Desjardins

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Victoria Gold Corp.

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Victoria Gold—the Eagle has landed

The Desjardins Takeaway

We are initiating coverage of Victoria with a Buy rating and C$15.00 target price. The stock trades on the TSX under the ticker VGCX. We believe the shares are at an inflection point following recent underperformance due to operational challenges. However, with the block model reconciling well and recoveries meeting expectations, we are confident that management can improve performance. In our view, the shares are now trading at a highly attractive entry point for a clear takeout candidate as Victoria is the only single-asset Canadian producer of scale.

Highlights

Victoria operates the Eagle Gold mine in central Yukon, where we model average annual production of ~190koz at AISC of ~US$1,300/oz over the next 10 years and the company has demonstrated resource growth potential to extend the minelife. After declaring commercial production in July 2020, the company has suffered operational challenges related to supply chain issues, labour availability, cost inflation and an overland conveyor belt failure last year. However, given the block model is reconciling well and recoveries are meeting expectations, we believe the operational challenges can be overcome.

Being the only single-asset producer in Canada makes it a takeout candidate. If management can demonstrate operational improvement this year, we do not expect Victoria to last as a single-asset entity and believe it would fit nicely in the portfolio of an intermediate producer. If it is not acquired, Victoria has an opportunity to consolidate a region with more than 16moz Aueq.

Valuation

After underperforming the S&P/TSX Global Gold Index by 45% in 2022 due to the company's operational challenges, the stock is now trading at 0.49x NAV, a 23% discount to junior producer peers at 0.64x; it trades at 5.0x 2023 EBITDA vs peers at 7.6x. We base our target price on a 1.00x NAV multiple with a 75% weighting and a 6.00x EV/EBITDA multiple with a 25% weighting.

Recommendation

We are initiating coverage of Victoria Gold Corp. with a Buy–Above-average Risk rating. We expect the shares to trade at a premium valuation once the company has demonstrated improved operational performance, given the long minelife in a sought-after jurisdiction and with further resource growth potential on the large land package. We also view it as a takeout candidate given it is the only single-asset producer of scale in Canada.

Rating	**Buy**
Risk	**Above-average**
12-month target	**C$15.00**

Symbol	VGCX, TSX
Sector	Precious Metals
Closing price ($)	C$8.47
Potential return (%)	77.1
52-week range ($)	C$6.56–18.90
Avg daily value traded ($m)	C$4.4
Shares O/S (m)	64.5
Market cap ($m FD)	C$547
Net debt ($m)	C$227
EV ($m)	C$774
Year-end	Dec-31

Desjardins estimates

Annual	**2021**	**2022**	**2023E**	**2024E**
EBITDA (C$m)	203	131	154	127
EV/EBITDA (x)	3.8	5.9	5.0	6.1
CFPS (C$)	2.85	2.36	2.25	1.93
P/CFPS (x)	3.0	3.6	3.8	4.4
Au price/oz (US$)	1,799	1,803	1,875	1,875
AISC $/oz (US$)	1,193	1,441	1,517	1,648
Cash cost(US$/oz)	725	916	1,142	1,291
Gold prod (koz)	164	150	180	190

Potential catalysts

- Filing of Eagle Gold mine updated technical report —2Q23
- Updated mineral resource estimate for Raven deposit—1H23

Risks

- Gold price weakness
- C$ strength
- Cost inflation
- Labour availability

Source: Desjardins Capital Markets, Bloomberg, FactSet

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Victoria Gold: The Eagle has landed

We are initiating coverage of Victoria Gold Corp. with a Buy–Above-average Risk rating and C$15.00 target price. We believe the shares are at an inflection point after underperforming the S&P/TSX Global Gold Index by 45% in 2022 due to operational challenges, which were primarily logistical in nature. As grades have been reconciling well and metallurgical recoveries are in line with expectations, we believe that management can improve performance going forward. The company is the only remaining single-asset gold producer of scale in Canada, and with average annual production of ~190koz over the next 10 years, we view it as an attractive takeout candidate for an intermediate producer. If it is not acquired, we expect the shares to trade at a premium multiple to the peer group, which should enable the company to consolidate the numerous gold deposits in the Mayo mining district of the Yukon.

Company overview

Victoria was incorporated in 1981 but acquired its flagship asset, the Eagle Gold mine, only in June 2009 through its acquisition of StrataGold. The Eagle Gold mine is located in central Yukon and at the time of its acquisition, the project was at an early development stage. Victoria then advanced it through development and into operation, with commercial production announced in July 2020. On February 23, 2023, the company published an updated mine plan, replacing the December 2019 feasibility study (FS). The updated mine plan presents an open pit heap leach operation with average annual production of ~170koz over a 12-year minelife at average AISC of US$1,114/oz. The Eagle Gold mine has faced ramp-up challenges during its first two years of production, but management remains confident in the asset and expects a strong 2023, with the midpoint of guidance implying 13% production growth from 2022. The Eagle Gold mine is located on the Dublin Gulch property, which has a total land package size of ~35,000ha. In addition to operating the Eagle Gold mine, Victoria is also drilling multiple other exploration targets on the property; results so far indicate significant resource growth potential, which could extend the minelife at Eagle.

Investment thesis

Victoria is one of our favourite gold producers, and its nearly 200koz annual production profile with healthy margins at an LOM AISC of US$1,325/oz (Desjardins estimate) means we do not expect it to last as the only single-asset producer of scale in Canada. If the management team can turn around the operations following recent stumbles, we believe that the stock should re-rate to trade at its NAV or the company could potentially be acquired. If it is not acquired before a re-rating, then it will have an opportunity to become a regional consolidator and develop an even longer-life gold camp as the premier Yukon gold producer, which should further boost its NAV multiple. Below, we discuss the merits of the stock and why we like it.

Recent stumbles set up highly attractive entry point

The company missed guidance in its first two full years of operations and investors have accordingly punished the stock, which underperformed the S&P/TSX Global Gold Index by 45% in 2022. Management knows that it cannot afford another guidance miss and that creating a more positive track record has to be a top priority. The issues hampering the company have been operational in nature—specifically, supply chain issues and a broken conveyor—so we are relieved that it is not a fundamental issue with the orebody or metallurgy. This supports our expectations that the management team can learn from past missteps and significantly improve operational performance going forward, specifically the crushing and stacking rates. The shares have not regained their prior trading range and are currently 55% below the 52-week high of C$18.90 vs the S&P/TSX Global Gold Index at 30% below its 52-week high; we view the current depressed price as an attractive entry point. The stock is now trading at 0.49x NAV, a 23% discount to the junior producer peer average of 0.64x, despite exhibiting higher production and relatively in-line costs. We therefore believe that investors will accord the company a premium valuation once it demonstrates improved operational performance, particularly when considering its takeout potential as the only single-asset Canadian producer of scale.

John Sclodnick
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Exhibit 1: Junior gold producer comps

Company	Ticker	Price Feb-28 (C$)	Market cap (US$m)	Net debt (US$m)	EV (US$m)	Performance 1m (%)	Ytd (%)	12m (%)	Valuation NAVPS (C$)	P/NAV (x)	EV/EBITDA (x) 2023E	2024E	FCF yield (%) 2023E	2024E	Production (kGEO) 2023E	2024E	AISC (US$/oz) 2023E	2024E
Argonaut Gold	AR	0.47	286	105	392	-35	-11	-80	1.27	0.37	6.8	1.9	-69.3	42.6	196	316	1,707	1,283
Calibre Mining	CXB	1.14	377	-43	343	3	27	-12	2.23	0.51	1.8	1.4	5.0	25.6	264	264	1,233	1,115
Galiano Gold	GAU	0.71	117	-54	63	-13	-1	-10	1.58	0.45	NM	NM	1.3	17.0	77	95	1,825	1,308
i-80 Gold	IAU	3.11	549	13	574	-12	-18	13	4.52	0.69	NM	11.1	-23.7	-31.3	54	111	1,535	1,155
K92 Mining	KNT	7.44	1,270	-109	1,161	-2	-3	-4	11.96	0.62	10.4	6.5	-5.2	0.6	133	194	1,236	844
Karora Resources	KRR	4.49	571	-8	564	-15	-3	-14	6.50	0.69	4.0	3.2	12.9	19.1	155	204	1,117	1,110
Mandalay Resources	MND	2.71	184	-19	168	7	-11	-6	2.72	0.99	2.3	1.8	9.3	33.7	110	134	1,277	998
Minera Alamos	MAI	0.38	128	-11	117	-12	-14	-27	1.32	0.29	7.4	3.2	5.7	-1.4	25	45	1,153	979
Orla Mining	OLA	5.95	1,322	63	1,385	11	9	18	6.51	0.91	15.2	10.4	4.5	7.3	117	129	737	573
Wesdome Gold Mines	WDO	6.51	689	23	712	3	-13	-54	7.72	0.84	13.2	3.6	-4.6	16.9	121	197	1,607	946
Average						**-7**	**-4**	**-18**		**0.64**	**7.6**	**4.8**	**-6.4**	**13.0**	**125**	**169**	**1,343**	**1,031**
Victoria Gold	**VGCX**	**8.47**	**402**	**167**	**569**	**-17**	**18**	**-47**	**17.29**	**0.49**	**5.0**	**6.1**	**5.9**	**5.5**	**180**	**190**	**1,517**	**1,648**

