

Victoria Gold Corp. Reports 2022 Second Quarter Results

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TORONTO, Aug. 12, 2022 - [Victoria Gold Corp.](#) (TSX-VGCX) ("Victoria" or the "Company") is pleased to announce its second quarter 2022 summary financial and operating results.

The Company will host a conference call and webcast Monday August 15th at 8:00am PST (11:00am EST) to discuss the second quarter 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 new release for more information. All currency figures are in Canadian \$ unless otherwise indicated.

This release should be read in conjunction with the Company's Financial Statements and Management's Discussion and Analysis ("MD&A") for the three and six months ended June 30, 2022 and 2021, available on the Company's website or on SEDAR.

Second Quarter 2022 Highlights

Gold produced	32,055 oz
Average gold price realized	US\$ 1,901
Revenue	US\$ 54,353,838
Gross Profit	US\$ 17,913,052
Net Income	US\$ 13,415,271
Earnings (loss) per share - Basic	US\$ 0.21
EBITDA	US\$ 34,614,986

Mr. John McConnell, President and CEO commented, "Similar to 2021, daily gold production at the Eagle Mine has increased substantially over the 2022 spring season. This is expected to result in materially higher gold production and revenues during the third and fourth quarters of 2022."

Operational Highlights – Second Quarter 2022

- Mine production was 2.2 million tonnes of ore.
- Ore stacked on the heap leach pad was 2.3 million tonnes at an average grade of 0.85 grams per tonne (g/t).
- Gold production was 32,055 ounces.

Financial Highlights – Second Quarter 2022

- Gold sold was 28,580 ounces, at an average realized price¹ of \$2,427 (US\$1,901) per oz.
- Recognized revenue was \$69.4 million based on sales of 28,580 ounces of gold.
- Operating earnings were \$20.5 million.
- Net income was \$17.1 million, or \$0.27 per share outstanding.
- Cash costs¹ were \$1,057 (US\$828) per oz and all-in sustaining costs ("AISC")¹ were \$1,750 (US\$1,371) per oz of gold sold.
- EBITDA¹ were \$44.2 million.

- Free cash flow¹ deficiency was \$1.2 million, or a deficiency of \$0.02 per share¹.

- Cash and cash equivalents were \$29.1 million at June 30, 2022.

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

Second Quarter and First Half-Year 2022 Operating Results

		Q2	Q2	H1	H1
		2022	2021	2022	2021
Operating data					
Ore mined	t	2,167,250	2,288,189	3,495,273	3,850,419
Waste mined	t	2,162,172	3,322,930	4,437,066	7,998,225
Total mined	t	4,329,422	5,611,119	7,932,339	11,848,644
Strip ratio	w:o	1.00	1.45	1.27	2.08
Mining rate	tpd	47,576	61,660	43,825	65,462
Ore stacked on pad	t	2,303,776	2,396,799	3,185,191	3,347,312
Ore stacked grade	g/t Au	0.85	0.81	0.81	0.82
Throughput (stacked)	tpd	25,316	26,338	17,598	18,493
Gold ounces produced	oz	32,055	32,140	56,413	58,899
Gold ounces sold	oz	28,580	28,731	54,098	56,269

Gold production and sales

During the three months ended June 30, 2022, the Eagle Gold Mine produced 32,055 ounces of gold, similar to the 32,140 ounces of gold production in Q2 2021.

During the three months ended June 30, 2022, the Company sold 28,580 ounces of gold, similar to the 28,731 gold ounces sold in Q2 2022.

Mining

During the three months ended June 30, 2022, a total of 2.2 million tonnes of ore were mined, at a strip ratio of 1.00:1 with a total of 4.3 million tonnes of material mined. In comparison, a total of 2.3 million tonnes of ore were mined, at a strip ratio of 1.45:1 with a total of 5.6 million tonnes of material mined for the prior comparable period in 2021.

Total tonnes mined were 23% lower during the three months ended June 30, 2022 versus the previous year's comparable period primarily due to lower waste mining as per our mine plan. Mining rates are expected to increase in the second half of the year with shorter waste hauls becoming available late in the third quarter of 2022.

