.

	December 31, 2023	December 31, 2022
MATURITY ANALYSIS		
< 1 year	**$ 1,385**	$ 716
1 to 3 years	**613**	1,253
3 to 5 years	**1,332**	1,044
> 5 years	**141**	632
Total	**$ 3,471**	$ 3,645

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

13. DEBT

On October 10, 2023, the Company further amended its Loan Facility dated December 18, 2020, as amended December 20, 2021, June 16, 2022 and February 17, 2023. Pursuant to the amended Loan Facility, the Company has extended the maturity date of the Revolving Credit Facility from December 31st, 2024 to December 31st, 2025. No other terms of the Revolving Credit Facility have changed.

On February 22, 2023, the Company further amended its Loan Facility dated December 18, 2020, as amended December 20, 2021 and June 16, 2022. Pursuant to the amended Loan Facility, the Company added Desjardins and National Bank to the syndicate (including CIBC and Bank of Montreal), replacing BNP Paribas. In addition, the Company increased the amount of the Term Facility by US$25.0 million and extended the maturity date of the Term Facility to September 30, 2024. The Term Facility is repayable in seven equal quarterly instalments through to the Maturity Date.

The Loan Facilities are outlined below and include certain financial covenants related to maintaining a leverage ratio at less than or equal to 3.0, an interest service coverage ratio at greater than or equal to 4.0 and a tangible net worth covenant. As at December 31, 2023, the Company is in compliance with all financial covenants.

Loan Facilities

Term Facility

US$58 million loan facility with the following commercial terms:

- Interest rate of SOFR plus 2.75%;
- Principal and interest are repayable in 7 equal quarterly installments.

As at December 31, 2023, principal of US$25.0 million was outstanding on the Term Facility. Deferred financing charges in the amount of $2.6 million are being amortized over the remaining term using the effective interest rate method.

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;
- Principal and accrued interest are due at maturity, on December 31, 2025, and may be repaid early without penalty.

As at December 31, 2023, principal of US$119.9 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 2.65-3.65%;
- 4-6 year, amortizing facility, maturing between March 31, 2024 and April 14, 2027 (the “Term”) and;
- Secured by Cat mining equipment.

As at December 31, 2023, principal of US$33.1 million was outstanding on the Equipment Finance Facility. Deferred financing charges in the amount of $2.7 million are being amortized over the remaining term using the effective interest rate method.

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

	December 31, 2023	December 31, 2022
Equipment Finance Facility, principal	**$ 43,825**	$ 46,141
Equipment Finance Facility, interest	**538**	675
Equipment Finance Facility, ending balance	**$ 44,363**	$ 46,816
Term Debt Facility, principal	**$ 33,065**	$ 44,784
Term Debt Facility, interest	**15**	18
Term Debt Facility, ending balance	**$ 33,080**	$ 44,802
Revolver Facility, principal	**$ 158,539**	$ 155,216
Revolver Facility, interest	**193**	155
Revolver Facility, ending balance	**$ 158,732**	$ 155,371
Total Debt	**$ 236,175**	$ 246,989
Less: Current portion	**(45,307)**	(62,477)
Long-term Debt	**$ 190,868**	$ 184,512

During the year ended December 31, 2023 the Company incurred interest expense of $21.3 million (December 31, 2022 – $11.6 million) and amortized deferred financing charges of $0.7 million (December 31, 2022 – $2.0 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 $36.3 million as of December 31, 2023 (December 31, 2022 – $43.7 million).

