



Condensed Consolidated Interim Financial Statements

September 30, 2022 and 2021

(Unaudited)
(Expressed in Canadian Dollars)

Victoria Gold Corp.

September 30, 2022 and December 31, 2021

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
November 7, 2022

(signed) "Marty Rendall"
CFO
November 7, 2022

See accompanying notes to the condensed consolidated interim financial statements.

Victoria Gold Corp.
Condensed Consolidated Interim Statements of Financial Position

(Unaudited)

(Expressed in Canadian Dollars)

	Notes	September 30, 2022	December 31, 2021
Assets			
Current assets			
Cash and cash equivalents		\$ 36,022,982	\$ 31,250,867
Marketable securities and warrants		12,989,914	10,670,011
Receivables	5	2,877,407	956,104
Inventory	6	195,192,073	137,752,028
Current portion of derivative instruments	12	3,388,470	70,345
Prepaid expenses		2,835,349	6,737,332
		<u>253,306,195</u>	<u>187,436,687</u>
Non-current assets			
Restricted cash	7	620,245	519,761
Deferred taxes		24,149,009	27,676,840
Exploration and evaluation assets	7	69,359,796	49,353,477
Property, plant and equipment	8	664,847,059	626,400,098
		<u>\$ 1,012,282,304</u>	<u>\$ 891,386,863</u>
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	9	\$ 77,918,937	\$ 60,487,577
Income and mining taxes payable		557,054	8,056,570
Deferred premium	15	1,989,251	-
Current portion of lease liability	10	739,434	382,130
Current portion of derivative instruments	12	7,721,524	-
Current portion of long-term debt	11	61,718,306	55,702,552
		<u>150,644,506</u>	<u>124,628,829</u>
Non-current liabilities			
Deferred taxes		80,746,116	62,507,626
Lease liability	10	3,099,910	1,005,818
Derivative instruments	12	837,378	18,873,989
Long-term debt	11	190,002,252	151,250,785
Asset retirement obligations ("ARO")	13	42,096,728	39,988,179
		<u>467,426,890</u>	<u>398,255,226</u>
Shareholders' Equity			
Share capital	15	424,945,045	401,217,210
Contributed surplus		23,918,763	24,471,505
Accumulated other comprehensive loss		(2,034,311)	(1,996,992)
Retained earnings		85,760,820	59,753,479
Equity attributable to Victoria Gold shareholders		<u>532,590,317</u>	<u>483,445,202</u>
Non-controlling interest	7	12,265,097	9,686,435
Total equity		<u>544,855,414</u>	<u>493,131,637</u>
Total liabilities and shareholders' equity		<u>\$ 1,012,282,304</u>	<u>\$ 891,386,863</u>

See accompanying notes to the condensed consolidated interim financial statements.

Authorized for issue by the Board of
Directors on November 7th, 2022 and
signed on its behalf.

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

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

(Unaudited)
(Expressed in Canadian Dollars)

	Notes	Three month period ended		Nine month period ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Revenue		\$ 100,698,458	\$ 119,548,442	\$ 229,532,880	\$ 245,806,593
Cost of goods sold	18	65,475,675	47,987,910	115,853,709	100,980,615
Depreciation and depletion		19,524,992	17,922,720	48,819,792	43,639,573
Gross profit		15,697,791	53,637,812	64,859,379	101,186,405
Corporate general and administration	19	3,887,502	1,584,409	8,991,775	6,051,113
Operating earnings		11,810,289	52,053,403	55,867,604	95,135,292
Finance income		77,762	11,739	113,195	32,065
Finance costs	20	(4,133,100)	(3,260,883)	(9,820,270)	(10,203,396)
Unrealized gain (loss) on marketable securities		(937,015)	(373,310)	1,376,799	(78,074)
Unrealized and realized gain on derivative instruments	12	6,132,274	4,917,927	16,152,568	13,604,929
Foreign exchange gain (loss)		(15,025,082)	(6,671,046)	(18,907,191)	(772,732)
		(13,885,161)	(5,375,573)	(11,084,899)	2,582,792
Income (loss) before taxes		(2,074,872)	46,677,830	44,782,705	97,718,084
Current income and mining taxes		(912,962)	(4,260,000)	(1,182,306)	(4,260,000)
Deferred tax expense		(5,606,535)	(10,802,578)	(19,023,250)	(28,750,377)
Net income (loss)		\$ (8,594,369)	\$ 31,615,252	\$ 24,577,149	\$ 64,707,707
Other comprehensive income (loss)					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Currency translation adjustment		(122,596)	302	(74,165)	87,941
Total comprehensive income (loss) for the period		\$ (8,716,965)	\$ 31,615,554	\$ 24,502,984	\$ 64,795,648
Total comprehensive income (loss) for the period		\$ (8,594,369)	\$ 31,615,252	\$ 24,577,149	\$ 64,707,707
Net income (loss) attributable to:					
Shareholders of the Company		\$ (7,562,874)	\$ 31,678,665	\$ 26,007,341	\$ 64,948,354
Non-controlling interest		(1,031,495)	(63,413)	(1,430,192)	(240,647)
		\$ (8,594,369)	\$ 31,615,252	\$ 24,577,149	\$ 64,707,707
Other comprehensive income (loss) attributable to:					
Shareholders of the Company		\$ (61,985)	\$ (10,256)	\$ (37,319)	\$ 47,875
Non-controlling interest		(60,611)	10,558	(36,846)	40,066
		\$ (122,596)	\$ 302	\$ (74,165)	\$ 87,941
Comprehensive income (loss) attributable to:					
Shareholders of the Company		\$ (7,624,859)	\$ 31,668,409	\$ 25,970,022	\$ 64,996,229
Non-controlling interest		(1,092,106)	(52,855)	(1,467,038)	(200,581)
		\$ (8,716,965)	\$ 31,615,554	\$ 24,502,984	\$ 64,795,648
Earnings (loss) per share	14				
Basic		\$ (0.13)	\$ 0.51	\$ 0.38	\$ 1.04
Diluted		\$ (0.13)	\$ 0.48	\$ 0.38	\$ 0.99
Weighted average number of shares outstanding	14				
Basic		64,457,683	62,586,490	64,030,430	62,375,441
Diluted		64,457,683	65,902,319	64,723,924	65,691,270

