Victoria Gold Corp.

Financial Performance Analysis

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Executive Summary: Building Yukon's Gold Mine

Victoria Gold Corporation
TSX-V:VIT
Eagle Gold Project | Yukon| Fully Permitted - Fully Owned

Recommendation: BUY

We are anticipating Victoria Gold to meet a target price of C$0.89 in a 12-month outlook considering a strong economical evaluation and experienced management team whose interest align with shareholders to build Yukon largest gold mine.

C$ 0.89 Target Price	
Share Price (Dec-1-2017)	$0.45
52-Week Range	C$0.42 - C$0.74
Geopolitical Risk	Low
Market Capitalization (M)	229.98
Share Outstanding (M)	516.8
Volume	229,485
After-Tax NPV @ 6.5%	428
IRR(%)	26
NAV (M)	455
P/NAV	0.51
NAVPS	0.88
Applied NAV Multiple	1.01x
EV/oz	$77/oz

Key Economic Metrics

Metric	Value
Gold Price (USD$/oz)	1250
F/X (C$:USD$)	0.78
Tax Rate (%)	30
Discount Rate (%)	6.5
OPEX(C$/t leached)	10.81
LOM CAPEX (C$M)	586
Closure Cost (C$M)	35
After-Tax NPV @ 6.5%	428
After-Tax NPV @ 0%	761
IRR (%)	26
Payback Period (Yr)	3.2
Share Outstanding (Oct. 27, 2017)	516.8
Warrants Outstanding (Jul. 27, 201	40M
Options Outstanding (Jul. 27, 2017)	29.9M
Total Cash (August 31, 2017)	$43M
Market Cap (C$M)	229.98

6-Month Share Price

Analysis

Economic scale of the Eagle Gold Project - Victoria's Eagle Gold project deposit is built up by two open pits, Eagle and Olive. Together, they host a total of 190.2 Mt of ore resource, and 123 Mt of ore reserve containing 2,663 koz of gold at an average grade of 0.67g/t. The orebody is a granodiorite intrusive related gold system combined with structurally controlled high grade gold sulfide veins. The project has an estimated mine life of 10 years, with a Life-of-Mine production rate of 33,700 t ore/ day.

Subsector Review- Gold saw a year over year (YOY) 9% drop in gold demand to 915 tonnes (t) in Q3/2017. With a mere 1% decline in mine production, yet global demand is also predicted to increase, increased demand for gold for electronics, foreign reserves and coin and bar, offset the decline demand for jewelry. The price of gold is forecasted to be USD$1300/toz as the current geopolitical climate stocks investor uncertainty.

Financing & Valuation- At the early stage of development without production, it is recommended that Victoria Gold continues with equity financing is the common share price is equal to or higher than the current share price. Since issuing at lower share prices significantly decreases the NAVPS. If the price continues to decrease, streaming should be considered as a quick supply of cash with the initial payment without having further dilution over shares. The gain in capital will then cause an increase in NAV PS. Offtake agreement should considered as an additional support, which can help improve the project credibility for potential lenders, if debt financing is considered in the future.

Future Valuation- On the basis of a peer comparison, we applied a NAV multiple of 1.01x to out NAVPS estimate of 0.88 to conclude at a target price of $0.89 as a 12 month projection. Further in depth of the gold commodity is requested to understand Victoria Gold's projected position as new entry producer. Additional research on Gold supply, demand and driving factors for the commodity price in order to predict future earning similar to a preliminary sensitivity analysis.

Latest News: Victoria Gold Reports on the Eagle Project Phase 1 De-Risking Program, Dublin Gulch, Yukon.

1.0 Subsector Review: Gold Outlook

In November 2017, the World Gold Council (WGC) released its Gold Demands Trends, Third Quarter 2017 report. During Q3/2017, Gold saw a year over year (YOY) 9% drop in gold demand to 915 tonnes (t). Year to date (YTD) gold demand was down by 12%. The main drivers of the decrease was a soft quarter in the jewellery sector (-3%) as the Indian market weakened as India's new tax regime deterred customers. Mine production decrease 1% YOY in Q3 as total supply dropped 2% in Q3. A few positives to highlight are: Gold bars and coins sell increased 17% due to Chinese investors and increase in gold demand in the technology sector. Refer to Figure 1.1 for the gold demands trends over a 8 year period.

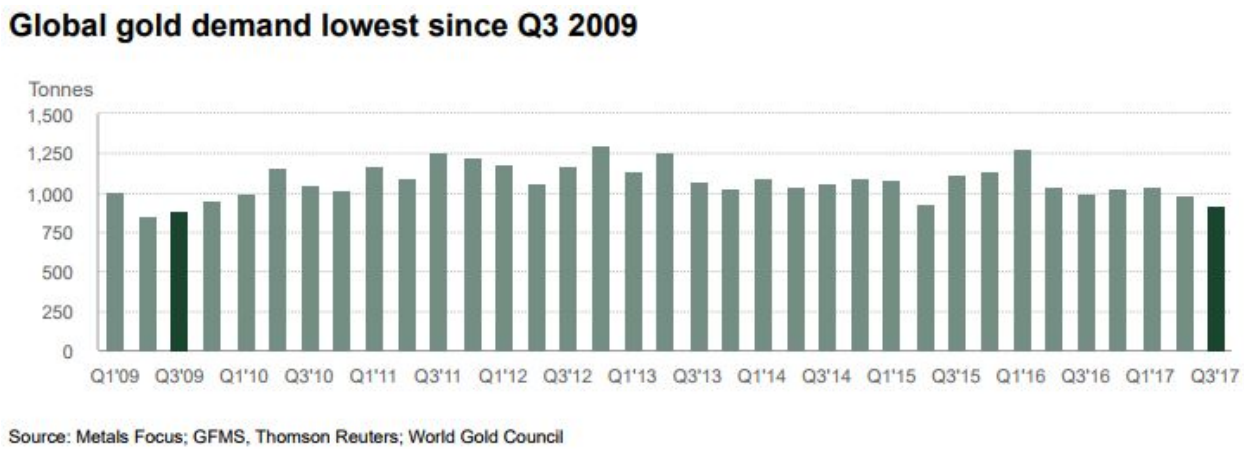

Figure 1.1: Gold demand per quarter since 2009 (WGC)

1.1 Gold Supply

Tonnes	Q3/16	Q3/17	YOY
Total Supply	1,168.4	1,146.4	-2%
Mine Production	851.8	841.0	-1%
Net Producer Hedging	-18.3	019	-
Recycled Gold	335.0	315.4	-6%

Table 1.1: Overall Gold Supply (Data Supplied by WGC)

Mine Production from a YTD basis hit a record 2,420t, yet mine production in Q3 fell by 1%. The biggest gold producer is China, which saw a fifth conservative YOY decline in Q3 due to recent environmental regulation which forced some mines into closure. Mining in Tanzania

dropped by 15% in Q3 YOY as the Acacia Mining dispute with the Tanzanian government (concentrate export ban) playing a significant role. Burkina Faso also saw a 15% decline in YOY mine production with the Inata project scaling back operations. The following countries saw a boost in mining production as a result of new mining projects.

- Suriname experienced a 90% growth with Newmont's Merian mine ramping up into full scale production.
- Canada grew by 10% with Brucejack and Hope Bay mines starting commercial production
- Argentina saw a 15% increase in mine production with the ramp up of Cerro negro mine

Proceeding into Q4/2017, a number of mines such as Canada's Rainy River project is expected to enter production which could booster mine production entering Q1/2018.

Hedging, the gold market saw a net producer de-hedging of 10t in Q3 for the fifth consecutive quarter as overall global hedgebook were down 24% to 218t. As less companies are entering into option contracts to secure cash flow for project financing.

Recycled & Scrap Gold, The supply of recycled gold has normalize since its 2016 spike (aided by Brexit referendum) to nearly 6% less than Q3 2016 at 315.4t. Europe and Middle East acted as the biggest drivers to the 6% YOY decline. Egypt recycled gold levels normalized as the nation recovered from their 2016 currency deficits that influenced consumers to sell [15].

1.2 Gold Demand

Jewelry demand decreased by 3% to 495.3 tonnes. India and China make up nearly 60% of the global market, with India representing 24% of jewelry demand, and China accounting for 33%.

Indian gold jewelry demand in India decreased by 25% YOY to 114.9 tonnes. One of the primary factors for this decrease was the implementation of a 3% GST tax at the beginning of July. This tax resulted in a reduction of consumer spending. This reduction was compounded by the fact that a significant portion of consumers opted to buy gold before the implementation of the tax, resulted in an elevated Q2 consumption and flat demand in Q3. The second major cause of India's decreased spending on gold jewelry was the introduction of anti-money laundering regulations. These regulations require "know your customer" documentation for all jewelry purchases over USD $750, deterring potential consumers who don't wish to provide government ID.

China saw demand increase by 13% YOY to 159.3 tonnes, which marked an end of 10 consecutive quarterly declines. Despite this increase it must be noted that gold jewelry demand is still 15% below the 5 year quarterly average. Demand in Q3 was amplified by the Chinese

Valentine's Day, and the Autumn Festival. The Shenzhen Jewellery Fair saw a high turnout of retailers and suppliers which could translate into increased future demand.

Demand for gold jewelry in Turkey increased by 11% YOY, in part due to a decrease in the local gold price. Iran, experienced a 9th consecutive quarter of growth, with a 8% YOY increase in demand. Demand in Egypt, Saudi Arabia, and the UAE decreased in part due to low oil prices, higher cost of living, and decreased revenue from tourism. This offset the Iranian growth in demand and saw the Middle East regional demand to decrease by 4%YOY.

Continental European demand was largely unchanged, though demand in France increasing slightly to 2.0 tonnes. The uncertainty over the future effects of Brexit caused demand in United Kingdom to fall 5% to 4.6 tonnes. The United States maintained its position as the world's third largest gold market. With consumer sentiment at a 13 year high, Q3 demand was at 26.9 tonnes.

Investment demand decreased 28% YOY to 241.1 tonnes. Investment in ETF's recorded inflows of 18.9 tonnes in Q3/17, down 87% from the inflow of 114.3 tonnes of Q3/16. This sharp decrease in ETF inflow can be attributed several factors which polarized the gold market. The geopolitical climate surrounding North Korea, Brexit, and terrorism all increased the attractiveness of gold as an investment. However record high stock markets have made investors reluctant to bet against the markets and put their money into ETFs. Europe saw outflows at 6.8 tonnes, while US holdings grew by 30.4 tonnes. China also had a net outflow of 2.9 tonnes, however the rate of decline has slowed significantly.

Global bar and coin demand increased 17% YOY to 222.3 tonnes, though this was due to the significantly low demand of Q3/16. Putting it into a long term perspective bar and coin demand for Q3/17 is lower than its 3, 5, and 10 year quarterly averages. Chinese restrictions on real estate investments, as well as fears of the yuan being depreciated have caused demand for coin and bar skyrocket 57% to 64.3 tonnes. Demand for coin and bar in India was also impacted by the new GST tax and anti-money laundering regulations and fell 23% to 31 tonnes. Demand for bar and coin in Turkey was 15 tonnes. This represented an increase almost 3 times higher than Q2/16, and was influenced by President Ergodan's pro-gold comments, and the implementation of the Credit Guarantee Fund which have boosted the economy and demand for gold. In Europe demand increased 36% to 45.5 tonnes, mainly due to a 45% increased German demand. Though not a major source of global demand South Korean saw an increase of 42% as investors mainly purchased small gold bars which could be easily carried. Investment in the United States declined slightly to 17.3 as record high stock markets were more attractive to investors.

Central banks increased their global gold reserves by 25% YOY to 111 tonnes, with 90% of this investment coming from Russia, Turkey, and Kazakhstan. Russia was the largest purchaser,

increasing their gold reserves by 63 tonnes. This puts Russia's total gold reserves at 1,778.9 tonnes, which represents 17% of Russia's total reserves. Turkey increased its gold reserves by 30.4 tonnes, to a total of 167.4 tonnes. Kazakhstan bought 10.3 tonnes, continuing a 5 year trend of monthly increases to its gold reserve, and bringing its total to 185.3 tonnes. Central banks from emerging markets also showed an interest in increasing their gold reserves. Notably Qatar (3.1 tonnes), Kyrgyz Republic (1.3 tonnes), Indonesia (1.2 tonnes), and Mongolia (0.4 tonnes).

