MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

For the three and six months ended August 31, 2019

DATED: October 25, 2019

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VICTORIA GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis has been prepared as at October 25, 2019 and contains certain "Forward-Looking Statements" within the meaning of the Canadian Securities laws. All statements, other than statements of historical fact, included herein, including, without limitation, statements regarding potential mineralization, mineral resources and mineral reserves, exploration results and future plans and objectives of Victoria Gold Corp. (the "Company" or "Victoria") are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

The following management's discussion and analysis ("MD&A") of the operating results and financial position of the Company should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements and the notes thereto of the Company for the three and six months ended August 31, 2019 and 2018. These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and all amounts are expressed in Canadian dollars, unless otherwise stated.

FORWARD-LOOKING STATEMENTS

These condensed consolidated interim financial statements and MD&A contain certain forward-looking statements relating to, but not limited to, the Company's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include mineral reserve and resource estimates, estimates of future production and the timing thereof and costs and timing of drilling campaigns, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated mineral resources and reserves, inaccurate estimated mineral resources and mineral reserves, exploration and drilling success or failure, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, securing financing, inflation, changes in exchange rates, fluctuations in commodity prices, availability or interruption of power supply, mechanical equipment performance problems, natural disasters, accidents, labour force disruptions, unanticipated transportation costs and shipping delays, delays in the development of projects and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

OVERVIEW

Victoria is a gold mining company whose flagship asset is its 100% owned Dublin Gulch property which hosts the Eagle and Olive-Shamrock Gold deposits. Dublin Gulch is situated in central Yukon, Canada, approximately 375 kilometres north of the capital city of Whitehorse. The property covers an area of approximately 555 square kilometres, is accessible by road year-round and is fully powered directly from the Yukon energy grid.

CORPORATE HIGHLIGHTS (since March 1, 2019)

On June 25, 2019, the Company announced that its two largest shareholders, Orion Mine Finance Inc. (and its affiliated funds) ("Orion") and Osisko Gold Royalties Ltd. ("Osisko") agreed to a transaction whereby Orion Co-VI Ltd., a fund controlled by Orion, would purchase from Osisko all 154,517,996 common shares of the Company owned by Osisko at a purchase price of $0.46 per common share. Together with the 163,636,364 common shares of the Company already controlled by Orion, Orion beneficially controlled, directly or indirectly, 318,154,360 common shares of the Company, representing approximately 37.1% of the issued and outstanding common shares of the Company. Subsequently, Orion purchased a further 70,400,000 common shares of the Company, representing approximately 8.5% of the issued and outstanding common shares of the Company and as a result, now owns approximately 45.3% of the issued and outstanding common shares of the Company. In conjunction with the Transaction, Orion has agreed to certain new shareholder covenants, including that Orion and its affiliates will agree to: (i) vote or act in accordance with the recommendation of the Company's management and independent directors in connection with any change of control transaction involving the Company for a period of 18 months; (ii) vote in accordance with the recommendation of the Company's management and independent directors in connection with the membership of the Company's board of directors for 24 months; (iii) customary provisions requiring Orion to 'standstill' with respect to additional purchases of common shares of the Company for a period of 18 months; (iv) certain restrictions on dispositions for 18 months.

On October 8, 2019, the Company held its Annual General Meeting and all matters submitted were approved by the majority of shareholder votes including re-electing the Company's incumbent board of directors including: Sean Harvey, John McConnell, Michael McInnis, Christopher Hill, Sean Roosen, Jacques Perron and Letha MacLachlan, Q.C..

FINANCING ACTIVITIES

Eagle Gold Project Financing

On May 28, 2019, the Company announced certain amendments to its existing debt facilities. The Company increased the senior secured credit facility to US$100 million from US$75 million while decreasing the subordinated secured credit facility to US$75 million from US$100 million. The quantum of the combined credit facilities remains unchanged at US$175 million. The subordinated secured credit facility continues to be held by Orion Mine Finance ("Orion") while the senior secured credit facility is held by Societe Generale ("SocGen"), Macquarie Bank Ltd. ("Macquarie") and Caterpillar Financial Services Limited ("Cat Financial").

Debt Facilities

Senior Secured Debt Facility

US$100 million debt facility with SocGen, Macquarie and Cat Financial under the following commercial terms:

- Interest rate of 3-month LIBOR plus 5.00%;
- Interest accrues until May 31, 2020;
- Principal and accrued interest is repayable in 15 quarterly installments beginning on May 31, 2020.

As at August 31, 2019, the Company had drawn the full US$100 million Senior Secured Facility. Deferred financing charges in the amount of $1.5 million will be amortized over the term using the effective interest rate method.

Subordinated Loan Facility
US$75 million debt facility with Orion under the following commercial terms:

- Interest rate of 3-month LIBOR plus 6.70%;
- Interest accrues until May 31, 2020;
- Accrued interest is repayable quarterly beginning on August 31, 2020;
- Principal is due at maturity on May 31, 2024.

As at August 31, 2019, the Company had drawn the full US$75 million Subordinated Loan Facility. Deferred financing charges in the amount of $1.8 million will be amortized over the term using the effective interest rate method.

Equipment Finance Facility
US$50 million facility with Caterpillar Financial Services Limited ("Cat Financial") under the following commercial terms:

- Available for drawdown against the acquisition cost of Cat mining equipment;
- Interest rate of 3-month LIBOR plus 4.25%;
- 4-6 year, amortizing facility, maturing between November 29, 2022 and July 1, 2025;
- Secured by Cat mining equipment.

As at August 31, 2019, the Company had drawn the full US$50 million Equipment Finance Facility. Quarterly repayments commenced in November 2018.

Details of the Company's Projects can be found within the Property Information, Recently Completed Activities & Outlook section within this MD&A.

