



## Victoria Gold

VGX-TSX

Rating  
**Outperform**

Price: Sep-7  
**\$7.50**

Target  
**\$20.00**

Total Rtn  
**167%**

## Drilling Extends Eagle Mineralization by 500m

### Bottom Line:

Recent drill results, particularly yesterday's intercepts from the western extension of Eagle, have defined mineralization over an additional 500m of strike length beyond the current Eagle pit. Intercepts included 1.14g/t over 72.3m from surface and demonstrate the exploration and expansion potential adjacent to the mine. The mineralization will be included in a resource update at Eagle expected in Q1/23.

### Key Points

**Drilling adds 500m of mineralization at Eagle.** Recent drilling of the Eagle West area, combined with previous intercepts from below-pit drilling, have resulted in the mineralization defined at Eagle being extended by 500m of strike length beyond the boundary of the current pit. We view the additional mineralization as long-term upside potentially facilitating an extension to the mine life at Eagle.

Intercepts from the recent drilling at the western extension of Eagle include **1.14g/t over 72.3m from surface, 0.52g/t over 301m, and 0.63g/t over 240.3m**. The drill program in 2022 consisted of 23 holes totaling 10,342m.

**Mineralization represents a possible extension to the Eagle mine plan.** While below-pit mineralization has been identified in previous drilling, it was not economical to include this material in a mine plan due to a lack of drilling along strike outside the pit footprint. With gold mineralization now shown to extend along strike, there is potential for VGX to update the long-term mine plan at Eagle to include mineralization both at depth and along strike.

**Resource update in Q1 2023.** The results from recent drilling at Eagle including yesterday's intercepts will be included in a mineral resource update that is planned for Q1/23. Victoria Gold also has multiple targets across its large land package that could offer additional growth; when we visited Eagle in August (see our note [here](#)) there were 4 rigs turning at the Raven target near the mine.

This report was prepared by an analyst(s) employed by BMO Nesbitt Burns Inc., and who is (are) not registered as a research analyst(s) under FINRA rules. For disclosure statements, including the Analyst Certification, please refer to page(s) 2 to 5.

### Precious Metals & Minerals

**Andrew Mikitchook, P.Eng., CFA**

andrew.mikitchook@bmo.com

Analyst

(416) 359-5782

Kevin O'Halloran

kevin.ohalloran@bmo.com

Associate

(416) 278-7023

Legal Entity: BMO Nesbitt Burns Inc.



### Company Description

Victoria Gold is ramping up the Eagle Gold mine in the Yukon toward 2022 guidance of 165,000-190,000oz at an AISC between US\$1,225/oz and US\$1,425/oz. The December 2019 feasibility defined a +210,000oz/year production capacity at a low all-in sustaining cost of <US\$800/oz.