Note: Figures for AR, KNT, KRR, MAI, OLA, WDO and VGCX based on Desjardins estimates; all other estimates based on consensus. Gold-equivalent resource based on spot prices
Source: Desjardins Capital Markets, FactSet

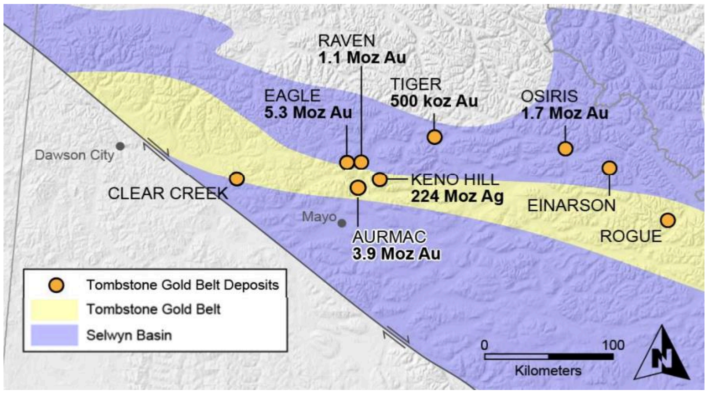
Clear takeout candidate

Victoria is the only remaining single-asset gold producer in Canada of any scale, and we view it as a clear takeout target. Sabina Gold & Silver was recently acquired for C$1.1b for its Nunavut-based development asset with a significant capex spend which risks trending higher from C$610m in the February 2021 FS. Victoria's market cap is C$547m, or 50% below Sabina's acquisition price; in addition, we note the optimistic capex for Sabina and its Back River project, while the Dublin Gulch property hosts 6.4moz, or 30% fewer ounces than delineated by Sabina, but without the same capex risk and with immediate cash flows. The Sabina acquisition demonstrates the scarcity of mineral resources in Canada, and we believe Victoria could significantly bolster the production profile while lowering the jurisdictional risk of an intermediate producer. When we screen for producing gold mines in Canada, Victoria emerged as the last remaining single-asset company with production from Canada, and we do not expect it to remain that way.

Potential regional consolidator

We view Victoria as the natural consolidator in the region, where there are more than 16moz Aueq, as it is generating free cash flow and trades above other developers in the region that have delineated multi-million-ounce deposits. It made its first advance in a proposal to acquire ATAC Resources, which holds a number of properties including the Osiris deposit, but the proposal was rebuffed by the management team despite the 85% premium (as of February 10, 2023). ATAC subsequently signed a letter of intent to be acquired by Hecla Mining, owner of the Keno Hill project. Victoria also holds a 12.4% interest in Banyan Gold, which owns the 3.9moz AurMac deposit located just 30km from the Eagle mine.

Exhibit 2: Gold deposits near Dublin Gulch



Source: Company presentation

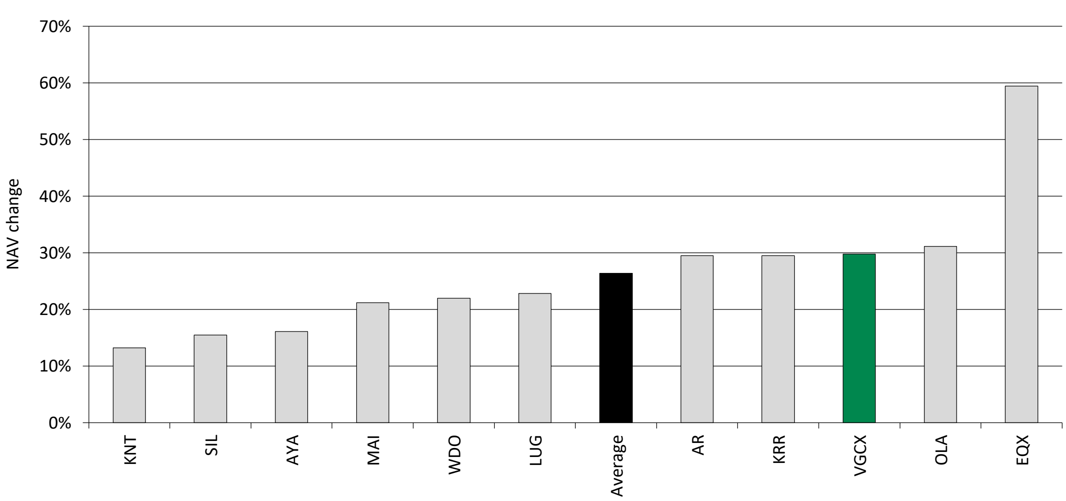
Exploration potential to support reserve replacement or growth

The company has demonstrated clear expansion potential at the Eagle mine through drilling both at depth and along strike. There are also significant regional exploration opportunities on the Dublin Gulch property; this was most recently demonstrated with the Raven discovery, which was quickly turned into a 1.1moz resource at grades that are 2.5x higher vs the Eagle deposit. We expect the size and confidence of the resource to continue to grow. The deposit has a higher sulphide content than Eagle, so recoveries would be lower if heap-leached; given the far higher grades, the construction of a mill for processing would likely make sense in our view. We believe having this infrastructure would serve Victoria well in the future for other discoveries such as Raven or if other deposits are acquired.

Strong leverage to gold price changes

Victoria exhibits the third highest leverage to gold price changes in our coverage on a NAV basis, with a 30% change in our NAV estimate for a 10% change in our gold price assumption. We note that its leverage is driven from its pure gold production exposure and long minelife with significant resources, rather than a stressed balance sheet.

Exhibit 3: Percentage NAV change for a 10% change in gold and silver prices



Source: Desjardins Capital Markets

Catalysts

- Filing of Eagle Gold mine updated technical report—2Q23
- Updated mineral resource estimate for Raven deposit—1H23

Valuation overview

Net asset value

We estimate a NAV for Victoria of C$17.29/share, comprised of C$20.58/share of mining assets and -C$3.29/share of net cash (see Exhibit 4 for breakdown). Our mining asset valuation is based on a discounted cash flow model for the Eagle Gold mine and a credit-per-ounce value for the Raven deposit and non-modelled Eagle resources. Our discounted cash flow model is from 1Q24 onwards since our target price is one-year forward-looking. We provide details on the Eagle Gold mine and our model in the *Asset overview* section below.

- **Eagle Gold mine.** Our NAV estimate is based on our DCF model of the Eagle Gold mine, which we value at C$743m or C$11.52/share at a 5% discount rate. Our DCF model is based on the updated February 2023 mine plan and 100% of P&P reserves. Key differences from our assumptions and the most recent technical report are discussed in more detail in the *Asset overview* section.
- **Raven deposit.** We ascribe value to the 1.1moz of inferred resources at the Raven deposit, located ~15km east of the Eagle Gold mine. We provide further details on the Raven deposit in the *Asset overview* section below. We attribute a per-ounce value at 10% of our long-term gold price assumption, which amounts to US$178/oz. We believe this is fair since these ounces are higher-grade than the Eagle Gold mine reserves and resources, and could be a relatively low-cost addition to the current Eagle Gold mine. For reference, high-quality gold developers without an existing operation trade at ~US$120/oz. This adds C$255m or C$3.96/share to our NAV.
- **Eagle Gold non-modelled resources.** We also ascribe value to the resource ounces at the Eagle and Olive deposits that have not been upgraded to reserves and are therefore not included in our DCF model. There are an additional 2.1moz of M&I resources and 0.7moz of inferred resources at Eagle and Olive outside of reserves. We attribute a per-ounce value at 5% of our long-term gold price assumption, which amounts to US$89/oz. We believe this is fair since it is less than the US$212/oz implied by our DCF for Eagle reserve ounces, and slightly above the average of gold developers given this is a permitted and operating mine. This adds C$330m or C$5.11/share to our NAV.
- **Net cash.** Included in our net cash forecast is our estimated cash balance as of 4Q23, one year forward from the last reported period, of C$42m, and debt on the balance sheet of C$236m. Victoria currently has no options and warrants that are in the money so we do not add any additional shares to the basic count of 64.5m. We include the value for the Banyan and Lahontan investments based on market prices; they are currently worth C$18m total or C$0.29/share. Finally, we deduct our estimated G&A spending over the next five years discounted at 7%, which amounts to C$37m (C$0.57/share), for a total net cash estimate of -C$3.29/share.

