



Condensed Interim Financial Statements

June 30, 2023 and 2022

(Unaudited)

(Expressed in thousands of Canadian Dollars)

Victoria Gold Corp.

June 30, 2023 and December 31, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The accompanying condensed interim financial statements and all other financial information included in this report are the responsibility of management. The condensed 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 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 interim financial statements to satisfy itself that management is properly discharging its responsibilities to the Directors, who approve the condensed 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
August 9, 2023

(signed) "Marty Rendall"
CFO
August 9, 2023

See accompanying notes to the condensed interim financial statements.

Victoria Gold Corp.
Condensed Interim Statements of Financial Position
(Expressed in thousands of Canadian Dollars)

(Unaudited)

	<i>Notes</i>	June 30, 2023	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents		\$ 27,544	\$ 20,572
Marketable securities		11,814	12,805
Receivables	5	5,304	10,726
Inventory	6	228,360	211,713
Current portion of derivative instruments	13	1,974	-
Prepaid expenses		2,477	3,198
		<u>277,473</u>	<u>259,014</u>
Non-current assets			
Derivative instruments	13	713	-
Restricted cash		185	185
Investment in associate	9	2,356	2,806
Deferred taxes		-	26,769
Exploration and evaluation assets	7	61,063	57,219
Property, plant and equipment	8	668,361	670,813
		<u>668,361</u>	<u>670,813</u>
Total assets		<u>\$ 1,010,151</u>	<u>\$ 1,016,806</u>
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	10	\$ 54,863	\$ 89,554
Income and mining taxes payable		1,830	378
Current portion of lease liability	11	793	716
Current portion of derivative instruments	13	2,964	11,202
Current portion of long-term debt	12	60,277	62,477
		<u>120,727</u>	<u>164,327</u>
Non-current liabilities			
Deferred taxes		69,472	85,872
Lease liability	11	3,070	2,929
Long-term debt	12	200,169	184,512
Asset retirement obligations ("ARO")	14	35,872	34,980
		<u>208,583</u>	<u>208,293</u>
Total liabilities		<u>429,310</u>	<u>472,620</u>
Shareholders' Equity			
Share capital	16	449,988	426,260
Contributed surplus		19,718	23,737
Accumulated other comprehensive loss		(2,517)	(2,517)
Retained earnings		113,652	96,706
		<u>580,841</u>	<u>544,186</u>
Total shareholders' equity		<u>580,841</u>	<u>544,186</u>
Total liabilities and shareholders' equity		<u>\$ 1,010,151</u>	<u>\$ 1,016,806</u>

See accompanying notes to the condensed interim financial statements.

**Authorized for issue by the Board of
Directors on August 9th, 2023 and
signed on its behalf.**

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

Victoria Gold Corp.

Condensed Interim Statements of Income and Comprehensive Income

(Expressed in thousands of Canadian Dollars, except share and per share amounts)

(Unaudited)

		Three month period ended		Six month period ended	
	Notes	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Revenue		\$ 118,803	\$ 69,381	\$ 215,352	\$ 128,834
Cost of goods sold	19	75,286	30,290	133,223	50,378
Depreciation and depletion		18,884	16,226	36,511	29,295
Gross profit		24,633	22,865	45,618	49,161
Corporate general and administration	20	2,254	2,344	5,479	5,105
Operating earnings		22,379	20,521	40,139	44,056
Finance income		178	20	355	35
Finance costs	21	(6,054)	(3,121)	(11,867)	(5,688)
Unrealized gain (loss) on marketable securities		(671)	(1,899)	(992)	2,314
Share of loss from equity-accounted investment	9	(308)	-	(450)	-
Unrealized and realized gain (loss) on derivative instruments	13	5,898	16,200	(3,679)	10,020
Foreign exchange gain (loss)		5,674	(7,017)	5,260	(3,882)
		4,717	4,183	(11,373)	2,799
Income before taxes		27,096	24,704	28,766	46,855
Current income and mining taxes		(1,452)	(269)	(1,452)	(269)
Deferred tax expense		(9,682)	(7,311)	(10,368)	(13,417)
Net income		\$ 15,962	\$ 17,124	\$ 16,946	\$ 33,169
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Currency translation adjustment		-	27	-	48
Total comprehensive income for the period		\$ 15,962	\$ 17,151	\$ 16,946	\$ 33,217
Total comprehensive income for the period		\$ 15,962	\$ 17,124	\$ 16,946	\$ 33,169
Net income attributable to:					
Shareholders of the Company		\$ 15,962	\$ 17,306	\$ 16,946	\$ 33,568
Non-controlling interest		-	(182)	-	(399)
		\$ 15,962	\$ 17,124	\$ 16,946	\$ 33,169
Other comprehensive income attributable to:					
Shareholders of the Company		\$ -	\$ 14	\$ -	\$ 24
Non-controlling interest		-	13	-	24
		\$ -	\$ 27	\$ -	\$ 48
Comprehensive income attributable to:					
Shareholders of the Company		\$ 15,962	\$ 17,320	\$ 16,946	\$ 33,592
Non-controlling interest		-	(169)	-	(375)
		\$ 15,962	\$ 17,151	\$ 16,946	\$ 33,217
Earnings per share	15				
Basic		\$ 0.24	\$ 0.27	\$ 0.26	\$ 0.52
Diluted		\$ 0.24	\$ 0.25	\$ 0.26	\$ 0.49
Weighted average number of shares outstanding	15				
Basic		66,249,031	64,268,071	65,390,626	63,813,262
Diluted		66,754,400	67,472,733	65,895,995	67,017,923

