

## **Victoria Gold Announces Comprehensive C\$500 Million Financing Package for Eagle and Continuation of Construction Activities**

Toronto, ON / March 8, 2018 / Victoria Gold Corp. (TSX.V-VIT) “Victoria” or the “Company” is pleased to announce that it has entered into documentation with Orion Mine Finance (“Orion”), Osisko Gold Royalties Ltd (“Osisko”) and Caterpillar Financial Services Limited (“Caterpillar Financial”) with respect to a construction financing package totalling approximately C\$505 million in aggregate (the “Financing”) that will fully fund the development of the Eagle Gold project through to commercial production. The Financing is comprised of:

- two credit facilities totalling US\$175 million (approximately C\$219 million);
- an equipment financing facility for up to US\$50 million (C\$63 million);
- a C\$98 million royalty financing; and,
- a private placement of Victoria common shares to two separate subscribers for a total of C\$125 million.

“With this project financing package, Victoria is in a position to continue construction activities and advance the Eagle project to first gold pour, which we expect in the second half of 2019,” commented John McConnell, President & CEO. “With this significant milestone behind us, we look forward to building a high-quality, profitable, and environmentally safe project that will deliver significant economic benefit to all of our stakeholders.”

In connection with the Financing, Victoria has executed a term sheet with respect to: (i) the sale to Osisko of a 5% NSR royalty for proceeds of C\$98 million (the “Osisko Royalty”), and (ii) the purchase by Osisko, on a private placement basis, of 100,000,000 common shares of Victoria at a price of C\$0.50 per common share for proceeds of C\$50 million.

Additionally, Victoria has executed a term sheet with Orion with respect to: (i) the provision by Orion of a senior secured project finance debt facility in the principal amount of US\$75 million and a subordinated debt facility in the principal amount of US\$100 million (together, the “Orion Debt Facilities”), and (ii) the purchase by Orion, on a private placement basis, of 150,000,000 common shares of Victoria at a price of C\$0.50 per common share for proceeds of C\$75 million.

Separately, Victoria has executed a term sheet with Caterpillar Financial with respect to a proposed equipment financing for up to US\$50 million.

### **Senior Secured Debt Facility**

- US\$75 million debt facility to be available from the date the secured subordinated loan facility is fully drawn until two years post-closing;
- Interest rate of 3-month LIBOR plus 5.00%;
- Two-year interest holiday during which interest will accrue and be capitalized reducing cash payments for Victoria during the construction period;
- Principal and accrued interest is repayable in 15 quarterly installments beginning 24 months after the closing of the facility.

### **Secured Subordinated Loan Facility**

- US\$100 million loan facility to be available from closing for a period of two years;

- Interest rate of 3-month LIBOR plus 6.70%;
- Two-year interest holiday during which interest will accrue and be capitalized reducing cash payments for Victoria during the construction period;
- Principal is due at maturity on March 31, 2024.

#### **Equipment Finance Facility**

- Up to US\$50 million of equipment leases;
- Facility will be used to support the acquisition of primarily new Cat<sup>®</sup> equipment;
- Six-year, amortizing facility.

#### **Royalty Agreement**

- C\$98 million will be advanced to Victoria in two tranches, as described below, in exchange for a 5% NSR royalty on future production from the Eagle project;
- Following delivery to Osisko of 97,500 ounces of refined gold, the NSR royalty will fall to 3%.

#### **Equity Private Placements**

- Orion will subscribe for 150,000,000 shares of Victoria at a price of C\$0.50 for aggregate proceeds of C\$75 million.
- Osisko will subscribe for 100,000,000 shares of Victoria at a price of C\$0.50 for aggregate proceeds of C\$50 million.

In connection with the financings to be provided by Orion, Victoria has agreed to issue Orion a combination of 25,000,000 Victoria share purchase warrants and gold call options for 20,000 oz, both of which will have a five-year term. The warrants will have a strike price of C\$0.625, while the gold call options will have a strike price determined by the gold price at the time of closing plus US\$150/oz premium. Victoria has agreed to grant offtake rights to Orion to purchase up to 25% of the annual gold production at the Eagle Gold project at prevailing market prices.

