



(an exploration and development stage company)

Condensed Consolidated Interim Financial Statements

May 31, 2017 and 2016

(Unaudited)
(Expressed in Canadian Dollars)

Victoria Gold Corp.

(an exploration and development stage company)

May 31, 2017 and February 28, 2017

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"). 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 consolidated 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 consolidated financial statements to satisfy itself that management is properly discharging its responsibilities to the Directors, who approve the consolidated 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
July 28, 2017

(signed) "Marty Rendall"
CFO
July 28, 2017

See accompanying notes to the condensed consolidated interim financial statements.

Victoria Gold Corp.
Condensed Consolidated Interim Statement of Financial Position

(Unaudited)

(Expressed in Canadian Dollars)

	<i>Notes</i>	May 31, 2017	February 28, 2017
Assets			
Current assets			
Cash and cash equivalents		\$ 62,725,584	\$ 59,588,197
Marketable securities and warrants	5	732,265	576,722
HST and other receivables		490,966	358,291
Prepaid expenses and deposits		3,482,420	213,433
		<u>67,431,235</u>	<u>60,736,643</u>
Non-current assets			
Restricted cash		1,904,741	1,870,954
Property and equipment	6	3,565,215	3,258,545
Resource properties	7	<u>129,068,242</u>	<u>123,373,522</u>
Total assets		<u>\$ 201,969,433</u>	<u>\$ 189,239,664</u>
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities		\$ 6,438,839	\$ 3,508,120
Deferred premium	10	<u>1,907,509</u>	<u>-</u>
		8,346,348	3,508,120
Non-current liabilities			
Asset retirement obligations ("ARO")	8	<u>1,118,408</u>	<u>1,104,821</u>
Total liabilities		<u>9,464,756</u>	<u>4,612,941</u>
Shareholders' Equity			
Share capital	10	215,902,332	207,603,077
Contributed surplus		21,554,274	21,040,214
Accumulated other comprehensive loss		(2,662,496)	(2,623,512)
Accumulated deficit		<u>(42,289,433)</u>	<u>(41,393,056)</u>
Total shareholder's equity		<u>192,504,677</u>	<u>184,626,723</u>
Total liabilities and equity		<u>\$ 201,969,433</u>	<u>\$ 189,239,664</u>

See accompanying notes to the condensed consolidated interim financial statements.

Authorized for issue by the Board
of Directors on July 28th, 2017 and
signed on its behalf.

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

Victoria Gold Corp.
Condensed Consolidated Interim Statements of Comprehensive Loss

(Unaudited)

(Expressed in Canadian Dollars)

	Notes	For the three month period ended May 31,	
		2017	2016
Operating expenses			
Salaries and benefits excluding share-based payments		\$ 510,960	\$ 339,416
Office and administrative		169,783	144,187
Share-based payments	11	324,868	23,810
Marketing		190,527	99,174
Legal and accounting		175,027	45,577
Consulting		99,200	5,000
Amortization		1,223	966
Foreign exchange (gain) loss		(255,218)	217,086
		<u>1,216,370</u>	<u>875,216</u>
Finance (income) costs			
Unwinding of present value discount: ARO		5,318	5,370
Interest and bank charges		871	1,069
Interest income		(140,739)	(11,902)
Change in fair value of marketable securities		(185,443)	26,714
		<u>(319,993)</u>	<u>21,251</u>
Net loss		(896,377)	(896,467)
Other Comprehensive income (loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Currency translation adjustment		(38,984)	96,032
Total items that may be reclassified subsequently to profit or loss		(38,984)	96,032
Total comprehensive loss for the period		<u>\$ (935,361)</u>	<u>\$ (800,435)</u>
Loss per share - basic and diluted	9	<u>\$ (0.002)</u>	<u>\$ (0.002)</u>
Weighted average number of shares			
Basic and diluted		508,576,574	380,882,706

See accompanying notes to the condensed consolidated interim financial statements.

Victoria Gold Corp.