Processing

During the three months ended June 30, 2022, a total of 2.3 million tonnes of ore were stacked on the heap leach pad at a throughput rate of 25.3 k tonnes per day. A total of 2.4 million tonnes of ore were stacked on the heap leach pad at a throughput rate of 26.3 k tonnes per day for the prior comparable period in 2021.

Ore stacked on the pad during the three months ended June 30, 2022 is similar to the previous year's comparable period.

Ore for the quarter had an average grade of 0.85 g/t Au, compared to 0.81 g/t Au in the prior comparable period in 2021.

As at June 30, 2022, the Company estimates there are 115,089 recoverable ounces within mineral inventory.

Capital

The Company incurred a total of \$31.1 million in capital expenditures during the three months ended June 30, 2022 including:

- (1) sustaining capital of \$17.1 million, including:
- i. scheduled capital component rebuilds on mobile mining fleet of \$7.0 million,
 - ii. expansion to the heap leach pad of \$3.2 million, and
 - iii. construction of the water treatment facility of \$2.8 million;
- (2) capitalized stripping activities of \$0.6 million;
- (3) \$10.2 million growth capital expenditures (growth exploration and mine expansion), and;
- (4) \$3.2 million adjustment to the Company's asset retirement obligation during the quarter.

Second Quarter and First Half-Year 2022 Financial Results

		Q2 2022	Q2 2021	H1 2022	H1 2021
Financial data					
Revenue	\$	69,380,862	63,509,127	128,834,422	126,258,151
Gross profit	\$	22,865,414	22,716,844	49,161,588	47,548,593
Net income	\$	17,124,146	1,291,527	33,171,517	33,092,455
Earnings per share - Basic	\$	0.27	0.02	0.52	0.53
Earnings per share - Diluted	\$	0.25	0.02	0.49	0.50

		As at June 30, 2022	As at December 31, 2021
Financial position			
Cash and cash equivalents	\$	29,131,014	31,250,867
Working capital	\$	94,148,405	62,807,859
Property, plant and equipment	\$	655,757,680	626,400,098
Total assets	\$	1,000,627,961	891,386,863
Long-term debt	\$	166,787,178	151,250,785

Revenue

For the three months ended June 30, 2022, the Company recognized revenue of \$69.4 million compared to \$63.5 million for the previous year's comparable period. The increase in revenue is attributed to a higher average realized price, partially offset by a lower number of gold ounces sold. Revenue is net of treatment and refining charges, which were \$0.1 million for the three months ended June 30, 2022. The Company sold 28,580 ounces of gold at an average realized price of \$2,427 (US\$1,901) (see "Non-IFRS Performance Measures" section), compared to 28,731 ounces at an average realized price of \$2,208 (US\$1,798) (see "Non-IFRS Performance Measures" section), in the second quarter of 2021.

Cost of goods sold

Cost of goods sold was \$30.3 million for the three months ended June 30, 2022 compared to \$27.7 million for the previous year's comparable period. The increase in cost of goods sold is primarily attributed to the change in inventory.

Depreciation and depletion

Depreciation and depletion was \$16.2 million for the three months ended June 30, 2022 compared to \$13.1 million for the previous year's comparable period. Assets are depreciated on a straight-line basis over their useful life, or depleted on a units-of-production basis over the reserves to which they relate.

Liquidity and Capital Resources

At June 30, 2022, the Company had cash and cash equivalents of \$29.1 million (December 31, 2021 - \$31.3 million) and a working capital surplus of \$94.1 million (December 31, 2021 - \$62.8 million surplus). The decrease in cash and cash equivalents of \$2.1 million over the year ended December 31, 2021, was due to

investing activities (\$48.4 million decrease in cash) primarily from capital expenditures incurred at the Eagle Gold Mine. This is partially offset by operating activities and changes in working capital including increase in inventory (\$12.7 million increase in cash) and financing activities (\$33.4 million increase in cash) from shares issued for cash and draws made on credit facilities and long term debt.

2022 Outlook

Outlook includes forward-looking statements which are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. See page 1 "FORWARD-LOOKING STATEMENTS".