On December 28, 2018, the Company closed a brokered flow-through financing of 3,355,000 common shares of the Corporation that qualifies as "flow through shares" at a price of $0.50 per share for gross proceeds of $1,677,500. Finders' fees of $54,550 and other issuance costs were paid in connection with this transaction. The flow-through shares were subject to a four-month hold period.

December 28, 2018 Flow-through Financing
(All amounts are approximate)

Description	Prior Disclosure	Actual Spent August 31,2019	Remaining	Total	Variance
Dublin Gulch Exploration	$1.7	$1.7	$0	$1.7	Nil

On April 2, 2019, the Company closed a private placement financing of 34,090,909 common shares of the Corporation at a price of $0.44 per share for gross proceeds of $15,000,000. Finders' fees of 5%, other than certain insider orders which were at 1.25%, and other issuance costs were paid in connection with this transaction. The shares were subject to a four-month hold period.

On April 2, 2019, the Company closed a brokered flow-through financing of 28,310,000 common shares of the Corporation that qualifies as "Canadian development expenses (CDE) flow through shares" at a price of $0.53 per share for gross proceeds of $15,004,300. Finders' fees of 5%, other than certain insider orders which were at 1.25%, and other issuance costs were paid in connection with this transaction. The flow-through shares were subject to a four-month hold period.

April 2, 2019 CDE Flow-through Financing
(All amounts are approximate)

Description	Prior Disclosure	Actual Spent August 31,2019	Remaining*	Total	Variance
Eagle Mine Canadian Development Expenses (CDE)	$15.0	$8.9	$6.1	$15.0	Nil

**Remaining funds are held in the form of cash and are expected to be used by the Company to incur development expenses on the Eagle mine by December 31, 2019.*

On April 2, 2019, the Company closed a brokered prospectus financing, including the April 5, 2019 closing of the over-allotment of 10,020,695 common shares of the Corporation at a price of $0.44 per share for gross proceeds of $4,409,106. Finders' fees of 5%, other than certain insider orders which were at 1.25%, and other issuance costs were paid in connection with this transaction. The shares were subject to a four-month hold period.

April 2, 2019 Financing
(All amounts are approximate)

Description	Prior Disclosure	Actual Spent May 31,2019	Remaining	Total	Variance
Eagle Mine Development	$4.4	$4.4	$0	$4.4	Nil

EXPLORATION AND DEVELOPMENT ACTIVITIES

The Company has incurred exploration and evaluation expenditures since inception through August 31, 2019, net of property acquisitions, sales, transfers and impairments, totalling $32.8 million. During the six months ended August 31, 2019, the Company incurred net exploration and evaluation expenditures totalling $2.3 million.

Comparatively, the Company had incurred exploration and evaluation expenditures since inception through August 31, 2018, net of property acquisitions, sales, transfers and impairments, totalling $30.6 million. During the six months ended August 31, 2018, the Company incurred net exploration and evaluation expenditures totalling $8.6 million.

	Santa Fe (Nevada)	Dublin Gulch (Yukon)	Other properties **	Total
Balance February 28, 2019	$ 6,987,892	$ 21,766,656	$ 1,709,429	$ 30,463,977
Sale of property interest	(467,954)	-	-	(467,954)
Salaries and benefits	27,690	482,594	-	510,284
Amortization	-	-	-	-
Consulting and administration	15,367	425,250	-	440,617
Land claims and royalties	67,275	-	25,000	92,275
Environmental and permitting	10,035	75,655	-	85,690
Government and community relations	-	49,749	-	49,749
Drilling and indirects	-	363,177	-	363,177
Other exploration	-	1,227,839	-	1,227,839
Asset retirement obligation adjustment	-	-	-	-
Exploration and evaluation costs for the period	120,367	2,624,264	25,000	2,769,631
Currency translation	70,044	-	-	70,044
Balance August 31, 2019	$ 6,710,349	$ 24,390,920	$ 1,734,429	$ 32,835,698

** Other properties include interests in Donjek, Aurex, CanAlask, Dace and Clear Creek in Yukon Territory.

For the six months ended August 31, 2019, the Company received $0.5 million from property claims on its Santa Fe, NV property and spent $0.1M on land claims to maintain the Company's holdings.

For the six months ended August 31, 2019, the Company incurred $2.6 million in property exploration and evaluation expenditures on its Dublin Gulch, YT property. $1.6 million was spent on drilling, drilling indirects, assays and exploration support. $0.1 million was spent on environmental and permitting activities. There was $0.5 million incurred for salaries and benefits and $0.4 million in consulting and administration expenses to support exploration and development activities on the Dublin Gulch property.

PROPERTY INFORMATION, RECENTLY COMPLETED ACTIVITIES & OUTLOOK

a) Property Information

The Dublin Gulch property includes the Eagle Gold Deposit, the Olive-Shamrock Deposit, the Wolf Tungsten Deposit, the Potato Hills Trend including the Nugget, Popeye, Rex-Peso, East Potato Hills and Eagle West targets, the Falcon target as well as other targets. The property is located 85 km by road north of the village of Mayo in the Yukon, Canada. The property is centered on the confluence of the Haggart Creek and Dublin Gulch, at approximately 64º02' N and 135º50' W. The property comprises an aggregate area of approximately 555 square kilometres.

On September 12, 2016, the Company released the results of a National Instrument 43-101 feasibility study on the Eagle Gold Project. The feasibility study was prepared under the direction of JDS Energy & Mining ("JDS").

The feasibility study confirmed the technical and financial viability of constructing and operating a 33,700 tonne/day ("tpd") mine encompassing 2 open pits, a three-stage crushing circuit, 2 in-valley heap leach pads and an adsorption desorption gold recovery plant ("ADR plant") operation at Eagle. The feasibility study was filed by the Company on October 26, 2016. The full text of the report is available to be reviewed under the SEDAR profile of the Company.