The Company's scheduled debt principal repayments as at December 31, 2023 are summarized in the table, below:

	2024	2025	2026	2027 and thereafter	Total
Term Debt Facility	$ 33,065	$ -	$ -	$ -	$ 33,065
Revolving Loan Facility	-	158,539	-	-	158,539
Equipment Finance Facility	13,355	13,226	11,903	5,694	44,178
	$ 46,420	$ 171,765	$ 11,903	$ 5,694	$ 235,782

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

14. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative Instruments outstanding	Quantity outstanding	Remaining term	Exercise price		Fair value - asset (liability) (C$)
Current Instruments					
Gold Forwards					
Gold forwards	22,500 oz	January 2024 - September 2024	US$2,074	$	(977)
Gold forwards	12,000 oz	January 2024 - December 2024	US$2,025		(1,498)
Gold Put Options					
Gold put options - purchased	36,000 oz	January 2024 - December 2024	US$1,800		289
Currency Contracts					
Currency contracts	US$36.0M	January 2024 - December 2024	US/C 1.3680		1,614
Total Instruments				**$**	**(572)**

Gold Forwards

As at December 31, 2023, the Company has gold forward contracts for a total of 34,500 ounces of gold at a weighted average price of US$2,057 per ounce with expiry dates ranging from January 2024 through to December 2024. 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 loss of $6.9 million, based on US$2,078 per ounce of gold and a foreign exchange rate of 1.3226 US$ to C$, in net income of the consolidated statements of income and comprehensive income for the year ended December 31, 2023.

Gold Put Options

As at December 31, 2023, the Company has gold put options on 36,000 ounces of gold at a price of US$1,800 per ounce with monthly expiry dates of January 2024 through to December 2024. 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 loss of $1.4 million, based on US$2,078 per ounce of gold and a foreign exchange rate of 1.3226 US$ to C$, in net income of the consolidated statements of income and comprehensive income for the year ended December 31, 2023.

Currency Contracts

As at December 31, 2023, the Company has foreign exchange currency contracts for a notional amount of US$3.0 million per month at a rate of US$ to C$ of 1.3680 and with monthly expiry dates of January 2024 through to December 2024. 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 $2.5 million in net income of the consolidated statements of income and comprehensive income for the year ended December 31, 2023.

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

Gold Call Options

As part of the Eagle Gold Mine project financing, 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. The gold call options were settled by the Company on April 12, 2023, for US$10.5 million. 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, 2023 the gold call option fair value was $nil, based on US$2,078 per ounce of gold and a foreign exchange rate of 1.3226 US$ to C$. The Company recognized a loss of $4.4 million on settlement in net income of the consolidated statements of income and comprehensive income for the year ended December 31, 2023.

Warrants

As part of the Eagle Gold Mine project financing, 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, 2023, the warrant fair value was $nil based on the December 31, 2023 closing share price of $6.96 (*Note 18*). The Company recognized the adjustment gain of $0.4 million on settlement in net income of the consolidated statements of income and comprehensive income for the year ended December 31, 2023.

Interest rate swap

On July 31, 2022, the Company entered into an interest rate swap, which expired 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 classified 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 a gain of $2.3 million on settlement in net income of the consolidated statements of income and comprehensive income for the year ended December 31, 2023.

15. 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:

a) total undiscounted amount of inflation adjusted future reclamation costs at December 31, 2023 was determined to be $59.5 million for Dublin Gulch (December 31, 2022 - $49.4 million);
b) weighted average risk-free interest rate at 3.1% and a long-term inflation rate of 2.0%; and
c) expected timing of risk adjusted cash outflows required to settle the obligation will be incurred over the period through 2035 for Dublin Gulch.

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

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

	December 31, 2023	December 31, 2022
Balance, beginning of the year	**$ 34,980**	$ 39,628
Accretion on reclamation provision	**1,439**	1,306
ARO change due to revaluation	**6,742**	(5,954)
Balance, end of the year	**$ 43,161**	$ 34,980

16. 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 common shares outstanding during the year.

	For the years ended December 31, 2023	December 31, 2022
Net income	**$ 25,139**	$ 35,040
Basic weighted average number of common shares outstanding	**65,967,188**	64,142,532
Basic earnings per share	**$ 0.38**	$ 0.55

(b) Diluted

	For the years ended December 31, 2023	December 31, 2022
Net income attributable to common shareholders	**$ 25,139**	$ 35,040
Weighted average number of common shares issued	**65,967,188**	64,142,532
Adjustment for:		
Deferred share units & restricted share units	**505,369**	283,500
Diluted weighted average number of common shares outstanding	**66,472,557**	64,426,032
Diluted earnings per share	**$ 0.38**	$ 0.54

17. 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 66,534,350 and 64,522,683 shares for year ended December 31, 2023 and December 31, 2022, respectively.

