VICTORIA
GOLD CORP
TSX | VGCX

Condensed Consolidated Interim Financial Statements

March 31, 2021 and March 31, 2020

(Unaudited)
(Expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The accompanying condensed consolidated interim financial statements and all other financial information included in this report are the responsibility of management. The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Financial statements include certain amounts based on estimates and judgments. When alternative methods exist, management has chosen those it deems most appropriate in the circumstances to ensure that the condensed consolidated interim financial statements are presented fairly, in all material respects.

Management maintains appropriate systems of internal control, to give reasonable assurance that its assets are safeguarded, and the financial records are properly maintained.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Audit Committee, which is comprised of three Directors, all of whom are non-management and independent, meets with management to review the condensed consolidated interim financial statements to satisfy itself that management is properly discharging its responsibilities to the Directors, who approve the condensed consolidated interim financial statements.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial reporting standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) "John McConnell"
Director, President and CEO
May 14, 2021

(signed) "Marty Rendall"
CFO
May 14, 2021

Victoria Gold Corp.
Condensed Consolidated Interim Statements of Financial Position

(Unaudited)
(Expressed in Canadian Dollars)

	Notes	**March 31, 2021**	**December 31, 2020**
Assets			
Current assets			
Cash and cash equivalents		**$ 21,559,380**	$ 56,136,314
Marketable securities and warrants		**3,315,697**	4,373,319
GST and other receivables	*5*	**1,163,572**	3,150,503
Inventory	*6*	**97,612,834**	86,697,598
Prepaid expenses		**2,073,988**	2,606,596
		125,725,471	152,964,330
Non-current assets			
Restricted cash	*7*	**3,149,330**	3,153,196
Exploration and evaluation assets	*7*	**41,428,637**	41,026,042
Property, plant and equipment	*8*	**598,583,334**	579,617,049
Total assets		**$ 768,886,772**	$ 776,760,617
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	*9*	**$ 41,879,584**	$ 52,057,162
Current portion of lease liability	*10*	**726,447**	751,785
Current portion of derivative instruments	*12*	**7,891,524**	19,736,634
Current portion of long-term debt	*11*	**54,123,655**	55,048,331
		104,621,210	127,593,912
Non-current liabilities			
Deferred taxes		**17,450,000**	9,350,000
Lease liability	*10*	**1,225,445**	1,381,613
Derivative instruments	*12*	**17,711,240**	28,494,371
Long-term debt	*11*	**194,613,211**	209,660,142
Asset retirement obligations ("ARO")	*13*	**28,289,978**	28,213,316
Total liabilities		**363,911,084**	404,693,354
Shareholders' Equity			
Share capital	*15*	**396,027,305**	395,740,554
Contributed surplus		**23,726,813**	22,873,438
Accumulated other comprehensive loss		**(2,039,340)**	(2,017,697)
Accumulated deficit		**(19,161,065)**	(50,961,993)
Equity attributable to Victoria Gold shareholders		**398,553,713**	365,634,302
Non-controlling interest	*7*	**6,421,975**	6,432,961
Total equity		**404,975,688**	372,067,263
Total liabilities and shareholders' equity		**$ 768,886,772**	$ 776,760,617

Nature of operations and going concern *(Note 1)*

See accompanying notes to the condensed consolidated interim financial statements.

Authorized for issue by the Board of Directors on May 14th, 2021 and signed on its behalf.

"T. Sean Harvey" Director **"Chris Hill"** Director

Victoria Gold Corp.
Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)

(Unaudited)
(Expressed in Canadian Dollars)

	Notes	Three month period ended March 31, 2021	March 31, 2020
Revenue		**$ 62,749,024**	$ -
Cost of goods sold	*18*	**25,287,751**	-
Depreciation and depletion		**12,629,524**	-
Gross profit		**24,831,749**	-
Corporate general and administration	*19*	**2,501,141**	2,389,715
Operating earnings (loss)		**22,330,608**	(2,389,715)
Finance income		**10,791**	92,520
Finance costs	*20*	**(3,693,593)**	(169,300)
Unrealized gain (loss) on marketable securities		**(1,057,622)**	(369,098)
Unrealized and realized gain (loss) on derivative instruments	*12*	**19,539,021**	(22,818,497)
Foreign exchange gain (loss)		**2,771,723**	(25,203,483)
Other		**-**	6,721,000
		17,570,320	(41,746,858)
Income (loss) before taxes		**39,900,928**	(44,136,573)
Current income taxes		**-**	(1,634,488)
Deferred tax (expense) recovery		**(8,100,000)**	(1,595,022)
Net income (loss)		**$ 31,800,928**	$ (47,366,083)
Other Comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss			
Currency translation adjustment		**(32,629)**	(10,147)
Total comprehensive income (loss) for the period		**$ 31,768,299**	$ (47,376,230)
Net income (loss) attributable to:			
Shareholders of the Company		**$ 31,800,928**	$ (47,366,083)
Non-controlling interest		**-**	-
		$ 31,800,928	$ (47,366,083)
Other comprehensive income (loss) attributable to:			
Shareholders of the Company		**$ (21,643)**	$ (10,147)
Non-controlling interest		**(10,986)**	-
		$ (32,629)	$ (10,147)
Net income (loss) and comprehensive income (loss) attributable to:			
Shareholders of the Company		**$ 31,779,285**	$ (47,376,230)
Non-controlling interest		**(10,986)**	-
		$ 31,768,299	$ (47,376,230)
Earnings (loss) per share	*14*		
Basic		**$ 0.51**	$ (0.82)
Diluted		**$ 0.48**	$ (0.82)
Weighted average number of shares outstanding	*14*		
Basic		**62,127,751**	57,853,469
Diluted		**65,910,414**	57,853,469

See accompanying notes to the condensed consolidated interim financial statements.