Highlights of the Feasibility Study (all amounts in Canadian dollars unless otherwise stated)	
Proven and Probable Gold Reserves (oz)*	2,663,000
Average Annual Gold Production (oz, first 4 full years)	211,000
Average Annualized Gold Production (oz, LOM approximately 10 years)	190,000
Initial CapEx	$369,600,000
OpEx ($ per tonne processed, LOM)	$10.54
Operating Cost per ounce ($US/oz)	$539
All-in sustaining cost ($US/oz)	$638

*The stated mineral reserves are included within mineral resources.

In-Pit Mineral Resource Estimate

The Eagle Resource used a total of 38,370 assay intervals with gold assays in 370 drillholes were used to define a wireframe with assays capped at 16.0 g/t Au. The capped gold assays were composited into 2.5 m intervals from the top of the drill hole with breaks at the wireframe boundary. Composite intervals less than 0.5 m in length were added to the composite immediately above. A block model with a cell size of 10 m x 10 m x 5 m was used for the grade estimation.

Eagle Constrained In-Pit Mineral Resource				
Classification	Cut-off Grade (g/t Au)	Tonnes (Mt)	In-Situ Grade (g/t Au)	Contained Au (koz)
Measured	0.15	29.4	0.81	761
Indicated	0.15	151.3	0.59	2,870
Meas. + Ind.	**0.15**	**180.7**	**0.63**	**3,631**
Inferred	**0.15**	**17.4**	**0.49**	**276**

Notes to Table:

1. *The effective date for the Mineral Resource is September 12, 2016.*
2. *Mineral Resources which are not mineral reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.*
3. *The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.*

On December 5, 2018, the Eagle Mineral Resource was updated. The updated Resource is outlined on Page 9 herein.

The Olive Resource estimation used a total of 8,262 assay intervals in 175 holes and 38 trenches to define a wireframe with assays capped at 25 g/t Au. The capped gold assays were composited into 2.5 m intervals from the top of the drill hole with breaks at the wireframe boundary. Composite intervals less than 0.5 m in length were added to the composite immediately above. A block model with a cell size of 10 m x 10 m x 5 m was used for the grade estimation.

Olive Constrained In-Pit Mineral Resource				
Classification	Cut-off Grade (g/t Au)	Tonnes (Mt)	In-Situ Grade (g/t Au)	Contained Au (koz)
Measured	0.4	2.0	1.19	75
Indicated	0.4	7.6	1.05	254
Meas. + Ind.	**0.4**	**9.5**	**1.07**	**329**
Inferred	**0.4**	**7.3**	**0.89**	**210**

Notes to Table:

1. *The effective date for the Mineral Resource is September 12, 2016.*
2. *Mineral Resources which are not mineral reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.*
3. *The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.*

Mineral Reserves

The Proven and Probable Mineral Reserve is the economically minable portions of the Measured and Indicated in-pit Mineral Resource as demonstrated by this feasibility study.

Eagle and Olive Mineral Reserve			
Type	Ore (Mt)	Diluted Grade (g/t)	Contained Gold (koz)
Eagle Proven	27	0.80	688
Eagle Probable	90	0.62	1,775
Total Eagle	**116**	**0.66**	**2,463**
Olive Proven	2	1.02	58
Olive Probable	5	0.93	142
Total Olive	**7**	**0.95**	**200**
Total Olive + Eagle	**123**	**0.67**	**2,663**

Notes to Table:

1. *The effective date for the Mineral Resource is September 12, 2016.*
2. *Mineral Reserves are included within Measured and Indicated Mineral Resources.*

Eagle and Olive Mineral Reserve			
Type	Ore (Mt)	Diluted Grade (g/t)	Contained Gold (koz)
Eagle Crushed Ore	101	0.72	2,330
Olive Crushed Ore	7	0.95	200
Total Crushed Ore	**108**	**0.73**	**2,530**
Eagle Run of Mine Ore	15	0.27	133
Total	**123**	**0.67**	**2,663**

Notes to Table:

1. *The effective date for the Mineral Resource is September 12, 2016.*
2. *Mineral Reserves are included within Measured and Indicated Mineral Resources.*

Financial Analysis

Base case: consensus based long-term gold price of US$1,250/ounce gold and US$/CAD$ exchange rate of $0.78:$1.00:

Pre-tax

- Net Present Value ("NPV") discounted at 5% is **C$778 million**
- Internal Rate of Return ("IRR") is **37.1%**
- Payback is 2.6 years

Post-tax

- NPV discounted at 5% is **$508 million**
- IRR is **29.5%**
- Payback is 2.8 years

Capital Cost and Operational Cost Estimate Fluctuations

The feasibility study relied upon capital and operating cost estimates developed in mid 2016. Input parameters, including, but not limited to, labour, equipment, fuel and other consumables and exchange rates are subject to change which may in turn lead to material fluctuations in capital and operating costs. Further risks to the Capital Cost and Operational Cost Estimates may be found in the Risks and Uncertainties section of this Management Discussion and Analysis.

b) Recently Completed Activities

Eagle Gold Mine Construction

Construction updates were issued in May 2018, September 2018, December 2018, February 2019, March 2019, May 2019, June 2019 and September 2019. The September 2019 update is included below while the other updates can be found on the Company's website.

On September 9, 2019, the Company provided an update on the Eagle Gold Project's transition to an operating mine.

The Eagle Gold Project construction was completed in early July and handed over to the Victoria operations team, one month ahead of schedule and on the revised budget. Commissioning took place through July and August and was now substantively complete. The Victoria operations management team is fully staffed and in control of site.

Construction
Construction was completed in July, fully one month ahead of schedule. Construction capital was completed on the revised budget of C$487m (see news release dated February 25, 2019).

Commissioning
Commissioning activities are complete and all systems and subsystems have been handed over from the EPCM team to the Victoria operations team. The commissioning team and construction/commissioning contractors have demobilized from site.