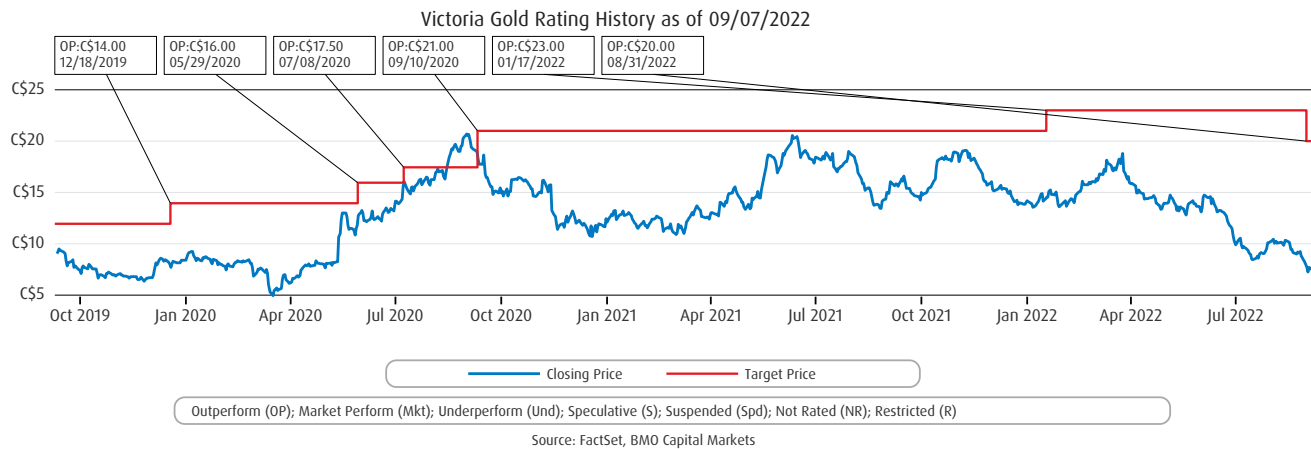
VGX-TSX  
Research



Glossary



Company  
Models



## IMPORTANT DISCLOSURES

### Analyst's Certification

I, Andrew Mikitchook, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Analysts who prepared this report are compensated based upon (among other factors) the overall profitability of BMO Capital Markets and their affiliates, which includes the overall profitability of investment banking services. Compensation for research is based on effectiveness in generating new ideas and in communication of ideas to clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Analysts employed by BMO Nesbitt Burns Inc. and/or BMO Capital Markets Limited are not registered as research analysts with FINRA. These analysts may not be associated persons of BMO Capital Markets Corp. and therefore may not be subject to the FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

### Company Specific Disclosures

Disclosure 5: BMO Capital Markets or an affiliate received compensation for products or services other than investment banking services within the past 12 months from Victoria Gold.

Disclosure 6C: Victoria Gold is a client (or was a client) of BMO Nesbitt Burns Inc., BMO Capital Markets Corp., BMO Capital Markets Limited or an affiliate within the past 12 months: C) Non-Securities Related Services.

Disclosure 8A: BMO Capital Markets or affiliates have beneficial ownership of 1% or more of any class of the equity securities of Victoria Gold (a) as of the end of the month prior to the issuance date of the research report, or (b) as of the end of the second most recent month if the report issuance date is less than 10 days after the end of the prior month.

Disclosure 8C: BMO Capital Markets or an affiliate has a financial interest in 0.5% or more in the issued share capital of Victoria Gold.

Disclosure 16: A research analyst has extensively viewed the material operations of Victoria Gold.

Disclosure 17: Victoria Gold has provided at its expense some or all of the itinerant travel for the research analyst related to facilitating a material site visit.

Disclosure 19: Along with other underwriters for the Victoria Gold Corp. secondary offering of securities completed in September 2020, BMO Nesbitt Burns Inc. has been named as a defendant in a civil claim. No assessment of the risks created by this legal action or of the potential for additional claims against the defendants or others arising from this public offering was undertaken in preparing this report and none is reflected herein.

### Methodology and Risks to Target Price/Valuation for Victoria Gold (VGCX-TSX)

**Methodology:** Our target is based on a NAV valuation directly reflecting the updated feasibility results from December 2019 and reflecting construction activities completed in October. We model \$150mm of exploration upside to reflect a portion of the value from zones not included in the current mine plan below the pit or in satellites. We use a P/NAV target setting multiple in line with operating peers.

**Risks:** The largest risk exposure for Eagle project is in ramp-up and execution; Eagle has advantages of road and power infrastructure in place to minimize any unexpected issues. Financing risk has been reduced but remains a risk until the mine starts delivering consistent cashflows. Jurisdictional, technical, and metallurgical risk are low due to the extensive technical work backing up the recent feasibility update and the mining-friendly jurisdiction of the Yukon.

## Distribution of Ratings (September 07, 2022)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe~
Buy	Outperform	53.7 %	17.8 %	50.5 %	56.4 %	57.3 %	57.7%
Hold	Market Perform	44.9 %	19.1 %	45.3 %	42.3 %	39.8 %	37.5%
Sell	Underperform	1.4 %	57.1 %	4.2 %	1.1 %	2.9 %	4.8%

\* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

\*\* Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.

\*\*\* Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.

\*\*\*\* Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.

\*\*\*\*\* Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

~ As of April 1, 2019.

