

JUNIOR MINING STOCK REPORT

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by Clif Droke

A look at Victoria Gold Corp.

Victoria Gold Corp. (VIT:TSX-V) is an emerging gold exploration company based in Toronto, Canada that is moving quickly to further define an important new Carlin type gold discovery in the foothills of north central Nevada. Victoria's well positioned management and big box partners (Newmont and Kinross) give Victoria a clear advantage in this tight capital marketplace, and could allow them to emerge as a very strong player as the dust settles from last year's bear market. The company's newly discovered Helen zone, which is located approx. 2,000 yards north west of the historic Cove Pit mine (historic production of 2.3 m oz gold and 100 m oz silver) has produced high mineral value drill intercepts including 62 meters of 12.6 gram/ton gold, and according to the company could be the most significant gold discovery in Nevada in the last 20 years. Victoria Gold Corp. controls 8 high quality gold exploration targets in Nevada on approx. 50,000 hectares. I recently spoke to Victoria's CEO, Chad Williams, and the company's chief geologist, Dr. Raul Madrid, to find out more about the company. Below is a transcript of the interview.

Q: I'm told you have a unique systematic method for finding gold. Can you tell me about this?

Madrid: We use something I call Structural Systematics. It's actually a composite of 19 methods I've devised over the years to establish a means to predict where these gold systems are. It's predicated on gold systems being Carlin-type or epithermal and that the highest grade gold are normally associated with tectonic fault fracture joint systems. You'll see that they have clear spacing in the fractures and faults within the systems. Those spacings are a function of a logarithmic equation. You can see it in any Landsat photo you've ever seen. You'll see closer spacing as you get closer to the fault. I've established two equations and geometric construction and can predict where structural systems are and confirm where gold is in relation to the structure. Structural Systematics is also predicated on mapping as many as 40 Carlin-type systems and many epithermal systems that aren't Carlin-type. It starts not with a concept but with a series of detailed mapping techniques that allow us to focus on the structure. We focus on systems that carry gold and on those gold concentrations that would justify drilling, at say the Helen Zone, at 200 feet. The methods allow us to make the decision as to whether it will be cost beneficial to drill those depths. Once the parameters are defined and meet certain criteria we can proceed. We don't drill at 2,000 feet without two intersecting structural systems and both must have 50-55 meter width. In the Helen Zone the NW structure is 105 meters wide and NS is 80 meters wide. Both fulfill the criterion of being greater than 55 meters.

Williams: We can also vector in on areas that high advantage prior to drilling. It increases our chances of success and lowers our dollar cost (\$5/oz.) while seniors are typically finding gold at closer to \$50/oz. Theories are one thing but the truth and the way we make money is it gets manifested in fact.

Q: I understand you've found a significant new discovery at the Helen Zone in Nevada. Please elaborate.

Madrid: We basically started our drilling in late 2006. By May 2007 we ran out of money. Bema was managing Victoria at that time. They ended up selling out to Kinross and money wasn't forthcoming. It was only when Chad and the board of directors came into play after July 31, 2007 did we start drilling again. To that point we had holes in NW1, 2 and NW4 completed then NW5 and currently we have results NW13A (we lost a hole early on and we had to re-drill). We currently have 13 holes. To establish the geometry of the system I need to have 15 holes minimum to make sure the geometry is credible. We drill not to explore but to confirm what the structural method indicates and we simply confirm how much gold is there. In the case of Helen we have some significantly higher sub-intervals with good grades. Those kinds of things can't be done unless you have all your work done in advance. It's a clear method that the structural system works.

Q: What other activity do you have going on right now?

Madrid: We've stopped drilling for the holidays and we intend to begin hole 14-15 after the New Year. We go to Jan. 7 drilling before they come back onto the property. Then we will assess the property but we can drill all year round as we did last year. The issues for the Helen Zone exists in terms of drilling and how much it costs. With 13A we've been able to implement new fluid and drilling techniques so we can get down to the footwall zones.

Williams: Thus far we're the only mining group using this technique.

Q: Raul, tell us a little of your background as a geologist.

Madrid: I started with U.S. Geological Survey using these methods. My job was to establish methods by which Carlin-type exploration can be facilitated. I was indirectly involved in a number of seminal type systems found in Nevada. I don't claim discoveries simply because they're a combination of financing and technical work. No one person can claim a discovery. I do claim these methods I've applied, however. For instance, I told Barrick, 'I'll give you the results but I won't tell you the methods. There are a total of around 13 of these things in which I've established criteria in being able to predict where they are. You sometimes make your luck by being careful what you do. My biggest claim to fame is that I the work honestly and objectively and my results are based on hard work..Meko, Gensis, Carlin, Marmoto, Bootstrap. Newmont has some of my maps in cold storage. You've got to have a team; you can't do it alone and it includes finance as well as marketing.

Q: What about you, Chad?

Williams: My background is that I was a gold mining analyst for about 13 years. As a gold analyst I was either the first or one of a very few to be associated with several major stories, including Barrick and several other major high-fliers when they traded near major lows. This was back in the '90s and early 2000's. However, the economic context and the potential is more favorable today than when it was \$250/oz. because of what's going on in the U.S. [regarding the credit crisis]. I think it's very obvious that Raul is a very special geologist and I always knew he was in a league of his own. To make a long story short I can prove I've got a good eye for undervalued gold assets. We paid \$4 million in stock for 1.2 million ounces in resources for Gateway. We also have Big Springs [the most advanced project which Victoria acquired from Gateway Gold Corp.] and Santa Fe, concerning which the Gateway guys released some very

good results in September. We've got two company building assets in Gateway and now we own them. We now have 17 properties.

Q: What are your plans for the Helen Zone in 2009?

Williams: Our plans have not yet been finalized because for 2009 it's subject to the amount of money we're able to raise. We've raised it, however, and the deal should close soon. Our budget is a function of how much money we have. Our plan is to finish holes 14 and 15. We plan to deepen the holes where we didn't drill deep enough. We've changed the techniques we use to drill and we believe we can deepen the troublesome holes. We'd love to drill the Santa Fe property. Using Raul's techniques we can vector in on the right area at a much higher grade. Then we plan to drill on Big Springs. You can't drill in the winter, it's going to be a late spring/summer drilling due to snow. The others we can drill year round. That's about a \$1 ½ to \$2 million budget. We do continue adding value and drilling and it's very key for us. We're also in discussions with our drill contractor to reduce drill rates so we can drill more holes. Cove, Santa Fe, and Big Springs are our top priorities. Mill Canyon and Summit are the next two priorities. The numbers are quite substantial. We're also hopeful we'll be signing up a very good mining engineer to initiate and complete scoping studies on Helen Zone and potentially on Big Springs and 1-2 other properties with resources. We're bringing this company from the exploration stage to production stage through technical studies which aren't expensive and don't take much time. This will assure investors we can produce cash flow in 2010, either with our existing properties or through additional properties we may or may not acquire. If we are able to go into production in early 2010 we'll be there way ahead of other guys. We're moving quietly but very quickly to production stage. We don't need a mill, we don't need a shaft and permitting should be rather benign.

Q: Have you closed on the shares acquisition of Gateway Gold?

Williams: The Gateway deal should close momentarily.

Q: What future is there for a junior resource company in light of the recent credit turmoil and surrounding economic difficulties?

Williams: The future is there's a tremendous future for exploration stage companies. \$700 million is our cash balance. We have access to that as evidenced in the finance we're doing right now, and which Kinross has bought 1/3 of. We're part of the Kinross family and we're looking for opportunities that could be appealing to KGC. Here's our criteria: It's going to be small; it will be gold focused; it will be in a low political risk jurisdiction; it will have a feasibility study on it; and it will be an asset that has synergies where value can be added by the partners. The management teams on the other side must be motivated to do deals; we don't want an unresponsive management to deal with. We've looked at hundreds of opportunities and we've only done one deal. I think we could return double or triple to our shareholders with our one deal. We aren't deal crazy. But we have to continue looking at opportunities. We're where we want to be in light of very difficult economic circumstances (in terms of cash balance). We have great things in our properties internally that we've working on. We're exactly where we want to be. If the space ever becomes available we're going to be the stock to go to. We're building a house brick by brick and we have to be careful. It's the inertia principle. You keep pushing it and eventually the wheel will turn on its own. If the gold market continues to be this good the momentum will go our way.

Q: Where do you see the price of gold in the coming months? Are you optimistic of a gold price

recovery?

Williams: One of the best pieces of research I did as an analyst that went back over 30 years that plotted the gold price in U.S. dollars versus Fed Funds rate. It's the only chart you need to know for predicting the gold price. Gold does it's best when the Fed stops easing. Inflationary expectations are at their highest. The stock market is at its lowest. We're getting close to that point [where gold advances] and I'm very comfortable. There's a linear relationship with a magnitude of gold price increases and of Fed easing. There's a positive correlation. The more they depress the spring the more it bounces back. There's also a linear relationship with the time of easing. The longer they ease the longer it builds up inflationary expectations. How high can gold go? The answer is well over \$1,000 given the amount of easing they've done. Not \$1,500, not \$2,000, but well over \$1,000. I can tell you what to expect if you can tell me how low and for how long the Fed easing will last. That's what the model predicts. It's always different this time. It's a very high R2. It's just a question of plugging in the dates.

Q: Your stock is currently listed on the TSX Venture exchange under the symbol VIT. Does Victoria have any other listings and is it listed in the U.S.?

Williams: We have a pink sheet listing. We're thinking about the U.S. but currently we have no plans. We may go to the Toronto Stock Exchange. Our assets are located in the U.S. and we have an office in the U.S. The stock will appeal to investors in general and our goal in 2009 is to market and get more broader exposure and more ownership among U.S. retail accounts.

[Disclosure: This interview is not to be construed as a buy recommendation for Victoria Gold Corp. It is intended solely for educational and research purposes and is part of an ongoing dialogue between the Junior Mining Stock Report and various exploration stage companies that utilize unique and innovative approaches to metals mining and exploration. Investors should do their own due diligence before investing in any junior mining and exploration company. The editor received no payment or compensation in any form for this interview, nor does the editor own shares in Victoria Gold Corp.]

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