Safety
The Company is proud of, and is acutely focused on its' ongoing commitment to safety and environmental stewardship. Including construction and recent mine operations, over 1.7 million hours have been worked since the last Lost Time Incident ("LTI"). Since the recent start of mine operations, more than 160,000 hours have been worked without an LTI.

Mayo to McQuesten Power Transmission Line Upgrade
On September 5, 2019, the Governments of Canada and Yukon announced funding for the replacement of a 31 kilometer section of the Mayo-McQuesten transmission line with a new higher capacity line to support future growth in the region (see News Release, https://yukon.ca/en/news/yukoners-benefit-efficient-and-reliable-green-energy).

Permitting Update
The Company has received an amended Water Use License pursuant to the application made under the Water Act as previously announced (see News Release dated May 18, 2018).

Eagle Gold Mine Operations

Operational updates were issued in September 2019 and October 2019. The October 2019 update is included below while the other updates can be found on the Company's website.

On October 9, 2019, the Company provided an update on the Eagle Gold Mine's operational ramp up.

Ramp-up of operations at the Eagle Gold Mine continued to meet budget parameters. As at the end of September 2019, approximately 5.4 million tonnes of material had been mined, including 1.7 million tonnes of ore and 3.7 million tonnes of waste. 1.1 million tonnes of ore had been crushed, conveyed and stacked on the heap leach pad. Ore gold grade to the pad is achieving expectations and early grade reconciliations are in-line with the mine plan. As at the end of September, the mine had worked 217,836 Lost Time Incident ("LTI") free hours since operations were handed over to Victoria on July 1, 2019; and nearly 1.75 million hours since the only LTI in early 2018.

On October 8, 2019, the Company made its first shipment of doré from the Eagle Gold Mine and delivered to the Royal Canadian Mint for refining. The shipment contained 2,450 ounces (76.2 kilograms) of doré comprising 83.3% gold and 8.7% silver.

Resource Update

On December 5, 2018, the Company reported an update of the Eagle Mineral Resource undertaken by the Company with the assistance of Independent QP, Marc Jutras, P.Eng., M.A.Sc., Principal, Ginto Consulting Inc. The Resource update resulted in a 12.4% increase in Measured and Indicated ("M+I") gold ounces as well as a 2.4% increase in gold grade. This Resource update included all Eagle and Eagle proximal drilling completed post the 2016 Feasibility Study ("FS"), 58 new diamond drill, core holes.

This first principles re-estimation of the Eagle gold domain and grade validates the Eagle model and resulted in increased gold grade, tonnage and total gold ounces. The Resource increased 450,000 oz Au in the M+I categories. Importantly, gold grade remained consistent with the 2016 Resource Estimate published in the FS.

2018 Eagle Mineral Resource* Estimate at a 0.15 g/t Au Cut-Off – Effective November 16, 2018 – Inclusive of Mineral Reserves

	Measured			Indicated		
	Tonnage tonnes	Avg Au Grade g/t	Content oz	Tonnage tonnes	Avg Au Grade g/t	Content oz
2018 Update	36,061,386	0.715	828,971	162,658,881	0.622	3,252,813
	Measured + Indicated			Inferred		
	Tonnage tonnes	Avg Au Grade g/t	Content oz	Tonnage tonnes	Avg Au Grade g/t	Content oz
2018 Update	198,720,267	0.639	4,082,573	12,780,597	0.498	204,631

**Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources estimated will be converted into mineral reserves. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.*

The CIM definitions were followed for the classification of indicated and inferred mineral resources. The quantity and grade of reported inferred mineral resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred mineral resources as an indicated mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated mineral resource category.
The updated Resource was constrained in the 2016 FS Resource pit.

2018 Eagle Mineral Resource Estimate Comparison to the 2016 Feasibility Study: at a 0.15 g/t Au Cut-Off

	Measured + Indicated			Inferred		
	Tonnage tonnes	Avg Au Grade g/t	Content oz	Tonnage tonnes	Avg Au Grade g/t	Content oz
2016 Feasibility	180,720,000	0.625	3,631,000	17,430,000	0.49	276,000
2018 Update	198,720,267	0.639	4,082,573	12,780,597	0.49	204,631
Difference	10.0%	2.4%	12.4%	-26.7%	0.0%	-25.9%

This Eagle Resource update does not include the Olive-Shamrock Resource.

Exploration Update

On September 5, 2019, the Company announced the analytical results from the 2019 diamond drilling program at the Raven Target within the Nugget Zone.

Multiple high-grade gold intersections, including: 2.05 g/t Au over 14.8 m, 7.72 g/t Au over 2.8 m, 4.48 g/t Au over 5.9 m, 2.35 g/t Au over 15.9 m, and 2.40 g/t Au over 8.1 m. Long intercepts of gold mineralization, including: 1.05 g/t Au over 42.4 m, and 0.60 g/t Au over 88.1 m.

Mineralized veins were intersected in every hole at Raven and are interpreted to be structurally controlled. Exploration work over the past two seasons has proven the mineralized veins are both consistent and persistent across the Raven Target.

A summary table of the 2019 Raven diamond drillholes and a full set of sections and plan maps for the 2019 Nugget exploration drill program are available on the Company website, www.vitgoldcorp.com.

c) Outlook

Outlook includes forward-looking statements which are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. See page 1 "FORWARD-LOOKING STATEMENTS".

The Company is focussed on ramping up operations and expects to reach commercial production in the 2nd calendar quarter of 2020.

The technical content of Victoria's MD&A has been reviewed and approved by Tony George, P.Eng., and Paul D. Gray, P. Geo., the Company's Qualified Persons as defined by National Instrument ("NI") 43-101.

SELECTED FINANCIAL INFORMATION

The following information has been extracted from the Company's condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), for each of the quarters ended August 31.