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

Production at the Eagle Gold Mine for 2022 is expected to be close to the lower end of original Guidance, of between 165,000 and 190,000 ounces.

Reduced production expectations are the result of increased unplanned down time within the crushing and conveying circuit. Unplanned down time is high due to lower maintenance productivities as a result of recruitment and retention challenges within the Canadian, and specifically the Pacific Northwest, mining labour market. Supply chain disruptions have exacerbated the maintenance difficulties as certain parts have taken longer to secure and deliver to site.

Gold production at the Eagle Gold Mine is subject to significant seasonality. Stacking of ore on the heap leach pad was paused for six weeks in the first quarter of 2022 (late January through early March 2022) for regularly scheduled maintenance activities. Gold production, which lags stacking activities in heap leach operations will have a seasonal bias due to the winter scheduled maintenance program which will result in lower gold production in the first half of 2022 and higher production in the last half of 2022, similar to 2021.

AISC1 for 2022 are expected to be close to the top end of original Guidance, of between US\$1,225 and US\$1,425 per oz of gold sold.

Increased cost expectations are the result of lower production, as outlined above, combined with high inflation, specifically with respect to fuel pricing which impacts many cost inputs.

Sustaining capital, not including waste stripping, is estimated at US\$50 million for 2022 (was US\$55 million in the previous quarter's MD&A). Sustaining capital is high in 2022 compared with future years due to one-time infrastructure expenditures including construction of the water treatment plant US\$14 million (was US\$17 million in the previous quarter's MD&A).

Capitalized waste stripping is estimated at US\$15 million (was US\$21 million in the previous quarter's MD&A) and is included in AISC1 but is not included in the sustaining capital above. Waste stripping will be expensed or capitalized based on the actual quarterly stripping ratio versus the expected life of mine stripping ratio and may be quite variable quarter over quarter and year over year. This accounting treatment for waste stripping will affect earnings and capital but will not affect AISC1 or cash flow.

Growth capital related to Eagle Gold Mine expansion initiatives is estimated at US\$18 million (was US\$40 million in the previous quarter's MD&A) for 2022. Ore scalping screens have been deferred to 2023 due to supply chain constraints and inflationary pressures. In addition to growth capital, growth exploration spending in 2022 is estimated to be US\$10 million (was US\$20 million in the previous quarter's MD&A). Raven exploration spending funded by the 2022 flow-through equity raise will occur over the 2022 and 2023 exploration programs.

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

Qualified Person

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

Conference Call and Webcast Details

The webcast and conference call to discuss the 2022 second quarter operating and financial results and updates will take place on Monday, August 15, 2022 at 8:00am PST (11:00am EST). Call in details will be available on the Company's website.

A live audio webcast of the conference call will be available on the Company's website at www.vgcx.com. The webcast will be archived on the Company's website.

Zoom Video Conference Details

Victoria Gold Corp invites you to join a Zoom conference call to discuss the 2022 2nd Quarter Financial Results.

Join Zoom Meeting

<https://us02web.zoom.us/j/86076355851>

Meeting ID: 860 7635 5851

Find your local number:

<https://us02web.zoom.us/u/kxfj0NzLY>

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 Company issued a National Instrument 43-101 Technical Report for the Eagle Gold Mine dated December 3, 2019 (the "2019 Eagle Technical Report"). Since the date of the 2019 Eagle Technical Report, the Company has produced gold from its Eagle Mine. Based on the 2019 Eagle Technical Report and after adjusting for depletion through December 31, 2021, the Eagle and Olive deposits include Proven and Probable Reserves of 2.7 million ounces of gold from 133 million tonnes of ore with a grade of 0.64 grams of gold per tonne. Based on the 2019 Eagle Technical Report and after adjusting for depletion through December 31, 2021, the Mineral Resource for the Eagle and Olive deposits has been estimated to host 207 million tonnes averaging 0.63 grams of gold per tonne, containing 4.2 million ounces of gold in the "Measured and Indicated" category, inclusive of Proven and Probable Reserves, and a further 28 million tonnes averaging 0.61 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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