

JUNIOR MINING STOCK REPORT

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Update on Victoria Gold

Victoria Gold Corp. (VIT:TSXV, \$0.40) has risen steadily since mid-January, rocketing from \$0.25/share to just above \$0.50 in the span of four weeks. In the January issue of the newsletter we interviewed with Chad Williams, Victoria's CEO, and the company's chief geologist, Dr. Raul Madrid, to find out more about the company. Victoria controls eight high quality gold exploration targets in Nevada on approx. 50,000 hectares. The company's newly discovered Helen zone, you may recall, 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 by a junior in the last 20 years.



Earlier this week I spoke with Mr. Williams, who was attending the BMO Conference, for an update on the company's recent Strata Gold acquisition.

Q: Please tell us what's happening with the Strata Gold deal.

Williams: We announced acquisition of Strata Gold [last week] because it makes Victoria better. We tripled our ounces per share with only 17% equity dilution. Needless to say it's a very accretive deal for shareholders. The strategy is not to put assets together and hopes it sticks; rather we put quality assets together at a low valuation and we aim to transform those ounces into a 10 or maybe even a 100 fold increase. Once the Strata gold deal closes we'll have an abundant resource and we won't need to do any more deals.

Q: What are your long-term goals?

Williams: Three hundred thousand ounces is our target per year with existing assets over

the next three years. You may remember from our last interview I emphasized that successful gold companies had three traits: exploration (R&D), production/cash flow and good management or financing. Having the savvy to do M&A deals is still very important. We've got a great exploration team and projects that are wonderful. We think we can in 12-18 months from now be in production and growing into something sizable through the Strata acquisition. We've done financing so we have what it takes to pull these things off.

Q: Is there any new drilling activity to report?

Williams: In terms of existing assets at Victoria we'll be announcing drill results in 4-6 weeks. Drills are turning right now – we've started at Hole 14. This is an important test to test the depth of the Helen Zone. We're about 150 meters on this property thus far. It's consistent with the sections and plans we've put on our web site. We'll test Raul's thesis that this is a steeply dipping vertical structure, probably 500 meters in vertical extent. Hole 14 will test this thesis. Marcus Johnson, the second in command, thinks it might be like Rossi, etc. We should keep finding gold. Later we'll be busy with Santa Fe and other projects to determine potential minability.

Q: How is the financial aspect of the company?

Williams: On the financial side we're in good shape and we'll have \$15 million Canadian once this deal closes. So we'll have \$15 million and little or no burn rate as the money goes straight into ground. Costs have really come down and we've been able to get really good drillers, so our efficiency has gone way up. We may be drilling at Mill Canyon and Big Springs this year. On the production side we'll be adding to Cove to produce gold. We're going to be doing lots of engineering work at Dublin Gulch and some other places. We'll be very busy this year. Barrick alerted us that they're drilling all around our Mill Canyon property – that's positive but we're not sure what they're finding. As for the recent Nevada ruling, there was an injunction by several groups against construction of Cortez Hills and the judge threw out case and said mining is a very important industry due for the economy and that mining should be encouraged, not impeded. This should facilitate things for us in the future.

Q: What kind of feedback have you had on the Strata deal?

Williams: We've had very favorable feedback on this deal. There was a bankable feasibility study that shows you can make a mine out of a heap leach scenario. No more drilling or studies are needed, just heap leaching. This can lead to 78% recovery throughout the process. We have a low work index, accessibility of hydroelectric power only 25 kilometers away and at low cost. It's road accessible, with water and labor available. And it's on the site of previous placer mining. One of the big knocks against heap leaching is clay content but we don't have that problem. The Yukon has low rainfall which is also good for heap leaching – the Yukon was never glaciated. Oddly enough we may have to make our own snow to protect the heaps because snow is an excellent insulator to make sure the chemicals don't freeze. Our COO, John McConnel, built Snap Lake for DeBeers. He knows how to build projects in the North. He knows permitting, natives, construction, etc. It's a huge skill set you can't get overnight. We really believe we can build a mine at Dublin Gulch with a hundredfold increase. We don't have to buy additional assets – we have them already. The deal should close by end of May.