### Ratings Key (as of October 2016)

We use the following ratings system definitions:

OP = Outperform - Forecast to outperform the analyst's coverage universe on a total return basis;

Mkt = Market Perform - Forecast to perform roughly in line with the analyst's coverage universe on a total return basis;

Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;

(S) = Speculative investment;

Spd = Suspended - Coverage and rating suspended until coverage is reinstated;

NR = No Rated - No rating at this time; and

R = Restricted - Dissemination of research is currently restricted.

The total return potential, target price and the associated time horizon is 12 months unless otherwise stated in each report. BMO Capital Markets' seven Top 15 lists guide investors to our best ideas according to different objectives (CDN Large Cap, CDN Small Cap, US Large Cap, US Small Cap, Income, CDN Quant, and US Quant have replaced the Top Pick rating).

### Prior BMO Capital Markets Rating System

#### (April 2013 - October 2016)

[http://researchglobal.bmocapitalmarkets.com/documents/2013/rating\\_key\\_2013\\_to\\_2016.pdf](http://researchglobal.bmocapitalmarkets.com/documents/2013/rating_key_2013_to_2016.pdf)

#### (January 2010 - April 2013)

[http://researchglobal.bmocapitalmarkets.com/documents/2013/prior\\_rating\\_system.pdf](http://researchglobal.bmocapitalmarkets.com/documents/2013/prior_rating_system.pdf)

### Other Important Disclosures

For Important Disclosures on the stocks discussed in this report, please go to <https://researchglobal0.bmocapitalmarkets.com/public-disclosure/> or write to Editorial Department, BMO Capital Markets, 3 Times Square, New York, NY 10036 or Editorial Department, BMO Capital Markets, 1 First Canadian Place, Toronto, Ontario, M5X 1H3.

### Dissemination of Research

Dissemination of fundamental BMO Capital Markets Equity Research is available via our website <https://researchglobal0.bmocapitalmarkets.com/>. Institutional clients may also simultaneously receive our fundamental research via email and/or via services such as Refinitiv, Bloomberg, FactSet, Visible Alpha, and S&P Capital IQ.

BMO Capital Markets issues a variety of research products in addition to fundamental research. Institutional clients may request notification when additional research content is made available on our website. BMO Capital Markets may use proprietary models in the preparation of reports. Material information about such models may be obtained by contacting the research analyst directly. There is no planned frequency of model updates.

The analyst(s) named in this report may discuss trading strategies that reference a catalyst or event that may have a near or long term impact on the market price of the equity securities discussed. In some cases, the impact may directionally counter the analyst's published 12 month target price and rating. Any such trading or alternative strategies can be based on differing time horizons, methodologies, or otherwise and are distinct from and do not affect the analysts' fundamental equity rating in the report.

Research coverage of licensed cannabis producers and other cannabis-related companies is made available only to eligible approved North American, Australian, and EU-based BMO Nesbitt Burns Inc., BMO Capital Markets Limited, Bank of Montreal Europe PLC and BMO Capital Markets Corp. clients via email, our website and select third party platforms.

~ Research distribution and approval times are provided on the cover of each report. Times are approximations as system and distribution processes are not exact and can vary based on the sender and recipients' services. Unless otherwise noted, times are Eastern Standard and when two times are provided, the approval time precedes the distribution time.

For recommendations disseminated during the preceding 12-month period, please visit: <https://researchglobal0.bmocapitalmarkets.com/public-disclosure/>.

### **General Disclaimer**

"BMO Capital Markets" is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member [FINRA](#) and [SIPC](#)) and the agency broker dealer business of Clearpool Execution Services, LLC (Member [FINRA](#) and [SIPC](#)) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia. Bank of Montreal or its subsidiaries ("BMO Financial Group") has lending arrangements with, or provide other remunerated services to, many issuers covered by BMO Capital Markets. The opinions, estimates and projections contained in this report are those of BMO Capital Markets as of the date of this report and are subject to change without notice. BMO Capital Markets endeavours to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, BMO Capital Markets makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to BMO Capital Markets or its affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. Nothing herein constitutes any investment, legal, tax or other advice nor is it to be relied on in any investment or decision. If you are in doubt about any of the contents of this document, the reader should obtain independent professional advice. This material is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any security. BMO Capital Markets or its affiliates will buy from or sell to customers the securities of issuers mentioned in this report on a principal basis. BMO Capital Markets or its affiliates, officers, directors or employees have a long or short position in many of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that BMO Capital Markets or its affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein.