Condensed Consolidated Interim Statement of Changes in Shareholder's Equity

(Unaudited)

(Expressed in Canadian Dollars)

Notes	Share capital		Contributed surplus	Accumulated other comprehensive loss	Accumulated deficit	Total equity	
	Number of shares	Amount					
	361,098,109	\$ 154,513,979	\$ 14,985,513	\$ (2,686,430)	\$ (40,659,629)	\$ 126,153,433	
Transactions with owners:							
	80,000,000	24,000,000				24,000,000	
		(6,620,000)	6,620,000			-	
	2,459,583	368,300				368,300	
		178,189	(178,189)			-	
		(150,415)	(57,292)			(207,707)	
			23,810			23,810	
			11,511			11,511	
	82,459,583	17,776,074	6,419,840	-	-	24,195,914	
					(896,467)	(896,467)	
				96,032		96,032	
Balance at May 31, 2016	10	443,557,692	\$ 172,290,053	\$ 21,405,353	\$ (2,590,398)	\$ (41,556,096)	\$ 149,548,912
		504,301,913	\$ 207,603,077	\$ 21,040,214	\$ (2,623,512)	\$ (41,393,056)	\$ 184,626,723
Transactions with owners:							
	11,494,253	10,000,000				10,000,000	
	786,250	166,000				166,000	
		87,278	(87,278)			-	
		(46,515)	-			(46,515)	
			324,868			324,868	
			276,470			276,470	
		(1,907,508)				(1,907,508)	
	12,280,503	8,299,255	514,060	-	-	8,813,315	
					(896,377)	(896,377)	
				(38,984)		(38,984)	
Balance at May 31, 2017	10	516,582,416	\$ 215,902,332	\$ 21,554,274	\$ (2,662,496)	\$ (42,289,433)	\$ 192,504,677

See accompanying notes to the condensed consolidated interim financial statements.

Victoria Gold Corp.
Condensed Consolidated Interim Statement of Cash Flows

(Unaudited)

(Expressed in Canadian Dollars)

	Notes	For the three month period ended May 31,	
		2017	2016
Cash flows from operating activities			
Net loss for the period		\$ (896,377)	\$ (896,467)
Adjustments for:			
Share-based payments	11	324,868	23,810
Unwinding of present value discount: ARO	8	5,318	5,370
Change in fair value of marketable securities		(185,443)	26,714
Amortization		1,223	966
Net unrealized foreign exchange (gain) loss		(232,081)	409,930
		(982,492)	(429,677)
Working capital adjustments:			
(Increase) decrease in HST and other receivables		(132,675)	(130,957)
(Increase) decrease in marketable securities		29,900	-
(Increase) decrease in prepaid expenses and deposits		(2,953,792)	(71,483)
Increase (decrease) in accounts payables and accrued liabilities		(99,492)	229,889
		(3,156,059)	27,449
Net cash flows used in operating activities		(4,138,551)	(402,228)
Cash flows used in investing activities			
Resource properties	7	(2,441,100)	(2,603,866)
Restricted cash		(60)	(60)
Purchase of property and equipment		(434,799)	(296,887)
Net cash flows used in investing activities		(2,875,959)	(2,900,813)
Cash flows from financing activities			
Shares issued for cash, net of issuance cost	10	9,953,485	23,792,293
Exercise of warrants and options		166,000	368,300
Net cash flows from financing activities		10,119,485	24,160,593
Foreign exchange gain (loss) on cash balances		32,412	(39,598)
Net increase (decrease) in cash and cash equivalents		3,137,387	20,817,954
Cash and cash equivalents, beginning of the period		59,588,197	13,942,137
Cash and cash equivalents, end of the period		\$ 62,725,584	\$ 34,760,091

See accompanying notes to the condensed consolidated interim financial statements. Supplementary Cash Flow information is provided in Note 15.

Victoria Gold Corp.

(an exploration and development stage company)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended May 31, 2017 and 2016

(Unaudited)

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Victoria Gold Corp. ("Victoria" or "the Company"), a British Columbia company, was incorporated in accordance with the Business Corporations Act (British Columbia) on September 21, 1981. The Company's common shares are listed on the TSX-Venture Exchange (TSX-V).