Selected Quarterly Information ended August 31:

		2019		2018		2017
Total revenues	$	-	$	-	$	-
Net loss/(income) for the quarter	$	21,463,642	$	(5,683,715)	$	2,232,960
Net loss/(income) per share for the quarter – basic and diluted	$	0.025	$	(0.007)	$	0.004
Net loss/(income) year to date	$	19,969,687	$	(1,425,096)	$	3,129,337
Net loss/(income) per share year to date – basic and diluted	$	0.024	$	(0.002)	$	0.006
Total assets	$	669,655,060	$	375,109,355	$	206,250,607
Total non-current liabilities	$	299,837,038	$	21,563,800	$	2,210,396

RESULTS OF OPERATIONS

Quarters ended August 31, 2019 and 2018

The Company reported a loss of $21.5 million ($0.025 per share) for the quarter ended August 31, 2019, compared to income of $5.7 million ($0.007 per share) in the equivalent period during the previous year. The decreased income year over year is the result of changes in fair value of derivative instruments, partially offset by, increased foreign exchange gains and deferred tax recoveries.

VARIANCE ANALYSIS	3 MONTHS ENDED AUG 31, 2019	3 MONTHS ENDED AUG 31, 2018	2019 VS 2018 VARIANCE HIGHER/(LOWER)
Operating expenses			
Salaries and benefits	$ **630,990**	$ 683,009	$ **(52,019)**
Office and administrative	**569,818**	347,652	**222,166**
Share-based payments	**190,102**	159,289	**30,813**
Marketing	**271,805**	82,991	**188,814**
Legal and accounting	**86,291**	70,351	**15,940**
Consulting	**51,576**	42,073	**9,503**
Amortization	**29,501**	1,193	**28,308**
Foreign exchange loss/ (gain)	**(2,713,470)**	(83,016)	**(2,630,454)**
	(883,387)	1,303,542	**(2,186,929)**
Finance (income)/costs			
Unwinding of present value discount: ARO	**80,803**	21,176	**59,627**
Interest and bank charges	**17,468**	15,178	**2,290**
Interest income	**(251,618)**	(373,596)	**121,978**
Loss/(gain) on fair value of marketable securities	**(62,528)**	(643)	**(61,885)**
Loss/(gain) on fair value of derivative instruments	**23,306,786**	(6,649,372)	**29,956,158**
	23,090,911	(6,987,257)	**30,078,168**
Loss/(income) before taxes	**22,207,524**	(5,683,715)	**27,147,357**
Deferred tax recovery	**(743,882)**	-	**(743,882)**
Net (income) / loss for the quarter	**21,463,642**	(5,683,715)	**27,147,357**

During the quarter ended August 31, 2019, the Company reported Salaries and benefits of $0.6 million versus $0.7 million for the previous year's comparable period. Office and administrative costs are $0.2 million higher than the prior year primarily as a result of increased usage. Share-based payments were inline with the previous year's comparable period. Marketing expenses were $0.2 million higher than the prior year's marketing program. Legal and accounting and Consulting were in line with the prior year. The Company reported a gain on foreign exchange during the quarter ended August 31, 2019 of $2.7 million compared to a gain of $0.1 million in the previous year due to fluctuations in the Canadian dollar and US dollar exchange rate. The decrease in interest income for the quarter is a result of lower returns earned on lower cash balances year over year. During the quarter ended August 31, 2019, the Company reported a gain of $0.1 million in the fair value of marketable securities compared to a nominal gain in the previous year. During the quarter ended August 31, 2019, the Company reported a loss in the fair value of derivative instruments of $23.3 million compared to a loss of $6.6 million in the previous year. Due to a strengthening gold price, the zero-cost collar contributed a loss of $15.5 million and gold calls contributed a $3.8 million loss. Due to an increase in the share price over the period, the common stock purchase warrants had a $4.0 million loss for the quarter ended August 31, 2019. During the year quarter August 31, 2019, the Company recorded a tax recovery of $0.7 million versus nil for the previous year's comparable period upon the renunciation of eligible CDE flow through expenditures.

VARIANCE ANALYSIS	YTD 2019	YTD 2018	2019 VS 2018 VARIANCE HIGHER/(LOWER)
Operating expenses			
Salaries and benefits	$ 1,411,941	$ 1,132,391	$ 279,550
Office and administrative	924,517	540,278	384,239
Share-based payments	469,400	278,435	190,965
Marketing	546,654	218,748	327,906
Legal and accounting	146,701	96,511	50,190
Consulting	72,967	2,603,832	(2,530,865)
Amortization	59,001	2,145	56,856
Foreign exchange loss/ (gain)	734,962	(1,819,547)	2,554,509
	4,366,143	3,052,793	1,313,350
Finance (income)/costs			
Unwinding of present value discount: ARO	124,743	34,092	90,651
Interest and bank charges	32,630	25,288	7,342
Interest income	(443,403)	(684,883)	241,480
Loss/(gain) on fair value of marketable securities	(28,919)	198,713	(227,632)
Loss/(gain) on fair value of derivative instruments	21,000,981	(4,051,099)	25,052,080
	20,686,032	(4,477,889)	25,163,921
Loss/(income) before taxes	25,052,175	(5,683,715)	26,477,271
Deferred tax recovery	(5,082,488)	-	(5,082,488)
(Income)/Loss for the period	19,969,687	(1,425,096)	21,394,783

During the six months ended August 31, 2019, the Company reported Salaries and benefits of $1.4 million versus $1.1 million for the previous year's comparable period. The increase is a result of adding personnel associated with ramping up activities for Eagle Gold Project construction. Office and administrative costs are $0.4 million higher than the prior year primarily as a result of increased usage. Share-based payments were $0.5 million versus $0.3 million for the previous year's comparable period. The increase in Share-based payments is due to the number, value and timing of employee option issuances and the vesting schedule. Marketing expenses increased ($0.3 million higher) over the prior year due to an increased marketing program. Legal and accounting is $0.1 million higher primarily as a result of financing activities. Consulting ($2.5 million lower) costs have decreased due to financing consultants and a break fee for a previously announced uncompleted commercial debt package transaction in the prior period. The Company reported a loss on foreign exchange during the six months ended August 31, 2019 of $0.7 million compared to a gain of $1.8 million in the previous year due to fluctuations in the Canadian dollar and US dollar exchange rate. During the six months ended August 31, 2019, the Company reported a nominal gain in the fair value of marketable securities compared to a loss of $0.2 million in the previous year. During the six months ended August 31, 2019, the Company reported a loss in the fair value of derivative instruments of $21.0 million compared to a gain of $4.1 million in the previous year. Due to a strengthening gold price, the zero-cost collar contributed a loss of $16.0 million and gold calls contributed a $3.6 million loss. Due to an increase in the share price over the period, the common stock purchase warrants had a $1.4 million loss for the six months ended August 31, 2019. The decrease in interest income for the period is a result of lower returns earned on cash balances year over year.