Exhibit 4: NAV breakdown

	Jurisdiction	Per share (C$)	% of DCF
Eagle Gold mine (5% DR)	Yukon	11.52	56
Raven (credit/oz)	Yukon	3.96	19
Non-modelled resources (credit/oz)	Yukon	5.11	25
Total mining assets		**20.58**	
Cash & ST investments		0.65	
In-the-money options & warrants		0.00	
Equity investments		0.29	
Corporate G&A (5 years @ 7% DR)		-0.57	
ST & LT debt		-3.65	
Net cash/share		**-3.29**	
Total NAVPS		**17.29**	
Shares O/S (FD) (m)		64.5	

Source: Desjardins Capital Markets

John Sclodnick
Amanda Lewis, Associate

Target price derivation

Our one-year-forward target price of C$15.00/share is based on a 1.00x NAV multiple with a 75% weighting and a 6.00x EV/EBITDA multiple with a 25% weighting. With an NTM EBITDA estimate of C$154m which captures the 1Q23–4Q23 period and our C$17.29/share NAV estimate, we calculate a target value of C$15.07/share, which we round to C$15.00/share. Based on consensus estimates, Victoria is currently trading at 0.57x NAV (0.49x based on our estimates), an 11% discount to the junior gold producer peer average of 0.64x. In terms of EV/FY1 EBITDA, Victoria trades at 5.0x (5.0x based on our estimates) vs peers at 7.6x. Given it is the only single-asset gold producer of scale in Canada, we believe Victoria should trade at a premium to peers and expect that the valuation gap should close as the mine gets back on track after some operational hiccups in its first two years.

Asset overview

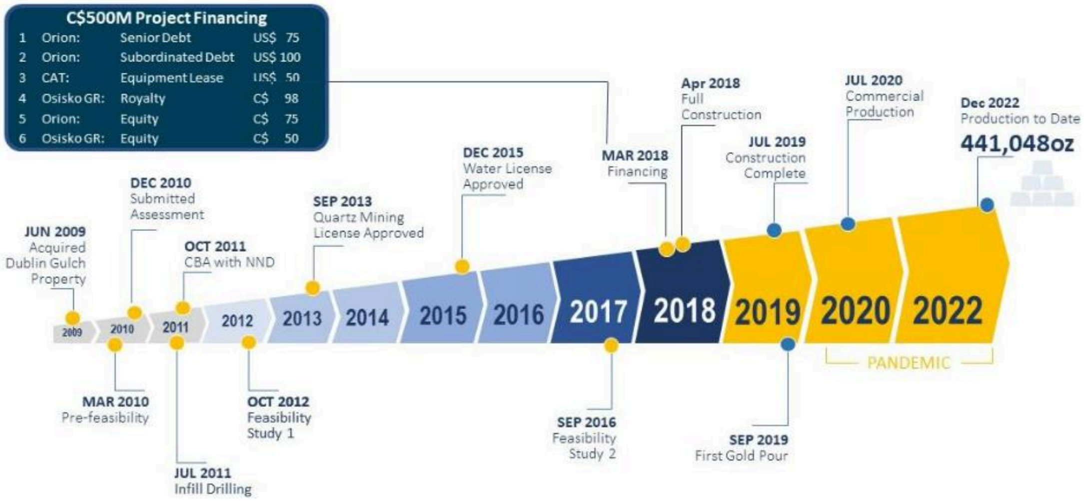
Victoria owns the operating Eagle Gold mine, which comprises the Eagle and Olive deposits. It also owns the Raven deposit and several other exploration targets, all of which are part of the Dublin Gulch property in the Mayo mining district of central Yukon.

Eagle Gold mine

The Eagle Zone was discovered by CanTung when it explored the area from 1977–86 for gold and tungsten. Ivanhoe Goldfields acquired the property in 1991 and completed further exploration, including drilling, trenching, soil sampling, geophysical surveys and metallurgical studies. An FS was completed on the project in 1997, followed by an NI 43-101 resource estimate in 2006 done by StrataGold which, due to a series of acquisitions, was the project owner at the time. The 2006 resource estimate consisted of 66.5mt of 0.92g/t for 1.97moz of indicated resources and 14.4mt of 0.80g/t for 0.37moz of inferred resources. Drilling continued on the property from 2006–08 and the indicated resource estimate was increased by 37%. In June 2009, Victoria acquired StrataGold and completed a PFS and then an FS in February 2012. Starting in 2014, Victoria focused its exploration activities on the Olive zone 2.5km northeast of the Eagle zone, and was able to add the Olive zone into an updated FS in 2016. Exhibit 5 presents a timeline for the project since Victoria took ownership.

The Eagle Gold mine is now a producing open pit mine which reached commercial production in July 2020, after having completed project construction in July 2019 and pouring its first gold bar in September 2019. In December 2019, the company published an updated FS and on February 24, 2023 it announced the results of a new updated study based on the cost and operating data from the mine's past three years of operation. The most recent study shows average annual production of 171koz over a 12-year minelife (beginning in 2023), with annual production averaging 202koz over the first eight years of the minelife and average AISC over the LOM of US$1,114/oz. The study used a gold price of US$1,700/oz and an exchange rate of C$1.33/US$1.00, resulting in an after-tax $NPV_{5\%}$ of C$954m. The mine plan from the most recent study began at the start of 2023 whereas the December 2019 study began in January 2020.

Exhibit 5: Development timeline for the Eagle Gold mine



Source: Company presentation

Property location and ownership

Victoria's flagship asset is its Eagle Gold mine in central Yukon, Canada, ~375km north of Whitehorse (six-hour drive) and 45km north of the community of Mayo (see Exhibit 6 for map). Hecla Mining's Keno Hill mine is the closest operating mine, and there are many active explorers in the area including Banyan Gold, Metallic Minerals and Snowline Gold.

The mine has year-round road access as well as air access via a gravel airstrip in Mayo, and is powered by the Yukon energy grid, with emergency backup diesel generators set up. The Dublin Gulch property is 26km by 13km for a total land package size of ~35,000ha. The project is on the traditional territory of the First Nation of Na-Cho Nyäk Dun (FNNND); in 2011, Victoria and FNNND signed a comprehensive cooperation and benefits agreement.

Exhibit 6: Location of Eagle Gold mine

Source: Company presentation

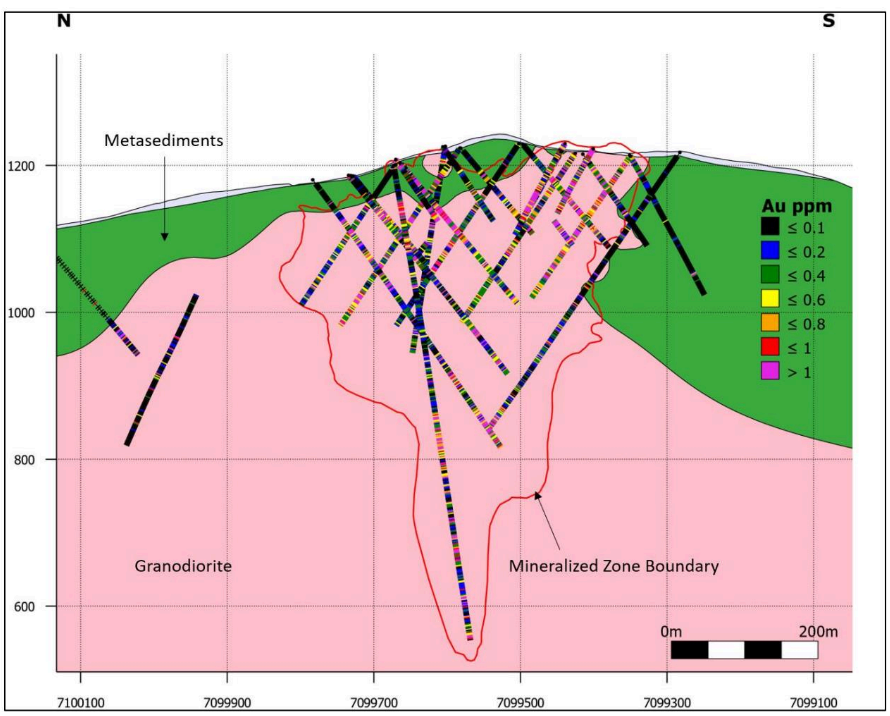
The property is comprised of 1,914 quartz claims, 10 quartz leases and one federal Crown grant; all mineral titles are held by a Victoria subsidiary. There are several royalty and offtake agreements associated with the property as follows: (1) 1% of gross returns covering the Eagle deposit; (2) 1% NSR covering a portion of the Olive deposit; (3) 5% gold stream to Osisko Gold Royalty covering the Eagle and Olive deposits which declines to 3% after 97.5koz have been delivered; and (4) offtake agreement with Orion Mine Finance which allows Orion to purchase up to 25% of annual gold production at prevailing market prices.

The region has an average annual temperature of -3°C, with an average of -10°C to -25°C during January, the coldest month. Average annual precipitation during the year is 375–600mm, of which approximately half falls as snow. The climate leads to some seasonality impacts on production, with lower production planned for 1H vs 2H; however, this impact is expected to be diminished in the updated LOM plan.