### **Additional Matters**

This report is directed only at entities or persons in jurisdictions or countries where access to and use of the information is not contrary to local laws or regulations. Its contents have not been reviewed by any regulatory authority. BMO Capital Markets does not represent that this report may be lawfully distributed or that any financial products may be lawfully offered or dealt with, in compliance with regulatory requirements in other jurisdictions, or pursuant to an exemption available thereunder.

To Australian residents: BMO Capital Markets Limited and Bank of Montreal are exempt from the requirement to hold an Australian financial services licence under the Corporations Act in respect of financial services they provide to wholesale investors (as defined in the Corporations Act). BMO Capital Markets Limited is regulated by the UK Financial Conduct Authority under UK laws, and Bank of Montreal in Hong Kong is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, which differ from Australia laws. This document is only intended for wholesale clients (as defined in the Corporations Act 2001), Eligible Counterparties or Professional Clients (as defined in Annex II to MiFID II) and Professional Investors (as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong).

To Canadian Residents: BMO Nesbitt Burns Inc. furnishes this report to Canadian residents and accepts responsibility for the contents herein subject to the terms set out above. Any Canadian person wishing to effect transactions in any of the securities included in this report should do so through BMO Nesbitt Burns Inc.

The following applies if this research was prepared in whole or in part by Colin Hamilton, Alexander Pearce or Raj Ray:

This research is not prepared subject to Canadian disclosure requirements. This research is prepared by BMO Capital Markets Limited and distributed by BMO Capital Markets Limited or Bank of Montreal Europe Plc and is subject to the regulations of the Financial Conduct Authority (FCA) in the United Kingdom and the Central Bank of Ireland (CBI) in Ireland. FCA and CBI regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 5% or more of the equity of the issuer. Canadian regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 1% or more of the equity of the issuer that is the subject of the research. Therefore each of BMO Capital Markets Limited and Bank of Montreal Europe Plc will disclose its and its affiliates' ownership interest in the subject issuer only if such ownership exceeds 5% of the equity of the issuer.

To E.U. Residents: In an E.U. Member State this document is issued and distributed by Bank of Montreal Europe plc which is authorised and regulated in Ireland and operates in the E.U. on a passported basis. This document is only intended for Eligible Counterparties or Professional Clients, as defined in Annex II to "Markets in Financial Instruments Directive" 2014/65/EU ("MiFID II").

To U.S. Residents: BMO Capital Markets Corp. furnishes this report to U.S. residents and accepts responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal. Any U.S. person wishing to effect transactions in any security discussed herein should do so through BMO Capital Markets Corp.

To U.K. Residents: In the UK this document is published by BMO Capital Markets Limited which is authorised and regulated by the Financial Conduct Authority. The contents hereof are intended solely for the use of, and may only be issued or passed on to, (I) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (II) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together referred to as "relevant persons"). The contents hereof are not intended for the use of and may not be issued or passed on to retail clients.

To Hong Kong Residents: In Hong Kong, this report is published and distributed by Bank of Montreal. Bank of Montreal (incorporated in Canada with limited liability) is an authorized institution under the Banking Ordinance and a registered institution with the Securities and Futures Commission (CE No. AAK809) to carry on Type 1 (dealing in securities) and Type 4 (advising in securities) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong). This report has not been reviewed or approved by any regulatory authority in Hong Kong. Accordingly this report must not be issued, circulated or distributed in Hong Kong other than (a) to professional investors as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong, or (b) in circumstances which do not result in or constitute an offer to the public in Hong Kong.

To Korean Residents: This report has been provided to you without charge for your convenience only. All information contained in this report is factual information and does not reflect any opinion or judgement of BMO Capital Markets. The information contained in this report should not be construed as offer, marketing, solicitation or investment advice with respect to financial investment products in this report.