The amount of gold used in electronics increased 3% YOY to 67.3 tonnes. All main subsectors displayed growth, most notably the memory sector which saw demand for gold wireing increase by 15%. Increased demand from high end smartphones is driving the current shortage of memory chips and is expected to persist until 2018, representing a strong demand for gold wiring. Continued growth in automotive applications (ie collision avoidance systems) has increased global led production and use of gold in this sector has increased 3 to 5%. Use of gold in wireless applications also saw a growth of around 8% YOY.

1.3 Gold Price Forecast

Our projected long term is USD$ 1,300/oz based on the following considerations: Scotiabank Q2/2017 street consensus average and global political risk. Gold is an extremely difficult commodity to forecast a long term price between of the several factors that influence gold prices and how gold is perspective as a safe haven during time of global turmoil. RBC capital markets projects long term gold price at $1,300 and Scotiabank consensus average ranges between $1,290 and $1,300. The US economy plays a major role in the movement of gold price, and such events such as Fed rate hike, increased tension between the United States and North Korea and the Senate recently passing a reducing in corporate tax may allow gold to rally above $1,300.

1.4 Gold Supply and Demand Forecast

Looking forward, the supply of gold is expected to increase as Canada's Brucejack and Hope Bay mines ramp up production, and Rainy River starts production. China's recent environmental regulations has decreased gold production recently, however the increased regulations could make it a more attractive to global investors, and ultimately result in increased mine development and a higher production rate. Tanzania's and current concentrate export ban will continue to hurt production in the short term. Uncertainty over the devaluing of the yuan, and Turkey's pro-gold stance have helped pushed global demand for coin and bar gold up. Russia, Turkey and Kazakhstan policies of increasing their gold reserves looks set to continue to rise and will continue to be a source of demand. Demand for gold wiring in electronics looks like it will continue to increase. Despite this global demand looks set to fall due to two reasons.As new taxes and regulations in India, the world's second largest consumer, have significantly reduced demand. Secondly, recent high stock markets have been more attracted investors resulting in low inflow into ETF's.

2.0 Capital Markets Profile

Victoria Gold Corp ("Victoria" or "The Company") an exploration and development stage British Columbia established company incorporated, in September 21, 1981 with offices in Toronto and Vancouver. Victoria's common shares are listed on the TSX-Venture Exchange (TSX-V: VIT). The company is forecasting a commencing production in 2019 from their 100% owned Dublin Gulch property flagship asset, Dublin Gulch property host of the Eagle and Olive-Shamrock Gold deposits, located in central Yukon. The focal point of this report is the Eagle Gold development project. The project is fully permitted, situated in low risk geopolitical jurisdiction and established infrastructure. The Eagle deposit has an estimated reserve of 116 M Tonnes of an average grade of 0.67 Au g/t, with the including of 7M Tonnes from the Olive deposit, a satellite deposit located 2.5km northeast of the Eagle deposit. Despite of the low grade, the stripping ratio of 0.95 is low in addition to an Opex of C$10.54/t leached. The success of Victoria's flagship Eagle deposit is dependent on their ability to acquire the necessary financing to meet the capital cost of approx. $369M.

Market Overview (TSX-V: VIT)		Major Shareholders			
Share Outstanding (Oct. 27, 2017)	516.8	Sun Valley Gold LLC	(16.49%)	RBC Global Percious Metals	(0.81%)
Warrants Outstanding (Jul. 27, 2017)	40M	Electrum Group LLC	(13.54%)	Investec AM Ltd	(0.79%)
Options Outstanding (Jul. 27, 2017)	29.9M	Kinross Gold Corp	(10.75%)	Percious Capital AG	(0.64%)
Current Share Price (Oct. 27, 2017)	$0.52	Victoria Gold Corp	(16.62%)	Gabelli Funds LLC	(0.62%)
52 Week Range (Oct. 27, 2017)	$0.41-$0.74	OFI Global AM	(2.11%)	Mackenzie Investments	(0.40%)
Total Cash (August 31, 2017)	$43M	RBC Global AM	(0.81%)		
Market Cap (C$M)	$ 268.74				

Table 2.1 Market Profile and Identified Major Shareholders of Victoria Gold Corp.

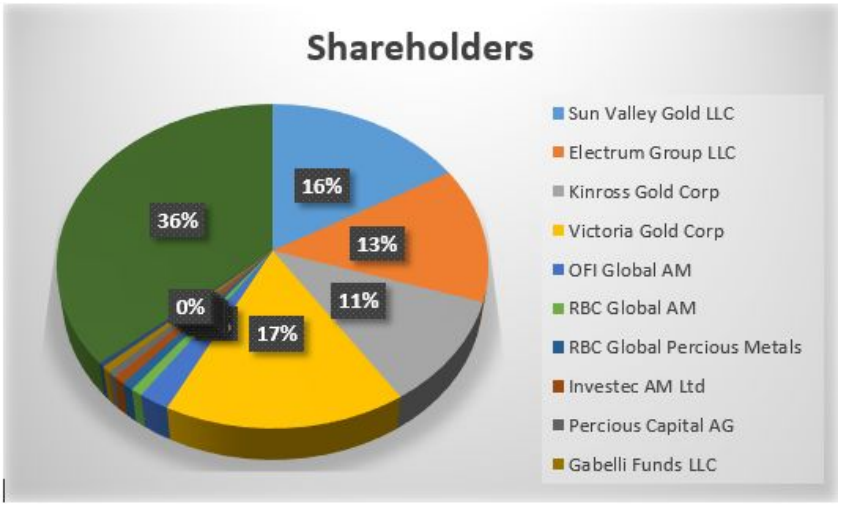

Figure 2.1 Victoria Gold Corp Shareholders

For an exploration and development stage company, a market cap of C$268.74M is significantly higher than the industry calculated average of C$178.5M by 51%, only trailing Osisko Mining Corp at 822.5M which has a considerable higher closing share price of $3.93 as of October 27th, 2017.

Dublin Gulch Exploration:Recent Financing Activites					
Date	Total Proceeds ($M)	Common Shares Issues	Warrant Shares Issued	Share Price	Involvement
2-May-17	$ 10.00	11,494,253		$ 0.87	-
17-Nov-16	$ 4.70	5,390,856		$ 0.875	-
31-Aug-16	$ 28.78	44,275,000.00		$ 0.65	-
17-Jun-17	$ 2.90	4,384,615.00		$ 0.65	-
10-May-17	$ 24.00	60M Electrum. 20M Sun Valley	30M Electrum. 10 Sun Valley	$0.30-0.40W	Electrum & Sun Valley
12/23/2015	$ 1.25	7,358,972.00		$ 0.17	
12/23/2015	$ 0.60	3,336,000.00		$ 0.18	
11/26/2015	$ 1.80	10,329,164.00		$ 0.17	

Table 2.2 Recent Financing Activities of Dublin Gulch Exploration

Reference to Table 2.2 for recent financing activities. In regards to the securing financing for the capital cost of the mine development, on January 24, 2017 Victoria Gold released a press release announcing US$220M Project Debt Facility for the Eagle Gold Mine. BNP Paribas was appointed to arrange up to US$220 of senior secured project debt to help advance the project.

Share structure is fairly simple with common shares as the majority, stock options in the form of stock warranty and restricted shares in the form of employee stocks. Victoria Gold Corp owns 16.6% stake in the capital which allows for more versatility. Acquiring more stocks which reduces the outstanding shares equally influences their EPS, or selling of shares to financing activities. At 2016E, Victoria Gold had an 29,541,667 in outstanding stock options at a weighted average exercise price of $0.25 and 40,000,000 warrants issued in private placement at an exercise price of $0.40. A timeline of milestones and news releases that influenced the share price can be found in Appendix-A.

3.0 People

3.1 Management Team

The management team of Victoria Gold contains is a cornucopia of experience from all the sectors of the mining industry. Mark Ayranto is the one member of the board who was a part of the project from the beginning, when the property was owned by StrataGold. This is a real asset, as he is familiar all the issues the project has overcome to get to this stage, and is well connected with the various shareholders of the project. John McConnell, the president and CEO is well connected with the provincial and federal mining regulatory associations, and is highly experienced in working in the mining industry of Northern Canada. He is a Director of the

Yukon Chamber of Mines and the Mining Association of Canada, and has spent his entire career working in the Northwest Territories and Yukon.

The following Table 2.1 is a summary of all the significant people of management, with their roles and background information.

Name	Role	Education	Experience and previous roles	Other associations
John McConnell	President, Director and CEO	B.Sc. Mining Engineering: Colorado School of Mines	35 years: *Western Keltic Mines* President and CEO *De Beers* Vice President NW Territories Projects Nanisivik Mine Operations *Strathcona Mineral Services* Engineering, Feasibility Studies and Project Development	Director of Companies Hudson Resources Inc., Abacus Mining & Exploration Corp. Director of Organizations Klondike Places Miners Association, Yukon Chamber of Mines and the Mining Association of Canada.
Marty Rendall	Chief Financial Officer	Bachelor of Business Administration and Chartered Financial Analyst	*De Beers Canada* and *Breakwater Resources*	
Mark Ayranto	Executive Vice President	BSc Dalhousie MBA Royal Roads University	15 Years in Project Development: *StrataGold* Vice President Corporate Development	

Tony George	Vice President Project Execution	Imperial College London: BSc Mining Engineering	35 years mining experience: *De Beers* *Iron Ore Company of Canada* *Aura Minerals* *Rescan Engineering* *Lucara Diamond Corp* *Lundin Gold*	
Paul Gray	Vice President Exploration	B.S Dalhousie University	21 years: Worked in Yukon and NWT with advanced gold exploration projects since 2001.	Member of Association of Professional Engineers and Geoscientists of British Columbia

Table 3.1 Management Team members with Corresponding Roles, Educations, Experiences and Other Associations

3.2 Board of Directors

Name	Role	Education	Experience and previous roles	Other associations
T. Sean Harvey	Chairman of the Board	M.B.A in Finance LL.B specializing in tax and corporate law	10 years mining focused investment and merchant banking Has held senior executive and board positions with TVX Gold Inc., Atlantico Gold Inc. and Orvana Minerals Corp.	Director of Persus Mining Ltd., Serabi gold Plc., Abacus Mining & Exploration Corp, and Sarama Resources Ltd.
John McConnell	President, Director, CEO	See above (Table 2.1)		

Leendert Krol	Director		40 years in mining industry *Newmont and Brazauro* Gold Exploration *De Beers, ASAM and Anaconda* diamond exploration *Anglo American* Base Metal and Uranium exploration *Newmont* VP Exploration	Current Director of TriStar Gold Inc.
Mike McInnis	Director		35 years' experience in mineral exploration. 25 years' experience managing public resource companies.	On the board of Abacus Mining & Exploration Corp., And Canasil Resources Inc.
Christopher Hill	Director	MBA from U of t and Bachelor of Business Administration from Wilfrid Laurier University	Senior management with Kinross from 1998 to 2010, and with Aecon until 2016. Worked in treasury department of Barrick Gold Corporation, and trader for Lac Minerals and the Bank of Nova Scotia.	
Heather White	Director	Bachelor of Mining Engineering from Queen's.	20 years mining experience. Worked in senior roles at Vale Canada, Voisey's Bay Nickle Company, Inco Ltd. And NOVAGOLD.	Member of the Professional Engineers of Ontario and Canadian Institute of Mining.

Patrick Downey	Director	Bachelor of Science in Engineering from Queen's University.	30 years' experience resource industry. Senior positions at Elgin Mining. Inc. Aura Minerals Inc. Viceroy Exploration Ltd. Consolidated Trillion Resources Ltd. And Oliver Gold Corporation.	Current President & CEO of Orezone Gold Corporation. Member of board of Dalradian Resources, Pan Global Resources Inc. GFG Resources Inc. and Orezone Resources

Table 3.2 Summary of Board of Directors with Corresponding Education and Experiences

The Board of Directors is composed of several individuals who hold Senior Management positions throughout the Canadian mining industry. The Chairman of the Board, T. Sean Harvey is of particular interest as his area of expertise is investment/merchant banking and corporate law. This seems like a good decision by Victoria Gold, as they have just finished a major round of financing in order to raise the capital for the current construction of the Eagle Mine.