Victoria Gold Corp.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Unaudited)

(Expressed in Canadian Dollars)

	Notes	Share capital: Number of shares	Share capital: Amount	Contributed surplus	Accumulated other comprehensive loss	Accumulated deficit	Non-controlling interest	Total equity
Balance at December 31, 2019		57,278,629	$ 359,000,352	$ 24,529,288	$ (2,517,453)	$ (66,382,516)	$ -	$ 314,629,671
Transactions with owners:								
Proceeds from share issue		801,822	6,999,906	-	-	-	-	6,999,906
Proceeds from stock options exercised		297,675	2,375,821	-	-	-	-	2,375,821
Fair values allocated upon exercise:								
Stock options		-	1,286,229	(1,286,229)	-	-	-	-
Share issuance costs		-	(63,832)	-	-	-	-	(63,832)
Share-based payments, expensed		-	-	30,445	-	-	-	30,445
Share-based payments, capitalized		-	-	15,011	-	-	-	15,011
Premium on flow-through shares		-	(369,152)	-	-	-	-	(369,152)
Total transactions with owners:		1,099,497	10,228,972	(1,240,773)	-	-	-	8,988,199
Net loss for the period		-	-	-	-	(47,366,083)	-	(47,366,083)
Other comprehensive income/(loss):								
Currency translation adjustment		-	-	-	(10,147)	-	-	(10,147)
Balance at March 31, 2020	*15*	58,378,126	$ 369,229,324	$ 23,288,515	$ (2,527,600)	$(113,748,599)	$ -	$ 276,241,640
Balance at December 31, 2020		62,117,040	$ 395,740,554	$ 22,873,438	$ (2,017,697)	$ (50,961,993)	$ 6,432,961	$ 372,067,263
Transactions with owners:								
Proceeds from stock options exercised		**32,000**	**240,000**	**-**	**-**	**-**	**-**	**240,000**
Fair values allocated upon exercise:								
Stock options		**-**	**46,751**	**(46,751)**	**-**	**-**	**-**	**-**
Share-based payments, expensed		**-**	**-**	**900,126**	**-**	**-**	**-**	**900,126**
Total transactions with owners:		**32,000**	**286,751**	**853,375**	**-**	**-**	**-**	**1,140,126**
Net income for the period		**-**	**-**	**-**	**-**	**31,800,928**	**-**	**31,800,928**
Other comprehensive income/(loss):								
Currency translation adjustment		**-**	**-**	**-**	**(21,643)**	**-**	**(10,986)**	**(32,629)**
Balance at March 31, 2021	*15*	**62,149,040**	**$ 396,027,305**	**$ 23,726,813**	**$ (2,039,340)**	**$ (19,161,065)**	**$ 6,421,975**	**$ 404,975,688**

See accompanying notes to the condensed consolidated interim financial statements.

Victoria Gold Corp.
Condensed Consolidated Interim Statements of Cash Flows

(Unaudited)
(Expressed in Canadian Dollars)

	Notes	Three month period ended March 31, 2021	March 31, 2020
Operating activities			
Net income (loss) for the period		**$ 31,800,928**	$ (47,366,083)
Adjustments for:			
Depreciation and depletion		**12,629,524**	-
Share-based payments	*16*	**900,126**	30,445
Income taxes		**8,100,000**	3,422,591
Other		**-**	(6,721,000)
Finance costs		**3,687,046**	105,903
Unrealized (gain) loss on marketable securities		**1,057,622**	369,098
Unrealized (gain) loss on derivative instruments	*12*	**(22,628,241)**	22,818,497
Amortization		**26,807**	29,074
Unrealized foreign exchange (gain) loss, net		**(3,410,074)**	25,244,716
		32,163,738	(2,066,759)
Working capital adjustments:			
(Increase) decrease in GST and other receivables		**1,986,776**	1,068,176
(Increase) decrease in inventory		**(10,915,236)**	-
(Increase) decrease in prepaid expenses and deposits		**532,608**	410,023
Increase (decrease) in accounts payables and accrued liabilities		**(11,048,452)**	3,016,055
		(19,444,304)	4,494,254
Net cash flows from operating activities		**12,719,434**	2,427,495
Investing activities			
Exploration and evaluation assets	*7*	**(173,214)**	(310,415)
Restricted cash		**-**	(1,768,822)
Purchase of property, plant and equipment		**(30,942,726)**	(7,929,205)
Cash received from prior period sale		**-**	6,721,000
Net cash flows used in investing activities		**(31,115,940)**	(3,287,442)
Financing activities			
Shares issued for cash, net of issuance cost	*15*	**-**	6,936,074
Exercise of options		**240,000**	2,375,821
Interest paid		**(2,637,898)**	(866,282)
Principal repayment of long-term debt	*11*	**(13,434,695)**	(2,316,715)
Principal repayment of lease liability		**(181,506)**	(174,597)
Net cash flows from (used in) financing activities		**(16,014,099)**	5,954,301
Foreign exchange gain (loss) on cash balances		**(166,329)**	829,852
Net increase (decrease) in cash and cash equivalents		**(34,576,934)**	5,924,206
Cash and cash equivalents, beginning of the period		**56,136,314**	16,882,129
Cash and cash equivalents, end of the period		**$ 21,559,380**	$ 22,806,335

See accompanying notes to the condensed consolidated interim financial statements. Supplementary Cash Flow information is provided in Note 22.

(Unaudited)
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Victoria Gold Corp. (“Victoria” or “the Company”), a British Columbia company, was incorporated in accordance with the Business Corporations Act (British Columbia) on September 21, 1981. The Company’s common shares are listed on the Toronto Stock Exchange (TSX).

