

Recommendation: **Buy**  
 Target Price: **C\$24.00**

Current Price	C\$12.98	Shares Outstanding (MM)	
52 Wk High	C\$21.04	Basic	62.1
52 Wk Low	C\$6.77	Diluted	66.0
Cash (MM)	C\$56.1	Mgmt. & Dir.	0.6
Debt (MM)	C\$264.7		
NAVPS	C\$24.00	Market Cap.	C\$806.6
P/NAV	0.54x	EV	C\$1,015.2
NAV (spot)*	C\$21.60		
P/NAV (spot)*	0.60x	Reserves	3.26 MMoz
Target Return	84.9%	Total Resource	5.30 MMoz

Assumes FYE Dec. 31	2019A	2020A	2021E		
Production (000 oz)	Q1	0	11		
	Q2	0	28		
	Q3	0	35		
	Q4	17	42		
	FY	17	117	187	
AISC (\$/oz)	FY	n/a	\$1,209	\$1,087	
	Q1	C\$(0.18)	C\$0.01	C\$0.08	
	Q2	C\$0.05	C\$0.01	C\$0.36	
	Q3	C\$(0.02)	C\$0.39	C\$0.71	
	Q4	C\$0.06	C\$0.49	C\$0.85	
EPS, adj.	FY	C\$(0.07)	C\$0.92	C\$1.99	
	P/E	n/a	14.1x	6.5x	
	CFPS, adj.	Q1	C\$(0.07)	C\$(0.04)	C\$0.29
		Q2	C\$(0.03)	C\$(0.04)	C\$0.64
		Q3	C\$0.07	C\$0.50	C\$1.08
Q4		C\$(0.07)	C\$0.79	C\$1.28	
P/CF	FY	C\$(0.09)	C\$1.24	C\$3.30	
	FCF	n/a	10.4x	3.9x	
	FCF Yield	FY	C\$(203)	C\$20	C\$121
FCF Yield	n/a	2.4%	14.9%		

\* Cormark deck is \$1,900/oz; spot gold is \$1,743/oz

### Company Description:

Victoria Gold is a single asset producer that operates the 100%-owned Eagle Gold Mine in the Yukon. Eagle poured its first gold in Q3/19 and achieved commercial production on July 1, 2020.

## Victoria Gold Corp.

(VGCX-TSX)

### Eagle Delivers As Expected In Q1/21

Unless otherwise denoted, all figures shown in US\$

#### Event:

Q1/21 production results

#### Impact:

Slight positive

#### Commentary:

Victoria produced 26,759 oz in Q1/21 at the Eagle mine, slightly ahead of our 25,000 oz estimate and a 250% improvement to Q1/20 production of 10,544 oz which was before commercial production declared on July 1, 2020. As per the company's seasonal operations plan, ore stacking on the leach pad was curtailed for the 90 coldest days of the year, January through March, with full ore stacking actually resuming ahead of schedule.

Ore placement on the heap leach pad was 0.9 MMt in the quarter, in line with stacking of 0.9 MMt that occurred in Q1/20. The stacked ore grade of 0.87 g/t came in above our 0.80 g/t estimate and compares favourably to the Q4/20 stacked grade of 0.81 g/t. Ore mined of 1.6 MMt was up 175% compared to Q1/20 with total tonnes mined of 6.2 MMt being 250% higher than Q1/20. Both gold grade and recovery continue to reconcile well against the reserve model and a significant gold inventory is building on the heap leach pad.

Victoria reiterated its 2021 guidance of 180,000-200,000 oz at AISC of \$1,050-1,175/oz (note [HERE](#)). Sustaining capital guidance of \$47 MM will be high relative to future years due to one-time expenditures for a truck shop (\$8 MM) and a water treatment plant (\$11 MM).

The company has initiated "Project 250" at Eagle with the aim of increasing the average annual gold production to 250,000 oz by 2023. The two main opportunities to increase production are:

- the scalping of fine ore from the crushing circuit which would reduce wear and energy requirements on the crushing circuit as well as increase the overall capacity of the circuit
- adjusting the seasonal stacking plan where work is being done on the possibility of year-round stacking of ore to the heap leach pad.

Early engineering work is expected to be complete on "Project 250" by H2/21.