In the interest of full disclosure it should be noted, that three high ranking members of the board are also a part of Abacus Mining & Exploration Corp. These are John McConnell (President & CEO), T. Sean Harvey (Chairman of the Board), and Mike McInnis. This should pose no conflict of interest, however should still be noted in case of any future dealings between these two companies.

Between the members of the Management team and the Board of Directors, the one notable skillset that is lacking is experience in the processing side of the mining industry. The heap leaching process is a relatively simple method compared to other processing methods such as froth flotation. Despite this, there is a risk in not having a high level management member who is an expert in processing. After producing commences, if the gold recovery rates from the ore are lower than the design predicted, the mine could experience serious financial issues linked with investor confidence and lower than anticipated gold production rates. This risk can be mitigated if Victoria Gold invest in obtaining the proper personnel with the required expertise needed to properly manage and run the gold processing section of Eagle Mine.

4.0 Development Asset

Victoria Gold Corp. currently has no asset under operation, however, it owns as single asset under development stage and is going into production very soon. Meanwhile, other exploration activities are going on around the current development property as well.

4.1 Asset Parameters

The only development asset in Victoria Gold Corp's possession is the Eagle Gold Project, located within the company's Dublin Gulch property. Such property is located at approximately 85 km northeast of the village of Mayo, inside the Mayo Mining District, Yukon, Canada. The property is wholly owned by Victoria Gold after the acquisition of StrataGold Corporation, one of the four subsidiaries of Victoria Gold. The planned mine site of 35,000 hectares is located approximately 350km north of Whitehorse, Yukon. Exploration drilling began in early 1990's, sporadically continued through 2004 by several owners including StrataGold which was acquired by Victoria Gold in 2009 to conclude drilling to improve the geological confidence in the resource and reserve estimation.

It was suggested that The Eagle Project have an operation life cycle of 10 years, with a nominal production rate of 33,700 t ore/ day combining both open pits. The annual gold production of such project is expected to be at 210 koz for the first year of operation and at an annual average of 190 koz for the following ten years of operation. The waste rock and stockpile are ideally located to optimizing haulage time and improve production rate [Appendix-B]. The peak production rate of ore mined is estimated to be at 13.5 Mt per annum between year-7 and 9, with an approximate stripping ratio at around 1.2: 1 (w: o). Meanwhile, as the mining activity continues 365 days a year, excavated ore will be on stockpile for around 275 days of the operation cycle annually, which also indicated a stacking rate of 45,500 t per day.

According to the most recent feasibility study, an estimation of development costs required is indicated. The amount of information gathered, mainly with reference to the industry standard, provides results at an accuracy of +/- 15%. With an 10.5% contingency, the capital cost is estimated to be CAD$ 370 million, as well as a sustaining or closure cost of CAD$ 183 million. Besides, an additional 35 million dollars (Canadian) of salvage value is also expected. As for the operating costs, they are calculated as 539 US$ per oz of payable gold, and 1,295 million dollars throughout the life of mine, including mining costs, processing costs and G&A. Based on a consensus of gold selling price at US $1,250/ ounce and exchange rate of 0.78: 1 (US: CND), the project Net Present Value is estimated to be CAD$ 508 million, at a discount rate of 5%. The Internal Rate of Return is therefore 29.5%, and the payback period is calculated to be 2.8 years, after-tax cash flow.

Up until most recently, the Eagle Project has received all major permits and approvals for ongoing exploration, infrastructure construction, mining operations as well as mine closure. Some of the major licenses includes the Water Use Licence (2015), which required 5 years of evaluation and permitting to ensure the project's low environmental impact and it's low maintenance cost for environment recovery; the Quartz Mining Licence (2013, 2016), which is essential for all the production procedures during mining activities; as well as the approving Decision Document from the Yukon Government, which allows the Eagle Project to proceed. By the time of September 2012, with the Access and Exploration Agreement, the Project was allowed to conduct exploration within lands of the local First Nation community.

It is expected that Victoria Gold Corp. would continue their exploration activities, particularly focusing area near the Eagle Gold property, in order to expand the potential minable. According to the management discussion provided by the company, more financing alternatives and opportunities will also be sought, as well as advanced engineering design to help continuous construction for operating. The Project Executive Plan indicates that the next stage of detailed engineering construction consists a variety of activities, including determining delivery, field, safety and security equipments; ordering bulk materials; identifying and managing construction materials required; accommodating on-site workforces as well as commissioning the plant and so on. The development of the project will be further divided into Pre-Construction Phase, where basic facility designs will be conducted, connections to suppliers will be made and access for constructions will be provided, and a following Basic Engineering Phase, where detailed processing and milling operating related designs will be finalized and constructed.

While the project is currently at its early stage of developing, various potential risks can be identified. First of all, the Eagle Gold Projects faces numerous operating risks, especially infrastructure construction and people management where the project is gradually entering production stage.Regulation and permitting can also cause stoppage of the development or operation due to change of policies and thus requirements. Since application and approval processes can be quite time and fund consuming, the risk of having project being interrupted by political instability can also be problematic. Geological and geotechnical risks, however, are decreasing during the process, with more information gathered during drilling. In addition, even though Victoria Gold have not had issues with financing until now, it does not guarantee that sufficient funds for future development will be provided in the future to ensure a healthy cash flow. This is also the main reason that the company should continue to discovery financing alternatives, and try to operate without limited resources, especially soon a large amount of expenditures are required for infrastructure construction. Details will be further discussed in Section 6.2 and Section 7.3.

4.2 Resource and Reserves

The Eagle Project contains two major open pits of deposit, Eagle and a satellite deposit, Olive, considered a potential open pit gold mine. According to the 2017 Feasibility Study of Victoria Gold, a total of 370 drill holes and more than 38,000 assays indicated that the Eagle deposit consists a total of 180.7 Mt of Measured and Indicated resources, whereas the Olive deposit consists those of 9.5 Mt. As for mineral reserves, it is estimated that the Eagle deposit contains 116 Mt of ore, with 2,463 koz of gold, and Olive deposit contains 7 Mt of ore reserves with 200 koz of gold. Within the 123 Mt of ore reserve, it was estimated that 1.8 Mt would be crushed ore, and the rest 15 Mt would be run-of-mine, which requires no further crushing or grounding. A summary of the total mineral deposit identified for both locations is shown as below in Table 4.1. Detailed information regarding mineral reserve and resource is illustrated in Appendix-C.

Type	Ore Tonnage (Mt)	Grade (g/t Au)	Contained Gold (koz)
Eagle Measured + Indicated	180.7	0.63	3,631
Olive Measured + Indicated	9.5	1.07	329
Total Resource	**190.2**	**-**	**3,960**
Eagle Reserve	116	0.66	2,463
Olive Reserve	7	0.95	200
Total Reserve	**123**	**0.67**	**2,663**

Table 4.1: Summarization of Total Measured, Indicated Resource and Reserve of Eagle and Olive Deposit

It can be noticed that Eagle deposit is a large-scale, high-tonnage gold deposit. Although the gold grade is not significantly high, the high volume of ore made the contained gold economic to be mined. The estimated in-pit cut-off is around 0.15 g/t, where the highest tonnage will be provided according to the Grade-Tonnage Curve [Appendix-D]. Based on assay result, oxide granodiorite yields the higher grade, and unaltered granodiorite provides the highest tonnage. On the other hand, the Olive deposit shows a completely different pattern. It contains a relatively high grade of gold, whereas its total tonnage is significantly lower, with no more than 10 Mt for both resources and reserves. The cut-off grade is reported to be 0.40 g/t, and testings show that the recovery rates are 69%, 58% and 52% for oxidized rock, transition oxide-sulphide, and sulphide-bearing granodiorite respectively. Overall, with the extent of study and survey conducted so far, and the high quality assay results, the total reserve and the amount of contained gold of the Eagle Gold Deposit is considered reliable and promising.

4.3 Economic, Social, Environmental

4.3.1 Economic

- Infrastructure

Due to the proximity of the Eagle Gold Project to the village of Mayo, roads are available all year round and thus make the area easily accessible, while 23 km of regional traffic still needing to be upgraded slightly. Electricity will be provided by the local company, Yukon Energy Corp., while having diesel generator as power back-up. Other existing infrastructure includes a 100-person capacity camp, administration building, a warehouse, and a newly purchased secondary 110-person camp. In addition, new facilities are required to be construction, which includes: camp expansion, truck shelter, fuel depot, explosive plant, explosive storage as well as water management facilities. Tailings management wise, the current tailings and waste rock placer in the Dublin Creek Valley is considered sufficient for all the aggregate needed. And a concrete batch plant will be moved to the site, whereas the temporary crushing plant will be used for HLP over-liners.

- Human Resources

According to operating cost estimation section in the NI 43-101 Technical Report, a maximum of 169, 105 and 94 personnel will be required at peak time for Mining, Processing and General & Administration respectively. Within the total 368 employees, positions will be provided for mine supervisors, mining activity operators, maintenance technicians as well as professional Engineers and Geologists. They will be working at a 2 & 2 shift rotation, and the average cost in terms of life of mine is expected to be $ 0.65/t mined. In addition, personnel transportation is estimated to cost $ 0.25/ t processed as a part of the G&A costs calculated.

4.3.2 Social

The local community is the First Nation of Na-Cho Nyak Dun (FNNND). Their Traditional Territory covers 162,456 km2 of land and they own 4,739.68 km2 of settlement lands as per the 1993 land claims agreement. As a self-governing First Nation, the FNDD owns the minerals under all Category A Settlement Lands, and revives royalties from any mining that occurs on this land. Mining that occurs elsewhere on FNNND land is required to pay a portion of the royalties collected by the Yukon Government.

A Cooperation and Benefits Agreement (CBA) was signed on October 17, 2011, and applies to any activities Victoria Gold undertakes on FNNND land. The objective of this was to provide the FNNND with economic and employment opportunities. This benefits both parties, as it gives Victoria Gold a sense of certainty on the long term continuation of the project; since both the

company and the local community are invested in its long term operation, and local hires will be a cheaper source of labor than fly in fly out employees. Victoria Gold has established a scholarship, to support citizens of the FNNND who wish to attend university, college, trade or technical schools.

The FNNND has prepared and implemented a 5-year strategic heritage development plan. The plan prioritizes rational knowledge, language, heritage sites, cultural center, governance policy, and guidelines development. It is also noted that the local community still depends on traditional foods from hunting, fishing, and gathering to provide for a significant portion of their diet. These resources must be protected from damage, or contamination by Victoria Gold Activities, as they are critical for the social and economic well-being of the local community.Victoria Gold has planned its project with the goal of minimizing the burden the Eagle gold project will have on the local community and infrastructure. The current mine development and operations plans predict no adverse effects on roads, fire, medical, electrical, and educational services.
It was determined through field surveys of the project area that there were no archeological or historic period sites. All areas that were favorable for early human occupation were determined to be destroyed by the extensive placer mining that has taken place in the area over the past 50 years.

4.3.3 Environmental

All baseline studies have indicated that possible adverse effects can be satisfactorily mitigated and that the mine and processing site will be returned to a landscape comparable to the surrounding area.Before any exploration activities were allowed to take place Victoria Gold was required to pay a bond of $149,000 to cover the cost of reclamation in case Victoria Gold is unable to complete the reclamation process in the future.

In February 19, 2013 the Yukon Environmental and Socio Economic Assessment Board (YESAB) finished their assessment of the Eagle mine project. They concluded that the project be allowed to proceed without further review, on the condition that the project follows the terms and conditions outlined in the Screening Report and Recommendation, as well as the 123 terms and conditions proposed by the YESAB. Federal decision bodies were in agreement with the assessment by the YESAB. The Yukon Government Department of Energy Mines and Resources issued the Eagle open pit project was issued a Quartz Mining License on September 20, 2013. This covered the development, production, and reclamation of an open pit mine, and the extraction of gold from the ore through heap leaching. The original Quartz Mining License was amended on March 24, 2016 to align with the timeline requirements of a Type A Water Use License which was issued on December 3, 2015.

None of the animals found in the project area are considered endangered or imperiled. There was one 2m by 2m patch in the project area of the rare plant Koenigia islandica L. (island purslane).