See accompanying notes to the condensed interim financial statements.

Victoria Gold Corp.
Condensed Interim Statements of Changes in Shareholders' Equity
(Expressed in thousands of Canadian Dollars, except for share amounts)
(Unaudited)

	Notes	Share capital		Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Non-controlling interest	Total equity
		Number of shares	Amount					
Balance at December 31, 2021		62,701,207	\$ 401,217	\$ 24,472	\$ (1,997)	\$ 59,753	\$ 9,686	\$ 493,131
Transactions with owners:								
Proceeds from share issue		1,000,000	20,000	-	-	-	-	20,000
Proceeds from stock options exercised		309,334	2,320	-	-	-	-	2,320
Shares issued for property		447,142	6,260	-	-	-	-	6,260
Fair values allocated upon exercise:								
Stock options		-	898	(898)	-	-	-	-
Share issuance costs		-	(1,103)	-	-	-	-	(1,103)
Share-based payments, expensed		-	-	345	-	-	-	345
Premium on flow-through shares		-	(4,647)	-	-	-	-	(4,647)
Total transactions with owners:		1,756,476	23,728	(553)	-	-	-	23,175
Non-controlling interest		-	-	-	-	-	2,743	2,743
Net income (loss) for the period		-	-	-	-	33,568	(399)	33,169
Other comprehensive income/(loss):								
Currency translation adjustment		-	-	-	24	-	24	48
Balance at June 30, 2022	16	64,457,683	\$ 424,945	\$ 23,919	\$ (1,973)	\$ 93,321	\$ 12,054	\$ 552,266
Balance at December 31, 2022		64,522,683	\$ 426,260	\$ 23,737	\$ (2,517)	\$ 96,706	\$ -	\$ 544,186
Transactions with owners:								
Proceeds from stock options exercised		345,000	2,778	-	-	-	-	2,778
Proceeds from warrants exercised		1,666,667	15,625	-	-	-	-	15,625
Fair values allocated upon exercise:								
Stock options		-	966	(966)	-	-	-	-
Warrants		-	4,359	(4,359)	-	-	-	-
Share-based payments, expensed		-	-	1,051	-	-	-	1,051
Share-based payments, capitalized		-	-	255	-	-	-	255
Total transactions with owners:		2,011,667	23,728	(4,019)	-	-	-	19,709
Net income for the period		-	-	-	-	16,946	-	16,946
Balance at June 30, 2023	16	66,534,350	\$ 449,988	\$ 19,718	\$ (2,517)	\$ 113,652	\$ -	\$ 580,841

See accompanying notes to the condensed interim financial statements.

Victoria Gold Corp.
Condensed Interim Statements of Cash Flows
(Expressed in thousands of Canadian Dollars)
(Unaudited)

		Six month period ended	
	Notes	June 30, 2023	June 30, 2022
Operating activities			
Net income for the period		\$ 16,946	\$ 33,169
Adjustments for:			
Depreciation and depletion		36,511	29,295
Share-based payments	17	1,873	596
Income and mining taxes		11,820	13,686
Share of loss from equity-accounted investment	9	450	-
Finance costs		11,865	5,779
Unrealized (gain) loss on marketable securities		992	(2,314)
Unrealized (gain) loss on derivative instruments	13	2,458	(10,311)
Amortization		56	54
Unrealized foreign exchange (gain) loss, net		(5,761)	3,646
Operating cash flow before working capital adjustments		77,210	73,600
Working capital adjustments and income taxes paid:			
(Increase) decrease in receivables		5,422	(4,748)
(Increase) decrease in inventory		(16,647)	(62,771)
(Increase) decrease in marketable securities		-	(943)
(Increase) decrease in prepaid expenses and deposits		721	2,616
Increase (decrease) in accounts payables and accrued liabilities		(28,387)	4,980
		(38,891)	(60,866)
Net cash flows from operating activities		38,319	12,734
Investing activities			
Exploration and evaluation assets	7	(2,776)	(5,228)
Settlement of gold call options	13	(13,384)	-
Restricted cash		-	99
Purchase of property, plant and equipment		(41,011)	(43,302)
Net cash flows used in investing activities		(57,171)	(48,431)
Financing activities			
Shares issued for cash, net of issuance costs	16	-	22,972
Exercise of warrants and options		18,403	2,320
Interest paid		(9,723)	(3,750)
Equipment finance facility	12	7,002	5,235
Principal (repayment) draw of long-term debt, net	12	10,997	7,048
Principal repayment of lease liability		(393)	(384)
Net cash flows from financing activities		26,286	33,441
Foreign exchange gain on cash balances		(462)	136
Net increase in cash and cash equivalents		6,972	(2,120)
Cash and cash equivalents, beginning of the period		20,572	31,251
Cash and cash equivalents, end of the period		\$ 27,544	\$ 29,131