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

18. SHARE-BASED PAYMENTS

Omnibus Incentive Plan

The omnibus incentive plan of the Company (the "**Omnibus Plan**") was most recently approved by the shareholders of the Company on May 10, 2023. 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 9% of the total number of issued and outstanding Common Shares. At December 31, 2023, 5,162,728 (4,907,773 as at December 31, 2022) additional stock options, or other equity based awards were available for grant under the Company's Omnibus Plan.

A summary of the status of the Omnibus Plan as at December 31, 2023 and as at December 31, 2022, and changes during the periods ended on those dates is presented below:

	December 31, 2023			December 31, 2022		
	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	**1,189,495**	**$ 10.93**	**$ 4,742**	1,563,829	$ 10.13	$ 5,822
Granted	**330,000**	**$ 10.44**	**1,534**	-	$ -	-
Exercised	**(345,000)**	**$ 8.05**	**(966)**	(374,334)	$ 7.60	(1,080)
Expired	**(847,000)**	**$ 10.41**	**(3,787)**	-	$ -	-
Forfeited	**(7,500)**	**$ 10.44**	**(35)**	-	$ -	-
Outstanding, end of the year	**319,995**	**$ 10.44**	**$ 1,488**	1,189,495	$ 10.93	$ 4,742

As at December 31, 2023, 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
January 27, 2023	319,995	80,000	$ 10.44	January 27, 2028

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.

On January 27, 2023, the Company granted 330,000 incentive stock options with an exercise price of $10.44 per option to directors, officers and employees of the Company. The stock options have a term of five years and expire on January 27, 2028. The fair value of these options, totaling $1.5 million will be recognized (expensed and capitalized) over the vesting period of three years, of which $0.9 million ($0.8 million expensed and $0.1mil capitalized) has been recognized as at December 31, 2023. The fair value of these options was calculated based on a risk-free annual interest rate of 3.2%, an expected life of 5.0 years, an expected volatility of 53% and a dividend yield rate of nil. This results in an estimated fair value of $4.65 per option at the grant date using the Black-Scholes option-pricing model.

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

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 8.0%.

As at December 31, 2023, the Company had restricted share units and deferred share units issued to directors, officers and employees of the Company outstanding as follows:

	December 31, 2023		December 31, 2022	
	Restricted share units	Deferred share units	Restricted share units	Deferred share units
Outstanding, beginning of the year	**227,500**	**56,000**	-	-
Granted	**231,300**	**78,000**	236,000	56,000
Exercised	**(75,831)**	**-**	-	-
Expired	**-**	**-**	-	-
Forfeited	**(11,600)**	**-**	(8,500)	-
Outstanding, end of the year	**371,369**	**134,000**	227,500	56,000

Restricted share units

During the year ended December 31, 2023, the Company granted 231,300 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 common shares at the end of the vesting period.

Total share-based compensation expense related to RSUs for the year ended December 31, 2023 was $1.2 million (December 31, 2022 - $0.5 million) and $0.1 million (December 31, 2022 - $10,317) was capitalized.

Deferred share units

During the year ended December 31, 2023, the Company granted 78,000 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 3.9%, an expected life of 3 years, an expected volatility of 55% and a dividend yield rate of nil. Total share-based compensation expense related to DSUs for the year ended December 31, 2023 was $0.7 million (December 31, 2022 - $0.3 million).

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

Warrants

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

	December 31, 2023					December 31, 2022				
	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
Granted	**-**	**$**	**-**		**-**					
Exercised	**(1,666,667)**	**$**	**9.375**	**$**	**(4,359)**	-	$	-		-
Expired	**-**	**$**	**-**		**-**	-	$	-		-
Forfeited	**-**	**$**	**-**		**-**	-	$	-		-
Outstanding, end of the year	**-**	**$**	**-**	**$**	**-**	1,666,667	$	9.375	$	4,359

These warrants are considered financial instruments at fair value through profit or loss. The holder of the warrants may exercise the warrants for the Company's common shares. The warrants have been classified as a financial liability instrument and are recorded at fair value at each reporting period end using a Black-Scholes model. Warrant pricing models require the input of certain assumptions including price volatility and expected life. Changes in these assumptions could affect the reported fair value of the warrants. The warrants were exercised on April 13, 2023, for gross proceeds of $15.6 million.

19. 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 year ended December 31, 2023 and December 31, 2022 was as follows:

	December 31, 2023	December 31, 2022
Salaries and other short term employment benefits	**$ 5,132**	$ 3,897
Share-based compensation	**$ 2,588**	$ 345

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

20. COST OF GOODS SOLD

Cost of goods sold include the following components:

	For the years ended December 31, 2023	December 31, 2022
Operating costs:		
Mining	**$ 101,194**	$ 90,721
Processing	**125,142**	115,165
Site services	**26,281**	21,780
Site general and administration costs	**28,122**	31,023
Royalty (*Note 9*)	**4,356**	3,137
Production costs	**285,095**	261,826
Change in inventory	**6,427**	(62,832)
Less: Capitalized stripping (*Note 9*)	**(27,575)**	(32,550)
Total	**$ 263,947**	$ 166,444

21. CORPORATE GENERAL AND ADMINISTRATION

Corporate general and administration costs include the following components:

	For the years ended December 31, 2023	December 31, 2022
Salaries and benefits	**$ 4,330**	$ 3,837
Office and administrative	**1,902**	1,831
Share-based payments (*Note 18*)	**1,875**	608
Marketing	**735**	982
Professional fees	**914**	1,275
Amortization	**119**	107
Total	**$ 9,875**	$ 8,640

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

22. FINANCE COSTS

Finance costs include the following components:

	For the years ended December 31, 2023	December 31, 2022
Interest on debt facilities (*Note 13*)	**$ 21,269**	$ 11,581
Amortization of deferred financing charges (*Note 13*)	**698**	2,040
Interest and bank charges	**4**	5
Interest expense on leases (*Note 12*)	**160**	158
Accretion on reclamation provision *(Note 15)*	**1,439**	1,306
Accretion on consideration payable	**56**	-
Total	**$ 23,626**	$ 15,090

23. SEGMENTED INFORMATION

The Company manages its reportable operating segments by operating mines and development projects. A breakdown of exploration and evaluation assets by geographic expenditures is disclosed in *Note 8.* The results from operations of these reportable operating segments are summarized in the following tables:

	Eagle Mine	Dublin Gulch	Brewery Creek	Corporate and other	Total
For the year ended December 31, 2023					
Revenue	$ 416,902	$ -	$ -	$ -	$ 416,902
Cost of goods sold	263,947	-	-	-	263,947
Depreciation and depletion	72,697	-	-	-	72,697
Mine operating earnings	80,258	-	-	-	80,258
Corporate general & administration	-	-	-	9,875	9,875
Operating earnings (loss)	$ 80,258	$ -	$ -	$ (9,875)	$ 70,383
December 31, 2023					
Property, plant and equipment	$ 675,130	$ -	$ -	$ 530	$ 675,660
Exploration and evaluation assets	$ -	$ 57,172	$ 1,071	$ 7,380	$ 65,623
Total assets	$ 916,787	$ 57,172	$ 1,071	$ 41,856	$ 1,016,886

	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)	$ 86,272	$ -	$ -	$ (7,180)	$ 79,092
December 31, 2022					
Property, plant and equipment	$ 670,775	$ -	$ -	$ 38	$ 670,813
Exploration and evaluation assets	$ -	$ 49,378	$ -	$ 7,841	$ 57,219
Total assets	$ 917,100	$ 49,378	$ -	$ 50,328	$ 1,016,806