Water Quality was one of the most important issues looked at; extensive designs have been produced to make sure that potential water contamination sources such as mine discharges, sediment load, and metal leaching, are either avoided completely, or in the cases where this is not possible, mitigated to an extent that a high level of water quality is maintained. Acid mine drainage has not been predicted to occur.

5.0 Exploration Asset

The projects that are currently under exploration are Olive-Shamrock and VBW. The Olive-Shamrock property is only 2 km away from the Eagle Gold deposit and lies on the intrusive-sediment contacts of the Potato Hill Trend, cutting through by several high-grade sulphide veins. It belongs to the northern-central section of the fault-controlled Selwyn Basin and has three major thrust faults. Stratigraphic geology had been decided, suggesting the project area contains Proterozoic deposits to mid-to-late Cretaceous metasediments. Mineralization is found to be associated with several significant Cretaceous intrusions, showing to be vein, shear, and skarn related. The main metal elements found to be economically interesting are gold, silver, lead, zinc and tungsten. The Olive-Shamrock property had been mined in early 1900 on a small-scale underground. Trenches and drill hole had shown an average gold grade between 1.08 g/t to 1.2 g/t. For more recent years between 2009 and 2012, diamond drill cores total of 7,452 meters showed gold mineralization at grades varying between 1.93 g/t, 2.69 g/t, 5.62 g/t, and even 39.2 g/t at various depth, location and intersections. At the same time, 152 m of Reverse Circulation exploration had been conducted back in 1992, and further exploration continued with 300 meters in 2011. Also, 1,795 meters of trenches were completed in Shamrock from 2006 to 2010.

As for the VBW property, it is approximately 10 km from the Eagle Gold Project, and is determined to be a large-scale, high-tonnage, intrusion associated gold deposit. It is related to the Tombstone High Strain Zone, Dublin Gulch granodiorite intrusions with gold-sulphide veins and occasional silver-sulphosalt. It was confirmed in 2011 that the VBW deposit covers the southwest extension of the Potato Hills Trend, indicated by a 13 kilometers long mineralization zone and geochemical anomalies. Exploration projects of such region started in 2012, and in September, 1,942 ridge and spur samples showed a 5 km, east-west gold mineralization zone, with ppb Au between 20 and up to 1017. Then in August 2013, additional 1,454 samples were collected and analyzed. The results further proved the existence of a high-grade gold mineralization region, with gold > 40 ppb, and anomaly up to 1.02 g/t Au. Drilling program in 2013 showed results of 0.58 g/t Au at depth of 59.2 m and 0.98 g/t Au at 14m. Since the

exploration project is only at its early stage, further investigations are expected, such as continued diamond drilling along; expanded geochemical, geological surveys; advanced airborne radiometric and magnetic surveys and so on.

Within both of the exploration projects, extremely high risks exist. The most influential one would be the potential low grade or low tonnage of the potential ore deposit, since the possibility of having exploration projects actually turn into operating ones is enormously low. The results so far are promising, but it does not necessarily mean all future discoveries will be supporting the current average tonnage. The risks will decrease and the confidence level will improve with the increasing amount of information. Another potential risk is the instability of metal prices. Since the prices are the deciding factors for determine whether the deposit is economic or not, a change in primary metal price can turn the project from feasible into unfeasible. Therefore, metals prices should be closely monitored and carefully forecasted.

6.0 Financial Analysis

6.1 Ratio Analysis

For the ratio analysis, numbers from the 2017 annual report are used. Although the most recent file is the second quarter interim report, it is considered not as reliable as the annual report, where values are well audited and justified. More reasonable and accurate evaluation can therefore be obtained based on such ratio analysis.

6.1.1 Liquidity Ratios

The Liquidity ratios measures the short-term ability of Victoria Gold to meet its obligations of payments and meet the need for cash. Such ability is extremely important during evaluations from its creditors such as banks or suppliers. Normally the liquidity ratios analysis would include Working Capital, Current Ratio, Inventory Turnover, Days in Inventory, Receivable Turnover, Average Collection Period, and Cash Current Debt Coverage. However, in this case since Victoria Gold does not have any operating activities and it possess any products or inventories of operation, only working capitals and current ratio would be applicable for calculation [Appendix E].

The working capitals are $ 57,228,523 and $ 8,211,838 for 2017 and 2016 respectively. And we can notice a significant growth from less than 10 million in 2016 to more than its seven times in the following year. The current ratio shows similar pattern, where it jumps from 2.347 in 2016 to 17.313 in 2017. Both parameters indicate the improvement of the company's liquidity over the last year, and show the gain in short-term debt paying ability of Victoria Gold. This could be

extremely appealing to banks and other creditors to decide on supporting the company for its further development.

With that being said, although the liquidity ratios of Victoria Gold show a pattern of improving, further liquidity and credit risks still exist. For example, with a large purchasing event happening and accounts receivable not coming, the company can be short in cash and cash equivalent in this particular time for meeting its financial obligations of paying its accounts payable.

6.1.2 Solvency Ratios

Solvency Ratios' are metrics used by financial analysts to measure and assess a company's ability to meet its debt and obligations. It looks at the cash flow of a company and assess whether it is sufficient to meet short and long term liabilities. Solvency Ratios which exhibit negative trends are red flags, as they are indicative of a company's deteriorating financial strength. Solvency Ratios include the following: Debt to Total Assets Ratio, Free Cash Flow, Times Interest Earned, and Cash Total Debt Coverage. [See calculations in Appendix E]

Debt to total assets is an indicator of financial leverage as it shows how much how much of the total current assets that have been purchased by creditors and liabilities. The debt to total assets has decreased from 5.30% in 2016 to 2.44% in 2017. This is a positive metric, as Victoria Gold directly owns a higher proportion of its asset, and has a lower financial risk from its creditors.

Times interest earned measures how effective a company is at meeting its debts and obligations, . Times interest earned has increased from 312.48 in 2016 to 733.16 in 2017. This metric reflects very positively on the financials of Victoria Gold, showing that they can pay off the interest on their debts 733 times. However this number seems very high for a company that is still constructing their mine and has not yet started production. Though further analysis into the financing of gold companies, shows that gold companies often benefit from very low interest rates on the money they borrow. This is due to the fact that there is a relatively low rate of interest charged when borrowing gold, and gold mining companies are able to match their liabilities with their assets (Kernot, n.d.). Based on this, the high value of Times Interest Earned ratio, can be seen as an indicator of a strong financial position as Victoria Gold is extremely able to pay the interest it ows from its debts.

Cash Total Debt Coverage is an indicator on how quick a company could pay off its debts and obligations if it devoted 100% of its cash flow to repaying its debts. Cash Total Debt Coverage has decreased from -29% in 2016 to -65% in 2017. Though this shows a negative financial trend, it is not cause for drastic action, nor does it foreshadow the economic decline of the company. As Victoria Gold is currently in the construction phase of the Eagle Mine, it has not yet reached a point where it has started to generate positive revenues. As such the cash flows are negative,

reflecting current construction phase of the Eagle mine asset. Once the mine starts producing gold, a positive cash flow is expected, which will reverse the Cash Total Debt Coverage into positive, and ideally increasing percentages.

6.1.3 Profitability Ratios

Refer to Appendix A-4 for equations and calculations on the following ratios: Earning per share (EPS), Price-Earnings Ratio (P/E), Return on Assets (ROA), Return on Equity (ROE). Several ratios for corporate and investor measures were exclude due to the nature of the projects at the developmental stage. Please note the dates are expressed for year ended. The fiscal date for Victoria for 2016E is February 28, 2017. The share price at 2016E was $0.54/share and $0.22/share at 2015E.

Earnings (Loss) per share		Price-Earnings Ratio		ROA		ROE	
2017	2016	2017	2016	2017	2016	2017	2016
(0.001)	(0.005)	(371.302)	(43.322)	(0.004)	(0.014)	(0.004)	(0.015)

Table 6.1 Profitability Ratios Calculation Results

Victoria reported a negative earnings per share due to a net loss of $737,437 ($0.002 per share) for the 2016-year end on February 28, 2017 in comparison to a net loss of $1,833,746 ($0.005 per share) in the equivalent period during the 2015-year end on February 29, 2016. The reduction in net loss over the year is a result of in increased interest income ($385,580), deferred tax provisions ($2,056,151) and a tax benefit of ($1,248,304). As a development company without a revenue stream having an insignificant EPS as such is understandable. Therefore, a peer comparison was conducted in the gold developer industry by selecting Belo Sun Mining Corp, Lydian Int., Midas Gold Corp based off similar Market Cap, share price and contained gold(Moz). Developers do not have a revenue stream therefore a net loss will reflect a negative EPS, with the example of Belo Sun, the lost 4 cents per share, whereas Victoria Gold negative loss is insignificant that just demonstrate the inability of developer to create a profit even with financing activities. Only Lydian has a positive P/E ratio which is due to net gain on their 2016E financial statement. P/E ratio tells an investor how much they are investing for every dollar of earnings. A negative P/E is not applicable (N/A) therefore currently all companies excluding Lydian are not profitable. Return on assets demonstrated how a company utilizes its assets to generate revenue. Lydian is the only company that is capable to creating revenue with their assets, which be a result of their reserve of 12.7oz and that they are at a construction phase, the furthest in respect to all four companies. Victoria gold is the nearest competitor, however it still fails to generate positive cash flows from operating activities. The last metric is return on equity, a measurement of the probability of a company in relation to shareholder equity. As a result of net loss: Victoria, Belo Sun and Midas will post a negative value essentially demonstrating they

can not generate earning from investments or financing activities. Lydian posted a net income of $3M in their 2016E and thus, why they are the only profitable gold developer in this peer comparison. Overall, the profitability of Victoria Gold is solely dependent on their ability to take the step into production. Currently, Victoria Gold is not a profitable company. Regardless, a continuous growth in cash and financing activities should sustain Victoria Gold into production where they should expect a revenue stream.

Company Name		Price (Oct-6)	Mkt Cap	EPS	P/E Ratio	Current Ratio	Return on Assets	Return on equity	Contained Gold (Moz)
VIT	Victoria Gold Corp	0.48	248.07	-0.001	-480.00	17.31	-0.45	-0.47	2.66
BSX	Belo Sun Mining Corp	0.54	251.42	-0.04	-13.50	9.99	-26.63	-30.11	3.788
LYD	Lydian International	0.35	246.64	0.01	35	24.95	1.13	1.68	12.7
MAX	Midas Gold Corp	0.67	125.75	-0.03	-22.33	11.98	-49.74	-81.51	4.6

Table 6.2: Inter-Companies Comparison Based on Share Price, Market Capitals, EPS, P/E, Current Ratio, ROA, and ROE

6.2 Financing Considerations

Based on the Technical Report, the estimated capital cost is approximately $370M, with an additional $183M of sustaining cost. The financial statement, however, indicates that the total assets and total liabilities and equity are only at $206M. This suggests that in order for Victoria Gold to complete all of its initial construction of essential infrastructures and start production, $164M more capital should be raised. And another $183M during the remaining years of operation as sustaining capital costs. Several financing options can be considered to reach the amount of capital required, and detailed discussion will be illustrated as the following.

6.2.1 Equity Financing

Equity financing means the selling of shares in order to raise capital, where they can be common shares, preferred shares or other types of shares available. Currently, it is the only financing approach of Victoria Gold. As of August 31, 2016, the company have issued over 516 Million shares and raised over $215M, where the majority of financing activities were conducted between 2015 and 2017. With only two years of financing, it is expected that further raise of capital will be continued for the following years at the pre-production stage. By having a successful of history of common share issuing, it is therefore considered as the top choice for

further financing. Meanwhile, as the project proceeds, the public recognition and expectation are expected to grow with the project. Thus, for future common share, the commodity price is estimated to increase slightly and will accelerate the process of raising capital. Also, different other forms of equity financing can be considered as well, such as flow-through shares, warrants, and convertible preferred stocks. These are commonly known as the “sweeten”, where special rights are offered to increase the attractiveness of the stock.

Overall, equity financing is a relatively suitable choice for a developing project, where its credit is low with no credit history nor financial background. It not only provides less burden for a non-profit-generating project to pay routine dividend or interests, but also imposes less risk to the company from bankruptcy caused by the debt owed and the amount have to be paid back during a setback time of operation. However, the downside of equity financing is the dilution in ownership and the loss of control over the project and company. With the more shares issued, the more owners of the project, and conflicts between different shareholders can be triggered more easily as well.