See accompanying notes to the condensed interim financial statements. Supplementary Cash Flow information is provided in Note 23.

Victoria Gold Corp.

Notes to the Condensed Interim Financial Statements

For the three and six month periods ended June 30, 2023 and 2022

(Unaudited)

(Tables expressed in thousands of Canadian Dollars, except share and per share amounts)

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-VGCM").

The Company is engaged in the operation, exploration, and acquisition of mineral properties. The Company's producing asset is 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 interim financial statements for the three and six months ended June 30, 2023 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2022, which have been prepared in accordance with IFRS.

These condensed interim financial statements include the accounts of Victoria and its 38.29% interest in Lahontan Gold Corp. ("Lahontan").

On January 1, 2023, the Company amalgamated with its subsidiary Victoria Gold (Yukon) Corp., (a British Columbia corporation). The prior period comparatives were presented on a consolidated basis.

These condensed interim financial statements were approved by the Board of Directors for issue on August 9, 2023.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed in these condensed interim financial statements are the same as those applied in the Company's audited consolidated financial statements for the year ended December 31, 2022.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these condensed 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 interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed 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 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, 2022.

Victoria Gold Corp.

Notes to the Condensed Interim Financial Statements For the three and six month periods ended June 30, 2023 and 2022

(Unaudited)

(Tables expressed in thousands of Canadian Dollars, except share and per share amounts)

5. RECEIVABLES

Receivables includes the following components:

	June 30, 2023	December 31, 2022
GST receivable	\$ 5,164	\$ 6,163
Trade and other receivables	140	4,563
Total	\$ 5,304	\$ 10,726

6. INVENTORY

Inventory includes the following components:

	June 30, 2023	December 31, 2022
Stockpiled ore	\$ 8,955	\$ 10,809
In-process inventory	178,646	159,590
Finished goods inventory	4,376	12,369
Total mineral inventory	191,977	182,768
Materials and supplies	36,383	28,945
Total	\$ 228,360	\$ 211,713

All inventories are valued at the lower of average cost or net realizable value. As at June 30, 2023, all inventories are valued at average cost which includes \$39.2 million (December 31, 2022 – \$38.2 million) of non-cash costs such as depreciation, depletion and site share-based compensation. The Company estimates there are 100,136 recoverable oz within mineral inventory as at June 30, 2023.

7. EXPLORATION AND EVALUATION ASSETS

	Dublin Gulch (Yukon)	Other properties **	Total
Balance December 31, 2022	\$ 49,378	\$ 7,841	\$ 57,219
Salaries and benefits	864	-	864
Land claims and royalties	15	60	75
Environmental and permitting	4	-	4
Drilling and indirects	1,390	-	1,390
Other exploration	1,511	-	1,511
Exploration and evaluation costs for the period	3,784	60	3,844
Balance June 30, 2023	\$ 53,162	\$ 7,901	\$ 61,063

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

Victoria Gold Corp.

Notes to the Condensed Interim Financial Statements For the three and six month periods ended June 30, 2023 and 2022

(Unaudited)

(Tables expressed in thousands of Canadian Dollars, except share and per share amounts)

	Other property interest (Nevada)	Dublin Gulch (Yukon)	Other properties **	Total
Balance December 31, 2021	\$ 12,027	\$ 35,743	\$ 1,583	\$ 49,353
Acquisitions	-	-	6,163	6,163
Salaries and benefits	708	1,325	-	2,033
Land claims and royalties	5	27	35	67
Environmental and permitting	-	4	-	4
Drilling and indirects	1,486	7,015	24	8,525
Other exploration	731	5,264	36	6,031
Exploration and evaluation costs for the year	2,930	13,635	95	16,660
Currency translation	(557)	-	-	(557)
Deemed disposal of Lahontan property	(14,400)	-	-	(14,400)
Balance December 31, 2022	\$ -	\$ 49,378	\$ 7,841	\$ 57,219