#### Investment Conclusion:

Victoria remains an undervalued single asset producer in Canada. We have the shares trading at just 0.54x NAV (0.60x at spot) and we expect C\$121 MM of FCF in 2021 which would represent an FCF yield of 15% (at spot gold the FCF would be C\$104 MM and yield would be 13%). We believe a re-rate is likely if Victoria can deliver in its first full year of commercial production.

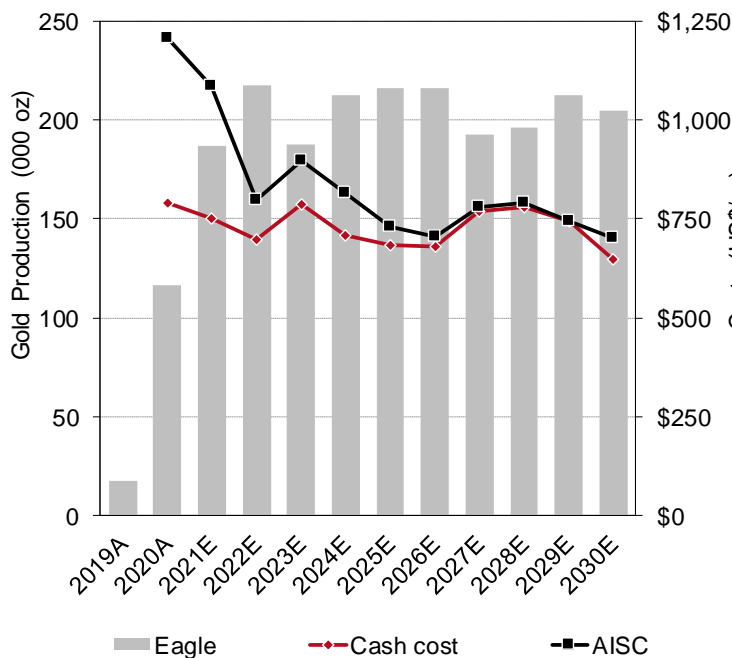
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Figure 1: Quarterly Results & Estimate Changes

		Q1/20A	Q2/20A	Q3/20A	Q4/20A	Q1/21E	2019A	2020A	2021E	2022E	2023E
<b>UPDATED</b>											
Gold production	000 oz	10.6	28.3	35.3	42.4	26.8	17.2	116.6	186.8	218.0	188.0
Cash costs	\$/oz	n/a	n/a	\$804	\$777	\$981	n/a	\$789	\$751	\$698	\$787
AISC	\$/oz	n/a	n/a	\$1,315	\$1,120	\$1,496	n/a	\$1,209	\$1,087	\$797	\$896
Adjusted EPS	\$/share	\$0.01	\$0.01	\$0.39	\$0.49	\$0.08	(\$0.07)	\$0.92	\$1.99	\$3.22	\$2.29
Adjusted CFPS	\$/share	(\$0.04)	(\$0.04)	\$0.50	\$0.79	\$0.29	(\$0.09)	\$1.24	\$3.30	\$4.74	\$3.58
Capital spending	C\$ MM	\$8.2	\$5.6	\$44.1	\$22.4	\$18.0	\$298.2	\$80.3	\$72.8	\$27.5	\$26.4
Free cash flow	C\$ MM	(\$5.8)	(\$8.7)	\$21.5	\$12.8	(\$3.3)	(\$202.5)	\$19.7	\$120.5	\$258.3	\$190.0
<b>PREVIOUS</b>											
Gold production	000 oz	10.6	28.3	35.3	42.4	25.0		116.6	185.0	218.0	188.0
Cash costs	\$/oz	n/a	n/a	\$804	\$777	\$1,084		\$789	\$763	\$698	\$787
AISC	\$/oz	n/a	n/a	\$1,315	\$1,120	\$1,629		\$1,209	\$1,092	\$797	\$896
Adjusted EPS	\$/share	\$0.01	\$0.01	\$0.39	\$0.49	\$0.03		\$0.92	\$1.94	\$3.22	\$2.29
Adjusted CFPS	\$/share	(\$0.04)	(\$0.04)	\$0.50	\$0.79	\$0.23		\$1.24	\$3.23	\$4.74	\$3.58
Capital spending	C\$ MM	\$8.2	\$5.6	\$44.1	\$22.4	\$18.3		\$80.3	\$73.1	\$27.5	\$26.4
Free cash flow	C\$ MM	(\$5.8)	(\$8.7)	\$21.5	\$12.8	(\$7.4)		\$19.7	\$116.3	\$258.3	\$190.0