6.2.2 Debt Financing

Victoria Gold can also choose debt financing as another alternative financing method. Money can be obtained by applying for a long-term bond, or securing a loan. Once the company starts debt financing, a constant payment of interest or dividend is required on an annual, monthly or other frequency basis. The required scheduled payment is what worries most companies. For, it is relatively hard to predict the future performance of a project, especially with the fluctuation in the commodity price, which is extremely crucial to the project revenue. If there is a meltdown, or a lack of cash, with the additional payment of debt, the project can easily go into trouble. And the recovery of such problem takes time to fix as well. However, although the regular payments are a little intimidating to a new project, the benefits of debt financing comparing to its drawback are actually huge. First of all, unlike equity financing, the control of the business does not become diluted. Second, since the payment amounts are constant throughout the years, it is easier to predict, unlike the undetectable share prices. And third, often the interests that are paid are tax deductible [12].

The only difficulty for using debt financing is that the requirement from banks and other financial agencies are relatively high. They often consider that it is too risk for them to offer a loan to a project that have not started on production and profit generation. Also, with no information regarding the creditworthiness of a project or a company, they cannot tell whether the company is going to have the ability to pay their debt back. With the strict screening process, and the required completion testing, the process of obtaining debt financing with a large amount of money can be difficult for Victoria Gold, with a development asset. Therefore, debt financing

is recommended for later stage of development, where reliable production and regular revenue is generated by the project.

6.2.3 Streaming Arrangement

Another emerging financing option is stream financing. It is achieved by investors or streaming companies paying an upfront payment for the right to purchase a fixed percentage of future products as well as an on-going payment that usually lasts for the entire life of mine [14] It is especially beneficial for development projects that are going into production or operating projects waiting for expansion. Therefore, it is considered quite suitable for the Eagle Gold project.

There are numerous advantages of streaming financing beside being time-efficient. Without having to sell more shares, it is non-dilutive, and guarantees control over the project and company [10]. When comparing with debt financing, it is much less restrictive, where the payment is in terms of percentage of final products, and allows for variation from time to time. From investors perspective, it is a less risky choice as well. For they are not contributing to the capital and operating costs directly other than the initial payment, but only benefit from the resource and reserves. Nevertheless, there are still downsides to this solution. For example, if the commodity price increases for the later years after the stream product price is set, less profit will be generated. This can be further controlled by agreement with streaming companies to include optional buyback to secure the deserved revenue. Also, since fixed percentage of material mined are being paid back, if the project undergoes expansion and experience a sudden increase in tonnage, a large amount of profit can be lost, especially at low stream price [9]. It can also be mitigated by an agreement established beforehand where a maximum tonnage is determined available as streaming products.

Therefore, with the mitigation strategies for the potential risks, and the enormous merits specifically targeting development assets from streaming arrangement, it is considered currently the most suitable financial option for Victoria Gold. Agreements can be arranged several precious metal streaming companies, the four biggest companies are Franco-Nevada (USA), Royal Gold (USA), Silver Wheaton (Canada) and Sandstorm (Canada). Very likely these large streaming companies will seek projects from senior mining companies, therefore other junior or new streaming investor can also be sought for Victoria Gold, such as Maverix Metals Inc., Metalla Royalty and Streaming and AuRico Metals Inc [13].

6.2.4 Offtake Agreements

Although it is not a direct financing method where immediately provides cash or capital for the project, offtake agreements still have its unique advantages for a development project. With the agreement between producer and buyer being established, where a fixed percentage of products are sold. Agreements are normally arrange prior to construction and production, and therefore is considered a fit for Victoria Gold. Also, another advantage is that the metals are sold to buyers based on market prices which will prevent the loss of profits due to low agreement price like from streaming financing. In addition, with a signed offtake agreement, many lenders will consider the company able to pay back their debt on a regular basis, and thus increase its overall credit [11]. Since offtake agreements not only provides stable buyer of the product but also helps future debt financing of the project, therefore it is considered a great choice of financing for Eagle Gold project. However, while considering offtake agreements, there are also potential risks need to be considered, such as desired processing recovery, constant mill throughput and other mining factors that may affect the quality and quantity of future products.

7.0 Financial Valuation

7.1 Discounted Cash Flow

7.1.1 Assumptions

Using information provided in Victoria Gold Corp.'s NI 43-101 Feasibility Study Technical Report, our model discounted cash flow was updated. In order to model Victoria's Gold cash flow in the most accurate way possible, several key assumptions were made.

The first and most significant parameter to estimate was the price of gold. Since the Eagle Mine is a single commodity (gold) deposit, the price of gold greatly influences the projected cash flow. To ensure that the long term forecast for the price of gold is as accurate as possible, a market consensus report from a variety of banks was used.This was published by Scotiabank and includes the gold price forecast of 24 financial institutions, including Bank of Montreal Capital Markets (BMO), Royal Bank of Canada Capital Markets (RBC), and Scotiabank. The consensus average was $1301, but BMO's price of gold forecast for 2019 and 2020 was $1250 and $1200 respectively [5]. Based on this, it was decided to use $1250 as the long term forecast for the price of gold. It was felt that $1250 is an estimate that is slightly on the conservative side, but this was deemed acceptable due the uncertainty that was associated with the assumptions made when building the model cash flow. The exchange rate between $USD and $CAD would remain constant at 0.78 US$:C$. This is due to the extreme difficulty to predict international financial

markets in the long term. The exchange rate of 0.78 was chosen as it is the rate when this report was written.

The second major financial assumption made was regarding the recovery and heap leach curve delay. Our inability to understand a correct heap leach delay as a result of time delay. From what we know, the leach curve has a pseduo-parabolic shape, to demonstrate the fast rate of reaction that progressively slows down with time. Using the slope of the curve's tangent we can obtain the instantaneous leach rate in units of percent of extraction per day controlled by factors such as reagent availability or reaction rate at the mineral surface. To simplify our production schedule we adjusted the eagle project recovery to arrive at total gold recovered comparable to the FS provided by Victoria Gold.

When dealing with capital costs, it was assumed that all the equipment for the mines life would be purchased at the beginning and last for the duration of the mines life. The Capital Cost Allowance (CCA) is generally 25% on a declining balance basis for fixed plant and equipment assets, while considering the first year half rule. Victoria Gold took advantage of Canadian exploration expense and development expense CEE and CDE to create tax savings on their expenses required to bring the Eagle mine into commercial production, which is represented as their total capital. Resulting in a two year tax shield for the operating cash flow. CEE allowed for up to 100% deduction in claims in pre-production capital and CDE allowed for up 30% for post production claims on mine development during production.

The assumption made regarding working capital was the rule of thumb. Which takes the first quarter in the first year operating cost as the working capital for year -1 and is the net difference is applied at the end of the mine operation life.

7.1.2 Cash Flow, Internal Rate of Return and Payback Period

As the Eagle Mine is still under construction, two of the most important variables that Victoria Gold's investors look at is the Payback Period and the Internal Rate of Return (IRR). Payback period is the amount of time required to pay back the initial capital costs, assuming that all cash generated went towards paying off these liabilities. For the Eagle Mine the payback period was found to be 2.85 years. This means that investors could theoretically earn back their initial investment 2.85 years after production commences. Assuming the mine construction is not delayed and production should begin in 2019, putting the payback date around 2021-2022.

Another way to measure the profitability of investments is the IRR. The IRR is the rate of growth of a project, so projects with high IRR are more desirable from an investment perspective. The IRR for the Eagle Pit mine was calculated to be 28%. A rule of thumb is any project with an IRR

that is greater than its cost of capital will be profitable. The WACC for Victoria Gold was calculated to be 6.5%, and therefore the calculated IRR of 28% represents a strong investment opportunity. [See calculation in Appendix F]

Both the IRR and Payback Period metrics, should not be used independently to judge the viability of an investment, but instead should both be used in conjunction with the NPV. This is because a project could have a low IRR but still a high overall NPV, which is still a very strong long term investment. Considering an NPV of C$M 428, an IRR of 26%, and a payback period of 3.2 years, investors should be confident in receiving positive returns.

7.2 Project Parameter Analysis

7.2.1 Price per Net Asset Value

The Price per Net Asset Value (P/ NAV) can be determined by using Market Capital divided by the Net Asset Value, which is a measurement of a company's corporate value. It can be used for determining whether the outstanding shares in public market are fairly priced or not. Theoretically speaking, a P/NAV multiple around 1x is expected, representing the dollar value in the capital market is pricing the company based on its Net Asset Value. However, with the inappropriately identified discount rate, costs and other influencing parameters, such multiple can vary a lot on a daily basis. For a relatively high P/NAV value, the magnitude of premium (amount higher than 1.0) indicates the greater dollar value being paid for the NAV per share. [2]

When looking at the P/NAV analysis for Victoria Gold Corp., all of the multiples are below 1, ranging between 0.1x and 0.8x. Nevertheless, such relatively large magnitude of discount is considered reasonable, since higher P/NAV usually appears with more stable projects, especially during operation and at lower costs of production. [3] With Victoria owning a single development project, and the marginal cost to production being extremely hard to predict at this stage of study, the large potential variability could cause the low P/NAV. The promising trend is that, despite the Net Present Value used, both analysis shows a pattern of growth of P/NAV, slowly towards 1 Appendix-I. As shown below in Table 6.1, the P/NAV increased dramatically between 2016 and the first two months of 2017 by over twice of the former amount. And in the following two months, it continued growing by approximately 80%. Such gain is very likely to be induced by the change in Market Capital, where in the table, it is suggested that the Market Capital increased by approximately 236% between 2016 and 2017 and then 80% from February to April, 2017. For the following months in 2017, the Market Capital shows an overall decreasing trend, which also leads to the drop in P/NAV, and leaves the peak value being in April. It further confirms that P/NAV is relatively proportional to the growth or decline in the Market Capital obtained. Also, when comparing the company's analysis with the calculation

from this report, the resultant P/NAV of the former at 0.50x, appears to be slightly lower than that of the later at 0.59x, which is caused by the increase in the final Net Asset Value and Net Present Value as a denominator.

Date	29-Feb-16	28-Feb-17	21-Apr-17	20-Oct-17	20-Oct-17	3-Dec-17
NPV (M)	$ 427.61	$ 427.61	$ 427.61	$ 427.61	$ 508.00	$ 427.61
Market Cap (M)	62.29	209.22	376.35	268.74	268.74	318.62
% Growth		**236%**	**80%**	**-29%**	**0%**	**19%**
P/NAV (Multiple)	0.14	0.43	0.78	0.59	0.50	0.70
% Growth		**202%**	**80%**	**-24%**	**-15%**	**40%**

Table 7.1: Annual Percentage Difference in Market Capital and P/NAV from 2015 End to Oct. 2017

Several factors that may affect the P/NAV can be categorized into project factors and corporate factors. For project factors, it includes the fluctuating NAV value that are dependent on commodity price, deposit type, mining method, marginal cost of production, capital costs, additional mineralization; the number of common and outstanding shares and the traded share prices on public market. In general, the share prices would imply the market expectation for a project, and a P/NAV premium may depend on the profitable deposit with high level of confidence, large volume of resource and reserve, and politically stable project location. When identifying corporate parameters that influence the P/NAV multiple, a strong management team, a promising and potentially highly economic project value, a positive and steady cash flow, adequate hedging and financial activities and high liquidity and market capitalization can all be considered contributive to attract premium in the market. [4]

7.2.2 Net Asset Value per Share

The Net Asset Value per Share (NAVPS) is calculated using the total Net Asset Value of a company, divided by the number of outstanding shares. Such parameter indicates the value of asset that each share represents, and is usually found below the actual market trading price. In Table 7.2, the percentage changes of NAV PS and stock prices is shown throughout two years, along with the differences.