The Company is engaged in the operation, exploration and acquisition of mineral properties. The Company completed construction of the Eagle Gold Mine in mid 2019 and poured its first gold in September 2019. On July 1, 2020 the Company achieved commercial production at the Eagle Gold Mine. The Company’s registered office is located at 80 Richmond St. West, Suite 204, Toronto, Ontario, M5H 2A4, Canada.

These condensed consolidated interim financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board (“IASB”) applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due for the foreseeable future. The Company’s future is currently dependent upon the existence of economically recoverable mineral reserves and its ability to successfully extract these reserves.

The Company periodically seeks financing for mine operations, exploration and/or development of its properties and/or to meet its future administrative requirements. The Company had a working capital surplus of $21.1 million at March 31, 2021 and will need to raise additional financing or generate sufficient positive cash flows from operations to ensure debt service and repayment terms are met. 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 may cast 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.

At March 31, 2021, the Company had a working capital surplus of $21.1 million ($25.4 million at December 31, 2020), an accumulated deficit of $19.2 million ($51.0 million at December 31, 2020) and reported net income of $31.8 million for the three months ended March 31, 2021 (net loss of $47.4 for the three months ended March 31, 2020). At March 31, 2021, the Company had cash flows from operating activities of $12.7 million ($2.4 million at March 31, 2020), cash flows used in investing activities of $31.1 million ($3.3 million at March 31, 2020) and cash flows used in financing activities of $16.0 million (from financing activities of $5.9 million at March 31, 2020). The Company has undrawn debt facilities of $25.1 million with $54.1 million coming due for repayment within twelve months of March 31, 2021.

2. BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements for the three months ended March 31, 2021 have been prepared in accordance with IAS 34, ‘Interim financial reporting’. The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2020, which have been prepared in accordance with IFRS.

These condensed consolidated interim financial statements include the accounts of Victoria, its wholly-owned subsidiary, Victoria Gold (Yukon) Corp. and its 66% interest in Lahontan Gold Corp. (“Lahontan”).

These financial statements were approved by the Board of Directors for issue on May 14, 2021.

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in the Company's audited consolidated financial statements for the year ended December 31, 2020.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2020.

5. GST AND OTHER RECEIVABLES

GST and other receivables includes the following components:

		March 31, 2021		December 31, 2020
GST receivable	**$**	**1,096,643**	$	3,123,021
Trade and other receivables		**66,929**		27,482
Total	**$**	**1,163,572**	$	3,150,503

6. INVENTORY

Inventory includes the following components:

		March 31, 2021		December 31, 2020
Stockpiled ore	**$**	**1,842,776**	$	1,543,486
In-process inventory		**76,287,642**		68,987,297
Finished goods inventory		**6,578,075**		7,211,775
Total mineral inventory		**84,708,493**		77,742,558
Materials and supplies		**12,904,341**		8,955,040
Total	**$**	**97,612,834**	$	86,697,598

As at March 31, 2021, $18.2 million (December 31, 2020 – $16.8 million) of non-cash costs such as depreciation, depletion and site share-based compensation were included in inventory.

(Unaudited)
(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

	Other property interest (Nevada)	Dublin Gulch (Yukon)	Other properties **	Total
Balance December 31, 2020	$ 10,419,030	$ 29,040,083	$ 1,566,929	$ 41,026,042
Salaries and benefits	-	191,747	-	191,747
Land claims and royalties	-	-	57,500	57,500
Drilling and indirects	-	55,263	4,501	59,764
Other exploration	-	70,380	23,204	93,584
Exploration and evaluation costs for the period	-	317,390	85,205	402,595
Balance March 31, 2021	$ 10,419,030	$ 29,357,473	$ 1,652,134	$ 41,428,637

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

During the year ended December 31, 2020, the Company entered into a transaction with a third-party company, Lahonton under which the Company agreed to sell its 100% interest in the Santa Fe property. As consideration, Victoria received shares in Lahontan which provide it with a controlling ownership position of a 66% interest in Lahontan. The main asset of Lahontan is the Santa Fe property. Consideration for this transaction approximated its book value and as a result, no gain or loss was recognized.

As of March 31, 2021, restricted cash consists of $2.8 million for Dublin Gulch (December 31, 2020 - $2.8 million) and $0.3 million relating to interest in other properties, primarily Santa Fe (December 31, 2020 - $0.3 million). The restricted cash for Dublin Gulch is a restricted guaranteed investment certificate ("GIC") that supports a line of credit that the Bank of Nova Scotia provides to a surety provider that in turn provides a $30.8 million surety bond related to the reclamation performance bond.

	Santa Fe (Nevada)	Other property interest (Nevada)	Dublin Gulch (Yukon)	Other properties **	Total
Balance December 31, 2019	$ 6,585,828	$ -	$ 24,642,125	$ 1,681,929	$ 32,909,882
Sale of property interest	(7,028,892)	-	-	(172,500)	(7,201,392)
Salaries and benefits	75,026	-	828,518	-	903,544
Amortization	-	-	-	-	-
Consulting and administration	107,115	-	-	-	107,115
Land claims and royalties	68,681	-	15,000	57,500	141,181
Environmental and permitting	15,264	-	-	-	15,264
Government and community relations	-	-	22,800	-	22,800
Drilling and indirects	-	-	1,339,306	-	1,339,306
Other exploration	-	-	2,192,334	-	2,192,334
Exploration and evaluation costs for the year	266,086	-	4,397,958	57,500	4,721,544
Interest in other properties	-	10,419,030	-	-	10,419,030
Currency translation	176,978	-	-	-	176,978
Balance December 31, 2020	$ -	$ 10,419,030	$ 29,040,083	$ 1,566,929	$ 41,026,042

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

(Expressed in Canadian Dollars)

8. PROPERTY, PLANT AND EQUIPMENT

	Other assets	Right-of-use assets	Leasehold improvements	Buildings & structures	Equipment	Mineral Properties	Total
Cost							
December 31, 2019	$1,215,683	$ 1,896,769	$ 589,149	$ 236,265,379	$ 128,346,964	$ 266,465,217	$634,779,161
Reallocation of inventory costs	-	-	-	-	-	(82,466,947)	(82,466,947)
Net Capitalized Gold Sales	-	-	-	-	-	(70,225,189)	(70,225,189)
Additions	204,075	1,457,331	-	10,726,567	15,142,873	134,218,577	161,749,423
Disposals	(52,384)	-	-	-	-	-	(52,384)
December 31, 2020	1,367,374	3,354,100	589,149	246,991,946	143,489,837	247,991,658	643,784,064
Additions	**-**	**-**	**-**	**5,520,065**	**8,899,785**	**17,390,145**	**31,809,995**
March 31, 2021	**$1,367,374**	**$ 3,354,100**	**$ 589,149**	**$ 252,512,011**	**$ 152,389,622**	**$ 265,381,803**	**$675,594,059**
Accumulated amortization							
December 31, 2019	$ 915,617	$ 518,489	$ 129,194	$ 9,700,619	$ 6,603,982	$ -	$ 17,867,901
Charge	115,623	886,275	156,269	20,361,329	17,028,082	7,803,920	46,351,498
Disposals	(52,384)	-	-	-	-	-	(52,384)
December 31, 2020	978,856	1,404,764	285,463	30,061,948	23,632,064	7,803,920	64,167,015
Charge	**26,205**	**214,186**	**39,067**	**5,242,908**	**4,499,988**	**2,821,356**	**12,843,710**
March 31, 2021	**$1,005,061**	**$ 1,618,950**	**$ 324,530**	**$ 35,304,856**	**$ 28,132,052**	**$ 10,625,276**	**$ 77,010,725**
Net book value							
December 31, 2019	$ 300,066	$ 1,378,280	$ 459,955	$ 226,564,760	$ 121,742,982	$ 266,465,217	$616,911,260
December 31, 2020	$ 388,518	$ 1,949,336	$ 303,686	$ 216,929,998	$ 119,857,773	$ 240,187,738	$579,617,049
March 31, 2021	**$ 362,313**	**$ 1,735,150**	**$ 264,619**	**$ 217,207,155**	**$ 124,257,570**	**$ 254,756,527**	**$598,583,334**

During the three months ended March 31, 2021, the Company capitalized $16.1 million (March 31, 2020 - $nil) of deferred stripping costs to mineral properties. The depletion expense related to deferred stripping for the three months ended March 31, 2021 was $0.2 million (March 31, 2020 - $nil). Included in the mineral properties balance at March 31, 2021 is $31.5 million (March 31, 2020 - $nil) related to deferred stripping costs.

The carrying value of equipment pledged as security for the related Equipment Financing Facility at March 31, 2021 was $41.7 million ($44.6 million – December 31, 2020) (*Note 11*).

Certain of the Company's mining properties are subject to royalty arrangements based on their net smelter returns ("NSR"s). At March 31, 2021, the Company's royalty arrangements based on production were as follows:

Royalty arrangements:	
Franco-Nevada Corp.	1% Cash NSR – Settled via cash payment royalty expense after production.
Osisko Gold Royalties Ltd.	5% Metal NSR – Settled via delivery of metal ounces after production.

The royalty arrangements listed above have an impact on the Company's financial statement presentation of Revenue and Royalty expense. Revenue herein is based on 95% of the production from the Eagle Mine after the delivery of the 5% metal NSR attributable to Osisko Gold Royalties Ltd. As a result, this 5% NSR is not recorded in Revenue or as a Royalty expense. The 1% cash NSR held by Franco-Nevada Corp. does result in Revenue as it does not impact ounces available for sale, and a Royalty expense associated with the cash payment.

(Unaudited)
(Expressed in Canadian Dollars)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include the following components:

	March 31, 2021	December 31, 2020
Trade payables	**$ 15,204,959**	$ 21,049,863
Accrued liabilities	**24,726,219**	27,485,205
Payroll related liabilities	**1,948,406**	3,522,094
Total	**$ 41,879,584**	$ 52,057,162

10. LEASE LIABILITY

	Total
As at December 31, 2020	**$ 2,133,398**
Interest expense	**43,122**
Lease payments	**(224,628)**
Lease liabilities at March 31, 2021	**$ 1,951,892**
Current lease liability	**726,447**
Non-current lease liability	**1,225,445**

The Company has lease liabilities for contracts related to equipment, vehicles, and office premises in: (1) Vancouver, BC, (2) Toronto, Ontario and (3) Whitehorse, Yukon. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

	March 31, 2021	December 31, 2020
MATURITY ANALYSIS		
< 1 year	**$ 726,447**	$ 751,785
1 to 3 years	**281,266**	359,302
3 to 5 years	**207,746**	1,017,439
> 5 years	**736,433**	4,872
Total	**$ 1,951,892**	$ 2,133,398

11. DEBT

On December 18, 2020 the Company announced it had entered into a credit agreement with a syndicate of banks, comprised of Bank of Montreal, CIBC and BNP Paribas, in connection with a secured US$200 million debt facility (the "Loan Facility"). The Loan Facility is comprised of a US$100 million term loan (the "Term Facility") and a US$100 million revolving facility (the "Revolving Credit Facility").

The funding from the Loan Facility was used to repay the previously outstanding project finance facility, which included senior and subordinated debt that was used for the construction of the Eagle Gold Mine. The Revolving Credit Facility is available for general corporate purposes subject to customary terms and conditions.

The Loan Facility is available by way of US dollar LIBOR loans, with an interest rate ranging from 3.00% to 4.00% over LIBOR (currently one month LIBOR is approximately 0.15%), based on the Company's leverage ratio and other customary terms and conditions.

The Loan Facility includes certain covenants that are calculated and reported each fiscal quarter, which commenced on December 31, 2020. As at March 31, 2021, the Company is in compliance with all covenants.

Loan Facilities

Term Facility

US$100 million loan facility with the following commercial terms:

- Interest rate of LIBOR plus 3.25%;
- Principal and interest are repayable in 12 equal quarterly installments which began on March 31, 2021.

As at March 31, 2021, principal of US$91.7 million was outstanding on the Term Facility. Deferred financing charges in the amount of $2.6 million are being amortized over the term using the effective interest rate method.

Revolving Credit Facility

US$100 million loan facility with the following commercial terms:

- Interest rate of LIBOR plus 3.25%;
- Accrued interest is repayable quarterly and began on March 31, 2021;
- Principal and accrued interest are due at maturity, on December 31, 2023, and may be repaid early without penalty.

As at March 31, 2021, principal of US$74.9 million was outstanding on the Revolving Credit Facility. Deferred financing charges in the amount of $2.6 million are being amortized using the full amount of the facility, including any undrawn amount, over the full term of the facility using the effective interest rate method.

Equipment Finance Facility

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

- Available for drawdown against the acquisition cost of Cat mining equipment;
- Interest rate of LIBOR plus 3.50%;
- 4-6 year, amortizing facility, maturing between November 29, 2022 and July 1, 2025 (the "Term");
- Secured by Cat mining equipment.

As at March 31, 2021, principal of US$35.9 million was outstanding on the Equipment Finance Facility. Deferred financing charges in the amount of $2.7 million are being amortized over the Term using the effective interest rate method.

(Unaudited)
(Expressed in Canadian Dollars)

	March 31, 2021	December 31, 2020
Equipment Finance Facility, principal	**$ 44,158,595**	$ 47,477,488
Equipment Finance Facility, interest	**421,964**	638,859
Equipment Finance Facility, ending balance	**$ 44,580,559**	$ 48,116,347
Term Debt Facility, principal	**$ 112,627,520**	$ 124,143,234
Term Debt Facility, interest	**12,060**	172,734
Term Debt Facility, ending balance	**$ 112,639,580**	$ 124,315,968
Revolver Facility, principal	**$ 91,504,836**	$ 92,146,833
Revolver Facility, interest	**11,891**	129,325
Revolver Facility, ending balance	**$ 91,516,727**	$ 92,276,158
Total Debt	**$ 248,736,866**	$ 264,708,473
Less: Current portion	**(54,123,655)**	(55,048,331)
Long-term Debt	**$ 194,613,211**	$ 209,660,142

During the three month period ended March 31, 2021 the Company incurred interest expense of $2.6 million (March 31, 2020 - $nil) and amortized deferred financing charges of $0.9 million (March 31, 2020 - $nil) in the condensed consolidated interim statements of income (loss) and comprehensive income (loss).

The Equipment Finance Facility with Cat Financial is secured by leased equipment with a carrying value of $41.7 million as of March 31, 2021 ($44.6 million – December 31, 2020).

The Company's scheduled debt principal repayments as at March 31, 2021 are summarized in the table, below:

	2021	2022	2023	2024	2025 and thereafter	Total
Term Debt Facility	$31,437,500	$41,916,667	$ 41,916,667	$ -	$ -	$115,270,834
Revolving Loan Facility	-	-	94,148,151	-	-	94,148,151
Equipment Finance Facility	8,885,610	14,154,447	14,310,287	13,140,589	-	50,490,933
	$40,323,110	$56,071,114	$150,375,105	$13,140,589	$ -	$259,909,918

(Unaudited)
(Expressed in Canadian Dollars)

12. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative Instruments outstanding	Quantity outstanding	Remaining term	Exercise price		Fair value - asset (liability)[1] (C$)
Current Insturments					
Gold put options					
Gold put options - purchased	45,000 oz	June 2021 - December 2021	US$1,700	$	3,007,148
Zero-cost collars					
Gold call options - sold	45,000 oz	June 2021 - December 2021	C$1,936		(10,924,316)
Gold put options - purchased	45,000 oz	June 2021 - December 2021	C$1,500		25,644
				$	**(7,891,524)**
Long-term Insturments					
Gold call options					
Gold call options - sold	20,000 oz	April 13, 2023	US$1,485		(7,908,405)
Warrants					
Warrants	1,666,667	April 13, 2023	C$9.375		(9,802,835)
					(17,711,240)
Total Instruments				**$**	**(25,602,764)**

1. The Company presents the fair value of its derivative instruments on a net basis on the condensed consolidated interim statements of financial position.

Gold Put Options

In November 2020, the Company purchased gold put options on 60,000 ounces of gold at a price of US$1,700 per ounce with monthly expiry dates of January 31 through December 31, 2021. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and classified in the condensed consolidated interim financial statements based on contractual maturity. These derivative financial instruments are recorded at fair value using external broker-dealer quotations corroborated by option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. The Company recognized the mark-to-market adjustment gain of $1.0 million, based on US$1,709 per ounce of gold and a foreign exchange rate of 1.2575 US$ to C$, in net income (loss) of the condensed consolidated interim statements of income (loss) and comprehensive income (loss) for the three month period ended March 31, 2021.

