

Victoria Gold: 2021 Second Quarter Financial Results

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TORONTO, Aug. 13, 2021 - [Victoria Gold Corp.](#) (TSX-VGXC) ("Victoria" or the "Company") is pleased to announce its second quarter and first-half 2021 summary financial and operating results. The Company will host a Zoom video conference on Monday, August 16th at 9:00am Pacific Time (12:00pm Eastern Time) to discuss the second quarter and half-year consolidated results (details are provided at the end of this news release). The Company uses certain non-IFRS performance measures throughout this news release. Please refer to the "Non-IFRS Performance Measures" section of this news release for more information.

All amounts are in Canadian dollars unless otherwise indicated. This release should be read in conjunction with the Company's Financial Statements and Management's Discussion and Analysis ("MD&A") for the three and six months ended June 30, 2021 and 2020, available on the Company's website or on SEDAR.

Mr. John McConnell, President and CEO commented, "Operations at Eagle through the first half of this year have performed well and there have been material increases in ore and waste mined, ore stacked and gold produced over the comparable period in the previous year. On the financial side, we do not have comparable metrics from 2020 as we achieved Commercial Production on July 1, 2020. We expect the substantial production growth to translate into considerable year over year increases in gold sales, revenue and operating cash flows during the second half of 2021."

Operational Highlights - Second Quarter 2021

- Mine production was 2.3 million tonnes of ore.
- Ore stacked on the heap leach pad was 2.4 million tonnes at an average grade of 0.81 grams per tonne (g/t).
- Gold production was 32,140 ounces.

Financial Highlights - Second Quarter 2021

- Gold sold was 28,731 ounces, at an average realized price¹ of \$2,208 (US\$1,798) per oz.
- Recognized revenue of \$63.5 million based on sales of 28,731 ounces of gold.
- Operating earnings were \$20.8 million.
- Net Income of \$1.3 million, or \$0.02 per share on a basic and diluted basis.
- Cash costs¹ of \$952 (US\$775) per oz and all-in sustaining costs ("AISC")¹ of \$1,824 (US\$1,485) per oz of gold sold.
- EBITDA¹ of \$28.4 million.
- Free cash flow¹ deficiency of \$15.5 million, or a deficiency of \$0.25 per share¹.
- Cash and cash equivalents of \$14.8 million at June 30, 2021 after repaying \$7.6 million of principal payments against the Company's debt facilities.

Second Quarter and Half-Year 2021 Operating Results

		Three months ended		Six months ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Operating data					
Ore mined	Tonnes	2,288,189	2,258,327	3,850,419	3,204,806
Waste mined	Tonnes	3,322,930	3,285,261	7,998,225	4,851,225
Total mined	Tonnes	5,611,119	5,543,588	11,848,644	8,056,031
Strip ratio	(waste to ore)	1.45	1.45	2.08	1.51

Mining rate	Tonnes/day	61,660	60,919	65,462	44,508
Ore stacked on pad	Tonnes	2,396,799	2,157,742	3,347,312	3,045,442
Ore stacked grade	g/t Au	0.81	0.88	0.82	0.86
Throughput (stacked)	Tonnes/day	26,338	23,711	18,493	16,826
Gold ounces produced	ounces	32,140	28,352	58,899	38,896
Gold ounces sold	ounces	28,731	20,320	56,269	30,499

Gold production and sales

During the three months ended June 30, 2021, the Eagle Gold Mine produced 32,140 ounces of gold, compared to 28,352 ounces of gold production in Q2 2020. The Company was primarily focused on operational ramp up throughout 2020 and declared commercial production on July 1, 2020.

During the three months ended June 30, 2021, the Company sold 28,731 ounces of gold, compared with 20,320 gold ounces sold in the same quarter in the prior year.

Mining

During the three months ended June 30, 2021, a total of 2.3 million tonnes of ore were mined, at a strip ratio of 1.5:1 with a total of 5.6 million tonnes of material mined. In comparison, a total of 2.3 million tonnes of ore were mined, at a strip ratio of 1.5:1 with a total of 5.5 million tonnes of material mined for the prior comparable period in 2020.

Processing

During the three months ended June 30, 2021, a total of 2.4 million tonnes of ore was stacked on the heap leach pad at a throughput rate of 26,338 k tonnes per day. A total of 2.2 million tonnes of ore was stacked on the heap leach pad at a throughput rate of 23,711 k tonnes per day for the prior comparable period in 2020.

Average head grade for the quarter was 0.81 g/t Au, compared to 0.88 g/t Au in the prior comparable period in 2020. Grade is somewhat lower than expected and is primarily due to short range planning adjustments on the sequencing of ore release from the open pit.

As at June 30, 2021, the Company estimates there are 85,009 recoverable ounces within mineral inventory.

As of the date of this press release, a number of improvements related to material handling within the process circuit have been completed. These corrective measures have led to improving reliability and plant uptime and, in turn, have improved ore stacking and gold production. The full extent of these improvements are expected to materialize in H2 2021.