Date	29-Feb-16	28-Feb-17	21-Apr-17	20-Oct-17	20-Oct-17	3-Dec-17
Price	$ 0.22	$ 0.54	$ 0.74	$ 0.52	$ 0.52	$ 0.45
% Growth		145%	37%	-30%	0%	-14%
NAV/share	**1.53**	**1.25**	**0.95**	**0.88**	**1.04**	**0.64**
% Growth		-19%	-24%	-7%	18%	-39%
Price Difference	**$ (1.31)**	**$ (0.71)**	**$ (0.21)**	**$ (0.36)**	**$ (0.52)**	**$ (0.19)**

Table 7.2: Price, NAVPS Percentage Growth and Differences between NAVPS and Price

When evaluating the share prices and NAV PS respectively, a decline pattern can be identified for the later. The change in price is significantly high between year 2016 and 2017 where it increased by 145%, whereas the NAV PS in such time period dropped by around 19%. As the NAVPS continued to decrease for the following year by 24%, the price went up by 37%. The noticeable decrease pattern for NAV PS can be caused by the large amount of new outstanding shares issued, and thus does not necessarily indicate a worrying trend. And the increase in share price shows that the public is becoming more interested in Victoria Gold and its projects, and is starting to have higher expectation for its future performance.

The difference between share price and NAV PS can be explained from various aspects. First is the difference in timing. When share price is changing constantly throughout every single day, the Net Asset Value can only be determined when a complete Technical Report is conducted, and such NAV may not be updated for years until the next study is done. Therefore, the NAV per share is not exactly a proper match value to be used to compare with share price, especially during the years where NAV is not updated. Another factor that causes the difference is the extent of study being conducted. As the Feasibility Study continues, more resource will be found, higher level of confidence will be achieved, and discount rate can thus be lower, as a result, the difference between share price and NAV PS will be significantly smaller. It could be obtained either with higher share price as the public pays more attention, or with higher NAV identified during the study.

7.3 Financial Model Impacts

As discussed in previous Section 5.2, at the early development stage, it is recommended that Victoria Gold seek for equity financing, streaming arrangement and offtake agreement as potential financing support for their Eagle Gold project.

Based on previous analysis, it is found that the Market Capital directly influences the P/NAV as well as NAV PS. Since Market Capital are the product of total amount of shares and share price, it can be concluded that equity financing will have a huge impact on the resulting P/NAV and NAV per share. In order to further understand the impact of equity financing, three situations are considered, where shares at $0.35, $0.40 and $0.45 are issued to raise a total of $164M (capital required to meet the estimated total capital cost). Calculations are summarized in Table 7.3 below.

Date/ Assumption	3-Dec-17	1	2	3
NPV (M)	$ 427.61	$ 427.61	$ 427.61	$ 427.61
Cash (M)	42.78	42.78	42.78	42.78
Debt (M)	15.34	15.34	15.34	15.34
Price	$ 0.45	$ 0.35	$ 0.40	$ 0.45
Issued Shares (M)	516.80	468.57	410.00	364.44
Market Cap (M)	229.98	$ 393.98	$ 393.98	$ 393.98
NAV	$ 455.05	$ 455.05	$ 455.05	$ 455.05
NAV/share	**0.88**	**0.46**	**0.52**	**0.59**
P/NAV (Multiple)	**0.51**	**0.87**	**0.87**	**0.87**
Prefered Shares (M)	29.97	27.18	23.78	21.14
EV ($)	**205.00**	**205.00**	**205.00**	**205.00**
Contained Reserve (Moz)	2.66	2.66	2.66	2.66
EV/Reserve ($/oz)	**77.07**	**77.07**	**77.07**	**77.07**
Report P/NAV	0.56	0.56	0.56	0.56
Applied P/NAV Multiple	1.01	1.01	1.01	1.01
Target Share Price	**$ 0.89**	**$ 0.47**	**$ 0.52**	**$ 0.59**

Table 7.3: Equity Financing Impact on P/NAV, NAVPS and Target Share Price

When comparing the three scenarios where share prices are no higher than the current share price, it can be found that when common shares are issued at lower price, NAV per share decreased as the total amount of share becomes larger. While the same amount of capital are being raised, the Market Capital stays the same throughout various situations and therefore the P/NAV stays the same. However, comparing to the situation before equity financing, the NAV/share drops significantly, whereas the P/NAV increases. This indicates the dilution in shares and may cause concerns for current shareholders as their hold of shares decrease in value. It can also be noticed that, when issuing at a share price closer to the current share price, the difference between NAV/share and share price are smaller as well. This indicated less discount during trading of shares. Meanwhile, as the issued share price increases, the target share price also increases, after experiencing a significant drop as soon as new common shares are released. Generally speaking, although equity financing is the financing method used by Victoria Gold now, continuous issuing in shares should be carefully considered, as it may cause further dilution and cause unpleasantness around shareholders. It is especially important during the time where common share prices are relatively low. If low common share price is the case, flow-through shares may be considered as a support from government energy sectors, where shares are purchased at a much higher value than the current share price, at approximately $0.8 (according to the Victoria Gold 2017 Second Quarter M&A report).

As for streaming arrangement, when initial payment is made, an increase in cash is expected. Assume after streaming, the company now owns $80M cash, as a result NAV changes along with it. Based on the results in Table 7.4, it is relatively straight forward that the NAV/share increases as NAV increases along with the target share price whereas the P/NAV decreases.

Date/ Assumption	**3-Dec-17**	
NPV (M)	$ 427.61	$ 427.61
Cash (M)	42.78	80.00
Debt (M)	15.34	15.34
Price	$ 0.45	$ 0.45
Issued Shares (M)	516.80	516.80
Market Cap (M)	229.98	229.98
NAV	$ 455.05	$ 492.27
NAV/share	**0.88**	**0.95**
P/NAV (Multiple)	**0.51**	**0.47**
Prefered Shares (M)	29.97	29.97
EV ($)	**205.00**	**205.00**
Contained Reserve (Moz)	2.66	2.66
EV/Reserve ($/oz)	**77.07**	**77.07**
Report P/NAV	0.56	0.56
Applied P/NAV Multiple	1.01	1.01
Target Share Price	**$ 0.89**	**$ 0.96**

Table 7.4: Streaming Financing Impact on P/NAV, NAVPS and Target Share Price

Offtake agreements, however, does not have direct impact on current assumption of cash, debt or NPV, as it is considered a part of the long-term agreement that contribute to the net operating cash flow income. Therefore it does not have significant impact on NAV and relative valuation parameters.

At this stage, debt financing is not being considered, for the credibility of the project is low without guaranteed regular revenue and cash income to repay the interests owed. However, if it is an approach of financing of Victoria Gold, it would therefore cause an decrease in NPV, with scheduled payments that affects the annual net income. With the resultant lower NAV, the value of NAVPS is expected to drop and the P/NAV would increase. The most important measure to consider is NAVPS, an increase in debt outstanding, affects the NAV negatively as well as liquidity and solvency ratios. Going forwards, future valuations conducting discount cash flows

using the balance sheet of future annual reports will be impacted by large incurred capital debt which should result in a deficit in cash flow projections.

Date/ Assumption	3-Dec-17	3-Dec-17
NPV (M)	$ 427.61	$ 427.61
Cash (M)	42.78	42.78
Debt (M)	15.34	179.34
Price	$ 0.45	$ 0.45
Issued Shares (M)	516.80	516.80
Market Cap (M)	229.98	229.98
NAV	$ 455.05	$ 291.05
NAV/share	**0.88**	**0.56**
P/NAV (Multiple)	**0.51**	**0.79**
Prefered Shares (M)	29.97	29.97
EV ($)	**205.00**	**205.00**
Contained Reserve (Moz)	2.66	2.66
EV/Reserve ($/oz)	**77.07**	**77.07**
Report P/NAV	0.56	0.56
Applied P/NAV Multiple	1.01	1.01
Target Share Price	**$ 0.89**	**$ 0.57**

Table 7.5: Debt Financing Impact on P/NAV, NAVPS and Target Share Price

7.4 Peer Comparison

We compiled a brief peer comparison within the single asset gold developers industry.Belo Sun Mining Corp, Sabina Gold and Silver Corp and Dalradian Resources were selected based on their Market Cap, Stage of Project, Share Price and Net Asset Value as provided in tables 4.3 and 4.4 below. Victoria Gold Corp has provided an indepth P/NAV comparison chart of gold developers located in Appendix-H.

	Company Name	Price (Oct-27)	Approx. Shares Outstanding	Mkt Cap (C$M)	P/NAV	NAV	NAVPS	EV	EV/oz	Contained Gold (Moz)
VIT	Victoria Gold Corp	$ 0.52	514.9	$ 268	0.56	$ 478	0.93	$ 206	$ 77.44	2.66
BSX	Belo Sun Mining Corp	$ 0.50	474.9	$ 237	0.53	$ 448	0.94			3.79
DNA	Dalradian Resources	$ 1.25	302.0	$ 378	0.65	$ 581	1.92			1.44
SBB	Sabina Gold & Silver	$ 2.16	226.7	$ 490	1.07	$ 459	2.03		$ 56.00	5.33

Table 7.6: Peer Comparison Valuation Metric

	Company Name	Head Grade	NPV(M)	Discounted Rate	IRR	AISC/oz (USD)	S/R	Capex (M)	NPV % of Capex	Assumed Gold Price (USD)	Location Risk	Stage
VIT	Victoria Gold Corp	0.63	$ 450	6.5%	29.5%	$ 639	0.95	$369	122%	$ 1,250	Low	Feas
BSX	Belo Sun Mining Corp	1.02	$ 665	5.0%	26%	$ 779	4.27	$298	223%	$ 1,200	Medium	Feas
DNA	Dalradian Resources	8.54	$ 429	5.0%	25.5%	$ 653		$192	223%	$ 1,250	Low	Feas
SBB	Sabina Gold & Silver	6.30	$ 480	5.0%	30.0%	$ 620	10.5	$415	116%	$ 1,265	Low	Feas

Table 7.7: Peer Comparison Economic Metrics

Figure 7.8: Victoria Gold (VIT: Blue), Belo Sun (BSX: Teal/Green), Dalradian (DNA: Red), Sabina (SBB: Gold), BMO Junior Gold Market (ZJG.TO: Purple).

7.4.1 Belo Sun Comparison

Comparing Victoria Gold to Belo Sun shows they are fairly identically; both trade at a discounted NAV multiple at very similar market capitalizations. Comparing VIT Eagle to BSX Volta Grande, shows VIT as the favorable company in the respect that VIT has a higher IRR at a payback of 2.85 years in comparison to 3.9 years. VIT stripping ratio is significantly less in addition to geopolitical risk when comparing mining risk in Canada to Belo Sun's project in Brazil. Victoria Gold's stock has outperformed Belo Sun in a two year period as provided in Figure 7.8 above. A two year period was selected because the feasibility studies for each of these mining companies were released during 2016 and 2017; which has shown to influence the share price as reflected in Appendix-H.

7.4.2 Sabina Gold & Silver Corp Comparison

Sabina Gold & Silver is the only competitor that outperformed Victoria Gold over a 2 year period, however Sabina trades at four times Victoria's share price as result of a high grade deposit with a significantly larger NPV of approximately $700M. Regardless of the economic advantage of Sabina's Black River Gold and Silver project, Sabina is trading at NAV multiple greater than 1.0x, thus priced at a premium to its NAV [3]. Sabina's share price of $2.16 is reflective of their NAVPS of $2.03 with an applied NAV multiple of 1.07x. The market expects the likelihood of Sabina's Black River project to proceed faster than Victoria Gold's Eagle project as NAVPS reflects the amount a shareholder is willing to pay for a share of the company. Aside from corporation valuation, applying a project market valuation method such enterprise value as demonstrated in the table 4.4, highlights Victoria Gold has the more valuable project per ounce of gold. As mentioned in our first financial analysis of the company, the Eagle project was a favorable takeover candidate with an EV/oz of $59/oz, and this only amplified with a revised EV/oz of $77/oz.

Additionally, it important to note that Victoria Gold has commenced construction, which has resulted in a 70% increase of debt and a 40% decrease in cash from 2016E to 2Q reports. The share price has decreased from its 52-week max of $0.74 with the transition into a fully development stage as represented in the life cycle of a mining share graph provided in Appendix-J. Victoria Gold 52-week max was on April 21, 2017 at $0.74/share at a market cap of $376M as shown in Appendix-I. With respect to Sabina, SBB is trading at 70th percentile of its 52-week range of $0.84 to $2.70 whereas VIT is currently trading at the 30th percentile of its 52-week range of $0.42-$0.74. Victoria Gold's currently is further ahead in development of their Eagle project and has acquire significantly more financing for their capital expenditure as indicated with relatively two times the share issued (516M shares) to Sabina's (227M shares).