Total assets increased by $147.0 million from $522.6 million to $669.7 million during the period from March 1, 2019 to August 31, 2019. Current assets increased by $31.5 million (see "Liquidity and Capital Resources" herein), Deferred financing fees decreased $2.4 million and Restricted cash decreased $3.5 million as a result of a newly structured reclamation bond program. Property, plant and equipment increased by $119.0 million due to Eagle Gold

Project construction in progress. Resource properties increased by $2.4 million due to continued exploration and development expenditures. Total liabilities, primarily accounts payable and accrued liabilities and long-term debt increased $136.2 million due to increased construction and exploration and development activities on the Dublin Gulch property.

Summary of Unaudited Quarterly Results:

	31 AUG 19	31 MAY 19	28 FEB 19	30 NOV 18
Total Revenues	$ -	$ -	$ -	$ -
Loss (income)	$21,463,642	$(1,493,955)	$ 10,112,555	$3,288,606
Loss (income) per share – basic and diluted	$ 0.025	$ (0.002)	$ 0.013	$ 0.004
	31 AUG 18	**31 MAY 18**	**28 FEB 18**	**30 NOV 17**
Total Revenues	$ -	$ -	$ -	$ -
Loss (income)	$ (5,683,715)	$ 4,258,619	$ (350,777)	$ 399,623
Loss (income) per share – basic and diluted	$ (0.007)	$ 0.007	$ (0.001)	$ 0.001

LIQUIDITY AND CAPITAL RESOURCES

At August 31, 2019, the Company had cash and cash equivalents of $45.6 million (February 28, 2019 - $12.3 million) and a working capital deficit of $17.4 million (February 28, 2019 – $69.8 million deficit). The increase in cash and cash equivalents of $33.3 million over the year ended February 28, 2019, was due to operating expenses and changes in working capital including foreign exchange gains ($5.2 million increase in cash) and the issuance of shares (see Financing Activities section herein) and credit facilities ($187.0 million increase in cash), partially offset by investing activities ($158.9 million decrease in cash) from on-going exploration and development of the Company's resource properties, net of the receipt of the royalty sale. The Company's future is currently dependent upon the existence of economically recoverable mineral reserves and its ability to successfully complete ramp up production on time and on budget. The Company periodically seeks financing to continue the exploration and development of its resource properties, transition into commercial production and to meet its future administrative requirements. Although the Company has been successful in raising funds to date, there can be no assurances that the steps management is taking, and will continue to take, will be successful in future reporting periods. These material uncertainties lend significant doubt about the Company's ability to continue as a going concern and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern and therefore these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary If the company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

The accompanying condensed consolidated interim financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of operations as they come due for the foreseeable future.

The Company is in the process of advancing its mineral properties and the recoverability of the amounts shown for mineral properties and related deferred costs is dependent upon the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from disposition of the mineral properties. The amounts shown as mineral property costs represent incurred costs to date and do not necessarily represent future values.

The Company holds the predominant amount of its cash in chequing and investment accounts at a major Canadian bank. The investment accounts predominantly invest in Government of Canada treasury bills.

OPERATING ACTIVITIES

During the six months ended August 31, 2019, operating activities, including non-cash working capital changes, provided funding of $5.2 million (as compared with the same period during the previous year that required funding of $5.3 million). The year over year increase in cash provided by operating activities is due to net adjusted operating results and increased cash flows from working capital changes.

RELATED PARTY TRANSACTIONS

Related parties include key management personnel, the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

The remuneration of directors and key management of the Company for the six months ended August 31, 2019 and 2018 is outlined below.

	2019	2018
Salaries and other short term employment benefits	$1,019,750	$ 915,375
Share based compensation	$ 628,253	$ 552,745

The Company granted unsecured loans in May 2018 which were subsequently amended in January 2019, to directors and officers of the Company at interest rates of 2% per annum and payable in full on January 9, 2020.

	August 31, 2019	February 28, 2019
Outstanding, beginning of the period	$ 1,366,948	$ -
Loans advanced	-	1,350,950
Loan repayments received	-	-
Interest charged	13,411	15,998
Interest received	-	-
Outstanding, end of the period	$ 1,380,359	$ 1,366,948

OUTSTANDING SHARE DATA

The authorized capital of the Company consists of an unlimited number of common shares without par value. As of October 24, 2019, the number of issued common shares was 858,394,883 (912,534,437 on a fully diluted basis).

As at October 24, 2019, there were 29,140,000 director, employee and consultant stock options outstanding with an exercise price ranging from $0.15 to $0.72 per share and expiring between January 12, 2020 and January 25, 2022. This represents approximately 3.4% of the issued and outstanding common shares. As at October 24, 2019, there were 25,000,000 warrants outstanding with an exercise price of $0.625 per share and an expiration date of April 13, 2023.

RISK AND UNCERTAINTIES

Exploration and mining risks

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

Financial capability and additional financing

The Company has limited financial resources and has no assurance that additional funding will be available to it for further exploration and development, including construction, of its projects. Although the Company has been successful in the past in financing its activities through the sale of equity securities and drawing on debt facilities, there can be no assurance that it will be able to obtain sufficient financing in the future to execute its business plan.