** Other properties include interests in Donjek, Aurex, 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, 2021	\$ 1,367	\$ 3,340	\$ 589	\$ 254,689	\$ 171,216	\$ 320,145	\$ 751,346
Additions	382	3,029	-	45,280	24,485	39,858	113,034
Disposals	-	(1,476)	-	-	(64)	-	(1,540)
December 31, 2022	1,749	4,893	589	299,969	195,637	360,003	862,840
Additions	-	611	-	42,755	15,239	(24,090)	34,515
Disposals	-	(438)	-	-	-	-	(438)
June 30, 2023	\$ 1,749	\$ 5,066	\$ 589	\$ 342,724	\$ 210,876	\$ 335,913	\$ 896,917
Accumulated amortization							
December 31, 2021	\$ 1,084	\$ 2,233	\$ 441	\$ 51,127	\$ 42,636	\$ 27,425	\$ 124,946
Charge	124	898	148	24,778	21,751	20,867	68,566
Disposals	-	(1,476)	-	-	(9)	-	(1,485)
December 31, 2022	1,208	1,655	589	75,905	64,378	48,292	192,027
Charge	135	457	-	13,718	10,166	12,491	36,967
Disposals	-	(438)	-	-	-	-	(438)
June 30, 2023	\$ 1,343	\$ 1,674	\$ 589	\$ 89,623	\$ 74,544	\$ 60,783	\$ 228,556
Net book value							
December 31, 2021	\$ 283	\$ 1,107	\$ 148	\$ 203,562	\$ 128,580	\$ 292,720	\$ 626,400
December 31, 2022	\$ 541	\$ 3,238	\$ -	\$ 224,064	\$ 131,259	\$ 311,711	\$ 670,813
June 30, 2023	\$ 406	\$ 3,392	\$ -	\$ 253,101	\$ 136,332	\$ 275,130	\$ 668,361

During the six months ended June 30, 2023, the Company capitalized \$9.0 million (June 30, 2022 – \$9.8 million) of deferred stripping costs to mineral properties. The depletion expense related to deferred stripping for the six months ended June 30, 2023 was \$2.8 million (June 30, 2022 – \$1.4 million). Included in the mineral properties balance at June 30, 2023 is \$80.0 million (June 30, 2022 – \$53.0 million) related to deferred stripping costs.

Victoria Gold Corp.

Notes to the Condensed Interim Financial Statements

For the three and six month periods ended June 30, 2023 and 2022

(Unaudited)

(Tables expressed in thousands of Canadian Dollars, except share and per share amounts)

The carrying value of equipment pledged as security for the related Equipment Financing Facility at June 30, 2023 was \$42.9 million (December 31, 2022 – \$43.7 million) (Note 12).

Mineral Properties includes construction in progress which gets transferred and allocated to buildings & structures, equipment, and other assets.

Certain of the Company's mining properties are subject to royalty arrangements based on their net smelter returns ("NSR"s). At June 30, 2023, 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. INVESTMENT IN ASSOCIATE

As at June 30, 2023, the Company had a 38.29% (December 31, 2022 – 49.89%) ownership interest in Lahontan. The following table summarizes the change in investment in Lahontan for the period ended June 30, 2023:

	June 30, 2023	December 31, 2022
Balance, beginning of the period	\$ 2,806	\$ 8,004
Loss on deemed disposal of subsidiary	-	(4,973)
Share of loss from equity-accounted investment	(450)	(225)
Balance, end of the period	\$ 2,356	\$ 2,806

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include the following components:

	June 30, 2023	December 31, 2022
Trade payables	\$ 18,639	\$ 51,613
Accrued liabilities	31,964	32,552
Payroll related liabilities	4,260	5,389
Total	\$ 54,863	\$ 89,554

Victoria Gold Corp.

Notes to the Condensed Interim Financial Statements

For the three and six month periods ended June 30, 2023 and 2022

(Unaudited)

(Tables expressed in thousands of Canadian Dollars, except share and per share amounts)

11. LEASE LIABILITY

	Total
As at December 31, 2022	\$ 3,645
Additions	611
Interest expense	77
Lease payments	(470)
Lease liabilities at June 30, 2023	\$ 3,863
Current lease liability	\$ 793
Non-current lease liability	\$ 3,070

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.

	June 30, 2023	December 31, 2022
MATURITY ANALYSIS		
< 1 year	\$ 793	\$ 716
1 to 3 years	1,278	1,253
3 to 5 years	1,309	1,044
> 5 years	483	632
Total	\$ 3,863	\$ 3,645

12. DEBT

On February 22, 2023, the Company further amended its Loan Facility dated December 18, 2020, as amended December 20, 2021 and June 16, 2022. Pursuant to the amended Loan Facility, the Company has added Desjardins and National Bank to the syndicate, replacing BNP Paribas. In addition, the Company has increased the amount of the Term Facility by US\$25.0 million and extended the maturity date of the Term Facility to September 30, 2024. The Term Facility is repayable in seven equal quarterly instalments through to the Maturity Date. There has been no change to the Revolving Credit Facility which continues to have a limit of US\$125 million and a maturity date of December 31, 2024.