The Company is engaged in the acquisition, evaluation, exploration and development of mineral properties. To date, the Company has not realized any revenues from its properties and is considered to be an exploration and development stage company. The Company's registered office is located at 80 Richmond St. West, Suite 303, Toronto, Ontario, M5H 2A4, Canada.

The recoverability of the amounts shown for resource properties and related deferred costs is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing and permits to complete the development, and upon future profitable production or proceeds from disposition of these assets.

These condensed consolidated interim financial statements have been prepared using IFRS applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due for the foreseeable future. The Company's future is currently dependent upon its ability to successfully complete additional financing arrangements, secure all necessary permits, its ability to fulfil its planned exploration and development programs and upon future profitable production from, or the proceeds from the disposition of, its mineral properties. The Company periodically seeks financing to continue the exploration and development of its resource properties and to meet its future administrative requirements. Although the Company has been successful in raising funds to date, there can be no assurances that the steps management is taking, and will continue to take, will be successful in future reporting periods.

At May 31, 2017, Victoria Gold Corp. ("Victoria" or "the Company") had a working capital surplus of \$59,084,887 (compared with a surplus of \$57,228,523 at February 28, 2017), an accumulated deficit of \$42,289,433 (\$41,393,056 at February 28, 2017) and reported a net loss of \$896,377 (2016 net loss - \$896,467).

2. BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements for the three months ended May 31, 2017 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 February 28, 2017, which have been prepared in accordance with IFRSs.

These consolidated financial statements include the accounts of Victoria and its wholly-owned subsidiaries including:

- Victoria Resources (U.S.) Inc., a Nevada corporation,
- Gateway Gold Corp., a British Columbia corporation,
- Gateway Gold (USA) Corp., a Nevada corporation,
- StrataGold Corporation, a British Columbia corporation,

Gateway Gold Corp. and Gateway Gold (USA) Corp. (together referred to as "Gateway") were acquired by the Company on December 18, 2008.

StrataGold Corporation ("StrataGold") was acquired by the Company on June 4, 2009.

These financial statements were approved by the Board of Directors for issue on July 28, 2017.

Victoria Gold Corp.

(an exploration and development stage company)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended May 31, 2017 and 2016

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed in the presentation of these condensed consolidated interim financial statements are consistent with those of the previous financial year, with the exception of the future accounting pronouncement noted below:

The Company has evaluated International Financial Reporting Standard 15, Revenue from contracts with Customers ("IFRS 15") and has concluded that the application of IFRS 15 will not have an impact on its financial statements.

In addition, the Company has started the process of assessing the impact of IFRS 16 - Leases and IFRS 9 - Financial Instruments, but not yet evaluated the full impact of adopting these standards.

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 judgments made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended February 28, 2017.

5. MARKETABLE SECURITIES

	May 31, 2017	February 28, 2017
Current investments		
Opening balance	\$ 576,722	\$ 178,344
Additions	-	200,000
Disposals	(29,900)	-
Change in fair value	185,443	198,378
	<hr/>	<hr/>
Financial assets at fair value through profit and loss	\$ 732,265	\$ 576,722

Victoria Gold Corp.

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Notes to the Condensed Consolidated Interim Financial Statements

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6. PROPERTY AND EQUIPMENT

	Other assets	Buildings/ structure	Field & automotive equipment	Leasehold improvements	Total
Cost					
March 1, 2016	\$ 592,579	\$ 6,063,280	\$ 213,650	\$ 178,803	\$ 7,048,312
Additions	52,460	367,060	17,505	102,881	539,906
Disposals	-	-	-	(178,803)	(178,803)
February 28, 2017	645,039	6,430,340	231,155	102,881	7,409,415
Additions	17,961	402,650	14,188	-	434,799
Disposals	-	-	-	-	-
May 31, 2017	\$ 663,000	\$ 6,832,990	\$ 245,343	\$ 102,881	\$ 7,844,214
Accumulated amortization					
March 1, 2016	\$ 452,828	\$ 3,061,659	\$ 137,361	\$ 113,849	\$ 3,765,697
Charge	43,518	423,816	26,548	70,094	563,976
Disposals	-	-	-	(178,803)	(178,803)
February 28, 2017	496,346	3,485,475	163,909	5,140	4,150,870
Charge	10,647	105,929	6,409	5,144	128,129
Disposals	-	-	-	-	-
May 31, 2017	\$ 506,993	\$ 3,591,404	\$ 170,318	\$ 10,284	\$ 4,278,999
Net book value					
March 1, 2016	\$ 139,751	\$ 3,001,621	\$ 76,289	\$ 64,954	\$ 3,282,615
February 28, 2017	\$ 148,693	\$ 2,944,865	\$ 67,246	\$ 97,741	\$ 3,258,545
May 31, 2017	\$ 156,007	\$ 3,241,586	\$ 75,025	\$ 92,597	\$ 3,565,215

