

**Victoria Gold Corp. (VGCX.TO)**  
**Rating: Buy**

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**2023 and 4Q23 Financial Results; Gold Price and Sales Increase**  
**Revenue YoY; 2024 Guidance Issued; Reit. Buy; PT Lower**

Stock Data		02/21/2024	
Price		C\$5.41	
Price Target		C\$12.00	
52-Week High		C\$11.16	
52-Week Low		C\$5.35	
Enterprise Value (M)		C\$577.5	
Market Cap (M)		C\$368	
Shares Outstanding (M)		68.0	
3 Month Avg Volume		220,793	
Short Interest (M)		0.72	
Balance Sheet Metrics			
Cash (M)		C\$26.70	
Total Debt (M)		C\$236.20	
Total Cash/Share		C\$0.39	
Cash (M): Includes marketable securities.			
EPS (C\$) Diluted			
Full Year - Dec	2022A	2023A	2024E
FY	0.54	0.38	1.02
Revenue (C\$M)			
Full Year - Dec	2022A	2023A	2024E
FY	C\$321.8	C\$416.9	C\$556.4



**2023 and 4Q23 financial results.** On February 21, Victoria Gold announced its year-end financial results. During the period, the firm had C\$416.9M in revenue which yielded a net income of C\$25.1M, or C\$0.38 per share. This compares to 2022 revenue of C\$321.8M and net income of C\$35.0M, or C\$0.55 per basic share. Importantly, the 29% YoY increase in revenue is mainly attributable to gold ounces (oz) sold increasing to 160,153oz (+15% YoY), amid a higher average realized gold price, which grew to C\$2,603/oz (+13% YoY). Management notes that operating costs were pressured by increasing input costs related to labor, parts, and consumables, leading to the cost of goods sold growing to C\$263.9M (+59% YoY), with gross profit equating to C\$80.3M (-9% YoY). In short, while the company experienced meaningful revenue growth, the increase in costs across the board nonetheless led to a decline in net income.

**4Q23 results.** During the quarter, the company recorded C\$96.4M in revenue, which resulted in net income of C\$2.5M, or C\$0.04 per share. This compares to 4Q22 revenue of C\$92.3M and net income of C\$10.5M, or C\$0.16 per share. We note that the lower revenue YoY is primarily due to a 10% YoY decline in ounces of gold sold (to 36,601oz) that was further exacerbated by the firm's cost of goods sold increasing to C\$63.8M (+26% YoY). Overall, the firm made a gross profit of C\$14.7M (-36% YoY). We stress that the decrease in gold production is due to the impact of wildfires and the timing of gold shipments.

**2024 guidance issued.** Victoria's management team expects a 2024 gold production rate of 165,000 – 185,000oz, with the midpoint representing a 5% increase over 2023 production of 166,730oz. Victoria anticipates its all-in sustaining costs (AISC) at the site to be in range of \$1,450 – 1,650/oz, which remains mostly in line with 2023 results of \$1,488/oz. The firm also expects sustaining capital to total C\$30.0M during 2024, mostly composed of mobile equipment and fixed maintenance rebuilds. Notably, estimated capitalized waste stripping costs of C\$35.0M in 2024 are factored into the AISC but are not part of the sustaining capital costs.

**We are reiterating our Buy recommendation on Victoria Gold while lowering our PT to C\$12 from C\$24.** Our lower PT derives from factoring in both the 2023 year-end financials and the guidance for 2024 production and costs. In addition, we have increased our longer-term cost outlook for Eagle. Our valuation for the company remains based on a DCF of Victoria Gold's Eagle Gold Mine, to which we assign an unchanged 9.0% discount rate. This yields a project NAV of roughly C\$765.6M, or C\$11.26 per share. We then add a further C\$36.6M for resource and exploration upside that accounts for Raven and Brewery Creek. Finally, we account for the company's cash and marketable securities balance of C\$26.7M, coupled with C\$217.9M in inventories, while subtracting the firm's debt. We then round this figure to the nearest C\$1.00 for our final price target of C\$12.