7.4.3 Target Share Price

In our opinion, given Victoria Gold's strong management team, continuous financial and financing growth, having a fully permitted asset in a low risk location, we view Victoria Gold merits an applicable NPV multiple of 1.01x. By neglecting the life cycle of a mining share, we selected the NPV multiple at pre-construction phase (non-stagnant share price period) and applied to our current NAVPS of 0.88 to meet a target price of $0.89/share at a 12-month outlook during which the project approaches the production phase and the share price should project a positive growth.

8.0 Conclusion

Victoria Gold currently has three major assets. A development stage mine asset (scheduled to be completed 2019), the Eagle Pit, and two exploration assets, the Olive deposit and VBW. Victoria Gold has completed the required regulatory hurdles regarding the economic, social, and environmental assessment of its Eagle Mine; and has obtained all the required approvals to start and finish construction of the Eagle Mine. Gold as subsector continues to show uncertainty for long term projections, India new tax regime poses a threat to decrease the demand of jewellry in the Indian market and record high stock indexes such as NASDAQ are luring investor away from gold ETFs. The gold market is still fairly favorably to normalize accordingly as gold is a safe haven currency in the time of global conflict as the Middle East crisis and North Korea tension may pose global uncertainty and act in favor of the gold commodity.

Analyzing the discounted cash flow of Victoria Gold reveals several metrics of interest from an investment point of view; the NPV, payback period, and the IRR. Based on a 11 year mine life, the IRR was 26%, and payback period was 3.2 years, with an NPV of C$M 428. The weighted average cost of capital was estimated to be 6.5%.With this in mind Victoria Gold appears to be a very strong investment opportunity, with a high IRR, low payback period, and a respectable NPV. However it must be noted that this is based off of Victoria Gold Corp.'s theoretical production, and processing rates. Due to this, the actual production rates and recoveries could be lower than predicted. This would decrease the NPV of the Eagle Mine, and cause a loss of investor confidence. Therefore there is a fair amount of risk associated with investments with Victoria Gold Corp., however if the underlying assumptions made regarding the orebody, production, and processing prove accurate, the Eagle Mine will provide high investor value.

Although the P/NAV of Victoria Gold stayed below 1.0x, it is considered reasonable for a development stage asset like Eagle. The large differences between NAV per share and share price indicates similar concerns, where the public recognition for Victoria Gold is relatively low. Similar discussion can be made during peer analysis, where the P/NAV of Victoria Gold is relatively lower than senior producers and financed developers where level of uncertainty to their projects are lower. However, the diminishing of such variance also suggests that the Eagle Gold Project is becoming more reliable and promising of profits, which is extremely important for its future financing activities.

Streaming arrangements are highly recommended as a financing approach, where capital can be provided directly through the initial payment and thus improves the NAV PS. Although offtake agreement does not contribute to the cash required for the project, they are considered a huge plus for lenders when applying for debt financing after the project goes into production. Since the company had been rely on equity financing for the past several years, future equity financing

should be carefully evaluated to prevent over-diluted shares, and thus cause problems such as lower share price, lower NAV PS and larger difference between the two.

We believe Victoria Gold is a buy due to the stage of the project and our 12 month projected share price. The share price is currently trading near their 52-week low. On the basis that Victoria Gold is able to acquire the equity required to bring the Eagle Mine into commercial production, their low grade large deposit in situated in a low geopolitical region of Yukon. Currently VIT is trading based on the volatility of the gold price. Economically the eagle project is comparable with its peers as discussed, however the lack of infrastructure in northern Canada may pose a difficulty in accelerating the construction phase. Producers such as Agnico Eagle, Kinross and Goldcorp success in the region as mentioned by Dennis da Silva on BNN may provide investors confidence that building Yukon's next largest mine is possible.

9.0 References

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Appendix A - Timeline of Share Price

Figure Victoria Gold Corp. Common Share Price as of Oct. 9, 2017

1) *Feb 24-26,2015:* Victoria's Olive Zone Demonstrates Attractive Metallurgical Recovery and Leaching Kinetics & Yukon Ranks 1st in Mineral Potential and 9th Overall in the World
2) *Dec 7, 2015:* Victoria Gold Receives Final Major Permit for Eagle Gold Project, Yukon
3) *Mar 8, 2016:* Victoria Gold Awards Drilling Contract for the 2016 Olive-Shamrock Exploration Program
4) *Apr 20, 2016:* Victoria Gold Announces C$24 Million Investment by Electrum Strategic Opportunities Fund L.P. and Sun Valley Gold LLC
5) *May 10, 2016:* Victoria Gold Closes C$24 Million Financing with Electrum and Sun Valley Gold
6) *June 3, 2016:* Victoria Confirms High Grade Results at Olive including: 46m at 2.5 g/t and 47m at 1.5 g/t gold and Expanded Drill Campaign
7) *June 29, 2016:* Victoria Gold Nominates Patrick Downey for Election as a Director
8) *July 5, 2016:* Victoria Gold Purchases Construction Camp and Reduces Upfront Construction Capital
9) *Aug 8, 2016:* Victoria Gold Announces $25,025,000 Bought Deal Financing
10) *Sep 12, 2016:* Victoria Gold: Fully Permitted Eagle Gold Project Feasibility Study Demonstrates Post Tax NPV of $508M and IRR of 29.5%
11) *Oct 27, 2016:* Victoria Gold Files NI 43-101 Feasibility Study for Eagle Gold Project
12) *Mar 27, 2017:* Victoria Gold Awards Engineering for the Eagle Project to JDS/Hatch Team
13) *Apr 14, 2017:* Victoria Gold Begins $6.2M, Phase 1 Exploration Program, Yukon
14) *June 7, 2017:* Yukon Corporate Tax Rate Reduction Improves Eagle Project Economics
15) *July 31, 2017:* Victoria Gold Executes Commitment Letter for US$220 Million Project Finance Facility for the Construction of the Eagle Gold Mine

Appendix B - Proposed Mine Layout

Appendix C - Resource and Reserve

Classification	Tonnes (Mt)	Cut-off Grade (g/t Au)	In-Situ Grade (g/t Au)	Contained Gold (koz)
Measured	29.4	**0.15**	0.81	761
Indicated	151.3		0.59	2,870
Measured & Indicated	**180.7**		**0.63**	**3,631**
Inferred	17.4		0.49	276

Table C-1 : Mineral Resources Estimation of Eagle Gold Deposit

Classification	Tonnes (Mt)	Cut-off Grade (g/t Au)	In-Situ Grade (g/t Au)	Contained Gold (koz)
Measured	2.0	**0.4**	1.19	75
Indicated	7.6		1.05	254
Measured & Indicated	**9.5**		**1.07**	**329**
Inferred	7.3		0.89	210

Table C-2: Mineral Resources Estimation of Olive Gold Deposit

Type	Ore Tonnage (Mt)	Diluted Grade (g/t)	Contained Gold (koz)
Proven	27	0.80	688
Probable	90	0.62	1,775
Total Reserve	**116**	**0.66**	**2,463**
Crushed Ore	101	0.72	2,330
Run of Mine Ore	15	0.27	133
Total Ore Handled	**116**	**0.67**	**2,663**

Table C-3: Mineral Reserve Estimation of Eagle Gold Deposit

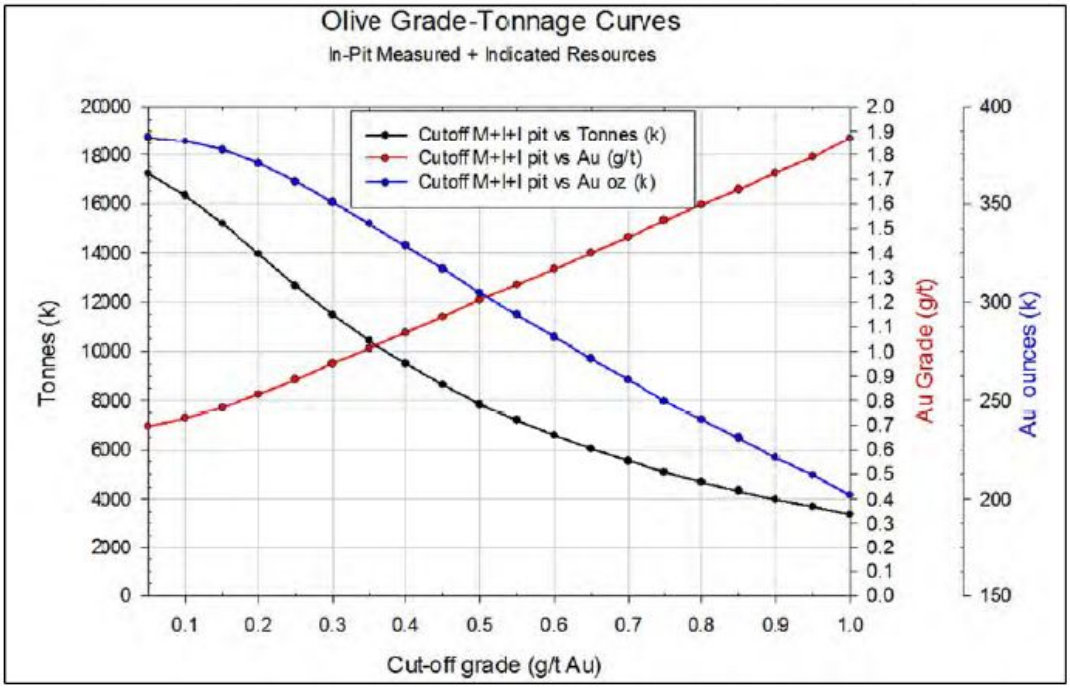
Type	**Ore Tonnage (Mt)**	**Diluted Grade (g/t)**	**Contained Gold (koz)**
Proven	2	1.02	58
Probable	5	0.93	142
Total Reserve	**7**	**0.95**	**200**
Crushed Ore	7	0.95	200
Run of Mine Ore	0	/	0
Total Ore Handled	**7**	**0.95**	**200**

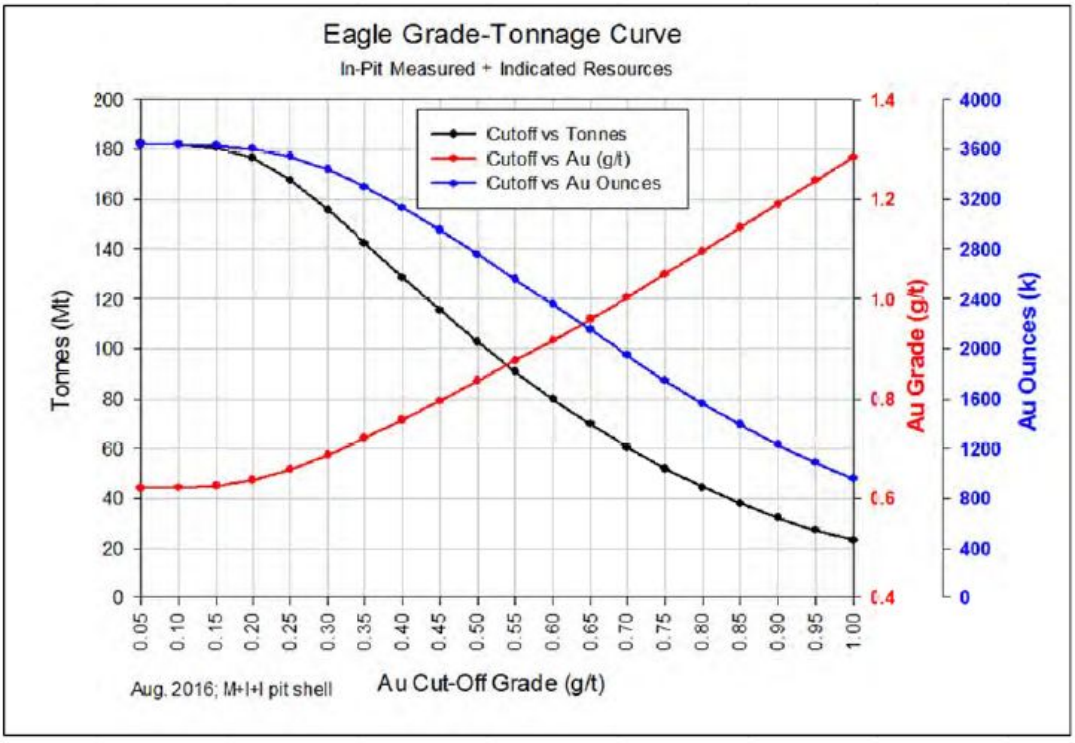
Table C-4: Mineral Reserve Estimation of Olive Gold Deposit