During the quarter ended May 31, 2017, the Company capitalized amortization related to resource properties of \$126,906 (\$152,748 – 2016).

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Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended May 31, 2017 and 2016

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7. RESOURCE PROPERTIES

	Santa Fe (Nevada)	Dublin Gulch (Yukon)	Other properties **	Total
Balance February 28, 2017	\$ 6,664,497	\$ 115,109,320	\$ 1,599,705	\$ 123,373,522
Acquisition	-	-	(15,000)	(15,000)
Salaries and benefits	17,631	582,311	-	599,942
Amortization	-	126,906	-	126,906
Office and administration	44,345	204,491	-	248,836
Land claims and royalties	-	424	25,420	25,844
Environmental and permitting	62,573	85,547	-	148,120
Government and community relations	-	214,506	-	214,506
Site operations	-	1,072,591	-	1,072,591
Engineering and design	-	1,641,605	-	1,641,605
Assaying	-	70,930	-	70,930
Drilling and indirects	-	963,079	-	963,079
Other exploration	-	470,403	-	470,403
Exploration and development costs for the period	124,549	5,432,793	25,420	5,582,762
Currency translation	126,958	-	-	126,958
Balance May 31, 2017	\$ 6,916,004	\$ 120,542,113	\$ 1,610,125	\$ 129,068,242

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

As of May 31, 2017, of the \$10.0M raised through the flow-through shares offering (*Note 10*), \$10.0 million is remaining to be spent on qualifying expenditures.

As of May 31, 2017, of the \$4.7M raised through the flow-through shares offering November 17, 2016, \$2.8 million is remaining to be spent on qualifying expenditures.

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Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars)

	Santa Fe (Nevada)	Dublin Gulch (Yukon)	Other properties **	Total
Balance February 29, 2016	\$ 7,251,971	\$ 105,031,450	\$ 1,432,087	\$ 113,715,508
Acquisition	-	-	-	-
Salaries and benefits	92,827	996,725	-	1,089,552
Amortization	-	559,473	-	559,473
Office and administration	15,991	466,541	-	482,532
Land claims and royalties	67,802	97,005	84,218	249,025
Environmental and permitting	34,645	295,484	-	330,129
Government and community relations	-	300,461	-	300,461
Site operations	-	1,518,846	-	1,518,846
Engineering and design	-	1,808,343	-	1,808,343
Assaying	-	495,464	-	495,464
Drilling and indirects	-	1,805,981	-	1,805,981
Other exploration	-	1,666,087	83,400	1,749,487
Asset retirement obligation adjustment	(650,013)	67,460	-	(582,553)
Exploration and development costs for the year	(438,748)	10,077,870	167,618	9,806,740
Currency translation	(148,726)	-	-	(148,726)
Balance February 28, 2017	\$ 6,664,497	\$ 115,109,320	\$ 1,599,705	\$ 123,373,522

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

8. 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 Resource properties dependent 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 Santa Fe and Dublin Gulch properties. The estimated costs of reclamation are based on current regulatory requirements and the estimated reclamation costs at the reporting date using the following assumptions:

- total undiscounted amount of inflation adjusted future reclamation costs was determined to be \$899,703 for Dublin Gulch and \$471,773 for Santa Fe;
- weighted average risk-free interest rate at 1.8% 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 2030 for Dublin Gulch and through 2023 for Santa Fe.

