



July 13, 2022

Victoria Gold (Yukon) Corp.
Suite 1000, 1050 West Pender Street
Vancouver, BC V7X 1K8

Attn: Mark Ayranto, Chief Operating Officer
By Email: mayranto@vgcx.com

Re: Forms of Security

Dear Mr. Ayranto,

On June 17, 2022, the Yukon Water Board issued Order No. 2 for Licence No. QZ14-041 Amendment 1 requiring that Victoria Gold (Yukon) Corp. ("VGC") furnish and maintain \$104,903,628 of financial security for the Eagle Gold Mine site. Yukon government ("Yukon") currently holds \$30,780,939 in financial security for the Eagle Gold Mine, which results in \$74,122,689 owing. Pursuant to Order No. 2 issued by Yukon Water Board, the remaining security is required to be furnished no later than September 15, 2022.

Security required as a condition in a quartz mining licence must be furnished in a form as provided under the Security Regulation, O.I.C. 2007/77, made under the Quartz Mining Act. Security required as a water licence term under the Waters Act must be furnished in one of the forms described in subsection 11(3) of the Waters Regulation, O.I.C. 2003/58. Yukon currently holds a surety bond for the existing financial security; as stated in my June 27th letter, should VGC wish to change the form of security, or provide a secondary form of security, Mineral Resources Branch must be notified no later than August 15, 2022.

Acceptable forms of security are listed in subsection 11(3) of the Waters Regulation, and Section 2 of the Security Regulations and additional details on the purpose, scope and application of the various forms are provided in Yukon's Financial Guidelines. In accordance with Section 2(g) of the Security Regulations, and subsection 15(1) of the Waters Act, consideration may also be given to alternate forms of security. To be considered by Yukon, alternate forms of security must meet all of the following criteria:

- 1. Valuation: Financial security must be in a form where Yukon can reasonably know the value of the security held at all times, and can react to changes in valuation in a timely manner.**
 - (a) Financial security must provide assurance of value or be a predictable amount that can be reasonably projected and relied upon.
 - (b) Financial security must not be subject to significant depreciation that cannot be anticipated and proactively secured in another manner.
- 2. Certainty: Financial security must be in a form where Yukon can be certain that security is not encumbered by another party, or controlled by the licensee.**
 - (a) Financial security must be provided in a form where none of the company, its shareholders, or any related corporations has direct influence on the valuation or accessibility of the security.
 - (b) Financial security cannot be accessed or controlled by the company or its creditors.
 - (c) Financial security cannot be tied to assets whose interests are held by other parties.
- 3. Maintenance: The maintenance of financial security cannot cause undue administrative or financial burden to Yukon.**
 - (a) Maintenance, renewal and replacement of financial security must be automatic or require minimal administration by, and risk to, Yukon.
 - (b) Maintenance, renewal and replacement of financial security must not result in fees payable, or costs incurred, by Yukon.
- 4. Access: Yukon must be able to access financial security in a timely manner and without undue administrative or financial burden.**
 - (a) Access to financial security must be timely, unconditional and unencumbered.
 - (b) Yukon must have access to the full valuation of security at any times.
 - (c) Access to financial security must not result in fees payable, or costs incurred, by Yukon.

M. Ayranto
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If VGC wishes to provide an alternative form of security, an application demonstrating how the proposed form meets the above mentioned criteria must be submitted. Yukon will review this application and determine if the proposed form would be acceptable. The review process does not impact the date on which security must be furnished.

Should you have any questions or concerns, do not hesitate to contact my office.

Sincerely,

A handwritten signature in blue ink, appearing to read "T. Powell".

Todd Powell
Director, Mineral Resources Branch

cc: Chief, First Nation of Na-Cho Nyäk Dun
Lands Manager, First Nation of Na-Cho Nyäk Dun
Natural Resources Officer, Government of Yukon, Compliance Monitoring and Inspections Branch