Geology and mineralization

The Dublin Gulch property is found in the Tombstone Gold belt in the eastern portion of the Tintina Gold Province. The mineralization is primarily hosted in granodioritic rocks and shows similarities to Kinross's Fort Knox mine deposit in Alaska. Both the Eagle and Olive zones are considered reduced intrusion-related gold-system-type mineral deposits. The Eagle zone is nearly vertical and is ~1.6km long and 0.6km wide, with mineralization traced down 500m and open at depth (see Exhibit 7). The zone is comprised of low-sulphide, sub-parallel extensional white and grey quartz veins that range in width from 1mm to more than 10cm. Vein densities vary but the average is 3–5 veins per metre. The mineralization occurs as elemental gold and is commonly associated with arsenopyrite. The Olive zone varies in width from 20–80m and is 900m long and drilled down to 175–250m depth. The mineralization in the Olive zone is associated with sulphides and quartz-sulphide veining. The Olive zone varies in oxidation level, ranging from fully oxidized near surface to unoxidized sulphide-bearing granodiorite at depth. The majority of mineralization is at the Eagle zone. The deposit rock is non-acid-generating due to its low sulphide content (<0.5%) and the presence of carbonate.

Exhibit 7: Cross section of the Eagle zone geology and drill assays



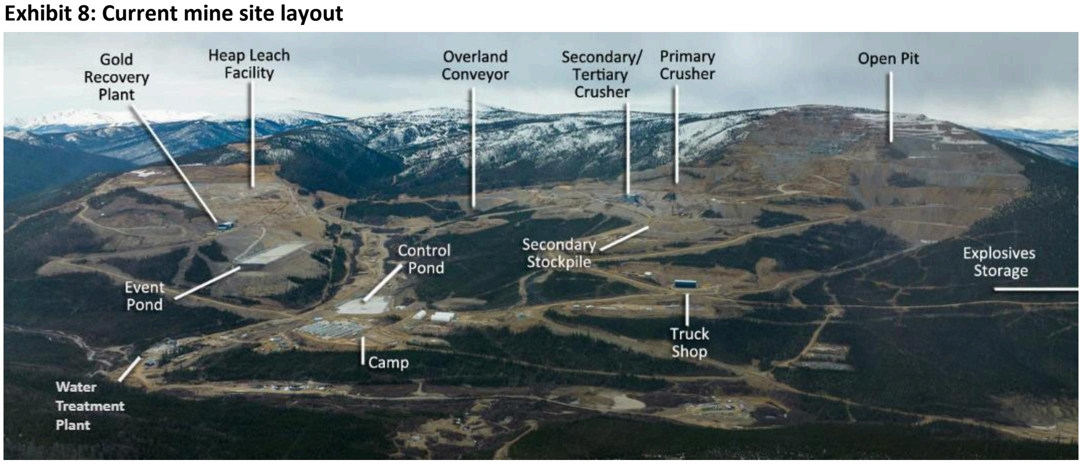
Source: Company reports

Mining method

The Eagle Gold mine uses an open pit truck-and-shovel mining method and has a 12-year minelife, including two final years of residual stockpile leaching when no mining will occur. Mining will take place in the Eagle and Olive pit at an average combined rate of 67,700tpd and a low strip ratio of 0.99 for the first 10 years of the minelife. The majority of ore will be hauled from the pit to a crushing circuit, while some lower-grade ore (averaging 0.25g/t) will be stockpiled and processed at the end of the minelife. Mining will start at the Eagle pit and be executed in three phases, whereas the Olive pit will be mined in just one phase (due to its smaller size) starting in year nine of the minelife. The waste rock will be sent to one of three waste dumps on the site, two for the Eagle pit and one for Olive. Benches will be 10m and will be mined with CAT 6040 shovels and CAT 993 loaders, and hauled with CAT 785 trucks. Total material moved over the LOM is 247.2mt (~25mt/year), consisting of 124.3mt (~12mt/year) of ore and 122.9mt (~12mt/year) of waste. See Exhibit 8 below for the current mine layout.

In the December 2019 study, lower-grade ore had been hauled directly to the heap leach piles as ROM ore (bypassing the crushing circuit); however, due to low recoveries from the ROM ore, this was suspended and removed from the updated mine plan. Instead, the low-grade ore is now stockpiled and processed at the end of the minelife.

Exhibit 8: Current mine site layout



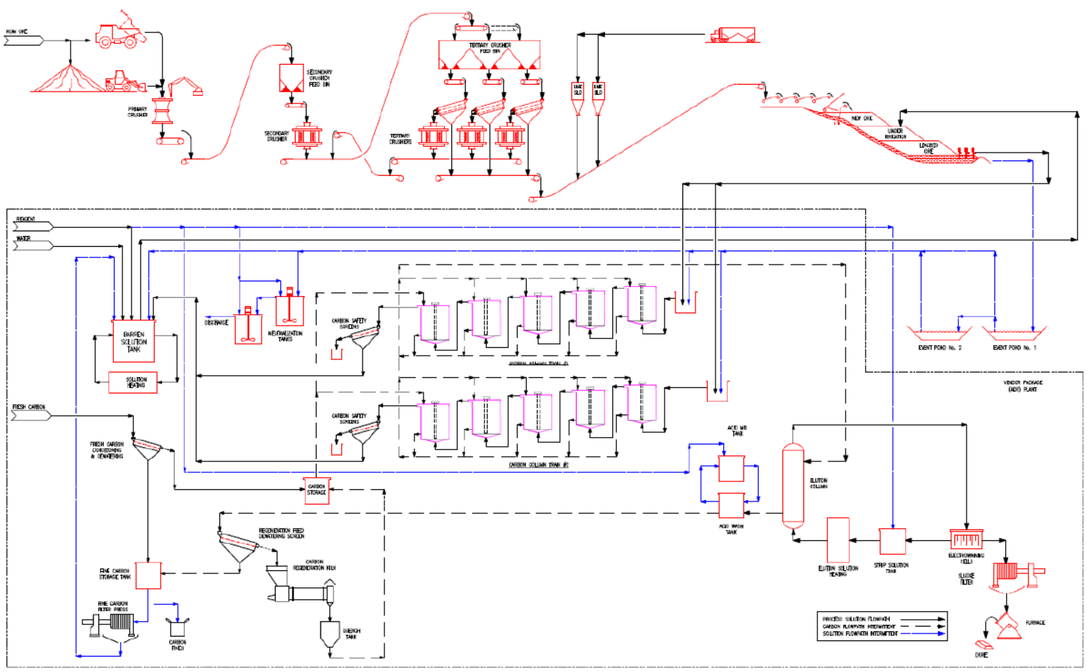
Source: Company presentation

Processing and recovery methods

The Eagle Gold mine uses a three-stage crushing circuit, followed by a heap leach. In 2023, ore will be processed at a rate of 9.5mt/year, which will be increased to 10.5mt/year in 2024 until it reaches steady state of 11.5mt/year in 2025. Ore is conveyed to the primary heap leach pad north of the Eagle pit via a ~1.5km overland conveyor; the primary heap leach pad has a 90mt capacity. The secondary heap leach pad is located 3km east of the Eagle pit, closer to the Olive pit, and has a capacity of 74mt. Construction of the second heap leach pad is planned to begin in year eight. A cyanide-caustic mixture is pumped onto the ore stacked in 10m-high lifts. The ore is leached for 45 days and then the pregnant, gold-bearing solution is pumped to a carbon ADR plant for gold extraction and production. The average stacked ore grade over the LOM is 0.65g/t and the average recovery is 76.2%. Over the LOM, total contained gold stacked is projected to be 2,584koz and gold recovered is projected to be 2,048koz for average annual production of 171koz.

In the previous study, mining took place 365 days a year, but ore was stacked only 275 days of the year due to the extreme cold winter weather. The operation has since pivoted to both mining and stacking 365 days a year; this update is reflected in the current study.

Exhibit 9: Processing flowsheet



Source: Company reports

Costs

The most recent study estimates site operating costs of C$19.55/tonne leached, comprised of mining costs of C$3.31/tonne mined (C$6.58/tonne leached), processing costs of C$9.03/tonne leached, site services costs of C$1.66/tonne leached and G&A of C$2.28/tonne leached. In comparison, the December 2019 study had estimated a 36% lower operating cost of C$12.43/tonne leached. The Eagle Gold mine is already built and operating, so we view all initial capital as sunk. For growth and sustaining capital, the updated study estimates total capex of C$292m split C$111m for mining sustaining capital, C$41m for processing sustaining capital and C$139m for growth capital, averaging ~C$24m/year. A further C$65.0m is allocated for closure costs. Average AISC over the LOM is US$1,114/oz. In comparison, the December 2019 study had assumed lower LOM sustaining capital of C$174.5m (~C$19m/year), C$35.0m for closure costs and average AISC of US$774/oz.

Looking back at the first three years of operations, costs have been above the LOM average (see the *Current status* section). In terms of sustaining capital, C$35.7m was spent in 2020 for upgrades to the material-handling system and heap leach facility infrastructure. In 2021, C$59.9m was spent for equipment component rebuilds and continued upgrades to the material-handling system, and in 2022, sustaining capital totalled C$62.1m, mainly spent on the construction of the water treatment facility, equipment component replacements and a new conveyor. We expect sustaining costs to continue to trend higher than outlined in the updated study. Opex has also been significantly higher than envisaged in the prior FS due to a number of factors including higher fuel costs and labour shortages; the latter required the company to use contractors, which are more expensive and typically result in lower productivity. We continue to model higher opex estimates compared with the updated study (see the *Our assumptions* section).

Current status

Since starting production, the mine has been operating behind plan due to COVID-19, unplanned crusher and conveyor failures, wildfires, high inflation, and recruitment and retention challenges.

During 2020, the mine produced 117koz at cash costs of US$788/oz and AISC of US$1,206/oz (since achieving commercial production midway through 2020). In 2021, Victoria produced 164koz at cash costs of US$725/oz and AISC of US$1,193/oz. In 2022, production totalled 150koz at cash costs of US$916/oz and AISC of US$1,441/oz. Guidance was withdrawn last year after the overland conveyor failed, resulting in 18 days of downtime; however, original guidance issued on March 24, 2022 called for production of 165–190koz at AISC of US$1,225–1,425/oz. Guidance was also missed in 2021, primarily due to supply chain disruptions. Victoria had previously completed a scoping study looking to increase production to ~250koz; however, this goal has been sidelined since the mine is still working to achieve 200koz/year. In terms of reconciliation, the blasthole model has been reconciling well with the reserve model, and recoveries of crushed material have been in line with expectations.

The company announced 2023 guidance on February 22, 2023, calling for production of 160–180koz at AISC of US$1,350–1,550/oz with total capital spend of C$105m. We are currently modelling the company achieving the high end of both the production and AISC guidance ranges, with our estimate of 179.5koz at AISC of US$1,517/oz, while we are slightly above on capital spending at C$113m. Consensus is currently at production of 174koz at AISC of US$1,321/oz, although we expect these to be closer to guidance once all estimates have been updated (currently two of five have not been updated post the guidance announcement); consensus total capex is currently at C$103m.

Exhibit 10: Victoria Gold 2023 guidance vs our estimates and consensus

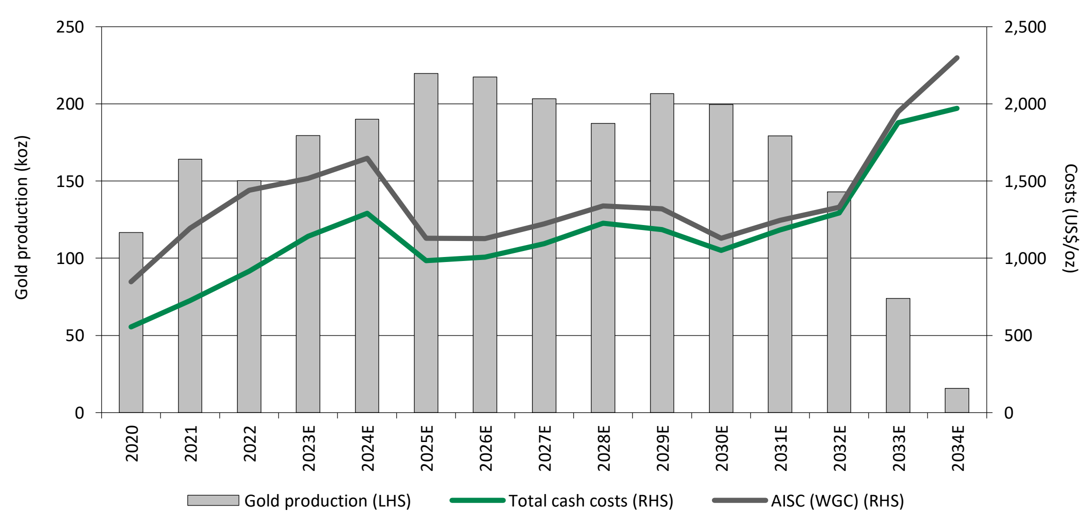
	Guidance	Consensus	Desjardins	Difference (%)
Production (koz)	160–180	174	180	2.4
AISC (US$/oz)	1,350–1,550	1,321	1,517	-8.9
Capex (C$m)	105	103	113	-1.9

Note: Difference measured as consensus vs midpoint of guidance
Source: Desjardins Capital Markets, FactSet, company release

Our assumptions

Our estimates are based on 2023 guidance and the updated LOM plan, and also consider the performance of the mine so far, prevailing market conditions and comparable operations. Our model is based on 100% of proven and probable reserves and we model a total LOM of 12 years; our operating estimates are relatively in line with the current mine plan. We model average annual production of 168koz (193koz excluding processing of stockpiles) over the LOM (see Exhibit 11).

Exhibit 11: Eagle Gold mine production profile based on our estimates



Source: Desjardins Capital Markets

For costs, we model average annual sustaining capital of C$33m/year or C$393m for the LOM vs C$13m/year and C$153m over the LOM in the updated study. The significant difference from the study is due to our considering more growth capex as sustaining, in addition to the recent track record of actual sustaining capital coming in far higher than forecast. We model a mining cost of C$4.09/tonne mined, 24% above the study at C$3.31/tonne mined, and a processing cost of C$9.25/tonne leached, roughly in line with the study at C$9.03/tonne leached. Our LOM site G&A costs of C$6.06/tonne leached is 54% higher than the study and contributes to our total operating cost per tonne of C$23.85/tonne leached, 22% above the study at C$19.55/tonne. Our average cash cost and AISC estimates over the LOM are US$1,172/oz and US$1,325/oz, respectively, vs the study at AISC of US$1,114/oz (LOM cash costs not disclosed in study press release).

We assume a 6% higher gold price of US$1,799/oz and in-line Canadian dollar of C$1.33/US$1.00 compared with the study at US$1,700/oz and C$1.33/US$1.00, respectively. The higher assumed costs outweigh the gold price assumption benefit, so our model results in a 23% lower NPV than the latest study (see Exhibit 12).

Exhibit 12: Eagle Gold mine 2023 updated LOM plan vs Desjardins model

	Feb-23 FS	Desjardins estimates	Difference (%)
Life of mine (years)	12	12	0
Recovered gold (moz)	2.05	2.02	-2
Average gold recovery (%)	76.2	77.4	2
Total mined tonnes (Mt)	247	248	0
Total leached tonnes (Mt)	124	126	2
Strip ratio	1.0	1.0	-1
Annual gold production (koz)	171	168	-2
Average stacked grade (g/t)	0.65	0.64	-1
Sustaining capital/year (C$m)	13	33	157
Mining (C$/tonne mined)	3.31	4.09	24
Processing (C$/tonne leached)	9.03	9.25	2
Total operating cost (C$/tonne leached)	19.55	23.85	22
Average AISC (US$/oz)	1,114	1,325	19
Gold price assumption (US$/oz)	1,700	1,799	6
C$/US$ exchange	1.33	1.33	0
After-tax $NPV_{5\%}$ (C$m)	954	736	-23

Source: Desjardins Capital Markets, company report

Reserves and resources

The February 2023 updated study is based on December 31, 2022 resource and reserve estimates for the Eagle and Olive deposits. Additionally, Victoria published a maiden inferred resource estimate for its Raven deposit, with an effective date of September 15, 2022. See the *Resource and reserve growth opportunities* section below for more details on the Raven deposit. An updated resource estimate for Raven is also expected this year.

Mineral resources

The previous December 2019 resource was based on a 1,078-hole database totalling 178,490m of drilling and 112,949 assays for Eagle, and a 160-hole database totalling 22,167m and 41 trenches totalling 1,910m for Olive. The updated December 2022 resource now includes 35 additional drill holes at Eagle, and 92 additional drill holes and 19 additional surface trenches at Olive. The resource is net of depletions through December 31, 2022. The resource is based on a US$1,700/oz gold price, resulting in a 0.15g/t cut-off grade at Eagle and 0.40g/t cut-off grade at Olive.

Exhibit 13: Eagle and Olive zones resource estimate (inclusive of reserves)

	As of December 2022			As of December 2019		
Zone	**Tonnes (mt)**	**Grade (g/t Au)**	**Contained (koz Au)**	**Tonnes (mt)**	**Grade (g/t Au)**	**Contained (koz Au)**
Eagle zone						
M&I resources	233	0.57	4,304	217	0.63	4,397
Inferred resources	30	0.52	497	21	0.52	361
Olive zone						
M&I resources	12	0.97	361	10	1.07	329
Inferred resources	6	1.17	207	7	0.89	210

Source: Company reports

The Raven deposit resource also uses a US$1,700/oz gold price assumption, resulting in a cut-off grade of 0.50g/t. The resource database includes a total of 78 diamond drill holes for 18,217m of drilling and 11,956 assays, and 55 surface trenches totalling 7,443m with 3,464 assays. The resource is classified as inferred and Victoria plans to publish an updated Raven resource in 1H23, which will factor in the drilling completed in 2022.

Exhibit 14: Raven deposit inferred resource estimate

Zone	**Tonnes (mt)**	**Grade (g/t Au)**	**Contained (koz Au)**
Raven deposit	20	1.67	1,070

Source: Company reports

Mineral reserves

The mineral reserve estimate for the Eagle Gold mine is shown below in Exhibit 15. The estimate uses a US$1,550/oz gold price assumption and is net of depletions through December 31, 2022. The December 2019 FS used a US$1,275/oz gold price assumption.