The Loan Facilities are outlined below and include certain financial covenants related to maintaining a leverage ratio at less than or equal to 3.0, an interest service coverage ratio at greater than or equal to 4.0 and a tangible net worth covenant. As at June 30, 2023, the Company is in compliance with all financial covenants.

Loan Facilities

Term Facility

US\$58 million loan facility with the following commercial terms:

- Interest rate of SOFR plus 3.00%;
- Principal and interest are repayable in 7 equal quarterly installments.

Victoria Gold Corp.

Notes to the Condensed Interim Financial Statements For the three and six month periods ended June 30, 2023 and 2022

(Unaudited)

(Tables expressed in thousands of Canadian Dollars, except share and per share amounts)

As at June 30, 2023, 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 3.00%;
- Accrued interest is repayable quarterly;
- Principal and accrued interest are due at maturity, on December 31, 2024, and may be repaid early without penalty.

As at June 30, 2023, principal of US\$119.9 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 SOFR plus 2.50-3.50%;
- 4-6 year, amortizing facility, maturing between April 19, 2023 and April 14, 2027 (the "Term") and;
- Secured by Cat mining equipment.

As at June 30, 2023, principal of US\$34.3 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.

	June 30, 2023	December 31, 2022
Equipment Finance Facility, principal	\$ 45,403	\$ 46,141
Equipment Finance Facility, interest	936	675
Equipment Finance Facility, ending balance	<u>\$ 46,339</u>	<u>\$ 46,816</u>
Term Debt Facility, principal	\$ 55,116	\$ 44,784
Term Debt Facility, interest	13	18
Term Debt Facility, ending balance	<u>\$ 55,129</u>	<u>\$ 44,802</u>
Revolver Facility, principal	\$ 158,656	\$ 155,216
Revolver Facility, interest	322	155
Revolver Facility, ending balance	<u>\$ 158,978</u>	<u>\$ 155,371</u>
Total Debt	\$ 260,446	\$ 246,989
Less: Current portion	<u>(60,277)</u>	<u>(62,477)</u>
Long-term Debt	<u>\$ 200,169</u>	<u>\$ 184,512</u>

During the six month period ended June 30, 2023 the Company incurred interest expense of \$10.7 million (June 30, 2022 – \$4.0 million) and amortized deferred financing charges of \$0.6 million (June 30, 2022 – \$1.2 million) in the condensed interim statements of income and comprehensive income.

The Equipment Finance Facility with Cat Financial is secured by leased equipment with a carrying value of \$42.9 million as of June 30, 2023 (December 31, 2022 – \$43.7 million).

Victoria Gold Corp.

Notes to the Condensed Interim Financial Statements For the three and six month periods ended June 30, 2023 and 2022

(Unaudited)

(Tables expressed in thousands of Canadian Dollars, except share and per share amounts)

The Company's scheduled debt principal repayments as at June 30, 2023 are summarized in the table, below:

	2023	2024	2025	2026	2027 and thereafter	Total
Term Debt Facility	\$ 22,067	\$ 33,100	\$ -	\$ -	\$ -	\$ 55,167
Revolving Loan Facility	-	158,707	-	-	-	158,707
Equipment Finance Facility	7,541	14,034	13,240	7,944	3,077	45,836
	<u>\$ 29,608</u>	<u>\$ 205,841</u>	<u>\$ 13,240</u>	<u>\$ 7,944</u>	<u>\$ 3,077</u>	<u>\$ 259,710</u>

13. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative Instruments outstanding	Quantity outstanding	Remaining term	Exercise price	Fair value - asset (liability) (C\$)
<i>Current Instruments</i>				
<i>Gold Forwards</i>				
Gold forwards	27,000 oz	July 2023 - December 2023	US\$1,887	\$ (2,263)
Gold forwards	15,000 oz	January 2024 - June 2024	US\$2,051	851
<i>Currency Contracts</i>				
Currency contracts	US\$36.0M	July 2023 - December 2023	US/C 1.3699	1,123
<i>Interest rate swap</i>				
Interest rate swap		December 31, 2023		(701)
				<u>\$ (990)</u>
<i>Long-term Instruments</i>				
<i>Gold Forwards</i>				
Gold forwards	7,500 oz	July 2024 - September 2024	US\$2,120	713
<i>Total Instruments</i>				
				<u>\$ (277)</u>

Gold Forwards

As at June 30, 2023, the Company has gold forward contracts for a total of 49,500 ounces of gold at a weighted average price of US\$1,972 per ounce with expiry dates ranging from January 2023 through to September 2024. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and classified in the condensed 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 loss of \$2.0 million, based on US\$1,920 per ounce of gold and a foreign exchange rate of 1.3240 US\$ to C\$, in net income of the condensed interim statements of income and comprehensive income for the period ended June 30, 2023.