Victoria Gold Corp.
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Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended May 31, 2017 and 2016

(Unaudited)
 (Expressed in Canadian Dollars)

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

	May 31, 2017	February 28, 2017
Balance, beginning of period	\$ 1,104,821	\$ 2,915,110
Unwinding of discount: ARO	5,318	21,580
Currency translation	8,269	(66,009)
ARO expenditures incurred	-	(1,183,307)
ARO change due to change in estimates	-	(582,553)
Balance, end of period	<u>\$ 1,118,408</u>	<u>\$ 1,104,821</u>

9. LOSS PER SHARE

(a) Basic

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

	For the three months ended	
	May 31, 2017	May 31, 2016
Net income (loss)	\$ (896,377)	\$ (896,467)
Weighted average number of common shares issued	<u>508,576,574</u>	<u>380,882,706</u>
Basic earnings (loss) per share	<u>\$ (0.002)</u>	<u>\$ (0.002)</u>

(b) Diluted

The effect of potential issuances of shares under options would be anti-dilutive, and accordingly basic and diluted loss per share are the same.

10. 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 516,582,416 and 443,557,692 shares as at May 31, 2017 and 2016, respectively.

On May 3, 2017, the Company closed a non-brokered private placement flow-through shares offering (the "Offering") raising gross proceeds of \$10.0 million, representing the issuance of 11,494,253 common shares priced at \$0.87 per share. There were no finders' fees for this transaction, while other issuance cost were paid in conjunction with the Offering. The flow-through shares are subject to a four-month hold period.

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 filing of appropriate renunciation forms with the Canadian taxation authorities for qualifying expenditures already incurred. As at May 31, 2017, the Company has yet to incur any qualifying exploration expenditures and has recognized a deferred premium liability of \$1,907,509 relating to the flow-through shares financing completed on May 3, 2017 (see above).

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Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended May 31, 2017 and 2016

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11. SHARE - BASED PAYMENTS – EMPLOYEE SHARE OPTION PLAN AND WARRANTS

Stock options

The Company has adopted a stock option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date of grant. At May 31, 2017, 16,398,064 (17,509,439 as at February 28, 2017) additional stock options were available for grant under the Company's stock option plan.

A summary of the status of the Plan as at May 31, 2017 and as at February 28, 2017, and changes during the periods ended on those dates is presented below:

	May 31, 2017			February 28, 2017		
	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	29,541,667	\$ 0.25	\$3,883,389	33,415,000	\$ 0.20	\$3,564,847
Granted	1,190,000	\$ 0.72	476,714	6,060,000	\$ 0.56	1,915,464
Exercised	(786,250)	\$ 0.21	(87,278)	(9,153,333)	\$ 0.26	(1,368,197)
Expired	(60,000)	\$ 0.40	(14,808)	(780,000)	\$ 0.48	(228,725)
Forfeited	-	\$ -	-	-	\$ -	-
Outstanding, end of the period	29,885,417	\$ 0.27	\$4,258,017	29,541,667	\$ 0.25	\$3,883,389

As at May 31, 2017, the Company had stock options issued to directors, officers, employees and contractors of the Company outstanding as follows:

Date of grant	Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
May 28, 2012	100,000	100,000	\$ 0.27	May 28, 2017 *
January 11, 2013	3,650,000	3,650,000	\$ 0.25	January 11, 2018
January 10, 2014	6,001,667	6,001,667	\$ 0.12	January 10, 2019
January 14, 2015	6,203,750	6,203,750	\$ 0.16	January 14, 2018
December 15, 2015	6,680,000	6,680,000	\$ 0.15	December 15, 2020
August 9, 2016	600,000	300,000	\$ 0.70	August 9, 2021
January 12, 2017	5,460,000	1,365,000	\$ 0.55	January 12, 2020
April 24, 2017	1,190,000	297,500	\$ 0.72	April 24, 2020
	29,885,417	24,597,917		

* The expiry of this tranche of options was extended as the Company was on blackout at expiry through the end of the quarter and up to the date of these statements.

