

Potato Hills Press

EDITION 18 | WINTER 2020/21



TSX : VGCX

Ramp up: Year One of Canada's Newest Gold Mine

"We are pleased with our progress as we have moved into and beyond Commercial Production at the Eagle Gold Mine and we remain highly confident that the best is yet to come over a very long mine life", says John McConnell, President and CEO.

Third quarter 2020 operation highlights include:

Mine Production	2.1 million tonnes of ore
Ore stacked on the heap leach pad	1.9 million tonnes at average grade of 0.85 g/t
Gold Production	35,312 ounces
Gold Sold	32,029 ounces at an average realized price of \$2,512 (US\$1,886)/ounce
Operations Earnings	\$31.5 million
Cash costs	\$1,071 (US\$804) per ounce
All In Sustaining Costs	\$1,752 (US\$1,315) per ounce of gold sold in 3rd quarter
Cash & Cash Equivalents	\$40 million at September 30, after repaying \$35.6 million of principal payments against the Company's debt facilities for the nine months ending September 30

Since pouring first gold in September 2019, operations has been ramping up to full production. The mine reached Commercial Production on July 1, 2020, and ramp up continues as usual teething issues and learning curve experiences common to all start ups are worked through.

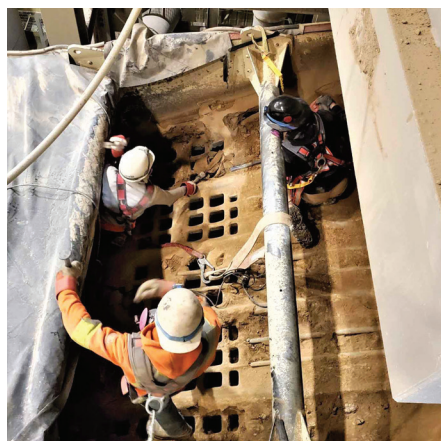
The ore has proven to be more abrasive than initially assumed in the detailed design. This has caused more wear than expected, requiring more frequent maintenance downtime and increased cost.

A Comprehensive Operations Reliability Enhancement Phase is well underway and is primarily focused on improving the feeders, chutes, and conveyor systems of the processing circuit.

The equipment required for the improvements has been ordered and is expected to be received in Q4, and installed in Q1.

Lastly, the COVID-19 pandemic has persisted throughout the ramp up phase and has had an adverse impact on operational performance.

We look forward to 2021 which will be the first year of full production at the Eagle Gold Mine. The Company remains committed to meeting and exceeding government mandated COVID-19 measures in order to continue to protect the health, safety and wellbeing of our employees, contractors, suppliers, partners and community members.



/ Maintenance crew working on the Secondary Crusher screen deck.

A Year Like No Other!

MESSAGE FROM THE PRESIDENT

2020 by all accounts has been like no other – the lives of everyone on the planet have been affected.

Victoria Gold made the decision very early to take COVID-19 very seriously and to implement safety measures above and beyond what was required. We worked with the Yukon Government to ensure that the Eagle Gold Mine operations could continue thereby enabling many Yukon businesses to continue operating as well.

I am very proud of our safety and operations team that developed and implemented new stringent safety protocols, our workforce who graciously adjusted their family life to work extended shifts, our partners who adapted with us, and for Yukoners who have supported us.

Despite the challenges, we have much to celebrate:

- We have successfully ramped up and achieved commercial production on July 1. To date, we have produced approximately 84,208 ounces of gold and looking forward to 2021 which will be our first year at full production.
- Our exciting new exploration discovery, Raven. Initial results are promising, and proves that the mineralization zone is much larger than originally interpreted.
- *Every Student, Every Day* raised \$260,000 at its gala fundraiser this year. The community came together once again to directly support students across the territory to improve their school attendance.

I am very aware that 2020 has been unexpectedly challenging for everyone and we at Victoria Gold remain committed to doing our part to support the local economy and communities.

Sincerely,
John McConnell

Eagle Extension Update

The Victoria Gold team continues to develop detailed information required for the submission of a Project Proposal relating to the Eagle Extension Project to the Yukon Environmental and Socio-economic Assessment Board (YESAB).

Engineering assessment, mine planning, additional environmental characterization, and engagement with various stakeholders is ongoing with a goal of continuing the meaningful discussion of the Extension Project with the First Nation of Na-cho Nyak Dun (FNNND) and our local communities throughout the remainder of 2020 and into 2021. Victoria is looking to utilize some exciting new technologies to make sure that all interested parties can review, understand and provide feedback on the Eagle Extension while remaining safe and healthy.

Eagle Extension Snapshot

Mine Life, Employment and Business Opportunities

- Extend the existing Eagle Gold Mine life from 9 years to 15 years
- Increase production rates from 29,500 tpd to 50,000 tpd
 - Redefine some waste rock as ore
 - Small increase to footprint of the existing Eagle pit (~10% larger)
- Development of the Olive deposit (i.e., Olive pits)

Other Components

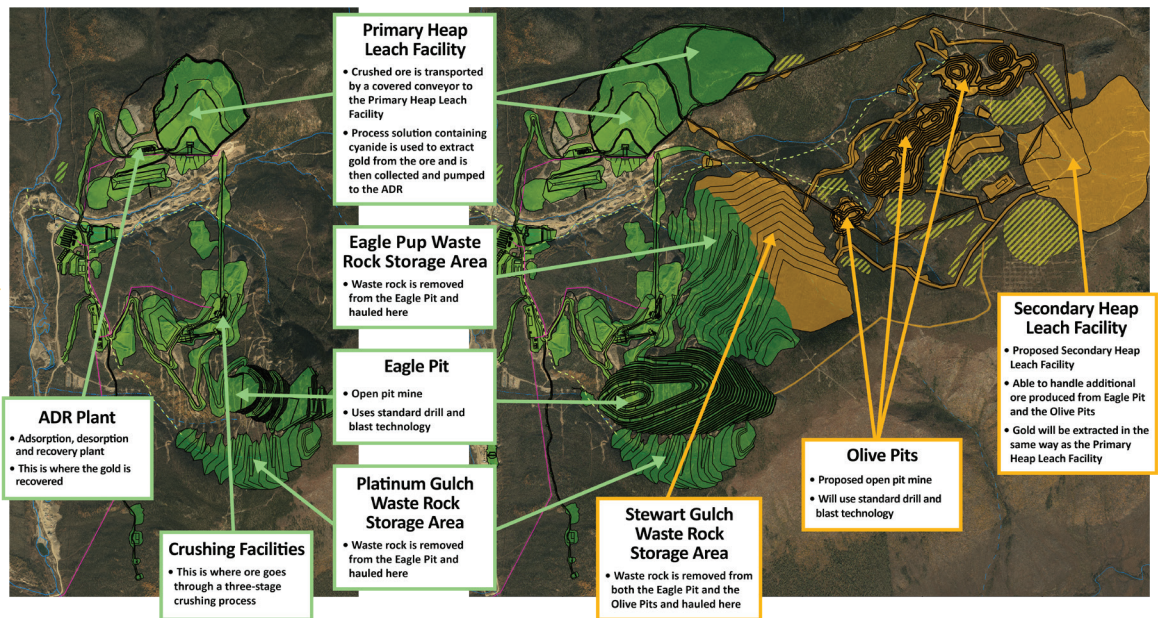
- Stewart Gulch WRSA (adjacent to currently permitted Eagle Pup WRSA)
- Construction of a secondary heap leach facility
- Potential increase of on-site power generation from 5 MW up to 20 MW
- Construction of additional conveying and water management infrastructure

Eagle Gold Mine Extension Project

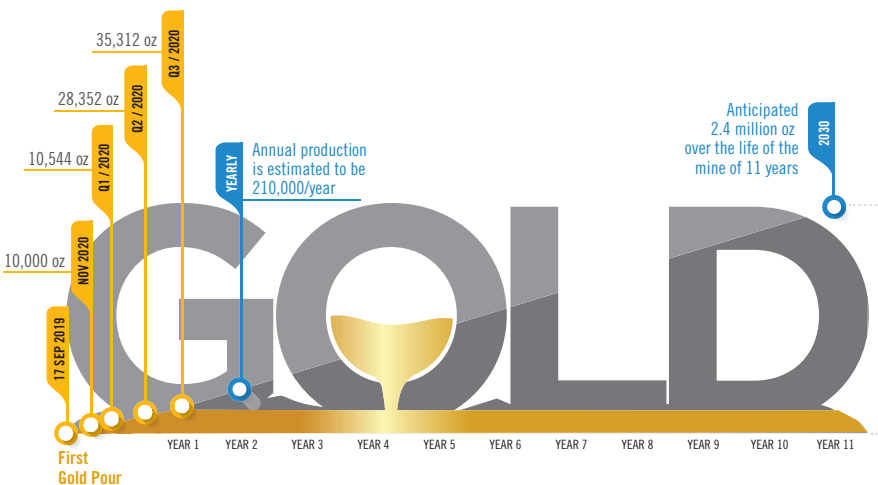
- Currently Permitted
- Extension Project

CURRENT SITE FOOTPRINT

END OF MINE FOOTPRINT



Gold Production

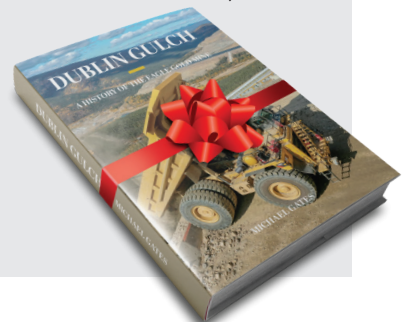


Dublin Gulch: A History of the Eagle Gold Mine, by Michael Gates

Yukon historian Michael Gates unearths the rich origin story of the Eagle Gold Mine, the largest gold mine ever to operate in the Yukon Territory.

Available in book stores, amazon.ca and Mayo Bigway. Proceeds of books sales at Mayo Bigway go directly to supporting *Every Student, Every Day* student attendance initiatives in Mayo.

Check out the series of Book Launch videos at www.VGCM.com.



Environmental Updates

In addition to the routine environmental sampling conducted by Victoria's Environment Department, this year also included independent, third party audits to ensure that the Eagle Gold Mine operates according to all Territorial license requirements, best management practices and engineering design. Specifically, these audits included detailed review of the Victoria Cyanide Management Plan, Victoria's environmental practices, and Physical Stability Inspections. When received, the results and recommendations from these audits and inspections will be reviewed to ensure Victoria's practices meet or exceed permit terms and planned goals.

This summer and fall our Environment Department advanced a series of programs focused on reclamation at the Eagle Gold Mine Site. Revegetation efforts were continued with additional seeding over large areas of the mine, willow staking of specific areas and a pilot scale cover trial plot on the Platinum Gulch Waste Rock



/ Willow staking/pole drain repair
(Photo: Kate Hale)

Storage Area where the rock was covered with site material designated for closure activities. This area will be used to study how water moves through the cover material. This information will be used to refine the final cover system design for Eagle's major facilities to return the mine site to a stable and self-sustaining environment when mining finishes.

As well, trials on seed mixtures for ongoing and final revegetation efforts at the mine have continued with great success. A native northern species mix used in these trials performed particularly well and has now become a prime candidate for Eagle's revegetation programs. To prepare for 2021 seeding, trial plots were established that test locally harvested seeds from a First Nation of Na-Cho Nyak Dun joint venture, Yukon Seed & Restoration Inc. Support for this year's programs was bolstered by local summer students and Laberge Environmental Services.



/ Platinum Gulch Pilot scale cover trial overview during construction

Exploration Update

In 2020, while the Eagle Gold Mine continued operations, Victoria conducted a targeted \$5 million mineral exploration program on the Dublin Gulch Property.

The July – September mineral exploration activities were focused on the Raven showing at the Nugget Zone and on the Lynx Zone. Exploration work culminated with over 8,040 metres of diamond drilling from 35 drillholes, over 3,000 metres of surface trenches, and more than 3,700 soil geochemical samples. Additionally, detailed geological mapping aided by hi-resolution drone data capture was completed over the targets.

The 2020 exploration team was comprised of a combination of Victoria Gold Geologists, Yukon First Nations and NND Development Corp. contractors as well as local Mayo employees – with Yukoners, First Nations and NND Citizens comprising over 50% of the crew.

Based on the strength of the 2020 Raven and Lynx results received, 2021 will see a much larger exploration program at Nugget, Raven and Lynx as

well as on the Olive-Shamrock, Bluto, and Falcon Zones of the greater Dublin Gulch property.

2020 was a banner year for Victoria and the Eagle Gold Mine as the Company progressed through its first full year of mine operations which was backstopped by continued exploration success at Raven and Lynx. Victoria's Exploration team looks forward to another busy and productive season in 2021 building on the successful campaigns of 2020.



/ Victoria Gold Geologists Ryan Burke and Alicia Cannata Inspecting Lynx Core – Sept, 2020

Team Building

Recruitment has been ongoing amid the COVID-19 pandemic. As of October 2020, we have hired 345 site-based employees, of which 50% are Yukoners and 10 of those are First Nation of Nacho Nyak Dun citizens. Victoria Gold's Eagle Gold Mine has generated much interest and we commit to provide meaningful jobs for Yukoners.