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Currency Contracts

In March 2023, the Company entered into foreign exchange currency contracts for a notional amount of US\$4.0 million per month at a weighted average rate of US\$ to C\$ of 1.3699 and with monthly expiry dates of March 2023 through to December 2023. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and classified in the condensed 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 \$1.4 million in net income of the condensed interim statements of income and comprehensive income for the period ended June 30, 2023.

Gold Call Options

As part of the Eagle Gold Mine project financing, 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. The gold call options were settled by the Company on April 12, 2023, for US\$10.5 million. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and classified in the condensed 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 June 30, 2023 the gold call option fair value was \$nil, based on US\$1,920 per ounce of gold and a foreign exchange rate of 1.3240 US\$ to C\$. The Company recognized the mark-to-market adjustment loss of \$4.4 million in net income of the condensed interim statements of income and comprehensive income for the period ended June 30, 2023.

Warrants

As part of the Eagle Gold Mine project financing, 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 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 June 30, 2023, the warrant fair value was \$nil based on the June 30, 2023 closing share price of \$7.72 (Note 17). The Company recognized the mark-to-market adjustment gain of \$0.4 million in net income of the condensed interim statements of income and comprehensive income for the period ended June 30, 2023.

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 condensed interim 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 gain of \$0.9 million in net income of the condensed interim statements of income and comprehensive income for the period ended June 30, 2023.

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14. 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:

- total undiscounted amount of inflation adjusted future reclamation costs at June 30, 2023 was determined to be \$49.9 million for Dublin Gulch (December 31, 2022 - \$49.4 million);
- weighted average risk-free interest rate at 3.1% and a long-term inflation rate of 2.0%; and
- 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:

	June 30, 2023	December 31, 2022
Balance, beginning of the period	\$ 34,980	\$ 39,628
Accretion on reclamation provision	539	1,306
ARO change due to revaluation	353	(5,954)
Balance, end of the period	\$ 35,872	\$ 34,980

15. EARNINGS PER SHARE

(a) Basic

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

	Three month period ended		Six month period ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net income	\$ 15,962	\$ 17,124	\$ 16,946	\$ 33,169
Weighted average number of common shares issued	66,249,031	64,268,071	65,390,626	63,813,262
Basic earnings per share	\$ 0.24	\$ 0.27	\$ 0.26	\$ 0.52

Victoria Gold Corp.

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(b) Diluted

	Three month period ended		Six month period ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net income attributable to common shareholders	\$ 15,962	\$ 17,124	\$ 16,946	\$ 33,169
Weighted average number of common shares issued	66,249,031	64,268,071	65,390,626	63,813,262
Adjustment for:				
Warrants	-	1,666,667	-	1,666,667
Deferred share units & restricted share units	505,369	283,500	505,369	283,500
Stock options	-	1,254,495	-	1,254,495
Weighted average number of ordinary shares for	66,754,400	67,472,733	65,895,995	67,017,924
Diluted earnings per share	\$ 0.24	\$ 0.25	\$ 0.26	\$ 0.49

16. 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 66,534,350 and 64,457,683 shares for six month period ended June 30, 2023 and June 30, 2022, respectively.

17. SHARE-BASED PAYMENTS

Omnibus Incentive Plan

The omnibus incentive plan of the Company (the "Omnibus Plan") was most recently approved by the shareholders of the Company on May 10, 2023. 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 9% of the total number of issued and outstanding Common Shares. At June 30, 2023, 4,907,773 (4,907,773 as at December 31, 2022) 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 June 30, 2023 and as at December 31, 2022, and changes during the periods ended on those dates is presented below:

	June 30, 2023			December 31, 2022		
	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	1,189,495	\$ 10.93	\$ 4,742	1,563,829	\$ 10.13	\$ 5,822
Granted	330,000	\$ 10.44	1,534	-	\$ -	-
Exercised	(345,000)	\$ 8.05	(966)	(374,334)	\$ 7.60	(1,080)
Expired	-	\$ -	-	-	\$ -	-
Forfeited	(7,500)	\$ 10.44	(35)	-	\$ -	-
Outstanding, end of the period	1,166,995	\$ 11.64	\$ 5,275	1,189,495	\$ 10.93	\$ 4,742

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As at June 30, 2023, 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 14, 2020	844,500	844,500	\$ 12.10	December 14, 2023
January 27, 2023	322,495	82,500	\$ 10.44	January 27, 2028
	<u>1,166,995</u>	<u>927,000</u>		

The fair value of each option is accounted for in the condensed interim 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.