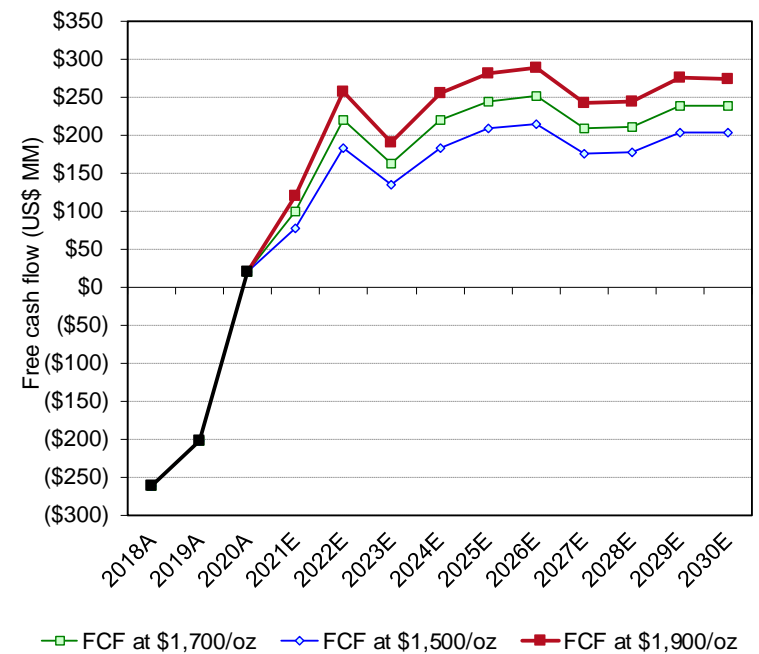
Source: Cormark Securities Inc.

Figure 2: Production & Cost Profile



Source: Cormark Securities Inc.

Figure 3: Free Cash Flow Profile



Source: Cormark Securities Inc.

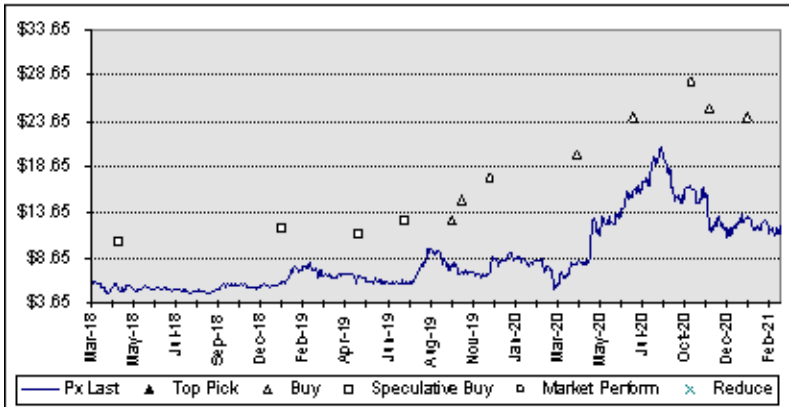
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**Victoria Gold Corp.**

Updated April 06, 2021

**Price Chart and Disclosure Statement**

\*Information updated monthly on or about the 5th of each month.



Recommendation / Target Chg	Date	C\$
	15-Jan-21	24.00 (B)
	16-Nov-20	25.00 (B)
	19-Oct-20	28.00 (B)
	20-Jul-20	24.00 (B)
	20-Apr-20	20.00 (B)
	03-Dec-19	17.50 (B)
	18-Oct-19	15.00 (B)
	03-Oct-19	12.75 (B)
	22-Jul-19	12.75 (B-S)
	08-May-19	11.25 (B-S)

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Market Perform	10%
Reduce or Tender	2%
Not Rated	19%

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If YES

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2) What type of security is it?

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If YES

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**Market Perform** expected to perform with its peer group

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**Tender** clients are advised to tender their shares to a takeover bid

**Not Rated** currently restricted from publishing, or our recommendation is under review

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