TEAM MEMBERS:

DEPARTMENT	OCT 2020
Mining	99
Maintenance	76
Technical Services	14
Health, Safety, Security	8
Supply Chain	10
Process	82
Human Resources	7
Site Services	37
Environmental	5
Information Technology	3
Administration	4
Total Team Members	345

We have been working diligently to overcome the many challenges created by COVID-19. On July 1, the Yukon border was reopened to BC, NWT and Nunavut. This enabled employees from those regions to come straight to the mine site without first isolating in Whitehorse. All other employees were still required to complete the mandatory 14-day isolation period in the Whitehorse before traveling to site. On October 28, the Yukon Government approved an alternate self-isolation plan that allows all employees, regardless of place of residence, to self-isolate at camp during their shift rotation. While doing so, employees are accommodated in a separate dormitory where they also take their meals. Masks are worn at all times and access to common areas such as the gym or rec room is denied for a 14-day period. These safety measures are decreasing the risk of transmission while affording all employees the ability to enjoy their full days off at home without interruption for isolation.

Although COVID-19 created challenges we still continue to grow. Student employment initiatives were successful this past summer with several Yukon students joining Victoria Gold to gain valuable work experience while working towards their educational goals.

Victoria Gold remains committed to supporting women in mining who fill a number of on-site positions across all departments. We strive to acquire the most qualified people for the positions available, while upholding our commitment to Yukon communities and ensuring that staff chosen are the "closest fit" to the selection criteria for the position and that each person will fit with our culture of safety first.

Every Student, Every Day

Record Breaking \$260,000 Raised

The volunteer organizers of the Victoria Gold Yukon Student Encouragement Society's *Every Student, Every Day* creatively reimagined its traditional Gala fundraising event to combine a physically-distanced in-person gathering with a broad online sponsorship appeal, silent auction and webcast live auction on Saturday, October 3.

Yukoners and Victoria Gold employees, shareholders, suppliers and contractors banded together to collectively raise over \$260,000 to directly address barriers to safe and regular student attendance in the Territory.

"We're in awe of the commitment our community demonstrates to our Yukon students' success, both in school and in life. There are so many people to thank for our fundraising success; in particular, Anne Turner and Angela Drainville for helping make this year's in-person event a reality," says Society President, Tara Christie.

"As always, Yukoners came together and can truly lead the way for other organizations and other jurisdictions. We can attest that connecting with our community champions is absolutely possible and is more urgent today than ever," continues Christie.

Since its establishment in 2012, *Every Student, Every Day* has now raised over \$1 million to directly support community lead student attendance projects across the Territory. The \$260,000 raised this year will go towards programs to be implemented in the 2021/2022 school year.

To learn more please visit www.everystudenteveryday.ca or find the charity via Facebook and Twitter.

Community Update

Twice a year, the Victoria Gold team puts out a call to First Nation of Na-cho Nyak Dun (NND) citizens pursuing post-secondary studies to apply for the Victoria Gold NND/CBA scholarship program.

Since the scholarship program's establishment in 2012, when Victoria worked with the NND Education Department to develop the criterion and application requirements, 111 scholarships have been awarded to NND citizens for a total disbursement over \$100,000.

The Victoria Gold/NND CBA Scholarship Program is part of the *Comprehensive Cooperation and Benefits Agreement (CBA)* signed by Victoria and NND in October 2011.



Fall 2020 Victoria Gold/NND CBA Scholarship recipient and First Nation of Na-cho Nyak Dun citizen Geri-Lee Buyck

Victoria Gold and NND congratulate the following NND students, and future leaders, who received CBA Scholarships for the Fall 2020 school semester and wishes them every success in their studies and on their career paths.

Asia Winter-Sinnott	Native Studies/Education, University of Alberta
Gavin Winter-Sinnott	Renewable Resource Management, Yukon University
Jana Modras	Business Management, University of BC
Alison Hill	Journalism Program, Southern Alberta Institute of Technology
Collin Skaper	Associates Degree, Computer Science Langara College
Geri-Lee Buyck	Bachelor of Arts, Vancouver Island University

Community Involvement

Mayo Volunteer Fire Department Annual Fireman's Ball – \$1,000

Northwestel Festival of Trees Winter Wonderland – \$15,000
Proceeds to Yukon Hospital Foundation

Whitehorse Winterval Santa Claus Parade of Lights – \$10,000
Proceeds to Yukon Imagination Library

Village of Mayo Halloween Event – \$1,000

Yukoners Living with Type One Diabetes Boulevard of Hope – \$1,000

Pumpkin Carving Contest

Victoria Gold hosted its first ever pumpkin carving contest at Eagle Gold Mine with assistance from NND Summit Camps who organized getting pumpkins to Eagle. Twelve people participated in the carving contest.



1st place winning pumpkin:
Terrance Clark, NND Summit Camps



2nd place pumpkin:
Joseph Sam, NND Summit Camps



3rd place pumpkin:
Engine Check Light
Lea Johnston, Victoria Gold

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