A majority of documentation has been agreed between the parties. Closing of the Financing is expected by the end of March 2018. The Financing is conditional upon the execution of definitive documentation including: credit agreements; subscription agreements; offtake agreement and warrant certificate. Closing of the Financing is conditional on the satisfaction of certain conditions precedent, including finalization of remaining documentation, including appropriate intercreditor arrangements between and among Victoria, Osisko, Orion and Caterpillar Financial (as applicable) and completion of necessary steps to perfect the security interests in respect of the Orion Debt Facilities, Osisko Royalty and Cat<sup>®</sup> equipment financing. There can be no assurance that the Company will be able to satisfy the foregoing conditions and complete the Financing. The funding of the Osisko Royalty is expected to be carried out in two tranches, with the first tranche of C\$49 million to be funded upon the satisfaction of certain conditions including (but not limited to) the execution by Victoria and Orion of definitive credit agreements in respect of the Orion Debt Facilities and the occurrence of the closing date under such facilities, and the second tranche of C\$49 million to be funded pro rata to drawdowns under the subordinated debt component of the Orion Debt Facilities.

Following closing of the private placement common share subscriptions, (i) Orion will own approximately 19% of Victoria and (ii) Osisko will own approximately 16% of Victoria, in each case on a basic shares outstanding basis, which includes shares currently held by Osisko in the Company.

Additionally, each of Orion and Osisko will have a right to nominate one member to Victoria's board of directors.

John McConnell continued, "Our Phase 1 construction activities, which commenced in August 2017, significantly de-risked the project and advanced detailed engineering to over 50% complete. We now look forward to working with our new partners, Orion, Osisko and Caterpillar, and all of our existing partners, including the First Nation of Nacho Nyak Dun and the government of Yukon Territory, to reach our next milestone of production from the Eagle mine."

Sean Roosen, Chair of the Board and Chief Executive Officer of Osisko, commented, "We are very pleased to partner with Victoria Gold to develop Canada's next premier gold mine, and to generate important benefits for all project stakeholders. Having been to the project and met with many of the stakeholders, we are looking forward to investing in and working with Victoria in the Yukon to bring this project to fruition. With the gold price currently over C\$1,700 per ounce, this is a great time to be building a gold project in Canada as there is availability both from suppliers and in the work force. In addition, the robust economics of this project set the stage to start what we believe will be a project that brings economic change to the area and will be a meaningful contributor to the Yukon economy, both in the near term and long term, as the local workforce acquires important skills and experience that can be applied to future projects."

The Company has also concluded a term sheet for a C\$20 million bridge loan with Auramet International. The Auramet bridge facility provides the Company flexibility to ramp up site activities while the Company closes the Financing outlined herein. The Company may choose whether or not to draw on the bridge facility dependent upon timing of closing and funding under the Financing.

The completion of the Orion Debt Facilities, the Osisko Royalty and the private placements to Osisko and Orion have been conditionally approved by the TSX Venture Exchange ("TSXV"). Final approval remains subject to satisfaction of the customary conditions of the TSXV.

As a result of the Financing announced herein, the project finance facility previously announced on July 31, 2017 is no longer in effect.

### **Advisors**

Auramet International and BMO Capital Markets are acting as financial advisors to Victoria in connection with the Financing. Bennett Jones LLP and Cassels Brock LLP are acting as Victoria's legal counsel.

### **About the Dublin Gulch Property**

Victoria Gold's 100%-owned Dublin Gulch gold property is situated in the central Yukon Territory, Canada, approximately 375 kilometres north of the capital city of Whitehorse, and approximately 85 kilometres from the village of Mayo. The Property is accessible by road year-round, and is located within Yukon Energy's electrical grid.

The Property covers an area of approximately 555 square kilometres, and is the site of the Company's Eagle Gold Deposit. The Eagle Gold Mine is expected to be Yukon's next operating gold mine and, between the Eagle and Olive deposits, include Proven and Probable Reserves of 2.7 million ounces of gold from 123 million tonnes of ore with a grade of 0.67 grams of gold per tonne, as outlined in a National Instrument 43-101 feasibility study. The NI 43-101 Mineral Resource for the Eagle and Olive deposits has been estimated to host 191 million tonnes averaging 0.65 grams of gold per tonne, containing 4.0 million ounces of gold in the "Measured and Indicated" category, inclusive of Proven and

Probable Reserves, and a further 24 million tonnes averaging 0.61 grams of gold per tonne, containing 0.5 million ounces of gold in the "Inferred" category.

### **Qualified Person**

The technical content of this news release has been reviewed and approved by Tony George, P.Eng., as the Qualified Person. For additional information relating to the Property, refer to the technical report entitled "NI 43-101 Feasibility Study Technical Report for the Eagle Gold Project, Yukon Territory, Canada", with an effective date of September 12, 2016, which is available on the Company's profile at [www.sedar.com](http://www.sedar.com).

### **Cautionary Language and Forward Looking Statements**

This news release includes certain "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") within the meaning of applicable Canadian securities legislation, including statements regarding the Eagle Gold project being fully funded, the construction of the Eagle Gold project, satisfaction of conditions precedent, including the negotiation, completion and execution of definitive documentation with respect to the Orion Debt Facilities, Osisko Royalty, Orion private placement, Orion offtake arrangements, Caterpillar Finance Facility, intercreditor arrangements, security arrangements, warrants and gold options, completion and funding under the Orion Debt Facilities, Orion private placement, Osisko Royalty and Caterpillar Finance Facility, projections regarding future production and production costs. Forward-looking statements are statements that are not historical facts and are generally, although not always, identified by words such as "expect", "plan", "anticipate", "project", "target", "potential", "schedule", "forecast", "budget", "estimate", "intend" or "believe" and similar expressions or their negative connotations, or that events or conditions "will", "would", "may", "could", "should" or "might" occur. All such forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Forward-looking statements necessarily involve assumptions, risks and uncertainties, certain of which are beyond Victoria's control, including risks associated with the ability of Victoria to satisfy the conditions precedent for completion of the Orion Debt Facilities, Osisko Royalty, Orion private placement and Caterpillar Finance Facility and to receive funding under them; the volatility of metal prices; risks and dangers inherent in exploration, development and mining activities; risks of not achieving construction and development timelines and estimates; uncertainty of mineral reserve and mineral resource estimates; the ability to obtain and maintain any necessary permits, consents or authorizations required for mining activities; risks related to environmental regulations or hazards and compliance with complex regulations associated with mining activities; risks related to remote operations and the availability of adequate infrastructure, fluctuations in price and availability of energy and other inputs necessary for construction development and ultimately mining operations; shortages or cost increases in necessary equipment, supplies and labour; regulatory risks; climate change risks; volatility of global financial conditions; risks related to reliance upon contractors and third parties; challenges to title or surface rights; dependence on key personnel; risks associated with conflicts of interest among the Company's directors and officers; the risk of an uninsurable or uninsured loss; litigation risk; taxation, including changes in tax laws and interpretation of tax laws; community and aboriginal support for the Company's operations including risks related to strikes and the halting of such operations, from time to time; as well as other factors identified and as described in more detail under the heading "Risk Factors" in Victoria's most recent Annual Information Form and the Company's other filings with Canadian securities regulators, which may be viewed at [www.sedar.com](http://www.sedar.com).

The list is not exhaustive of the factors that may affect the Company's forward-looking statements. There can be no assurance that such statements will prove to be accurate, and actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements. Accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits or liabilities Victoria will derive therefrom. The Company's forward-looking statements reflect current expectations regarding future events and operating performance and speak only as of the date hereof and except as required by applicable securities laws, the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change other than as required by applicable law. For the reasons set forth above, undue reliance should not be placed on forward-looking statements.

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