Exhibit 15: Eagle Gold mine reserve estimate

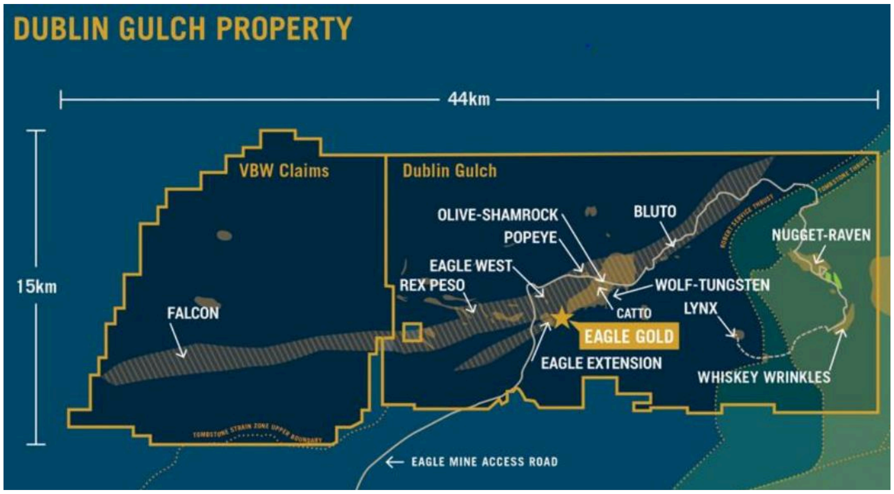
	As of December 2022			As of December 2019		
Zone	**Tonnes (mt)**	**Grade (g/t Au)**	**Contained (koz Au)**	**Tonnes (mt)**	**Grade (g/t Au)**	**Contained (koz Au)**
Eagle zone						
P&P reserves	118	0.64	2,407	148	0.64	3,061
Olive zone						
P&P reserves	7	0.84	176	7	0.67	200

Source: Company reports

Resource and reserve growth opportunities

Victoria has many resource growth opportunities, both at its Eagle Gold mine and on its Dublin Gulch property at other targets around the mine, most notably its Raven gold deposit (see Exhibit 16 for target locations).

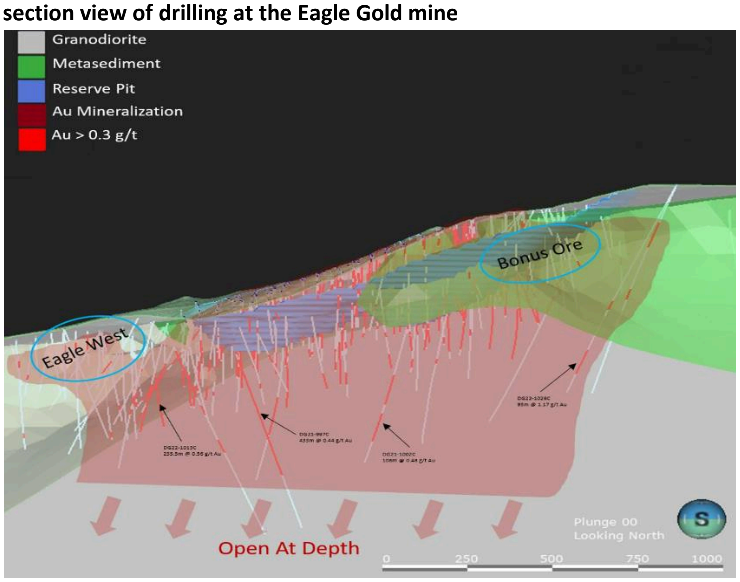
Exhibit 16: Overview map of the Eagle Gold mine and Victoria's other exploration targets



Source: Company presentation

At the Eagle Gold mine, the deposit was previously tested to only 350m depth, but with more than 8,000m of drilling completed in 2021 and 2022 below and adjacent to the ultimate reserve pit outline, mineralization has now been extended 500m along strike to the west and to a depth of 850m and open.

Exhibit 17: Cross section view of drilling at the Eagle Gold mine



Source: Company presentation

The Raven deposit is located ~15km east of the Eagle Gold mine and has been a primary exploration focus. Victoria published a maiden resource for the deposit in September 2022 consisting of 1.07moz of inferred resources with a grade of 1.67g/t. The maiden resource is based on 78 holes (18,217m) drilled from August 2018–September 2021.

In 2022, Victoria completed 27,215m of drilling, of which 25,244m were infill and expansion drilling at Raven. The deposit has now been extended 325m east beyond the resource estimate. Highlight results from the Raven Proximal Program include 0.91g/t over 30.9m from surface, 2.18g/t over 11.7m from 84m, 1.06g/t over 51.2m from 157m, 1.19g/t over 45.5m from 150m and 0.51g/t over 257.3m from surface; these were completed within the resource area or within 100m. The company also released results from major step-outs at Raven, and while most of the results will not factor into the resource update, they are promising and justify follow-up. These include highlights of 7.18g/t over 6.9m from 128m, 3.59g/t over 83.8m from 213m and 1.98g/t over 14.2m from 67m. Beyond Raven, 1,971m of drilling was also completed at the Lynx target during the 2022 program, and highlights included 24.69g/t over 6.5m from 170m and 2.46g/t over 27.2m from 70m.

The 2023 exploration program will remain focused on Raven and Lynx with follow-up definition and step-out drilling, as well as surface trenching, geochemical and geological surveys and mapping.

Capital structure and financial state

As of year-end 2022, Victoria had a cash balance of C$20.6m and working capital of C$94.7m, including C$211.7m in current inventories, which is primarily related to ounces stacked on the leach pad. It had US$33.3m in outstanding principal on its US$100m term loan at year-end 2022, but subsequently amended the loan and increased the amount outstanding by US$25.0m to US$58.8m and extended the maturity date to September 30, 2024 (from December 31, 2023). We model seven more quarterly payments of US$8.3m (C$11.2m). The company also has a revolving credit facility with US$114.9m of principal outstanding and due December 31, 2024. Both the term loan and revolver accrue interest at SOFR + 2.75% and Victoria is in compliance with all covenants. It also has a US$50m equipment financing facility with Caterpillar which is fully drawn and accrues interest at LIBOR + 2.5–3.5% which had an outstanding balance of US$34.2m at the end of 2022.

Shares outstanding

The company ended 2022 with 64.5m shares outstanding; it has 0.8m options exercisable at C$12.10 that are currently out of the money and expire on December 14, 2023. It also has 1.7m warrants outstanding exercisable at C$9.38 that are out of the money and expire on April 13, 2023; these could bring in C$15.6m if the shares appreciate before then. While we believe the company may look to take advantage of the premiums associated with flow-through to fund some exploration, we do not model any further equity issuance in our base case assumptions. We model no additional dilution, resulting in a fully diluted share count of 64.5m shares outstanding, which is the basis for our fully diluted NAVPS calculation.

Risks

The company has done considerable work to derisk the Eagle Gold mine now that it is in production, but there are still risks inherent to all mining operations. We highlight the most notable risks for Victoria below (note that this is not an exhaustive list).

- **Gold price risk.** The company’s revenue is derived almost exclusively from the sale of gold; therefore, any decline in the gold price could adversely impact our valuation and we believe the shares could underperform. We estimate that a 10% change in the gold price would cause our NAV estimate to change by 29.7%.
- **Operational risks.** The Eagle Gold mine is located in a harsh operating climate, with temperatures in January averaging -10°C to -25°C. While the low temperatures are a challenge, management is experienced working in the Canadian territories and has factored the winter conditions into the mine plan.
- **Cost inflation risk.** Continued increase in input costs to production could negatively impact the margins Victoria generates and adversely affect our valuation. These inputs may include wage costs, cyanide or lime costs, and energy costs. The company is also very sensitive to changes in the C$/US$ rate, and strength in the Canadian dollar could negatively impact operating margins. Based on our model, a 10% change in our Canadian dollar assumption would result in a 25.6% change to our NAV estimate.
- **Labour availability.** Victoria is already facing challenges with recruitment and retention. The company has implemented training programs, but ongoing retention challenges could continue to impact operations and limit growth.

Management

Victoria has a highly qualified management team which is well-suited to the unique and challenging operating conditions in northern Canada. The team has a mix of operational, exploration and financial expertise which will benefit the mine as it continues to ramp up production while also continuing to explore the property and grow the resource base. Management and insiders currently own 2.9% of the shares outstanding based on FactSet data, with 1.2% of shares held by the CEO.

- **John McConnell, President and CEO.** Mr McConnell has more than 40 years of experience working in the mining industry, with the majority spent in Canada's northern territories. Prior to his current role, he was the president and CEO of Western Keltic Mines until it was acquired by Sherwood Copper. Mr McConnell was previously responsible for permitting and developing the Snap Lake diamond mine when he served as vice-president, Northwest Territories projects for De Beers Canada. He has also held positions with Breakwater Resources and Strathcona Mineral Services. Mr McConnell holds a bachelor of science degree in mining engineering from the Colorado School of Mines and is currently on the board of directors at Lahontan Gold and Abacus Mining.
- **Marty Rendall, CFO.** Mr Rendall has significant experience in the mining industry, having worked in all stages of mining with gold, diamond and base metals projects. He joined Victoria as CFO in 2007 after having worked for De Beers Canada and Breakwater Resources. Mr Rendall is a chartered financial analyst and has a bachelor's degree in business administration.
- **Mark Ayranto, COO.** Mr Ayranto has 20 years of mining project development experience, working on engineering studies and permitting, with 10 of those years in the Yukon. He was also the founder and chairman of Banyan Gold and is chairman of the Yukon Minerals Advisory Board. Mr Ayranto completed the first modern exploration agreement with the FNNND in 2007 and the Eagle Gold mine CBA in 2011.
- **Paul D Gray, Vice-President, Technical Services.** Mr Gray brings 27 years of global mineral exploration and development experience to the team at Victoria. For the past 15 years, he has been a principal of Paul D. Gray Geological Consultants and has worked to advance gold exploration projects in the Yukon and Northwest Territories since 2001. Mr Gray joined Victoria in 2013. He is a professional geologist and holds a bachelor of science degree from Dalhousie University.
- **Dave Rouleau, Vice-President, Operations.** Prior to joining the Victoria team, Mr Rouleau served as vice-president of operations at Barkerville Gold Mines, vice-president of operations at Taseko and in various roles with Canadian Natural Resources and Teck. He brings more than 30 years of mining operational and management experience. Mr Rouleau holds a bachelor of science degree in mine engineering from the South Dakota School of Mines and mine technology diploma from the Haileybury School of Mines.
- **Adam Melnyk, Vice-President, Business Development.** Mr Melnyk brings more than 15 years of mining experience, largely spent in the financial industry. Prior to Victoria, he was the head of mining research for a precious metals investment fund and had worked in equity research since 2007. He has also worked for Golder Associates and for Goldcorp when it owned the Red Lake mine. Mr Melnyk is a chartered financial analyst and a professional engineer with a bachelor of science degree in geological engineering from Queen's University.
- **Tim Fisch, Vice-President, General Manager.** Mr Fisch has more than 44 years of experience in process operations, consisting of positions at Corona's Mascot Gold mine, BHP Nevada's Robinson project, Unimin Canada's Blue Mountain project and Imperial Metals' Mount Polley and Red Chris mines. In addition, Mr Fisch was a member of Coeur Mining's design team for the Silvertip expansion project.
- **Hugh Coyle, Vice-President, Environment.** Mr Coyle has worked at the Eagle Gold mine since he joined StrataGold in 2006, before the company was acquired by Victoria in 2009. He has 15 years of global mining experience focused on environmental, land management and regulations; prior

to entering the mining industry, he had gained extensive regulatory experience as an environmental health officer with the Queensland government. Mr Coyle has a bachelor of health science degree from Queensland University of Technology.

- **Jim Dainard, Vice-President, Finance.** Mr Dainard has more than 20 years of finance and accounting experience, of which more than 12 have been focused on the mining industry; prior to this, he worked in public accounting, and IT and financial services. Mr Dainard is a chartered professional accountant and joined Victoria in 2009. He holds a bachelor of accounting degree from the Goodman School of Business at Brock University.
- **Helena Kuikka, Vice-President, Exploration.** Ms Kuikka has extensive experience working with grassroots through to late-stage exploration projects in the Yukon. She joined Victoria in 2011 and has been instrumental in developing the Eagle Gold mine geology and grade control program. She is a professional geologist with a bachelor of science degree in geology from Simon Fraser University and served on the Yukon Technical Liaison Committee for Minerals from 2014–19.

Board of directors. T Sean Harvey (chair), Christopher Hill, Letha J MacLachlan KC, John McConnell, Mike McInnis, Joseph Ovsenek and Stephen Scott.

ESG overview

VGCX is a mining company focused on ramping up its Eagle Gold mine in the Mayo mining district of central Yukon. The mine poured its first gold bar in September 2019. In addition to mining, the company continues to explore its ~35,000ha land package with the goal of growing its resource base and extending its minelife. Owing to the nature of its business, VGCX is inherently exposed to significant environmental, social and governance risks; the company has acknowledged that its activities can impact the environment and has outlined its approach to sustainability. We are particularly impressed by the company's considerable engagement with the local community and First Nations partner FNNND. VGCX is the largest private sector employer in the Yukon and demonstrates a strong focus on adding value to the community.

Materiality issue	Management process, controls, and measurement	Momentum
Environment		
• **Ecological risk.** Material risks associated with developing, operating and decommissioning mining facilities that could have an adverse impact on wildlife, land and water bodies.	• VGCX's environmental policy is available for viewing on its website. • In 2013, prior to construction and operation, the Eagle Gold mine successfully completed the Yukon environmental and socio-economic assessment which included collection of baseline environmental data. Now that it is operational, VGCX is continuing its data collection to monitor its impact on the environment. • VGCX's First Nations partners complete independent environmental monitoring. • **Metric** – No significant fines or sanctions related to environmental non-compliance.	• **Neutral** – There is scope for the company to improve disclosure on environmental policies and practices on site.
• **Emissions.** Material risks associated with GHG emissions and other significant air emissions related to physical or chemical processing, transportation, generation of electricity and fugitive emissions (intentional or unintentional releases, such as leaks, emissions from mines and venting).	• Eagle Gold mine is connected to the Yukon Energy Corporation electrical grid. The primary source of power for the grid is hydro-generated. • **Metric** – No significant fines or sanctions related to environmental non-compliance.	• **Neutral** – There is scope for the company to improve disclosure on environmental policies and practices on site.
• **Effluents and waste.** Material risks associated with the amount and quality of water discharged, as well as the disposal of other waste materials including overburden, waste rock, tailings, sludges and other residues.	• VGCX is committed to maintaining compliance with environmental systems and policies. • **Metric** – The company has had no significant environmental incidents. – No significant fines or sanctions related to environmental non-compliance.	• **Neutral** – There is scope for the company to improve disclosure on environmental policies and practices on site.
Social		
• **Occupational health and safety.** Material risks associated with mining activities and processes, which require appropriate controls, processes and training to prevent on-the-job injuries and fatalities. Examples of potential hazards include ground instability and rockfall, mobile equipment, worker fatigue, occupational disease hazards and handling of hazardous chemicals such as cyanide.	• VGCX's occupational health and safety policy is available for viewing on its website. • VGCX has set up and trained an emergency response team on site. • **Metric** – No significant fines or violations related to occupational health and safety. – So far, more than 5m work hours have been completed with only three LTI incidents.	• **Neutral** – There is scope for the company to improve disclosures on its health and safety management systems, training and reporting.

Materiality issue	Management process, controls and measurement	Momentum
• **Labour practices.** Given mining companies operate in a variety of jurisdictions, some of which have less stringent labour laws, it is important that they promote a stable and constructive labour relations climate which is inclusive and diverse, and fosters productive workplace relationships. Failure to comply with the appropriate institutional and legal frameworks could lead to workplace disruptions and increased turnover.	• VGCX hires and trains locally wherever possible. • The company is the largest private sector employer in the Yukon. • **Metric** – Currently, the company has a work force of 350–400 people consisting of 40% Yukoners, 20% women and 20% First Nations. – No significant fines or violations related to employment practices.	• **Neutral** – Key areas where the company can improve disclosures are labour practices, employee training and employee turnover as the level of on-site activity increases.
• **Community relations and Indigenous rights.** Material risks associated with a company's exposure in operating on or near territory claimed by Indigenous communities. Approaches to community relations are of particular importance as mining companies can often become a significant presence in economic, social and environmental terms in communities that may otherwise be poor, small, remote or underdeveloped.	• VCGX has a comprehensive cooperation benefits agreement in place with the FNNND from 2011 which applies anywhere on FNNND traditional territory south of the Wernecke Mountains. The agreement replaced an earlier exploration cooperation agreement. The two parties successfully completed negotiations to update and renew the contract in 2021. • As part of the CBA, VGCX has set up a scholarship program to support members of the FNNND attending university, college or trade schools. • A VGCX Yukon business registry has been set up in conjunction with the FNNND business registry to identify and procure goods and services from Yukon businesses wherever possible. • VGCX keeps the community informed about activity at the mine with its seasonal newsletter, *Potato Hills Press*. • **Metric** – No significant fines or violations related to community relations and Indigenous rights. – The company has invested in ~C$300m worth of contracts with Yukon companies. – VCGX has raised more than C$1.5m since 2012 to improve student attendance throughout the Yukon through its Every Student, Every Day fund.	• **Positive** – The company continues to respect and support local communities and Indigenous rights. – There is scope for the company to improve reporting on its impact on local communities.
Governance		
• **Diversity.** Risk that the company does not appropriately support diversity within the organization.	• VGCX has a formal diversity policy available on its website, with a target of at least 30% women on its board of directors. • **Metric** – One of the seven board directors (14%) and one of the 10 management team members (10%) are women.	• **Neutral** – There is scope for the company to increase its diversity.
• **Anti-bribery and anti-corruption.** Mining companies may operate in a variety of remote jurisdictions that require large volumes of cash to pay for goods and services. Lack of adequate systems to record the movement of cash can result in corruption scandals, which can have an adverse impact on companies and their investors.	• VGCX has published numerous policies and charters, which are available on its website, including an anti-bribery and anti-corruption policy. • The company has a whistleblower policy in place which can be used in cases of bribery or corruption. • **Metric** – No indication of fraud, corruption or bribery. – Six of the seven board members (86%) are independent, including an independent chair, and there is separation of the chairperson and CEO roles.	• **Positive** – There is scope for the company to improve disclosure on its anti-bribery and anti-corruption training programs for employees.