Type	**Ore Tonnage (Mt)**	**Diluted Grade (g/t)**	**Contained Gold (koz)**
Total Crushed Ore	108	0.73	2,530
Total Eagle & Olive	**123**	**0.67**	**2,663**

Table C-5: Total Mineral Reserve of Eagle and Olive Deposits

Appendix D - Grade-Tonnage Curves





Appendix E - Ratio Analysis: Liquidity Ratios

$$Working\ Capital = Current\ assets - Current\ Liabilities$$

Working Capitals = 60,736,643 - 3,508,120 = 57,228,523 (2017)
14,307,088 - 6,095,250 = 8,211,838 (2016)

$$Current\ Ratio = \frac{Current\ Assest}{Current\ Liabilities}$$

Current Ratio = 60,736,643 / 3,508,120 = 17.313 (2017)
14,307,088 / 6,095,250 = 2.347 (2016)

Appendix E - Ratio Analysis: Solvency Ratios

$$Debt\ to\ Total\ Assets = \frac{Total\ Liabilities}{Total\ Assets}$$

	2017	2016
Total Assets	**189,239,664**	**133,212,628**
Total Liabilities	**4,612,941**	**7,059,195**
Debt to total assets	**2.44%**	**5.30%**

$$Cash\ Total\ Debt\ Coverage = \frac{Cash\ Provided\ (Used)\ by\ Operating\ Activities}{Average\ Total\ Liabilities}$$

	2017	2016
Cash Provided (Used) by Operating Activities	**(2,993,070)**	**(2,023,919)**
Average Total Liabilities	**4,612,941**	**7,059,195**
Cash Total Debt Coverage	**-65%**	**-29%**

$$Times\ Interest\ Earned = \frac{EBIT}{Interest\ Expense}$$

	2016	2016
Interest Expense	**6,266**	**6,642**
EBIT	**4,593,994**	**2,075,511**
Times Interest Earned	**733.162**	**312.483**

Appendix E - Ratio Analysis: Profitability Ratios

Earnings (Loss) per share		Price-Earnings Ratio		ROA		ROE	
2017	2016	2017	2016	2017	2016	2017	2016
(0.001)	(0.005)	(371.302)	(43.322)	(0.004)	(0.014)	(0.004)	(0.015)

$$Earnings\ per\ share\ = \frac{Net\ Earnings}{Number\ of\ Shares}$$

$$Price - Earnings\ Ratio\ = \frac{Market\ Price\ per\ share}{Diluted\ EPS}$$

$$Return\ on\ Assets\ = \frac{Net\ Income}{Average\ Total\ Assets}$$

$$Return\ on\ equity\ = \frac{Net\ Income}{Average\ Shareholder\ Equity}$$

Metric	2016E	2015E
Share Price	$0.54	$0.22
Net (loss) Income	$733,427	$1,833,746
Number of Share	504,301,913	361,098,109
Average Total Assets	$189,239,664	$133,212,628
Average Shareholder Equity	$184,624,723	$126,153,433

Appendix F - Weighted Average Cost of Capital

For Unlevered Cash Flow (no debt):

$$\mathbf{Re = r_f + (r_m - r_f) * \beta}$$

2017: Re = 0.8% + (15.29% - 0.8%) * 0.39 = **6.45%**

Given risk-free rate of interest from NI 43-101 Technical Report:
2017: **0.8%**
2016: 0.62%

Beta is around **0.39**, according to Yahoo Finance:
https://ca.finance.yahoo.com/quote/VIT.V/

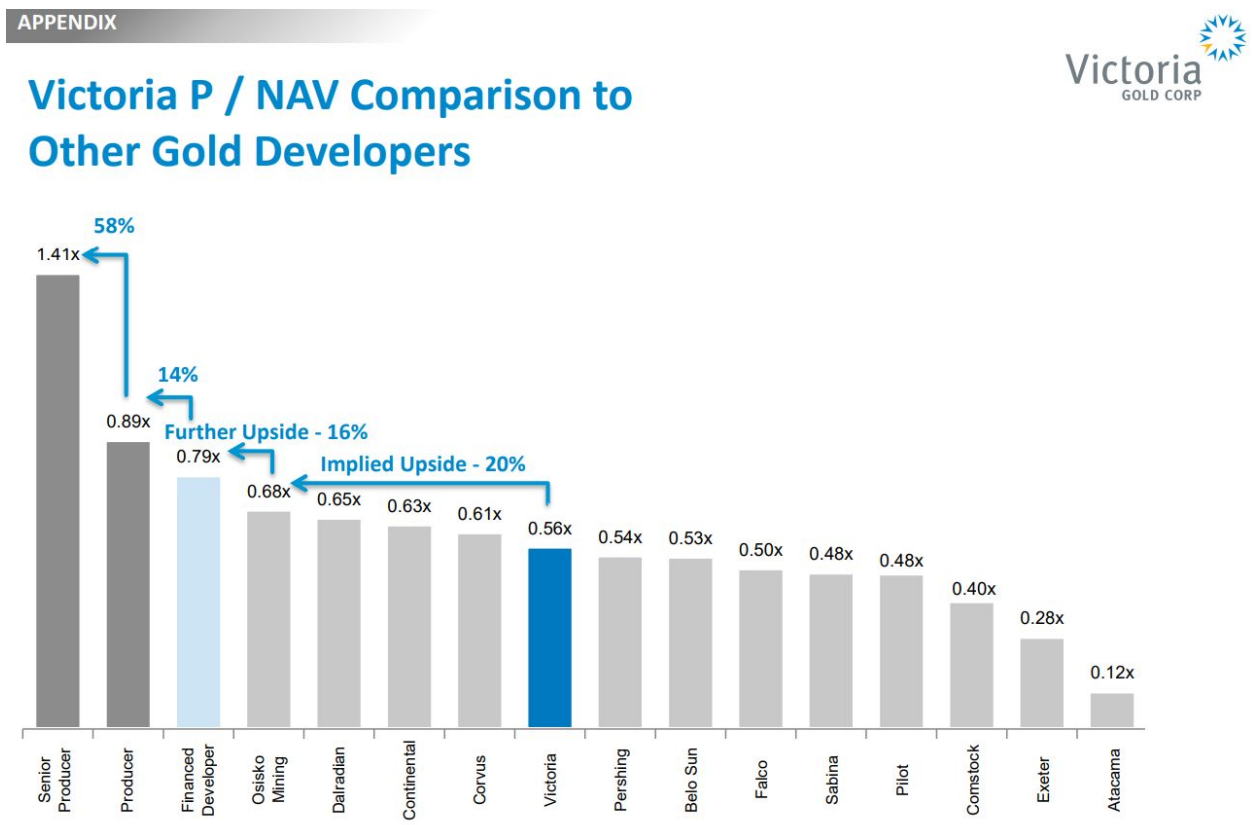
S&P Annual Rate of Return, 2017 at **15.29%**:
https://www.bloomberg.com/quote/SPX:IND
https://ycharts.com/indicators/sandp_500_total_return_annual

Appendix G - VIT Valuation Analysis

VIT Analysis

Date	21-Apr-17	20-Oct-17	3-Dec-17	20-Oct-17	28-Feb-17	29-Feb-16
NPV (M)	$ 427.61	$ 508.00	$ 427.61	$ 427.61	$ 427.61	$ 427.61
Cash (M)	62.73	42.78	42.78	42.78	59.59	13.94
Debt (M)	8.35	15.34	15.34	15.34	4.61	7.06
Total Shares	508.58	516.59	516.59	516.59	504.30	361.10
Price	$ 0.74	$ 0.52	$ 0.45	$ 0.52	$ 0.54	$ 0.22
Issued Shares (M)	508.58	516.80	716.00	516.80	387.444	283.136
Market Cap (M)	376.35	268.74	318.62	268.74	209.22	62.29
NAV	$ 481.99	$ 535.44	$ 455.05	$ 455.05	$ 482.58	$ 434.49
NAV/share	**0.95**	**1.04**	**0.64**	**0.88**	**1.25**	**1.53**
P/NAV (Multiple)	**0.78**	**0.50**	**0.70**	**0.59**	**0.43**	**0.14**
Prefered Shares (M)	29.50	29.97	41.53	29.97	23.25	19.8
EV ($)	**-**	**-**	**205.00**	**205.00**	**-**	**-**
Contained Reserve (Moz)	2.66	2.66	2.66	2.66	2.66	2.66
EV/Reserve ($/oz)	**-**	**-**	**77.07**	**77.07**	**-**	**-**
Report P/NAV	0.78	0.50	0.56	0.56	0.56	0.56
Growth Rate	36%	36%	36%	36%	34%	34%
Applied P/NAV Multiple	1.06	0.68	0.76	0.76	0.75	0.75
Target Share Price	**$ 1.01**	**$ 0.70**	**$ 0.48**	**$ 0.67**	**$ 0.93**	**$ 1.15**

Appendix H - Gold Developers P/NAV



Victoria Gold Corp. P/NAV Comparison to Other Gold Developers

Appendix I - Life Cycle of a Mining Share

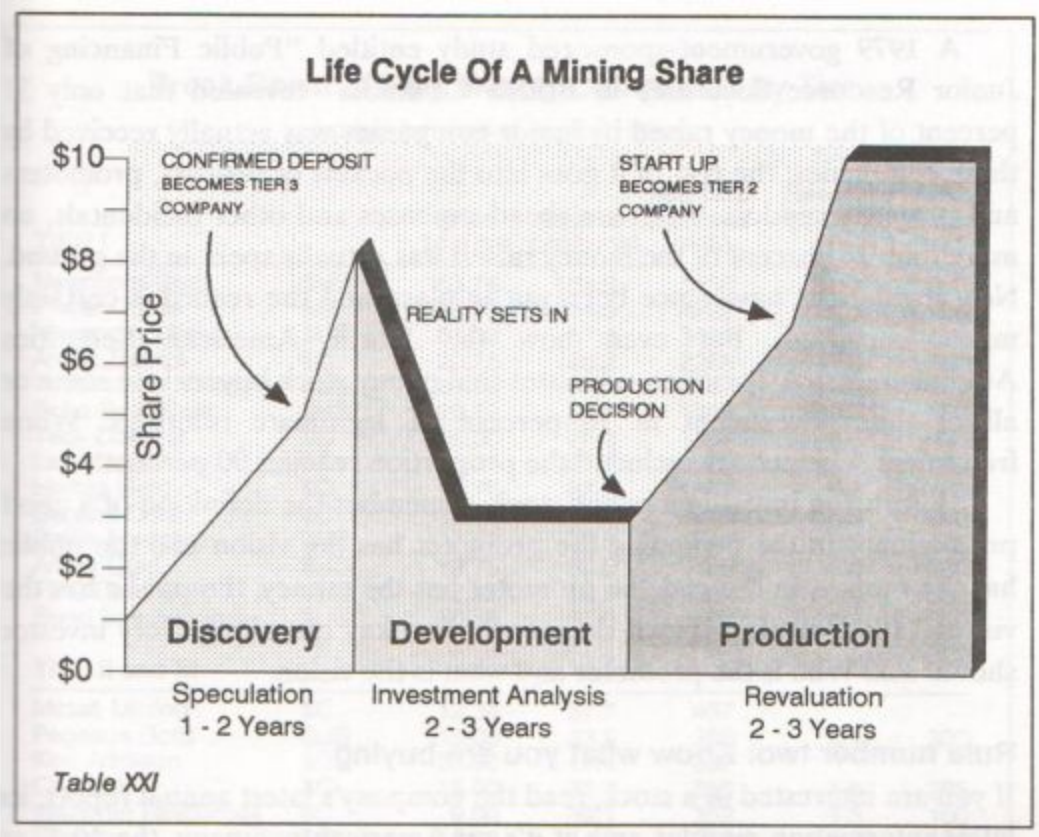


Table XXI