To Japan Residents: This report has not been reviewed by any regulatory authority in Japan. This report is provided for information purposes only and it should not be construed as an offer to sell, a solicitation to buy, or a recommendation for any security, or as an offer to provide investment management or advisory or other services in Japan. Securities may not be offered or sold in Japan by means of this report or any other document other than to Qualified Financial Institutions within the meaning of item (i) of Article 17-3 of the Government Ordinance to enforce the Financial Instruments and Exchange Act (Kinyu Shohin Torihiki Ho Sekou Rei). Unless specified otherwise, the securities that may be offered to you are not and will not be registered in Japan pursuant to the Financial Instruments and Exchange Acts.

To Taiwanese Residents: This report is not intended to constitute investment advice nor a public offer for any investment products to investors in Taiwan. This report should only be accessed by investors in Taiwan that are qualified to invest in investment products pursuant to relevant Taiwanese laws and regulations, and subject to sales restrictions as set forth in the relevant Taiwanese laws and regulations. BMO Capital Markets has not and will not secure the required licenses in Taiwan for the offer of securities and investment services. Any offer of securities has not been and will not be registered or filed with or approved by the Financial Commission of Taiwan and/or other regulatory authority pursuant to relevant securities laws and regulations of Taiwan, and may not be issued, offered or sold within Taiwan through a public offering or in circumstances which constitute an offer that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority in Taiwan under relevant securities laws and regulations of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the securities in Taiwan.

To Singapore Residents: This report is intended for general circulation and does not and is not intended to constitute the provision of financial advisory services, whether directly or indirectly, to persons in Singapore. You should seek advice from a financial adviser regarding the suitability of the investment products, taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. This report has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, it should not be circulated or distributed, nor may the securities described herein be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor or a relevant person as defined in and pursuant to and in accordance with the conditions of the relevant provisions of the Securities and Futures Act of Singapore or (b) otherwise pursuant to and in accordance with the conditions of, any other applicable provision of the SFA.

To Israeli residents: BMO Capital Markets is not licensed under the Israeli Law for the Regulation of Investment Advice, Investment Marketing and Portfolio Management of 1995 (the "Advice Law") nor does it carry insurance as required thereunder. This document is to be distributed solely to persons that are qualified clients (as defined under the Advice Law) and qualified investors under the Israeli Securities Law of 1968. This document represents the analysis of the analyst but there is no assurance that any assumption or estimation will materialize.

These documents are provided to you on the express understanding that they must be held in complete confidence and not republished, retransmitted, distributed, disclosed, or otherwise made available, in whole or in part, directly or indirectly, in hard or soft copy, through any means, to any person, except with the prior written consent of BMO Capital Markets.

[Click here](#) for data vendor disclosures when referenced within a BMO Capital Markets research document.

For assistance with accessible formats of online content, please contact [research@bmo.com](mailto:research@bmo.com).

The recommendation contained in this report was produced at September 08, 2022, 00:31 ET. and disseminated at September 08, 2022, 00:31 ET.

---

**ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST**

BMO Financial Group (NYSE, TSX: BMO) is an integrated financial services provider offering a range of retail banking, wealth management, and investment and corporate banking products. BMO serves Canadian retail clients through BMO Bank of Montreal and BMO Nesbitt Burns. In the United States, personal and commercial banking clients are served by BMO Harris Bank N.A., (Member FDIC). Investment and corporate banking services are provided in Canada and the US through BMO Capital Markets.

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member [FINRA](#) and [SIPC](#)) and the agency broker dealer business of Clearpool Execution Services, LLC (Member [FINRA](#) and [SIPC](#)) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia.

"Nesbitt Burns" is a registered trademark of BMO Nesbitt Burns Corporation Limited, used under license. "BMO Capital Markets" is a trademark of Bank of Montreal, used under license. "BMO (M-Bar roundel symbol)" is a registered trademark of Bank of Montreal, used under license.

® Registered trademark of Bank of Montreal in the United States, Canada and elsewhere.

TM Trademark Bank of Montreal

©COPYRIGHT 2022 BMO CAPITAL MARKETS CORP.

A member of BMO  Financial Group