Victoria Gold Corp.

Ticker	VGCX, TSX
Current price (C$)	8.47
Stock rating	Buy
Target price (C$)	15.00
Potential total return (%)	77
Risk rating	Above-average
Shares outstanding (m)	64.5
Market capitalization (C$m)	546.5

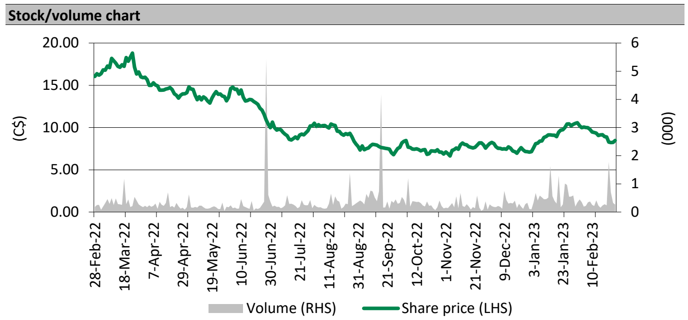
Fiscal year-end	December 31
52-week high (C$)	18.90
52-week low (C$)	6.56
P/NAV (x)	0.49
NAV target multiple (x)	1.00
EV/NTM EBITDA (x)	5.0
EBITDA target multiple (x)	6.0
FCF yield FY1 (%)	6%

Financial data

Assumptions	**2020**	**2021**	**2022**	**2023E**	**2024E**
Gold (US$/oz)	1,770	1,799	1,803	1,875	1,875
C$/US$	1.34	1.26	1.30	1.34	1.34

Financial forecasts	**2020**	**2021**	**2022**	**2023E**	**2024E**
Balance sheet (C$m)					
Cash & equivalents	56.1	31.3	20.6	41.8	20.5
Working capital	25.4	62.8	94.7	127.1	157.1
Total debt	216.6	167.7	218.1	206.9	155.6
Income statement (C$m)					
Revenue	178.7	356.5	321.8	427.6	452.5
Cost of sales	75.3	145.5	166.4	261.7	313.2
G&A expense	7.1	6.6	8.0	9.0	9.0
Exploration	0.0	0.0	0.0	0.0	0.0
EBITDA	**98.3**	**202.8**	**130.6**	**153.9**	**127.3**
Net income	14.9	110.4	35.0	41.8	21.2
Cash flow (C$m)					
Operating CF (bef chgs in WC)	75.3	187.2	152.2	145.3	124.4
Capital expenditure	80.3	98.8	122.3	112.9	94.5
Net proceeds from equity	37.4	9.5	22.4	0.0	0.0
Net proceeds (repayment) from debt	-33.0	-63.5	2.8	-11.2	-51.3
Free cash flow	31.8	33.3	-38.6	32.4	30.0
Per share data (C$/FD share)					
EPS FD	**0.23**	**1.68**	**0.54**	**0.65**	**0.33**
Adjusted EPS	**0.27**	**1.72**	**0.56**	**0.69**	**0.37**
CFPS (bef chgs in WC)	**1.17**	**2.85**	**2.36**	**2.25**	**1.93**
FCFPS	**0.49**	**0.51**	**-0.60**	**0.50**	**0.46**
Weighted avg basic shares O/S (m)	60	62	64	65	65
Weighted avg diluted shares O/S (m)	64	66	64	65	65

Stock/volume chart



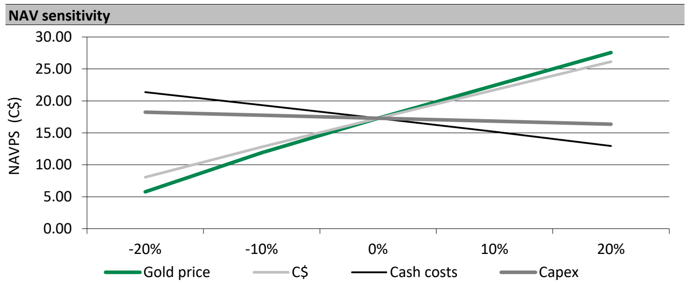
NAV summary

Asset	**Ownership (%)**	**NAVPS (C$)**
Eagle gold mine (5% DR)	100	11.52
Raven (credit/oz)	100	3.96
Non-modelled resources (credit/oz)	100	5.11
Project NAVPS		**20.58**
Cash & ST investments		0.65
In-the-money options & warrants		0.00
Equity investments		0.29
Corporate G&A (5 years @ 7% DR)		-0.57
ST & LT debt		-3.65
Total NAVPS		**17.29**
P/NAV (x)		**0.49**
Shares outstanding (FD) (m)		64.5

Operational data

Consolidated production profile	**2022**	**2023E**	**2024E**	**2025E**	**2026E**
Gold production (koz)	150	180	190	220	217
Total cash costs (US$/oz)	916	1,142	1,291	985	1,006
WGC all-in sustaining costs (US$/oz)	1,441	1,517	1,648	1,129	1,128

NAV sensitivity



Victoria Gold project operating estimates

	FS	**Desj**
Life of mine (years)	12	12
Recovered gold (moz)	2.05	2.02
Average gold recovery (%)	76.2	77.4
Total mined tonnes (Mt)	247	248
Total leached tonnes (Mt)	124	126
Strip ratio	1.0	1.0
Annual gold production (koz)	171	168
Average stacked grade (g/t)	0.65	0.64
Sustaining capital/year (C$m)	12.8	32.7
Mining (C$/t mined)	3.31	4.09
Total operating cost (C$/tonne leached)	19.55	23.85
Average AISC (US$/oz)	1,114	1,325
Gold price assumption (US$/oz)	1,700	1,799
C$/US$ exchange	1.33	1.33
After-tax $NPV_{5\%}$ (C$m)	**954**	**736**

Market data

Capital structure	**Weighted avg strike (C$)**	**Shares (m)**
Shares outstanding		64.5
Exercisable options	12.10	0.8
New shares issued		-0.8
Fully diluted shares		64.5
Top ownership	**% outstanding**	**Shares (m)**
T. Rowe Price	7.9	5.1
Sprott	6.9	4.5
Van Eck	5.5	3.5
CI Investments	5.4	3.5
Fidelity	4.8	3.1
Franklin	4.4	2.9
Fourth Sail	4.2	2.7
VGCX officers & directors	2.9	1.9
Bank of Luxembourg	2.3	1.5

Reserves & resources

As at December 2022	**Tonnes (m)**	**Au grade (g/t)**	**Contained Au (moz)**
Proven & probable reserves	125.0	0.64	2.58
M&I resources (incl reserves)	245.0	0.59	4.67
Inferred resources	56.0	0.99	1.77

Source: Desjardins Capital Markets, FactSet, company reports

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The Desjardins Capital Markets research analyst(s) and/or associate(s) had communication with Victoria Gold Corp. regarding the verification of factual material in this research publication.

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Hold
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Not Rated
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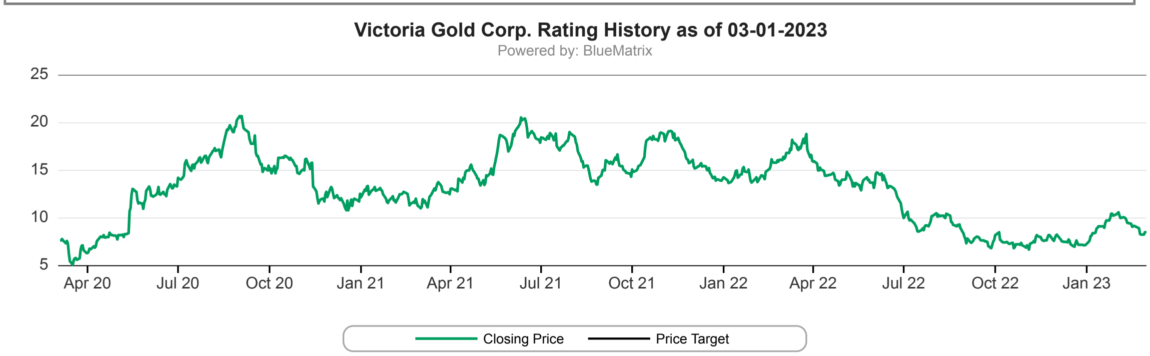
Hold	Hold	40	26	32	26
Sell	Sell/Tender	2	1	1	1
Total		**153**	**100**	**122**	**100**



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