Zero Cost Collars

In May 2018, the Company entered into gold price zero cost collars using option contracts that the Company has elected not to designate as cash flow hedges for hedge accounting under IFRS 9. The purchase of gold put options was financed through selling gold call options at a higher level such that the net premium payable by the Company at the time of entering into the contracts was $nil. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and classified in the condensed consolidated interim financial statements based on contractual maturity. These derivative financial instruments are recorded at fair value using external broker-dealer quotations corroborated by option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. The Company recognized the mark-to-market adjustment gain of $15.4 million, based on US$1,709 per ounce of gold and a foreign exchange rate of 1.2575

US$ to C$, in net income (loss) of the condensed consolidated interim statements of income (loss) and comprehensive income (loss) for the three month period ended March 31, 2021.

Gold Call Options

On April 13, 2018, the Company sold a gold call option on 20,000 ounces of gold at a price of US$1,485 per ounce, with an expiry date of April 13, 2023. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and classified in the condensed consolidated interim financial statements based on contractual maturity. These derivative financial instruments are recorded at fair value using external broker-dealer quotations corroborated by option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. As at March 31, 2021 the gold call option fair value was $7.9 million, based on US$1,709 per ounce of gold and a foreign exchange rate of 1.2575 US$ to C$. The Company recognized the mark-to-market adjustment gain of $4.1 million in net income (loss) of the condensed consolidated interim statements of income (loss) and comprehensive income (loss) for the three month period ended March 31, 2021.

Warrants

On April 13, 2018, the Company granted 1,666,667 warrants with a strike price of $9.375 and a term of five years. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and classified in the condensed consolidated interim financial statements based on contractual maturity. These derivative financial instruments are recorded at fair value using Black-Scholes option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. As at March 31, 2021, the warrant fair value was $9.8 million based on the March 31, 2021 closing share price of $13.05. The Company recognized the mark-to-market adjustment loss of $1.0 million in net income (loss) of the condensed consolidated interim statements of income (loss) and comprehensive income (loss) for the three month period ended March 31, 2021.

13. ASSET RETIREMENT OBLIGATIONS

Reclamation and closure costs have been estimated based on the Company’s interpretation of current regulatory requirements and measured with the most reliable information available. Management’s estimate is determined based on the net present value of estimated future cash expenditures for reclamation and closure activities. Reclamation and closure costs are capitalized into exploration and evaluation assets depending on the nature of the asset related to the obligation and amortized over the life of the related asset. Future changes to those regulations and standards, as well as changes resulting from operations, may result in actual reclamation costs differing from the estimate. Details of the Company’s reclamation performance obligations can be found within *Note 7.*

The Company’s asset retirement obligations arise from its obligations to undertake site reclamation and remediation in connection with the Dublin Gulch property. The Company prepared the Dublin Gulch reclamation obligation using prescribed third-party contractor rates with a 10% contingency. The estimated costs of reclamation are based on current regulatory requirements and the estimated reclamation costs at the reporting date use the following assumptions:

a) total undiscounted amount of inflation adjusted future reclamation costs at March 31, 2021 was determined to be $32.1 million for Dublin Gulch (December 31, 2020 - $32.1 million) and $0.4 million for its interest in other properties, primarily Santa Fe (December 31, 2020 - $0.4 million);
b) weighted average risk-free interest rate at 1.1% and a long-term inflation rate of 2.0%; and
c) expected timing of risk adjusted cash outflows required to settle the obligation will be incurred over the period through 2034 for Dublin Gulch.

(Expressed in Canadian Dollars)

The following is an analysis of the Company's asset retirement obligation:

	March 31, 2021	December 31, 2020
Balance, beginning of the period	**$ 27,855,642**	$ 25,351,318
Accretion on reclamation provision	**76,662**	347,064
Currency translation	**-**	(362,005)
ARO change due to increased footprint	**-**	2,519,265
	$ 27,932,304	$ 27,855,642
Interest in other properties	**357,674**	357,674
Balance, end of the period	**$ 28,289,978**	$ 28,213,316

14. EARNINGS (LOSS) PER SHARE

(a) Basic

Basic earnings (loss) per share is calculated by dividing the net income (loss) attributable to common shareholders by the weighted average number of ordinary shares in issue during the period.

	Three month period ended March 31, 2021	March 31, 2020
Net income (loss)	**$ 31,800,928**	$ (47,366,083)
Weighted average number of common shares issued	**62,127,751**	57,853,469
Basic earnings (loss) per share	**$ 0.51**	$ (0.82)

(b) Diluted

	Three month period ended March 31, 2021	March 31, 2020
Net income (loss) attributable to common shareholders	**$ 31,800,928**	$ (47,366,083)
Weighted average number of common shares issued	**62,127,751**	57,853,469
Adjustment for:		
Warrants	**1,666,667**	-
Stock options	**2,115,996**	-
Weighted average number of ordinary shares for diluted earnings per share	**65,910,414**	57,853,469
Diluted earnings (loss) per share	**$ 0.48**	$ (0.82)

(Unaudited)
(Expressed in Canadian Dollars)

15. SHARE CAPITAL AND OTHER EQUITY

Authorized, issued and outstanding common shares

Common shares, no par value, authorized unlimited number of shares, issued and outstanding were 62,149,040 and 58,378,126 shares for the three month period ended March 31, 2021 and March 31, 2020, respectively.

16. SHARE-BASED PAYMENTS

Omnibus Incentive Plan

The omnibus incentive plan of the Company (the "**Omnibus Plan**") was approved by the shareholders of the Company on August 19, 2020. The Omnibus Plan has been established to attract and retain key talent who are necessary or essential to Victoria's success, reputation and activities and allows Victoria to reward key talent for their performance and greater align their interest with those of Victoria's shareholders. The Omnibus Plan is an "evergreen" plan and the Common Shares available for issuance pursuant to awards granted under the Omnibus Plan may not exceed 10% of the total number of issued and outstanding Common Shares. At March 31, 2021, 3,994,242 (3,991,042 as at December 31, 2020) additional stock options, or other equity based awards were available for grant under the Company's Omnibus Plan.

A summary of the status of the Omnibus Plan as at March 31, 2021 and as at December 31, 2020, and changes during the periods ended on those dates is presented below:

	March 31, 2021			December 31, 2020		
	Number of stock options	Weighted average exercise price	Fair Value Assigned	Number of stock options	Weighted average exercise price	Fair Value Assigned
Outstanding, beginning of the period	**2,147,996**	**$ 9.43**	**$6,888,537**	2,364,334	$ 6.86	$6,087,224
Granted	**-**	**$ -**	**-**	847,000	$ 12.10	3,786,683
Exercised	**(32,000)**	**$ 7.50**	**(46,752)**	(1,029,339)	$ 5.72	(2,829,579)
Expired	**-**	**$ -**	**-**	(29,999)	$ 7.50	(149,947)
Forfeited	**-**	**$ -**	**-**	(4,000)	$ 7.50	(5,844)
Outstanding, end of the period	**2,115,996**	**$ 9.46**	**$6,841,785**	2,147,996	$ 9.43	$6,888,537

As at March 31, 2021, the Company had stock options issued to directors, officers, employees and contractors of the Company outstanding as follows:

Date of grant	Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
May 28, 2018	281,999	281,999	$ 7.50	May 28, 2021
August 15, 2018	176,664	176,664	$ 7.50	August 15, 2021
January 25, 2019	369,333	369,333	$ 7.50	January 25, 2022
December 9, 2019	441,000	441,000	$ 8.05	December 9, 2022
December 14, 2020	847,000	211,750	$ 12.10	December 14, 2023
	2,115,996	1,480,746		

The fair value of each option is accounted for in the condensed consolidated interim statements of income (loss) and comprehensive income (loss) or capitalized to exploration and evaluation assets over the vesting period of the options, and the related credit is included in contributed surplus.

(Expressed in Canadian Dollars)

On December 14, 2020, the Company granted 847,000 incentive stock options with an exercise price of $12.10 per option to directors, officers and employees of the Company. The stock options have a term of three years and expire on December 14, 2023. The fair value of these options, totalling $3,786,683, will be recognized (expensed) over the vesting period of one year, of which $2,021,858 (expensed) has been recognized as at March 31, 2021. The fair value of these options was calculated based on a risk-free annual interest rate of 0.3%, an expected life of 3.0 years, an expected volatility of 55% and a dividend yield rate of nil. This results in an estimated fair value of $4.47 per option at the grant date using the Black-Scholes option-pricing model.

For purposes of the options granted, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model, with the above assumptions and a forfeiture rate of 9.4%.

Warrants

The following table summarizes information regarding changes in the Company's warrants outstanding:

	March 31, 2021			**December 31, 2020**		
	Number of Warrants	**Weighted average exercise price**	**Fair Value**	**Number of Warrants**	**Weighted average exercise price**	**Fair Value**
Outstanding, beginning of the period	**1,666,667**	**$ 9.375**	**$ 4,359,345**	1,666,667	$ 9.375	$ 4,359,345
Outstanding, end of the period	**1,666,667**	**$ 9.375**	**$ 4,359,345**	1,666,667	$ 9.375	4,359,345

	Number of Warrants	**Exercise price**	**Expiry date**
Issued in private placement	1,666,667	$ 9.375	April 13, 2023
	1,666,667		

The fair value of the warrants expiring on April 13, 2023 were estimated as of the date of issuance using the Black-Scholes option pricing model with the following assumptions: a risk-free annual interest rate of 2.1%, an expected life of 5 years, an expected volatility of 76% and a dividend yield rate of nil.

These April 13, 2023 warrants are considered financial instruments at fair value through profit or loss. The holder of the warrants may exercise the warrants for the Company's common shares. The warrants have been classified as a financial liability instrument and are recorded at fair value at each reporting period end using a Black-Scholes model. Warrant pricing models require the input of certain assumptions including price volatility and expected life. Changes in these assumptions could affect the reported fair value of the warrants (*Note 12*).

(Unaudited)
(Expressed in Canadian Dollars)

17. RELATED PARTIES

Related parties include key management personnel, Orion Mine Finance, 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 three month periods ended March 31, 2021 and March 31, 2020 was as follows:

	March 31, 2021	March 31, 2020
Salaries and other short term employment benefits	**$ 1,232,100**	$ 1,399,100
Share-based compensation	**$ 900,126**	$ 42,789

18. COST OF GOODS SOLD

Cost of goods sold include the following components:

	Three month period ended	
	March 31, 2021	**March 31, 2020**
Operating costs:		
Mining	**$ 18,539,257**	$ -
Processing	**17,339,907**	-
Site services	**5,905,399**	-
Site general and administration costs	**5,946,102**	-
Royalty	**623,521**	-
Production costs	**48,354,186**	-
Change in inventory	**(23,066,435)**	-
Total	**$ 25,287,751**	$ -

19. CORPORATE GENERAL AND ADMINISTRATION

Corporate general and administration costs include the following components:

	Three month period ended	
	March 31, 2021	**March 31, 2020**
Salaries and benefits	**$ 986,207**	$ 1,360,826
Office and administrative	**365,755**	450,448
Share-based payments (*Note 16*)	**605,753**	30,445
Marketing	**326,370**	193,551
Professional fees	**190,249**	325,371
Amortization	**26,807**	29,074
Total	**$ 2,501,141**	$ 2,389,715

(Expressed in Canadian Dollars)

20. FINANCE COSTS

Finance costs include the following components:

	Three month period ended March 31, 2021	Three month period ended March 31, 2020
Interest on debt facilities (*Note 11*)	**$ 2,636,965**	$ -
Amortization of deferred financing charges (*Note 11*)	**930,297**	-
Interest and bank charges	**6,547**	8,282
Interest expense on leases (*Note 10*)	**43,122**	55,115
Accretion on reclamation provision	**76,662**	105,903
Total	**$ 3,693,593**	$ 169,300

Debt service costs are recognized in the consolidated statements of income (loss) and comprehensive income (loss) following the achievement of commercial production, effective July 1, 2020.