Fluctuating prices

Factors beyond the control of Victoria may affect (i) the ability of Victoria to raise additional capital and (ii) the marketability of any gold or any other minerals discovered. Among such factors is the prevailing price for natural resources, including gold, which prices may fluctuate widely and which are affected by numerous considerations beyond Victoria's control. The effect of these factors cannot accurately be predicted.

Dependence on key personnel

Many of Victoria's personnel are specialized, highly skilled and experienced. The Company's future exploration and development success will depend to a significant extent on its ability to attract and retain qualified personnel. While Victoria has not experienced any significant difficulties to date in attracting and retaining personnel, there can be no assurance that this will continue. The loss of key personnel could have a material adverse effect on the Company's operations and business prospects.

Government regulations and permitting

Victoria's exploration and development activities are subject to laws and regulations governing health and worker safety, employment standards, waste disposal, protection of the environment, mine development and protection of endangered and protected species, treatment of indigenous peoples and other matters. Each jurisdiction in which Victoria has properties regulates mining and mineral exploration activities. It is possible that future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms and conditions of existing permits and agreements applicable to Victoria or its properties, which could have a material and adverse effect on Victoria's current exploration and development activities. Where required, obtaining necessary permits can be a complex, time-consuming process and Victoria cannot provide assurance whether any necessary permits will be obtainable on acceptable terms, in a timely manner, or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict Victoria from proceeding with the development of an exploration project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities.

Title

The acquisition of title to mineral properties is a very detailed and time consuming process. Title to, and the area of, mineral concessions and claims may be disputed. While Victoria believes it has diligently investigated title to the mineral concessions and claims underlying its properties, Victoria cannot guarantee that title to any such properties will not be challenged, or that title to such properties will not be affected by an unknown title defect. Victoria has not surveyed the boundaries of all of its mineral properties and consequently the boundaries of the properties may be disputed.

Estimates contained in production and cost guidance may not be achieved

Victoria's estimates of future production, cash costs and capital costs for operations utilize certain assumed Canadian dollar to U.S. dollar foreign exchange rates. No assurance can be given that such estimates will be achieved. Many other factors may result in our failure to achieve our production estimates or materially increase our costs, either of which would have an adverse impact on our future cash flows, results of operations, and financial condition.

Operations
Victoria's operations are subject to operational risks and hazards inherent in the mineral exploitation, extraction and production industry, including, but not limited to:

- variations in grade
- deposit size
- geological problems, including earthquakes and other Acts of God
- density and other geological problems
- unusual or unexpected mineralogy or rock formations
- ground or slope failures
- unanticipated ground and water conditions
- hydrological conditions
- flooding or fires
- heap leach pad breaches or failures
- availability or interruption of power supply
- variation in recoveries, metallurgical and other processing challenges
- mechanical equipment performance problems
- periodic interruptions due to inclement or hazardous weather conditions or operating conditions and other force majeure events
- lower than expected ore grades or recovery rates
- accidents
- drill rig shortages
- the unavailability of materials and equipment including fuel
- labour force disruptions
- unanticipated transportation costs and shipment delays
- delays in receipt of, or failure to receive, necessary government permits
- the results of litigation, including appeals of agency decisions
- unanticipated regulatory changes
- unanticipated or significant changes in the costs of supplies including, but not limited to, petroleum and labour
- the failure of equipment or processes to operate in accordance with specifications or expectations
- climate change impacts

These risks could result in damage to, or destruction of, our mine, crushing and processing facilities, resulting in partial or complete shutdowns, personal injury or death, environmental or other damage to our properties or the properties of others, delays in mining, reduced production, monetary losses and potential legal liability. Processing operations are subject to hazards, such as equipment failure or failure of retaining dams that may result in personal injury or death, environmental pollution and consequential liabilities.

Should any of these risks and hazards affect any of Victoria's exploration and development activities, it may cause delays or a complete stoppage in Victoria's exploration or development activities, which would have a material and adverse effect on the business of Victoria.

Litigation risks
All industries, including the mining industry, are subject to legal claims, with and without merit. The Company may become involved in legal disputes in the future. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the solution of any particular legal proceeding will not have a material adverse effect on the Company's financial position or results of operations.

Fair value of financial instruments

The carrying values for primary financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities, approximate fair values due to their short-term maturities.

Risk exposure is summarized as follows:

(a) Credit risk

Certain of the Company's financial assets are exposed to a degree of credit risk. The Company endeavours to mitigate credit risk by holding its cash and cash equivalents as cash deposits and short-term government treasury funds with major commercial banks.

Credit risk relating to accounts receivable and restricted cash arises from the possibility that any counterparty to an instrument fails to perform. The Company's accounts receivable relate to recoveries of HST. Restricted cash includes reclamation bonds and a debt service account. Reclamation bonds reflect non-interest bearing cash deposits held with governmental agencies representing the state of Nevada, and interest bearing certificates of deposit held by Wells Fargo and Bank of Nova Scotia. An interest bearing debt service account is held with the Bank of Nova Scotia. Management does not believe there is significant counterparty risk that could have an impact on the fair value of cash and cash equivalents, restricted cash and receivables. The maximum exposure is limited to amounts of cash and cash equivalents, restricted cash and receivables on the statement of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage. Accounts payables and accrued liabilities are due within the current operating period, from September 1, 2019 through November 30, 2019.

(c) Market risk

I. Interest rate risk

Interest rate risk is the impact that changes in interest rates could have on the Company's investments and liabilities. The Company's cash balances are not subject to significant interest rate risk as balances are current. The Credit Facilities are subject to a variable LIBOR rate. Significant changes in the LIBOR rate could have a significant impact on the Company's loans payable balance in the consolidated statement of financial position and interest capitalized in property, plant and equipment on the consolidated statement of financial position.