On January 27, 2023, the Company granted 330,000 incentive stock options with an exercise price of \$10.44 per option to directors, officers and employees of the Company. The stock options have a term of five years and expire on January 27, 2028. The fair value of these options, totaling \$1.5 million will be recognized (expensed and capitalized) over the vesting period of three years, of which \$0.6 million (\$0.5 million expensed and \$0.1 million capitalized) has been recognized as at June 30, 2023. The fair value of these options was calculated based on a risk-free annual interest rate of 3.2%, an expected life of 5.0 years, an expected volatility of 53% and a dividend yield rate of nil. This results in an estimated fair value of \$4.65 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 certain assumptions and a forfeiture rate of 8.0%.

As at June 30, 2023, the Company had restricted share units and deferred share units issued to directors, officers and employees of the Company outstanding as follows:

	June 30, 2023		December 31, 2022	
	Restricted share units	Deferred share units	Restricted share units	Deferred share units
Outstanding, beginning of the period	227,500	56,000	-	-
Granted	231,300	78,000	236,000	56,000
Exercised	(75,831)	-	-	-
Expired	-	-	-	-
Forfeited	(11,600)	-	(8,500)	-
Outstanding, end of the period	371,369	134,000	227,500	56,000

Restricted share units

During the six month period ended June 30, 2023, the Company granted 231,300 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 common shares at the end of the vesting period.

Total share-based compensation expense related to RSUs for the six month period ended June 30, 2023 was \$0.6 million (June 30, 2022 - \$0.3 million) and \$89,545 (June 30, 2022 - \$6,021) was capitalized.

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Deferred share units

During the six month period ended June 30, 2023, the Company granted 78,000 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 3.9%, an expected life of 3 years, an expected volatility of 55% and a dividend yield rate of nil. Total share-based compensation expense related to DSUs for the six month period ended June 30, 2023 was \$0.7 million (June 30, 2022 - \$0.3 million).

Warrants

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

	June 30, 2023			December 31, 2022		
	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	1,666,667	\$ 9.375	\$ 4,359
Granted	-	\$ -	-	-	\$ -	-
Exercised	(1,666,667)	\$ 9.375	\$ (4,359)	-	\$ -	-
Expired	-	\$ -	-	-	\$ -	-
Forfeited	-	\$ -	-	-	\$ -	-
Outstanding, end of the period	-	\$ 9.375	\$ -	1,666,667	\$ 9.375	\$ 4,359

These 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. The warrants were exercised on April 13, 2023, for gross proceeds of \$15.6 million.

18. RELATED PARTIES

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

The remuneration of directors and key management of the Company for the six month periods ended June 30, 2023 and June 30, 2022 was as follows:

	June 30, 2023	June 30, 2022
Salaries and other short term employment benefits	\$ 2,202	\$ 2,072
Share-based compensation	\$ 1,864	\$ 573

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19. COST OF GOODS SOLD

Cost of goods sold include the following components:

	Three month period ended		Six month period ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Operating costs:				
Mining	\$ 26,446	\$ 22,147	\$ 53,492	\$ 41,753
Processing	36,394	25,837	66,739	50,162
Site services	6,556	5,366	13,388	10,699
Site general and administration costs	8,701	8,586	15,520	15,113
Royalty (Note 8)	1,287	713	2,328	1,100
Production costs	79,384	62,649	151,467	118,827
Change in inventory	(2,701)	(31,762)	(9,209)	(58,616)
Less: Capitalized stripping (Note 8)	(1,397)	(597)	(9,035)	(9,833)
Total	\$ 75,286	\$ 30,290	\$ 133,223	\$ 50,378

20. CORPORATE GENERAL AND ADMINISTRATION

Corporate general and administration costs include the following components:

	Three month period ended		Six month period ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Salaries and benefits	\$ 1,032	\$ 989	\$ 2,205	\$ 2,102
Office and administrative	512	528	1,049	1,129
Share-based payments (Note 17)	267	78	1,433	488
Marketing	168	421	313	748
Professional fees	245	301	423	584
Amortization	30	27	56	54
Total	\$ 2,254	\$ 2,344	\$ 5,479	\$ 5,105

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21. FINANCE COSTS

Finance costs include the following components:

	Three month period ended		Six month period ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Interest on debt facilities (Note 12)	\$ 5,519	\$ 2,285	\$ 10,687	\$ 4,017
Amortization of deferred financing charges (Note 12)	243	548	562	1,173
Interest and bank charges	2	1	2	3
Interest expense on leases (Note 11)	41	44	77	78
Accretion on reclamation provision (Note 14)	249	243	539	417
Total	\$ 6,054	\$ 3,121	\$ 11,867	\$ 5,688

22. 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	Corporate and other	Total
Three months ended June 30, 2023				
Revenue	\$ 118,803	\$ -	\$ -	\$ 118,803
Cost of goods sold	75,286	-	-	75,286
Depreciation and depletion	18,884	-	-	18,884
Mine operating earnings	24,633	-	-	24,633
Corporate general & administration	-	-	2,254	2,254
Operating earnings (loss)	\$ 24,633	\$ -	\$ (2,254)	\$ 22,379
Six months ended June 30, 2023				
Revenue	\$ 215,352	\$ -	\$ -	\$ 215,352
Cost of goods sold	133,223	-	-	133,223
Depreciation and depletion	36,511	-	-	36,511
Mine operating earnings	45,618	-	-	45,618
Corporate general & administration	-	-	5,479	5,479
Operating earnings (loss)	\$ 45,618	\$ -	\$ (5,479)	\$ 40,139
June 30, 2023				
Property, plant and equipment	\$ 667,759	\$ -	\$ 602	\$ 668,361
Exploration and evaluation assets	\$ -	\$ 53,162	\$ 7,901	\$ 61,063
Total assets	\$ 921,277	\$ 53,162	\$ 35,712	\$ 1,010,151

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	Eagle Mine	Dublin Gulch	Nevada	Corporate and other	Total
Three months ended June 30, 2022					
Revenue	\$ 69,381	\$ -	\$ -	\$ -	\$ 69,381
Cost of goods sold	30,290	-	-	-	30,290
Depreciation and depletion	16,226	-	-	-	16,226
Mine operating earnings	22,865	-	-	-	22,865
Corporate general & administration	372	-	333	1,639	2,344
Operating earnings (loss)	\$ 22,493	\$ -	\$ (333)	\$ (1,639)	\$ 20,521
Six months ended June 30, 2022					
Revenue	\$ 128,834	\$ -	\$ -	\$ -	\$ 128,834
Cost of goods sold	50,378	-	-	-	50,378
Depreciation and depletion	29,295	-	-	-	29,295
Mine operating earnings	49,161	-	-	-	49,161
Corporate general & administration	742	-	514	3,849	5,105
Operating earnings (loss)	\$ 48,419	\$ -	\$ (514)	\$ (3,849)	\$ 44,056
December 31, 2022					
Property, plant and equipment	\$ 670,775	\$ -	\$ -	\$ 38	\$ 670,813
Exploration and evaluation assets	\$ -	\$ 49,378	\$ -	\$ 7,841	\$ 57,219
Total assets	\$ 917,100	\$ 49,378	\$ -	\$ 50,328	\$ 1,016,806

23. SUPPLEMENTARY CASH FLOW INFORMATION

	June 30, 2023	December 31, 2022
Non-cash investing and financing activities:		
Accounts payable and accrued liabilities relating to property, plant and equipment and exploration and evaluation asset expenditures	\$ 11,863	\$ 18,878
Stock-based compensation, capitalized to exploration and evaluation assets	\$ 144	\$ 10
Income taxes paid	\$ -	\$ 8,682
Interest paid	\$ 9,723	\$ 10,843

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

	Long term debt (Note 12)	Lease liability (Note 11)	Total
Balance December 31, 2022	\$ 246,989	\$ 3,645	\$ 250,634
Changes from financing activities:			
Net proceeds from Credit Facility draws	67,675	-	67,675
Principal paid	(49,676)	(393)	(50,069)
Interest paid	(9,646)	(77)	(9,723)
	255,342	3,175	258,517
Non-cash changes:			
Lease additions	-	611	611
Interest expense	10,687	77	10,764
Amortization of deferred financing charges	562	-	562
Foreign exchange loss (gain)	(6,145)	-	(6,145)
Balance June 30, 2023	\$ 260,446	\$ 3,863	\$ 264,309

24. 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:

	Classification	June 30, 2023		December 31, 2022	
		Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	Level 1	\$ 27,544	\$ 27,544	\$ 20,572	\$ 20,572
Restricted cash	Level 1	185	185	185	185
Marketable securities	Level 1	11,814	11,814	12,805	12,805
Receivables	Amortized Cost	5,304	5,304	10,726	10,726
Accounts payable and accrued liabilities	Amortized Cost	(54,863)	(54,863)	(89,554)	(89,554)
Lease liability	Amortized Cost	(3,863)	(3,863)	(3,645)	(3,645)
Debt	Amortized Cost	(260,446)	(260,446)	(246,989)	(246,989)
Fair value of derivative instruments	Level 2	(277)	(277)	(11,202)	(11,202)

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).

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(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, common share prices, common share price volatility, risk-free interest rate and expiry date.

(c) Foreign currency risk

The Company has debt facilities in US dollars being utilized. The Company funds certain 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.