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

24. SUPPLEMENTARY CASH FLOW INFORMATION

		December 31, 2023		December 31, 2022
Non-cash investing and financing activities:				
Accounts payable and accrued liabilities relating to property, plant and equipment and exploration and evaluation asset expenditures	**$**	**7,945**	$	18,878
Stock-based compensation, capitalized to exploration and evaluation assets	**$**	**231**	$	10
Income taxes paid	**$**	**158**	$	8,682
Interest paid	**$**	**20,563**	$	10,843

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

		Long term debt (*Note 13*)		Lease liability (*Note 12)*		Total
Balance December 31, 2022	$	246,989	$	3,645	$	250,634
Changes from financing activities:						
Net proceeds from Credit Facility draws		73,805		-		73,805
Principal paid		(79,785)		(785)		(80,570)
Interest paid		(20,403)		(160)		(20,563)
		220,606		2,700		223,306
Non-cash changes:						
Lease additions		-		611		611
Interest expense		21,269		160		21,429
Amortization of deferred financing charges		698		-		698
Foreign exchange (gain) loss		(6,398)		-		(6,398)
Balance December 31, 2023	**$**	**236,175**	**$**	**3,471**	**$**	**239,646**

25. 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, 2023. The Company is in compliance with all financial covenants attached to its debt facilities as at December 31, 2023.

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

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

(b) Liquidity risk

Liquidity risk is the risk that the Company will not 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.

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, 2023	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total	Carrying amount
Non-derivatives:						
Accounts payable and accrued liabilites (*Note 11*)	$ 59,879	$ -	$ -	$ -	$ 59,879	$ 59,879
Lease liability (*Note 12*)	1,385	613	1,332	141	3,471	3,471
Debt (*Note 13*)	46,420	183,668	5,694	-	235,782	236,175
Total	$ 107,684	$ 184,281	$ 7,026	$ 141	$ 299,132	$ 299,525
Derivatives:						
Derivative instruments (*Note 14*)	572	-	-	-	572	572
Total	$ 572	$ -	$ -	$ -	$ 572	$ 572

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

As at December 31, 2022	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**	**Total**	**Carrying amount**
Non-derivatives:						
Accounts payable and accrued liabilites	$ 89,554	$ -	$ -	$ -	$ 89,554	$ 89,554
Lease liability	716	1,253	1,044	632	3,645	3,645
Debt	61,736	180,093	5,621	-	247,450	246,989
Total	$ 152,006	$ 181,346	$ 6,665	$ 632	$ 340,649	$ 340,188
Derivatives:						
Derivative instruments	11,202	-	-	-	11,202	11,202
Total	$ 11,202	$ -	$ -	$ -	$ 11,202	$ 11,202

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 13* for amounts recognized in the consolidated financial statements.

As of December 31, 2023, the Company had a cash balance of $15.0 million (December 31, 2022 - $20.6 million) to settle current liabilities of $114.1 million (December 31, 2022 - $164.3 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 put options (*Note 14*) 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.

(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. As at December 31, 2023, the Company has foreign exchange currency contracts for a nominal amount of US$36.0 million at a fixed exchange rate of US$ to C$ of 1.3680.

(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.

The Company does not consider its interest rate risk exposure to be significant as at December 31, 2023 with respect to its cash and cash equivalents.

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

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	3,959	40	(40)	-	-
Cash - US$ denominated	11,012	110	(110)	1,101	(1,101)
Total cash and cash equivalents	14,971	150	(150)	1,101	(1,101)
Reclamation bonds - Cdn$ denominated (interest bearing)	185	2	(2)	-	-
Total amount or impact - cash and deposits	**15,155**	**152**	**(152)**	**1,101**	**(1,101)**
Total debt – US$ denominated	**236,175**	**(3,635)**	**3,635**	**(23,618)**	**23,618**
Total impact – cash, deposits and debt		**(3,483)**	**3,483**	**(22,517)**	**22,517**

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%.