**Near-term catalysts.** As reiterated on the quarterly earnings call, Victoria's management team remains focused on reducing its net debt amid a focus on paying off its term loan facility by September 2024. Importantly, the firm anticipates releasing a revised Mineral Resource Estimate for Raven in the near-term, which should encompass drill results from the past year of exploration within the Raven resource. We continue to monitor the company's reduction of seasonal fluctuations thanks to year-round stacking, though we stress that 2Q24 and 3Q24 are likely to show stronger stacking and peak gold production due to the benefits of warmer weather. Longer-term, we anticipate lower input costs and operational optimizations at the site, which should further aid the profitability of the mine.

**Risks.** (1) Gold price risks; (2) Operating and technical risks; and (3) Financial risks.

Eagle Gold Mine	2024E		2025E		2026E		2027E		2028E		2029E		2030E		2031E		2032E	
All relevant figures in USD and 000's unless specified.	Note: Modeled production extends out to 2036 but years after 2031 are not shown.																	
Tonnes processed	9,700		12,800		14,000		14,000		14,200		12,700		12,600		12,700		12,600	
Mill head grade (gpt)	0.72		0.72		0.70		0.58		0.55		0.50		0.56		0.50		0.56	
Gold recovery	75%		77%		77%		77%		77%		77%		77%		77%		77%	
Annual gold production	168.4		228.1		242.6		201.0		193.3		157.2		174.7		157.2		174.7	
Gold Price (USD)	\$ 1,900		\$ 1,900		\$ 1,900		\$ 1,900		\$ 1,900		\$ 1,900		\$ 1,900		\$ 1,900		\$ 1,900	
Total revenue	\$ 319,963		\$ 433,479		\$ 460,947		\$ 381,928		\$ 367,347		\$ 298,675		\$ 331,882		\$ 298,675		\$ 331,882	
Cash costs per ounce of gold	\$ 1,250		\$ 1,250		\$ 1,250		\$ 1,250		\$ 1,250		\$ 1,250		\$ 1,250		\$ 1,250		\$ 1,250	
Total operating costs	\$ 210,502		\$ 285,183		\$ 303,255		\$ 251,268		\$ 241,676		\$ 196,497		\$ 218,344		\$ 196,497		\$ 218,344	
Gross profit	\$ 109,461		\$ 148,295		\$ 157,693		\$ 130,660		\$ 125,671		\$ 102,178		\$ 113,539		\$ 102,178		\$ 113,539	
Sustaining capital and CapEx	\$ (30,000)		\$ (22,000)		\$ (22,000)		\$ (22,000)		\$ (22,000)		\$ (22,000)		\$ (22,000)		\$ (22,000)		\$ (22,000)	
(Tax) / Tax Benefit (\$000s)	\$ (7,645)		\$ (12,151)		\$ (28,119)		\$ (22,517)		\$ (21,484)		\$ (16,615)		\$ (18,969)		\$ (16,615)		\$ (18,969)	
Operating cash flow	\$ 71,816		\$ 114,144		\$ 107,573		\$ 86,142		\$ 82,188		\$ 63,563		\$ 72,569		\$ 63,563		\$ 72,569	
Discount rate 9.0%																		
PV of operating cash flow	\$ 65,886		\$ 96,073		\$ 83,066		\$ 61,025		\$ 53,416		\$ 37,901		\$ 39,698		\$ 31,900		\$ 33,413	
Total current cash flow (CAD)	\$ 765,628		\$ 11.26		per share													
Exploration assets (CAD)	\$ 36,594		\$ 0.54		per share													
Cash and cash equivalents + Marketable Securities (CAD)	\$ 26,749		\$ 0.39		per share As of 12/31/23													
Inventory (CAD)	\$ 217,941		\$ 3.20		per share As of 12/31/23													
Debt (CAD)	\$ (236,175)		\$ (3.47)		per share As of 12/31/23													
Total Company NAV (CAD)	\$ 810,737																	
Fully diluted shares	68,005 As of 12/31/23																	
Victoria Gold share price (VGCX.TO) (CAD)	\$ 5.41 As of 02/21/2024 54.9% Discount to PT																	
Project NAV per share (CAD)	\$ 11.92																	
Rounded Price Target (CAD)	\$ 12.00																	
Source: H.C. Wainwright & Co. estimates; company reports.																		

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			Count	Percent
Buy	557	88.13%	144	25.85%
Neutral	63	9.97%	5	7.94%
Sell	2	0.32%	0	0.00%
Under Review	10	1.58%	5	50.00%

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