II. Foreign currency risk

The Company incurs minimal exploration expenditures in the United States and holds a portion of its restricted cash and cash and cash equivalents in US dollars. The Company also has debt facilities in US dollars that will be utilized in future periods. The Company funds certain construction expenditures in US dollars. This gives rise to a risk that its US dollar expenditures and US dollar cash holdings may be adversely impacted by fluctuations in foreign exchange. The Company does not currently undertake currency hedging activities.

III. Price risk

The Company's financial assets and liabilities are exposed to price risk with respect to commodity prices and prices of the Company's equity investments. The price risk on equity investments is limited due to the nature and low balance of the Company's holdings. Commodity price risk refers to the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company entered into gold zero-cost collars (*Note 8* of the accompanying condensed consolidated interim financial statements for the six months ended August 31, 2019) under the Company's hedging policy that was adopted by the Board and continues to monitor prices of precious minerals to determine the appropriate course of action to be taken.

There has been no significant change in the risk factors affecting the Company on a period over period basis.

Where prudent, the Company uses insurance, derivative instruments and other methods to mitigate risks.

CONTRACTUAL COMMITMENTS

The Company has no contractual commitments, other than leases of offices and equipment entered into in the normal course of business (*Note 14* of the accompanying condensed consolidated interim financial statements for the six months ended August 31, 2019). All mineral property agreement commitments are at the option of the Company and the Company can terminate the agreements prior to being required to make payments on the properties.

FOREIGN CURRENCY TRANSLATION

The Company's US operations are denominated in USD, the functional currency of the US entities. The functional currency of all other entities is the Canadian dollar. The presentation currency of the Company is CAD. Accordingly, fluctuations in the exchange rates (USD/CAD) may impact the consolidated results of operations and the consolidated reported net assets. The effect of changes in currency fluctuations from the functional currency to the presentation currency on the operations' net assets is recorded in the Company's shareholders' equity as a cumulative translation adjustment.

OFF-BALANCE SHEET TRANSACTIONS

During the most recent six months ended August 31, 2019, and up to the date of this report, the Company had no off-balance sheet transactions.

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING CHANGES

The Corporation's unaudited condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The significant accounting policies applied and recent accounting pronouncements are described in (*Note 3*) of the Corporation's consolidated financial statements for the year ended February 28, 2019. There have been no changes from the accounting policies applied in the February 28, 2019 financial statements, except as disclosed in *Note 3* of the accompanying unaudited interim condensed consolidated financial statements for the six month period ended August 31, 2019.

The preparation of these condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the balance sheet date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Impairment of assets
When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. No impairment indicators of non-financial assets have been noted for the quarters ended August 31, 2019 and 2018.

Asset Retirement Obligation (ARO)
The determination of provisions for environmental rehabilitation and reclamation obligations arising from the Company's development, evaluation and exploration activities requires the use of estimates and management judgment. Future reclamation costs in relation to changes in estimates are accrued based on management's best estimate at the end of each period of the discounted cash costs expected to be incurred. Accounting for reclamation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation work required to comply with existing laws and regulations. These estimates are dependent upon labor and materials costs, known environmental impacts, the effectiveness of rehabilitation measures, inflation rates, and pre-tax interest rates that reflect a current market assessment of time value for money and the risk specific to the obligation. The Company also estimates the timing of the outlays, which is subject to change depending on continued exploration and newly discovered mineral resources.

Actual reclamation costs incurred may differ from those amounts estimated by management. Moreover, future changes to environmental laws and regulations could increase the extent of reclamation work required to be performed by the Company, therefore increasing future costs.

Equipment Finance Facility
Upon the drawdown under the Cat Financial facility, judgment is required in assessing the appropriate accounting treatment for the transaction. The Company considers the terms of the Master Lease Agreement ("MLA") to determine whether the transaction should be treated as a sale and finance leaseback or as a debt facility. The Company concluded that the substance of the agreement is to provide the Company with financing with the assets used as security and therefore the Company determined that it will account for the Cat Facility as a debt facility with consistent financial statement disclosures.

Stock-based compensation
Management is required to make certain estimates when determining the fair value of stock options awards and the number of awards that are expected to vest. These estimates affect the amount recognized as stock based payments in the consolidated statements of loss and comprehensive loss based on estimates of forfeiture, stock price volatility and expected lives of the underlying stock options.

Income taxes and recovery of deferred tax assets
The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. Management did not recognize deferred tax assets as future taxable profits are not expected until the Company reaches technical feasibility and commercial viability of the extraction of the mineral resources, the timing of which is uncertain as the Company is still in the exploration & evaluation and development stage.

Royalty agreements
When entering into a long-term royalty arrangement linked to production at specific project, judgment is required in assessing the appropriate accounting treatment for the transaction. The Company considers the specific terms of each arrangement to determine whether we have disposed of an interest in the reserves and resources of the respective operation. This assessment considers what the counterparty is entitled to and the associated risks and rewards attributable to them over the life of the operation.

Contingent liabilities

Contingent liabilities are possible obligations that arise from past events which will be confirmed by the occurrence or non-occurrence of future events. These contingencies are not recognized in the consolidated financial statements when the obligation is not probable or if the obligation cannot be measured reliably. The Company exercises significant judgment when determining the probability of the future outcome and with regard to any required disclosure of contingencies, and measuring the liability is a significant estimate.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, loan receivable, accounts payable and accrued liabilities and reclamation bonds. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The reclamation bonds are held with a state of Nevada governmental institution and the Government of Yukon and represent restricted cash, which will be returned to the Company upon the satisfactory completion of reclamation obligations. The reclamation bonds and certain of the Company's cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are denominated in USD$ leading to currency risk arising from fluctuations in the CAD$ and USD$ exchange rate. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com.

"John McConnell"	**"Marty Rendall"**
John McConnell	Marty Rendall
Chief Executive Officer & President	Chief Financial Officer