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		Contributed surplus	Accumulated other comprehensive loss	Retained earnings (deficit)	Non-controlling interest	Total equity	
	Number of shares	Amount						
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	498,834	3,769,805	-	-	-	-	3,769,805	
Fair values allocated upon exercise:								
Stock options	-	900,857	(900,857)	-	-	-	-	
Share-based payments, expensed	-	-	2,252,388	-	-	-	2,252,388	
Total transactions with owners:	498,834	4,670,662	1,351,531	-	-	-	6,022,193	
Net income for the period	-	-	-	-	64,948,354	(240,647)	64,707,707	
Other comprehensive income/(loss):								
Currency translation adjustment	-	-	-	47,875	-	40,066	87,941	
Balance at September 30, 2021	15	62,615,874	\$ 400,411,216	\$ 24,224,969	\$ (1,969,822)	\$ 13,986,362	\$ 6,232,379	\$ 442,885,104
Balance at December 31, 2021		62,701,207	\$ 401,217,210	\$ 24,471,505	\$ (1,996,992)	\$ 59,753,479	\$ 9,686,435	\$ 493,131,637
Transactions with owners:								
Proceeds from share issue		1,000,000	20,000,000	-	-	-	20,000,000	
Proceeds from stock options exercised		309,334	2,320,005	-	-	-	2,320,005	
Shares issued for property		447,142	6,259,988	-	-	-	6,259,988	
Fair values allocated upon exercise:								
Stock options		-	897,842	(897,842)	-	-	-	
Share issuance costs		-	(1,102,739)	-	-	-	(1,102,739)	
Share-based payments, expensed		-	-	345,100	-	-	345,100	
Premium on flow-through shares		-	(4,647,261)	-	-	-	(4,647,261)	
Total transactions with owners:		1,756,476	23,727,835	(552,742)	-	-	23,175,093	
Non-controlling interest		-	-	-	-	4,045,700	4,045,700	
Net income (loss) for the period		-	-	-	26,007,341	(1,430,192)	24,577,149	
Other comprehensive income/(loss):								
Currency translation adjustment		-	-	-	(37,319)	(36,846)	(74,165)	
Balance at September 30, 2022	15	64,457,683	\$ 424,945,045	\$ 23,918,763	\$ (2,034,311)	\$ 85,760,820	\$ 12,265,097	\$ 544,855,414

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	Nine month period ended	
		September 30, 2022	September 30, 2021
Operating activities			
Net income for the period		\$ 24,577,149	\$ 64,707,707
Adjustments for:			
Depreciation and depletion		48,819,792	43,639,573
Share-based payments	16	1,832,654	2,252,388
Income and mining taxes		20,205,556	33,010,377
Finance costs		9,914,004	10,191,747
Unrealized (gain) loss on marketable securities		(1,376,799)	78,074
Unrealized (gain) loss on derivative instruments	12	(13,633,212)	(25,126,798)
Amortization		80,420	80,420
Unrealized foreign exchange loss, net		17,503,408	105,350
Operating cash flow before working capital adjustments		107,922,972	128,938,838
Working capital adjustments and income taxes paid:			
(Increase) decrease in receivables		(1,918,620)	(2,775,287)
(Increase) decrease in inventory		(57,440,045)	(38,654,160)
(Increase) decrease in marketable securities		(943,104)	(3,161,250)
(Increase) decrease in prepaid expenses and deposits		3,814,689	763,066
Increase (decrease) in accounts payables and accrued liabilities		11,621,727	(6,210,958)
Income taxes paid		(8,681,822)	-
		(53,547,175)	(50,038,589)
Net cash flows from operating activities		54,375,797	78,900,249
Investing activities			
Exploration and evaluation assets	7	(13,085,969)	(5,498,489)
Restricted cash		(85,646)	2,740,654
Purchase of property, plant and equipment		(79,583,962)	(73,168,645)
Net cash flows used in investing activities		(92,755,577)	(75,926,480)
Financing activities			
Shares issued for cash, net of issuance costs	15	23,010,810	-
Exercise of options		2,320,005	3,769,805
Interest paid		(5,997,310)	(7,286,154)
Equipment finance facility	11	5,235,429	3,148,470
Principal (repayment) draw of long-term debt	11	17,995,101	(43,399,795)
Principal repayment of lease liability		(576,659)	(558,782)
Net cash flows from (used in) financing activities		41,987,376	(44,326,456)
Foreign exchange gain on cash balances		1,164,519	45,528
Net increase (decrease) in cash and cash equivalents		4,772,115	(41,307,159)
Cash and cash equivalents, beginning of the period		31,250,867	56,136,314
Cash and cash equivalents, end of the period		36,022,982	\$ 14,829,155

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

Victoria Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine month periods ended September 30, 2022 and 2021

(Unaudited)

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Victoria Gold Corp. ("Victoria" or "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. 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.

2. BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2022 and September 30, 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, 2021, 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 50.32% interest in Lahontan Gold Corp. ("Lahontan").

These financial statements were approved by the Board of Directors for issue on November 7, 2022.

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, 2021.

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, 2021.

Victoria Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine month periods ended September 30, 2022 and 2021

(Unaudited)

(Expressed in Canadian Dollars)

5. RECEIVABLES

Receivables includes the following components:

	September 30, 2022	December 31, 2021
GST receivable	\$ 2,717,403	\$ 312,677
Trade and other receivables	160,004	643,427
Total	<u>\$ 2,877,407</u>	<u>\$ 956,104</u>

6. INVENTORY

Inventory includes the following components:

	September 30, 2022	December 31, 2021
Stockpiled ore	\$ 6,045,745	\$ 1,735,813
In-process inventory	\$ 161,478,926	115,430,127
Finished goods inventory	3,498,823	2,769,614
Total mineral inventory	<u>171,023,494</u>	<u>119,935,554</u>
Materials and supplies	24,168,579	17,816,474
Total	<u>\$ 195,192,073</u>	<u>\$ 137,752,028</u>

As at September 30, 2022, \$37.3 million (December 31, 2021 – \$27.1 million) of non-cash costs such as depreciation, depletion and site share-based compensation were included in inventory.

7. EXPLORATION AND EVALUATION ASSETS

	Other property interest (Nevada)	Dublin Gulch (Yukon)	Other properties **	Total
Balance December 31, 2021	\$ 12,026,909	\$ 35,743,396	\$ 1,583,172	\$ 49,353,477
Acquisitions	-	-	6,163,153	6,163,153
Salaries and benefits	708,220	917,122	-	1,625,342
Land claims and royalties	4,894	15,000	34,500	54,394
Environmental and permitting	-	4,085	-	4,085
Drilling and indirects	1,485,880	5,787,822	24,324	7,298,026
Other exploration	730,951	4,240,082	9,950	4,980,983
Exploration and evaluation costs for the period	<u>2,929,945</u>	<u>10,964,111</u>	<u>68,774</u>	<u>13,962,830</u>
Currency translation	(119,664)	-	-	(119,664)
Balance September 30, 2022	<u>\$ 14,837,190</u>	<u>\$ 46,707,507</u>	<u>\$ 7,815,099</u>	<u>\$ 69,359,796</u>

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

As of September 30, 2022, restricted cash consists of \$0.6 million primarily relating to other property interest, namely Santa Fe (December 31, 2021 – \$0.4 million).

During the nine months ended September 30, 2022, the Company purchased from Alexco Resource Corp, for Victoria shares, property claims contiguous to the Aurex property in Yukon along with Alexco's interest in an option agreement with Banyan Gold Corp.

Victoria Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine month periods ended September 30, 2022 and 2021

(Unaudited)

(Expressed in Canadian Dollars)

	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
Sale of property interest	-	-	(131,250)	(131,250)
Salaries and benefits	725,708	837,088	-	1,562,796
Land claims and royalties	676,158	115,800	64,845	856,803
Drilling and indirects	859,128	4,136,413	4,500	5,000,041
Other exploration	538,132	1,614,012	78,148	2,230,292
Exploration and evaluation costs for the year	2,799,126	6,703,313	147,493	9,649,932
Currency translation	(1,191,247)	-	-	(1,191,247)
Balance December 31 2021	\$ 12,026,909	\$ 35,743,396	\$ 1,583,172	\$ 49,353,477

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

8. PROPERTY, PLANT AND EQUIPMENT

	Other assets	Right-of-use assets	Leasehold improvements	Buildings & structures	Equipment	Mineral Properties	Total
Cost							
December 31, 2020	\$ 1,367,374	\$ 3,354,100	\$ 589,149	\$ 246,991,946	\$ 143,489,837	\$ 247,991,658	\$ 643,784,064
Additions	-	9,068	-	7,696,533	27,726,571	72,153,176	107,585,348
Disposals	-	(23,285)	-	-	-	-	(23,285)
December 31, 2021	1,367,374	3,339,883	589,149	254,688,479	171,216,408	320,144,834	751,346,127
Additions	381,383	3,028,056	-	31,292,806	17,954,159	35,335,361	87,991,765
Disposals	-	(1,475,648)	-	-	(63,533)	-	(1,539,181)
September 30, 2022	\$ 1,748,757	\$ 4,892,291	\$ 589,149	\$ 285,981,285	\$ 189,107,034	\$ 355,480,195	\$ 837,798,711
Accumulated amortization							
December 31, 2020	\$ 978,856	\$ 1,404,764	\$ 285,463	\$ 30,061,948	\$ 23,632,064	\$ 7,803,920	\$ 64,167,015
Charge	104,820	851,086	156,268	21,065,270	19,004,127	19,620,728	60,802,299
Disposals	-	(23,285)	-	-	-	-	(23,285)
December 31, 2021	1,083,676	2,232,565	441,731	51,127,218	42,636,191	27,424,648	124,946,029
Charge	92,796	670,689	110,564	18,059,379	15,988,949	14,568,106	49,490,483
Disposals	-	(1,475,648)	-	-	(9,212)	-	(1,484,860)
September 30, 2022	\$ 1,176,472	\$ 1,427,606	\$ 552,295	\$ 69,186,597	\$ 58,615,928	\$ 41,992,754	\$ 172,951,652
Net book value							
December 31, 2020	\$ 388,518	\$ 1,949,336	\$ 303,686	\$ 216,929,998	\$ 119,857,773	\$ 240,187,738	\$ 579,617,049
December 31, 2021	\$ 283,698	\$ 1,107,318	\$ 147,418	\$ 203,561,261	\$ 128,580,217	\$ 292,720,186	\$ 626,400,098
September 30, 2022	\$ 572,285	\$ 3,464,685	\$ 36,854	\$ 216,794,688	\$ 130,491,106	\$ 313,487,441	\$ 664,847,059

During the nine months ended September 30, 2022, the Company capitalized \$17.5 million (September 30, 2021 – \$26.7 million) of deferred stripping costs to mineral properties. The depletion expense related to deferred stripping for the nine months ended September 30, 2022 was \$2.2 million (September 30, 2021 – \$1.6 million). Included in the mineral properties balance at September 30, 2022 is \$51.8 million (September 30, 2021 – \$40.7 million) related to deferred stripping costs.

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Notes to the Condensed Consolidated Interim Financial Statements For the three and nine month periods ended September 30, 2022 and 2021

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The carrying value of equipment pledged as security for the related Equipment Financing Facility at September 30, 2022 was \$34.2 million (December 31, 2021 – \$32.4 million) (Note 11).

Certain of the Company's mining properties are subject to royalty arrangements based on their net smelter returns ("NSR"s). At September 30, 2022, 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 nor as a Royalty expense. The 1% cash NSR held by Franco-Nevada Corp. is included in Revenue as it does not impact ounces available for sale, and a Royalty expense recorded is associated with the cash payment.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include the following components:

	September 30, 2022	December 31, 2021
Trade payables	\$ 31,431,758	\$ 24,319,607
Accrued liabilities	41,895,565	31,317,279
Payroll related liabilities	4,591,614	4,850,691
Total	\$ 77,918,937	\$ 60,487,577

10. LEASE LIABILITY

	Total
As at December 31, 2021	\$ 1,387,948
Additions	3,028,056
Disposals	-
Interest expense	119,268
Lease payments	(695,928)
Lease liabilities at September 30, 2022	\$ 3,839,344
Current lease liability	\$ 739,434
Non-current lease liability	\$ 3,099,910

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.

Victoria Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine month periods ended September 30, 2022 and 2021

(Unaudited)

(Expressed in Canadian Dollars)

	September 30, 2022	December 31, 2021
MATURITY ANALYSIS		
< 1 year	\$ 739,434	\$ 382,130
1 to 3 years	670,014	215,779
3 to 5 years	1,665,302	790,039
> 5 years	764,594	-
Total	\$ 3,839,344	\$ 1,387,948

11. DEBT

The Loan Facilities are outlined below and include certain financial covenants that are calculated and reported each fiscal quarter. As at September 30, 2022, 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 SOFR plus 2.75%;
- Principal and interest are repayable in 12 equal quarterly installments which began on March 31, 2021.

As at September 30, 2022, principal of US\$41.7 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\$125 million loan facility with the following commercial terms:

- Interest rate of SOFR plus 2.75%;
- Accrued interest is repayable quarterly and began on March 31, 2021;
- Principal and accrued interest are due at maturity, on December 31, 2024, and may be repaid early without penalty.

As at September 30, 2022, principal of US\$114.9 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 rates of LIBOR plus 2.50-3.50%;
- 4-6 year, amortizing facility, maturing between December 31, 2022 and May 12, 2026 (the "Term") and;
- Secured by Cat mining equipment.

As at September 30, 2022, principal of US\$27.7 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.

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	September 30, 2022	December 31, 2021
Equipment Finance Facility, principal	\$ 37,761,944	\$ 38,883,671
Equipment Finance Facility, interest	498,937	339,794
Equipment Finance Facility, ending balance	<u>\$ 38,260,881</u>	<u>\$ 39,223,465</u>
Term Debt Facility, principal	\$ 56,521,024	\$ 83,100,854
Term Debt Facility, interest	18,711	1,419
Term Debt Facility, ending balance	<u>\$ 56,539,735</u>	<u>\$ 83,102,273</u>
Revolver Facility, principal	\$ 156,859,877	\$ 84,625,557
Revolver Facility, interest	60,065	2,042
Revolver Facility, ending balance	<u>\$ 156,919,942</u>	<u>\$ 84,627,599</u>
Total Debt	<u>\$ 251,720,558</u>	<u>\$ 206,953,337</u>
Less: Current portion	<u>(61,718,306)</u>	<u>(55,702,552)</u>
Long-term Debt	<u>\$ 190,002,252</u>	<u>\$ 151,250,785</u>

During the nine month period ended September 30, 2022 the Company incurred interest expense of \$7.2 million (September 30, 2021 – \$7.2 million) and amortized deferred financing charges of \$1.6 million (September 30, 2021 – \$2.6 million) in the condensed consolidated interim statements of income and comprehensive income.

The Equipment Finance Facility with Cat Financial is secured by leased equipment with a carrying value of \$34.2 million as of September 30, 2022 (December 31, 2021 – \$32.4 million).

The Company's scheduled debt principal repayments as at September 30, 2022 are summarized in the table, below:

	2022	2023	2024	2025	2026 and thereafter	Total
Term Debt Facility	\$ 11,422,500	\$ 45,690,000	\$ -	\$ -	\$ -	\$ 57,112,500
Revolving Loan Facility	-	-	157,451,357	-	-	157,451,357
Equipment Finance Facility	3,896,382	15,813,188	12,610,440	5,208,660	915,912	38,444,582
	<u>\$ 15,318,882</u>	<u>\$ 61,503,188</u>	<u>\$ 170,061,797</u>	<u>\$ 5,208,660</u>	<u>\$ 915,912</u>	<u>\$ 253,008,439</u>

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12. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative Instruments outstanding	Quantity outstanding	Remaining term	Exercise price	Fair value - asset (liability) (C\$)
<i>Current Instruments</i>				
<u>Gold forwards</u>				
Gold forwards	7,500 oz	October 2022 - December 2022	US\$2,004	3,388,470
				\$ 3,388,470
<u>Gold call options</u>				
Gold call options - sold	20,000 oz	April 13, 2023	US\$1,485	\$ (6,328,524)
<u>Warrants</u>				
Warrants	1,666,667	April 13, 2023	C\$9.375	(1,393,000)
<u>Interest rate swap</u>				
Interest rate swap		December 31, 2023		(837,378)
				(8,558,902)
<i>Total Instruments</i>				\$ (5,170,432)

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

Gold Forwards

In March 2022, the Company entered into gold forward contracts for 15,000 ounces of gold at a price of US\$2,004 per ounce with monthly expiry dates of July 30 through December 29, 2022. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and classified in the consolidated 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 \$6.3 million, based on US\$1,662 per ounce of gold and a foreign exchange rate of 1.3707 US\$ to C\$, in net income of the condensed consolidated interim statements of income and comprehensive income for the nine month period ended September 30, 2022.

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 consolidated 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 September 30, 2022 the gold call option fair value was \$6.3 million, based on US\$1,662 per ounce of gold and a foreign exchange rate of 1.3707 US\$ to C\$. The Company recognized the mark-to-market adjustment gain of \$3.0 million in net income of the condensed consolidated interim statements of income and comprehensive income for the nine month period ended September 30, 2022.

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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 consolidated 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 September 30, 2022, the warrant fair value was \$1.4 million based on the September 30, 2022 closing share price of \$8.19. The Company recognized the mark-to-market adjustment gain of \$8.2 million in net income of the condensed consolidated interim statements of income and comprehensive income for the nine month period ended September 30, 2022.

Interest rate swap

On July 31, 2022, the Company entered into an interest rate swap expiring on December 31, 2023. Under the terms of the swap, the SOFR interest rate is fixed at 3.18% for a nominal amount of US\$50.0 million. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and in the consolidated financial statements based on contractual maturity. These derivative financial instruments are recorded at fair value using external broker-dealer quotations. The Company recognized the mark-to-market adjustment loss of \$0.9 million in net income of the condensed consolidated interim statements of income and comprehensive income for the nine month period ended September 30, 2022.

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 or mineral properties 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.

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 5% 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 September 30, 2022 was determined to be \$60.4 million for Dublin Gulch (December 31, 2021 - \$49.7 million) and \$0.5 million for its interest in other properties, primarily Santa Fe (December 31, 2021 - \$0.4 million);
- b) weighted average risk-free interest rate at 3.1% 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 2035 for Dublin Gulch.

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

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	September 30, 2022	December 31, 2021
Balance, beginning of the period	\$ 39,627,610	\$ 27,855,642
Accretion on reclamation provision	861,334	725,951
ARO change due to revaluation	1,114,026	11,046,017
	<u>\$ 41,602,970</u>	<u>\$ 39,627,610</u>
Interest in other properties	493,758	360,569
Balance, end of the period	<u>\$ 42,096,728</u>	<u>\$ 39,988,179</u>

14. EARNINGS PER SHARE

(a) Basic

Basic earnings 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 September 30, 2022 September 30, 2021		Nine month period ended September 30, 2022 September 30, 2021	
Net income (loss)	\$ (8,594,369)	\$ 31,615,252	\$ 24,577,149	\$ 64,707,707
Weighted average number of common shares issued	64,457,683	62,586,490	64,030,430	62,375,441
Basic earnings (loss) per share	<u>\$ (0.13)</u>	<u>\$ 0.51</u>	<u>\$ 0.38</u>	<u>\$ 1.04</u>

(b) Diluted

	Three month period ended September 30, 2022 September 30, 2021		Nine month period ended September 30, 2022 September 30, 2021	
Net income (loss) attributable to common shareholders	\$ (8,594,369)	\$ 31,615,252	\$ 24,577,149	\$ 64,707,707
Weighted average number of common shares issued	64,457,683	62,586,490	64,030,430	62,375,441
Adjustment for:				
Warrants	-	1,666,667	-	1,666,667
Deferred share units & restricted share units	-	-	283,500	-
Stock options	-	1,649,162	409,995	1,649,162
Weighted average number of ordinary shares for diluted earnings per share	<u>64,457,683</u>	<u>65,902,319</u>	<u>64,723,924</u>	<u>65,691,270</u>
Diluted earnings (loss) per share	<u>\$ (0.13)</u>	<u>\$ 0.48</u>	<u>\$ 0.38</u>	<u>\$ 0.99</u>

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 64,457,683 and 62,615,874 shares for the nine month period ended September 30, 2022 and September 30, 2021, respectively.

On February 3, 2022, the Company closed a brokered flow-through share offering (the "Offering") raising gross proceeds of \$20.0 million, representing the issuance of 1,000,000 common shares priced at \$20.00 per share. Finders' fees of \$1,000,000 were paid for this transaction. Other issuance costs were paid in conjunction with the Offering. The flow-through shares were subject to a four-month hold period.

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Deferred premium on flow-through shares

The premium paid for flow-through shares in excess of the market value of the shares without the flow-through features is initially recognized as a liability. The liability is reduced and the reduction of premium liability is recorded as a tax recovery upon qualifying expenditures incurred. As at September 30, 2022, the Company has incurred \$10.2 million in qualifying exploration expenditures and has recognized a deferred premium liability of \$1,989,251 relating to the flow-through shares financing completed on February 3, 2022 (see above).

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 September 30, 2022, 4,907,773 (4,049,458 as at December 31, 2021) 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 September 30, 2022 and as at December 31, 2021, and changes during the periods ended on those dates is presented below:

	September 30, 2022			December 31, 2021		
	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	1,563,829	\$ 10.13	\$5,821,684	2,147,996	\$ 9.43	\$6,888,537
Granted	-	\$ -	-	-	\$ -	-
Exercised	(309,334)	\$ 7.50	(897,842)	(584,167)	\$ 7.55	(1,066,853)
Expired	-	\$ -	-	-	\$ -	-
Forfeited	-	\$ -	-	-	\$ -	-
Outstanding, end of the period	1,254,495	\$ 10.78	\$4,923,842	1,563,829	\$ 10.13	\$5,821,684

As at September 30, 2022, 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
December 9, 2019	409,995	409,995	\$ 8.05	December 9, 2022
December 14, 2020	844,500	844,500	\$ 12.10	December 14, 2023
	1,254,495	1,254,495		

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

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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 certain assumptions and a forfeiture rate of 9.4%.

As at September 30, 2022, the Company had restricted share units and deferred share units issued to directors, officers and employees of the Company outstanding as follows:

	September 30, 2022	
	Restricted share units	Deferred share units
Outstanding, beginning of the period	-	-
Granted	236,000	56,000
Exercised	-	-
Expired	-	-
Forfeited	(8,500)	-
Outstanding, end of the period	227,500	56,000

Restricted share units

On February 18, 2022, the Company granted 212,000 restricted share units ("RSU"). The RSUs were granted to eligible employees and vest one-third per year over three years from date of grant. Each RSU entitles the recipient to a payment in shares upon vesting unless the recipient elects to be paid in cash. The payment in cash is based on the market value of one common share at the end of the vesting period. Total share-based compensation expense related to RSUs for the nine month period September 30, 2022 was \$331,348 and \$8,346 was capitalized.

On May 9, 2022, the Company granted 24,000 RSUs. The RSUs were granted to an eligible employee and vest one-third per year over three years from date of grant. Each RSU entitles the recipient to a payment in shares upon vesting unless the recipient elects to be paid in cash. The payment in cash is based on the market value of one common share at the end of the vesting period. Total share-based compensation expense related to RSUs for the nine month period September 30, 2022 was \$25,754.

Deferred share units

On February 18, 2022, the Company granted 56,000 deferred share units ("DSU") to directors of the Company. The DSUs do not vest until the end of service as a director of the Company. Each vested DSU entitles the recipient to a payment either in shares or in cash at the option of the Company. The fair value of the DSUs 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 1.6%, an expected life of 3 years, an expected volatility of 56% and a dividend yield rate of nil. Total share-based compensation expense related to DSUs for the nine month period ended September 30, 2022 was \$345,100.

Warrants

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

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	September 30, 2022			December 31, 2021		
	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*).

17. RELATED PARTIES

Related parties include key management personnel, Coeur Mining, Inc., 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 nine month periods ended September 30, 2022 and September 30, 2021 was as follows:

	September 30, 2022	September 30, 2021
Salaries and other short term employment benefits	\$ 2,963,152	\$ 2,428,025
Share-based compensation	\$ 699,165	\$ 2,252,388

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18. COST OF GOODS SOLD

Cost of goods sold include the following components:

	Three month period ended		Nine month period ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Operating costs:				
Mining	\$ 21,240,642	\$ 18,433,856	\$ 62,993,398	\$ 57,367,950
Processing	31,262,817	26,513,672	81,424,865	67,580,718
Site services	4,767,347	4,121,413	15,466,167	14,864,944
Site general and administration costs	7,398,629	6,686,005	22,511,782	19,293,557
Royalty (Note 8)	968,778	1,290,187	2,068,839	2,532,786
Production costs	65,638,213	57,045,133	184,465,051	161,639,955
Change in inventory	(162,538)	(9,057,223)	(68,611,342)	(60,659,340)
Total	\$ 65,475,675	\$ 47,987,910	\$ 115,853,709	\$ 100,980,615

19. CORPORATE GENERAL AND ADMINISTRATION

Corporate general and administration costs include the following components:

	Three month period ended		Nine month period ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Salaries and benefits	\$ 759,296	\$ 612,360	\$ 2,861,252	\$ 2,544,408
Office and administrative	1,077,190	260,039	2,206,018	679,721
Share-based payments (Note 16)	1,195,735	331,110	1,684,089	1,515,775
Marketing	399,093	225,149	1,147,016	740,820
Professional fees	429,381	128,944	1,012,980	489,969
Amortization	26,807	26,807	80,420	80,420
Total	\$ 3,887,502	\$ 1,584,409	\$ 8,991,775	\$ 6,051,113

20. FINANCE COSTS

Finance costs include the following components:

	Three month period ended		Nine month period ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Interest on debt facilities (Note 11)	\$ 3,174,299	\$ 2,262,130	\$ 7,190,943	\$ 7,172,357
Amortization of deferred financing charges (Note 11)	471,717	776,204	1,645,185	2,559,847
Interest and bank charges	860	2,127	3,540	14,553
Interest expense on leases (Note 10)	41,490	36,022	119,268	118,915
Accretion on reclamation provision (Note 13)	444,734	184,400	861,334	337,724
Total	\$ 4,133,100	\$ 3,260,883	\$ 9,820,270	\$ 10,203,396

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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	Nevada	Corporate and other	Total
Three months ended September 30, 2022					
Revenue	\$ 100,698,458	\$ -	\$ -	\$ -	\$ 100,698,458
Cost of goods sold	65,475,675	-	-	-	65,475,675
Depreciation and depletion	19,524,992	-	-	-	19,524,992
Mine operating earnings	15,697,791	-	-	-	15,697,791
Corporate general & administration	385,058	-	2,027,857	1,474,587	3,887,502
Operating earnings (loss)	\$ 15,312,733	\$ -	\$ (2,027,857)	\$ (1,474,587)	\$ 11,810,289

	Eagle Mine	Dublin Gulch	Nevada	Corporate and other	Total
Nine months ended September 30, 2022					
Revenue	\$ 229,532,880	\$ -	\$ -	\$ -	\$ 229,532,880
Cost of goods sold	115,853,709	-	-	-	115,853,709
Depreciation and depletion	48,819,792	-	-	-	48,819,792
Mine operating earnings	64,859,379	-	-	-	64,859,379
Corporate general & administration	1,126,647	-	2,542,019	5,323,109	8,991,775
Operating earnings (loss)	\$ 63,732,732	\$ -	\$ (2,542,019)	\$ (5,323,109)	\$ 55,867,604
September 30, 2022					
Property, plant and equipment	\$ 664,782,526	\$ -	\$ -	\$ 64,533	\$ 664,847,059
Exploration and evaluation assets	\$ -	\$ 46,707,507	\$ 14,837,190	\$ 7,815,099	\$ 69,359,796
Total assets	\$ 890,784,142	\$ 46,707,507	\$ 14,837,190	\$ 59,953,464	\$ 1,012,282,303

	Eagle Mine	Dublin Gulch	Santa Fe	Corporate and other	Total
Three months ended September 30, 2021					
Revenue	\$ 119,548,442	\$ -	\$ -	\$ -	\$ 119,548,442
Cost of goods sold	47,987,910	-	-	-	47,987,910
Depreciation and depletion	17,922,720	-	-	-	17,922,720
Mine operating earnings	53,637,812	-	-	-	53,637,812
Corporate general & administration	251,641	-	-	1,332,768	1,584,409
Operating earnings (loss)	\$ 53,386,171	\$ -	\$ -	\$ (1,332,768)	\$ 52,053,403

	Eagle Mine	Dublin Gulch	Santa Fe	Corporate and other	Total
Nine months ended September 30, 2021					
Revenue	\$ 245,806,593	\$ -	\$ -	\$ -	\$ 245,806,593
Cost of goods sold	100,980,615	-	-	-	100,980,615
Depreciation and depletion	43,639,573	-	-	-	43,639,573
Mine operating earnings	101,186,405	-	-	-	101,186,405
Corporate general & administration	862,117	-	-	5,188,996	6,051,113
Operating earnings (loss)	\$ 100,324,288	\$ -	\$ -	\$ (5,188,996)	\$ 95,135,292
September 30, 2021					
Property, plant and equipment	\$ 618,076,817	\$ -	\$ -	\$ 171,760	\$ 618,248,577
Exploration and evaluation assets	\$ -	\$ 35,091,017	\$ 11,864,822	\$ 1,518,434	\$ 48,474,273
Total assets	\$ 760,708,135	\$ 35,091,017	\$ 11,864,822	\$ 19,214,991	\$ 826,878,965

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22. SUPPLEMENTARY CASH FLOW INFORMATION

	September 30, 2022	December 31, 2021
Non-cash investing and financing activities:		
Accounts payable and accrued liabilities relating to property, plant and equipment and exploration and evaluation asset expenditures	\$ 17,399,634	\$ 11,962,377
Stock-based compensation, capitalized to exploration and evaluation assets	\$ 8,346	\$ -
Income taxes paid	\$ 8,681,822	\$ -
Interest paid	\$ 5,997,309	\$ 9,275,041

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, 2021	\$ 206,953,337	\$ 1,387,948	\$ 208,341,285
Changes from financing activities:			
Net proceeds from Credit Facility draws	65,384,329	-	65,384,329
Principal paid	(42,153,799)	(576,660)	(42,730,459)
Interest paid	(5,878,041)	(119,268)	(5,997,309)
	224,305,826	692,020	224,997,846
Non-cash changes:			
Lease additions	-	3,028,056	3,028,056
Interest expense	7,181,268	119,268	7,300,536
Amortization of deferred financing charges	1,645,185	-	1,645,185
Foreign exchange loss (gain)	18,588,279	-	18,588,279
Balance September 30, 2022	\$ 251,720,558	\$ 3,839,344	\$ 255,559,902

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:

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	Classification	September 30, 2022		December 31, 2021	
		Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	Level 1	\$ 36,022,982	\$ 36,022,982	\$ 31,250,867	\$ 31,250,867
Restricted cash	Level 1	620,245	620,245	519,761	519,761
Marketable securities	Level 1	12,989,914	12,989,914	10,670,011	10,670,011
Receivables	Amortized Cost	2,877,407	2,877,407	956,104	956,104
Accounts payable and accrued liabilities	Amortized Cost	(77,918,937)	(77,918,937)	(60,487,577)	(60,487,577)
Lease liability	Amortized Cost	(3,839,344)	(3,839,344)	(1,387,948)	(1,387,948)
Debt	Amortized Cost	(251,720,558)	(251,720,558)	(206,953,337)	(206,953,337)
Fair value of derivative instruments	Level 2	(5,170,432)	(5,170,432)	(18,873,989)	(18,873,989)

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.