Capital

The Company incurred a total of \$26.5 million in capital expenditures during the three months ended June 30, 2021 including: (1) sustaining capital of \$17.4 million (including a CAT 993K Loader (\$2.0 million) and construction of the truck shop and water treatment facility (\$5.9 million)); (2) capitalized stripping activities of \$6.5 million; (3) \$1.1 million spend on growth capital expenditures (growth exploration), and; (4) \$1.5 million adjustment to the Company's asset retirement obligation during the quarter.

Second Quarter and Half-Year 2021 Financial Results

Financial data	Three months ended		Six months ended
	June 30, 2021	June 30, 2020 ⁽¹⁾	June 30, 2020 ⁽¹⁾
Revenue	\$ 63,509,127	426,258,151	-
Gross profit	\$ 22,716,844	47,548,593	-
Net income (loss)	\$ 1,291,527	(6,025,459)	(60,231,672)
Earnings (loss) per share - Basic	\$ 0.02	(0.53)	(1.02)
Earnings (loss) per share - Diluted	\$ 0.02	(0.50)	(1.02)

(1) Note that the table above does not present comparative statistics for revenue and cost of goods sold for the prior comparable period as Eagle Gold Mine achieved commercial production effective July 1, 2020. Gold sales and related costs prior to that date were capitalized to mineral properties.

	As at June 30, 2021	As at December 31, 2020
Financial position		
Cash and cash equivalents	\$ 14,849,776	56,136,314
Working capital	\$ 39,791,881	25,370,418
Property, plant and equipment	\$ 611,778,530	579,617,049
Total assets	\$ 798,194,866	776,760,617
Long-term debt	\$ 201,847,041	209,660,142

Revenue

For the three months ended June 30, 2021, the Company sold 28,731 ounces of gold at an average realized price of \$2,208 (US\$1,798) (see "Non-IFRS Performance Measures" section) resulting in revenue of \$63.5 million. Revenue is net of treatment and refining charges, which were \$0.2 million for the three months ended June 30, 2021.

Cost of goods sold

Cost of goods sold of \$27.7 million for the three months ended June 30, 2021 are comprised of production costs, (including mining, processing, site services and site general and administration costs), royalty and selling costs.

Depreciation and depletion

Depreciation and depletion was \$13.1 million for the three months ended June 30, 2021. Assets are depreciated on a straight-line basis over their useful life or depleted on a units-of-production basis over the reserves to which they relate.

Net income (loss)

The Company reported net income of \$1.3 million for the three month period ended June 30, 2021, compared to a net loss of \$12.9 million for the previous year's comparable period. The increase in net income for the three month period ended June 30, 2021 is the result of operating earnings, unrealized gains on marketable securities and foreign exchange gains, offset by finance costs, unrealized and realized losses on derivative instruments and deferred taxes.

Liquidity and Capital Resources

At June 30, 2021, the Company had cash and cash equivalents of \$14.8 million and a working capital surplus of \$39.8 million. The decrease in cash and cash equivalents of \$41.3 million over the year ended December 31, 2020, was due to operating activities and changes in working capital including an inventory increase (\$22.9 million increase in cash), offset by investing activities (\$54.1 million decrease in cash) primarily from sustaining capital expenditures incurred at the Eagle Gold Mine and financing activities (\$10.1 million decrease in cash) from principal and interest repayments made on credit facilities.

2021 Outlook

2021 production and financial guidance remain intact assuming there is no unforeseen significant impact on operations at the Eagle Gold Mine due to the COVID-19 pandemic. The Company has taken precautions to mitigate the risk of COVID-19 on operations. However, the COVID-19 pandemic and any future emergence and spread of similar pathogens could have a material adverse impact on our business, operations and operating results, financial condition, liquidity and market for our securities.

The Company produced 58,899 ounces of gold during the first half of 2021. The Company's 2021 gold production will be heavily weighted to the second half of 2021 and guidance at the Eagle Gold Mine of 180,000 ounces to 200,000 ounces is unchanged. The Company estimates gold production in excess of 120,000 ounces during the second half of 2021. Based on first half production, current stacking and forecasted gold production, the Company anticipates full year 2021 production to be towards the lower end of the guidance range.

The Company's AISC²¹ per ounce of gold sold during the first half of 2021 was US\$1,535. The Company

expects unit costs to fall materially in the second half of 2021 as gold production and sales increase. AISC¹ guidance at the Eagle Gold Mine of US\$1,050 to US\$1,175 per ounce of gold sold is unchanged. With production anticipated to be toward the lower end of guidance and costs trending higher due to wide spread escalation, the Company anticipates full year 2021 AISC¹ to be close to the top end of guidance.