21. SEGMENTED INFORMATION

The Company manages its reportable operating segments by operating mines and development projects. A breakdown of mineral properties by geographic expenditures is disclosed in *Note 7.* The results from operations of these reportable operating segments are summarized in the following tables:

	Eagle Mine	Dublin Gulch	Santa Fe	Corporate and other	Total
Three months ended March 31, 2021					
Revenue	$ 62,749,024	$ -	$ -	$ -	$ 62,749,024
Cost of goods sold	25,287,751	-	-	-	25,287,751
Depreciation and depletion	12,629,524	-	-	-	12,629,524
Mine operating earnings	24,831,749	-	-	-	24,831,749
Corporate general & administration	385,409	-	-	2,115,732	2,501,141
Operating earnings (loss)	$ 24,446,340	$ -	$ -	$ (2,115,732)	$ 22,330,608
March 31, 2021					
Property, plant and equipment	$ 598,357,960	$ -	$ -	$ 225,374	$ 598,583,334
Exploration and evaluation assets	$ -	$ 29,357,473	$ 10,419,030	$ 1,652,134	$ 41,428,637
Total assets	$ 705,994,858	$ 29,357,473	$ 10,419,030	$ 23,115,411	$ 768,886,772

	Eagle Mine	Dublin Gulch	Santa Fe	Corporate and other	Total
Three months ended March 31, 2020					
Revenue	$ -	$ -	$ -	$ -	$ -
Cost of goods sold	-	-	-	-	-
Depreciation and depletion	-	-	-	-	-
Mine operating earnings	-	-	-	-	-
Corporate general & administration	327,548	-	-	2,062,167	2,389,715
Operating loss	$ (327,548)	$ -	$ -	$ (2,062,167)	$ (2,389,715)
December 31, 2020					
Property, plant and equipment	$ 579,364,869	$ -	$ -	$ 252,180	$ 579,617,049
Exploration and evaluation assets	$ -	$ 29,040,083	$ 10,419,030	$ 1,566,929	$ 41,026,042
Total assets	$ 684,949,058	$ 29,040,083	$ 10,419,030	$ 52,352,446	$ 776,760,617

(Unaudited)
(Expressed in Canadian Dollars)

22. SUPPLEMENTARY CASH FLOW INFORMATION

		March 31, 2021		December 31, 2020
Non-cash investing and financing activities:				
Accounts payable and accrued liabilities relating to property, plant and equipment and exploration and evaluation asset expenditures	**$**	**6,152,111**	$	5,280,108
Stock-based compensation, capitalized to property, plant and equipment	**$**	**-**	$	15,011
Income taxes paid	**$**	**-**	$	837,102
Interest paid	**$**	**2,637,898**	$	12,015,295

Reconciliation of movements in liabilities to cash flows arising from financing activities:

		Long term debt (*Note 11*)		Lease liability (*Note 10*)		Total
Balance December 31, 2020	$	264,708,473	$	2,133,398	$	266,841,871
Changes from financing activities:						
Net proceeds from Credit Facility draws		25,307,999		-		25,307,999
Principal paid		(38,742,695)		(181,506)		(38,924,201)
Interest paid		(2,594,776)		(43,122)		(2,637,898)
		248,679,001		1,908,770		250,587,771
Non-cash changes:						
Balance December 31, 2020						
Interest expense		2,295,884		43,122		2,339,006
Amortization of deferred financing charges		930,297		-		930,297
Foreign exchange loss (gain)		(3,168,316)		-		(3,168,316)
Balance March 31, 2021	$	248,736,866	$	1,951,892	$	250,688,758

23. FINANCIAL RISK MANAGEMENT

(a) Fair value of financial assets and liabilities

The book values of the cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, approximate their respective fair values.

The fair values together with the carrying amounts shown in the statements of financial position are as follows:

		March 31, 2021		December 31, 2020	
	Classification	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Cash and cash equivalents	*Level 1*	**$ 21,559,380**	**$ 21,559,380**	$ 56,136,314	$ 56,136,314
Restricted cash	*Level 1*	**3,149,330**	**3,149,330**	3,153,196	3,153,196
Marketable securities	*Level 1*	**3,315,697**	**3,315,697**	4,373,319	4,373,319
Other receivables	*Amortized Cost*	**1,163,572**	**1,163,572**	3,150,503	3,150,503
Accounts payable and accrued liabilities	*Amortized Cost*	**(41,879,584)**	**(41,879,584)**	(52,057,162)	(52,057,162)
Lease liability	*Amortized Cost*	**(1,951,892)**	**(1,951,892)**	(2,133,398)	(2,133,398)
Debt	*Amortized Cost*	**(248,736,866)**	**(248,736,866)**	(264,708,473)	(264,708,473)
Fair value of derivative instruments	*Level 2*	**25,602,764**	**25,602,764**	48,231,005	48,231,005

The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) Estimation of fair values

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table:

Restricted cash / Securities in listed entities (financial assets at fair value through profit or loss)
Fair value is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

Trade and other receivables / payables
For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

Derivative instruments
The fair value of these derivatives is determined using a valuation model that incorporates such factors as metal prices, metal price volatility, risk-free interest rate and expiry date.

(c) 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 being utilized. 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 and debt may be adversely impacted by fluctuations in foreign exchange. The Company does not currently undertake currency hedging activities.