(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:

		December 31, 2023		December 31, 2022	
	Classification	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	*Level 1*	**$ 14,971**	**$ 14,971**	$ 20,572	$ 20,572
Restricted cash	*Level 1*	**185**	**185**	185	185
Marketable securities	*Level 1*	**11,778**	**11,778**	12,805	12,805
Receivables	*Amortized Cost*	**10,824**	**10,824**	10,726	10,726
Accounts payable and accrued liabilities	*Amortized Cost*	**(59,879)**	**(59,879)**	(89,554)	(89,554)
Lease liability	*Amortized Cost*	**(3,471)**	**(3,471)**	(3,645)	(3,645)
Debt	*Amortized Cost*	**(236,175)**	**(236,175)**	(246,989)	(246,989)
Fair value of derivative instruments	*Level 2*	**(572)**	**(572)**	(11,202)	(11,202)

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

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.

27. INCOME TAXES

	For the years ended December 31, 2023	December 31, 2022
Current income tax:		
Based on taxable income for the year	$ **(1,955)**	$ (1,004)
	(1,955)	(1,004)
Deferred income tax:		
Origination/reversal of temporary differences	$ **(16,300)**	$ (25,643)
Deferred flow-through share premium	**-**	4,647
	(16,300)	(20,996)
Income tax recovery / (expense)	$ **(18,255)**	$ (22,000)

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

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, 2023	**December 31, 2022**
Net (income) loss before recovery of income taxes	$ **(43,394)**	$ 57,039
Expected income tax (expense) recovery	(11,485)	(15,115)
Increase (decrease) resulting from:		
Change in tax benefits not recognized	(231)	(395)
Under (over) provided in prior periods	3,143	(5)
Yukon mining tax	(7,313)	(2,648)
Effect of flow-through renunciation	(1,839)	4,647
Other	(486)	(100)
Non-deductible (non-taxable) permanent items	(44)	(8,384)
Income tax recovery / (expense)	$ **(18,255)**	$ (22,000)

The Company's income tax is allocated as follows:

Current tax recovery / (expense)	(1,955)	(1,004)
Deferred tax recovery / (expense)	(16,300)	(20,996)
	$ **(18,255)**	$ (22,000)

The December 31, 2023 statutory tax rate of 26.5% did not change from the December 31, 2022 statutory tax rate.

The deferred income tax continuity summary is as follows:	**December 31, 2023**	**December 31, 2022**
Opening balance	$ (59,104)	$ (34,831)
Recognized in equity	-	610
Deemed disposal of subsidiary	-	760
On acquisition of subsidiaries	11,893	-
Recognized in net income (loss)	(16,300)	(25,643)
Ending Balance	$ **(63,511)**	(59,104)

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

The following table summarizes the components of deferred income tax:	**December 31, 2023**	**December 31, 2022**
Deferred income tax assets:		
Non-capital losses	36,896	26,093
Other	14,379	14,581
Set-off against deferred income tax liabilities	(39,293)	(13,905)
Deferred income tax assets	11,982	26,769
Deferred income tax liabilities:		
Fixed Assets	(107,108)	(95,925)
Other	(7,678)	(3,853)
	(114,786)	(99,778)
Set-off against deferred income tax assets	39,293	13,905
Deferred income tax liabilities	(75,493)	(85,873)

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, 2023		**December 31, 2022**	
Non-capital losses	**$**	**-**	**$**	**-**
Capital loss - Canada	**$**	**33,974**	**$**	**33,100**
Resource related deductions	**$**	**-**	**$**	**338**
Share issue costs	**$**	**1,456**	**$**	**2,259**
Investment tax credits	**$**	**1,629**	**$**	**-**
Property plant and equipment	**$**	**-**	**$**	**-**
Marketable Securities	**$**	**-**	**$**	**-**
Yukon Mining Tax	**$**	**-**	**$**	**-**