The Company has initiated 'Project 250' aimed at increasing the average annual gold production of the Eagle Gold Mine to 250,000 ounces by 2023. The two primary opportunities to increase production are the scalping of fine ore from the crushing circuit and adjusting the seasonal stacking plan. Scalping of fine ore is expected to reduce wear and energy requirements as well as increase overall capacity of the crushing circuit. Further investigation is underway on year-round stacking of ore to the heap leach pad. Early engineering on Project 250 is expected to be complete in the second half of 2021.

Qualified Person

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

Zoom Video Conference Details

[Victoria Gold Corp.](#) invites you to join the video conference via Zoom to discuss the 2021 second quarter and half-year operating and financial results on Monday, August 16, 2021 at 9:00am PT (12:00 pm ET).

Join Zoom Meeting

<https://us02web.zoom.us/j/82391742930>

Meeting ID: 823 9174 2930

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About the Dublin Gulch Property

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

The Property covers an area of approximately 555 square kilometers, and is the site of the Company's Eagle and Olive Gold Deposits. The Eagle Gold Mine is Yukon's newest operating gold mine. The Eagle and Olive deposits include Proven and Probable Reserves of 3.3 million ounces of gold from 155 million tonnes of ore with a grade of 0.65 grams of gold per tonne, as outlined in a National Instrument 43-101 Technical Report for the Eagle Gold Mine dated December 3, 2019. The Mineral Resource under National Instrument 43-101 -

Standards of Disclosure for Mineral Projects ("NI 43-101") for the Eagle and Olive deposits has been estimated to host 227 million tonnes averaging 0.67 grams of gold per tonne, containing 4.7 million ounces of gold in the "Measured and Indicated" category, inclusive of Proven and Probable Reserves, and a further 28 million tonnes averaging 0.65 grams of gold per tonne, containing 0.6 million ounces of gold in the "Inferred" category.

Non-IFRS Performance Measures

The Company has included certain non-IFRS measures in this new release. Refer to the Company's MD&A for an explanation, discussion and reconciliation of non-IFRS measures. The Company believes that these

measures, in addition to measures prepared in accordance with International Financial Reporting Standards ("IFRS"), provide readers with an improved ability to evaluate the underlying performance of the Company and to compare it to information reported by other companies. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to similar measures presented by other issuers.

Cautionary Language and Forward-Looking Statements

This press release includes certain statements that may be deemed "forward-looking statements". Except for statements of historical fact relating to Victoria, information contained herein constitutes forward-looking information, including any information related to Victoria's strategy, plans or future financial or operating performance. Forward-looking information is characterized by words such as "plan", "expect", "budget", "target", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may", "will", "could" or "should" occur, and includes any guidance and forecasts set out herein (including, but not limited to, production and operational guidance of the Corporation). In order to give such forward-looking information, the Corporation has made certain assumptions about the its business, operations, the economy and the mineral exploration industry in general, in particular in light of the impact of the novel coronavirus and the COVID-19 disease ("COVID-19") on each of the foregoing. In this respect, the Corporation has assumed that production levels will remain consistent with management's expectations, contracted parties provide goods and services on agreed timeframes, equipment works as anticipated, required regulatory approvals are received, no unusual geological or technical problems occur, no material adverse change in the price of gold occurs and no significant events occur outside of the Corporation's normal course of business. Forward-looking information is based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those described in, or implied by, the forward-looking information. These factors include the impact of general business and economic conditions, risks related to COVID-19 on the Company, global liquidity and credit availability on the timing of cash flows and the values of assets and liabilities based on projected future conditions, anticipated metal production, fluctuating metal prices, currency exchange rates, estimated ore grades, possible variations in ore grade or recovery rates, changes in accounting policies, changes in Victoria's corporate resources, changes in project parameters as plans continue to be refined, changes in development and production time frames, the possibility of cost overruns or unanticipated costs and expenses, uncertainty of mineral reserve and mineral resource estimates, higher prices for fuel, steel, power, labour and other consumables contributing to higher costs and general risks of the mining industry, failure of plant, equipment or processes to operate as anticipated, final pricing for metal sales, unanticipated results of future studies, seasonality and unanticipated weather changes, costs and timing of the development of new deposits, success of exploration activities, requirements for additional capital, permitting time lines, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and timing and possible outcomes of pending litigation and labour disputes, risks related to remote operations and the availability of adequate infrastructure, fluctuations in price and availability of energy and other inputs necessary for mining operations. Although Victoria has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in, or implied by, the forward-looking information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The reader is cautioned not to place undue reliance on forward-looking information. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding Victoria's expected financial and operational performance and Victoria's plans and objectives and may not be appropriate for other purposes. All forward-looking information contained herein is given as of the date hereof, as the case may be, and is based upon the opinions and estimates of management and information available to management of the Corporation as at the date hereof. The Corporation undertakes no obligation to update or revise the forward-looking information contained herein and the documents incorporated by reference herein, whether as a result of new information, future events or otherwise, except as required by applicable laws.

For Further Information Contact:

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

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