The fair value of each option is accounted for in the statement of comprehensive loss or capitalized to resource properties over the vesting period of the options, and the related credit is included in contributed surplus.

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On April 24, 2017, the Company granted 1,190,000 incentive stock options with an exercise price of \$0.72 per option to officers, employees and consultants of the Company. The stock options have a term of three years and expire on April 24, 2020. The fair value of these options totalling \$476,714 will be recognized (expensed and capitalized to resource properties) over the vesting period. The fair value of these options was calculated based on a risk-free annual interest rate of 0.8%, an expected life of 3.0 years, an expected volatility of 84% and a dividend yield rate of nil. This results in an estimated value of \$0.40 per option at the grant date using the Black-Scholes option-pricing model.

For purposes of the options granted, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model, with the above assumptions and a forfeiture rate of 8.86%.

Warrants

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

	May 31, 2017			February 28, 2017		
	Number of Warrants	Weighted average exercise price	Fair Value	Number of Warrants	Weighted average exercise price	Fair Value
Outstanding, beginning of the period	40,000,000	\$ 0.40	\$ 6,620,000	-	\$ -	\$ -
Issued	-	\$ -	-	40,000,000	\$ 0.40	6,620,000
Outstanding, end of the period	40,000,000	\$ 0.40	\$ 6,620,000	40,000,000	\$ 0.40	\$6,620,000

	Number of Warrants	Exercise price	Expiry date
Issued in private placement	40,000,000	\$ 0.40	May 10, 2019
	40,000,000		

The fair value of each warrant issues was 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 0.7%, an expected life of 3 years, an expected volatility of 84% and a dividend yield rate of nil.

Victoria Gold Corp.

(an exploration and development stage company)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended May 31, 2017 and 2016

(Unaudited)

(Expressed in Canadian Dollars)

12. 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 who are not independent for the three months ended May 31, 2017 and 2016 was as follows:

	<u>2017</u>	<u>2016</u>
Salaries and other short term employment benefits	\$ 327,083	\$ 191,655
Share based compensation	\$ 227,397	\$ 18,085

The amounts above have been awarded solely to officers of the Company for work performed in their full-time capacity for the Company.

13. COMMITMENTS AND CONTINGENCIES

Operating Leases

At May 31, 2017, the Company has future minimum annual operating lease commitments for vehicles and office premises in: (1) Vancouver, BC, (2) Toronto, Ontario and (3) Whitehorse, Yukon, as follows:

to February 28, 2018	\$	421,269
to February 28, 2019		459,123
to February 29, 2020		447,752
to February 28, 2021		351,803
to February 28, 2022 and thereafter		279,501
Total	\$	<u>1,959,448</u>

Victoria Gold Corp.

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Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended May 31, 2017 and 2016

(Unaudited)

(Expressed in Canadian Dollars)

14. SEGMENTED INFORMATION

The Company's principal activity is the exploration and development of mineral properties. The Company reports separately three operating segments, corporate segment and mineral exploration and development in two geographical segments, Canada and the United States. A breakdown of mineral properties by geographic expenditures is disclosed in *Note 7*.

In millions of Cdn \$	Canada	USA	Corporate	Total
As at May 31, 2017				
Property and equipment	3.6	-	-	3.6
Resource properties	122.2	6.9	-	129.1
Total Assets	144.0	8.8	49.2	202.0
As at February 28, 2017				
Property and equipment	3.3	-	-	3.3
Resource properties	116.7	6.7	-	123.4
Total Assets	126.2	8.5	54.5	189.2
Three months ended May 31, 2017				
Net loss/(income)	0.2	-	0.7	0.9
Three months ended May 31, 2016				
Net loss/(income)	0.1	-	0.8	0.9

15. SUPPLEMENTARY CASH FLOW INFORMATION

	May 31, 2017	February 28, 2017
Non-cash investing and financing activities:		
Accounts payable and accrued liabilities relating to resource property expenditures	\$ 2,933,763	\$ 310,817
Stock-based compensation, capitalized to resource properties (<i>Note 11</i>)	\$ 276,470	\$ 195,593
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -