(an exploration stage company)
(formerly Victoria Resource Corporation)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

For the three and six months ended August 31, 2008 and 2007
(expressed in Canadian dollars)

The interim consolidated financial statements of Victoria Gold Corp. ("Victoria" or "the Company") including the accompanying consolidated balance sheets as at August 31, 2008, and February 29, 2008, and the consolidated statements of loss and comprehensive loss and deficit, and cash flows for the three and six-month periods ended August 31, 2008, and 2007, are the responsibility of the Company's management. The interim consolidated financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with Canadian generally accepted accounting principles for interim financial statements.

The Company's independent auditor, Pricewaterhouse Coopers LLP, has not performed a review of these financial statements.

VICTORIA GOLD CORP.
(formerly Victoria Resource Corporation)
(an exploration stage company)

CONSOLIDATED BALANCE SHEETS

(expressed in Canadian dollars)
(unaudited)

	As at August 31 2008	As at February 29 2008
ASSETS		
Current		
Cash and cash equivalents	**$ 6,239,938**	$ 9,922,962
Accounts receivable	**27,271**	18,851
Prepaid expenses	**227,299**	5,819
	6,494,508	9,947,632
Resource properties *(Note 5 and Schedule)*	**30,856,711**	26,529,142
Reclamation bonds	**433,798**	399,996
	$ 37,785,017	**$ 36,876,770**
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 520,845**	$ 769,113
Long-term		
Asset retirement obligations *(Note 6)*	**218,246**	212,669
	739,091	981,782
SHAREHOLDERS' EQUITY		
Capital stock *(Note 7)*		
Authorized		
Unlimited number of common shares, without par value		
Issued		
93,570,152 common shares (February 29, 2008 – 91,635,152)	**42,077,335**	39,604,591
Value assigned to stock and agent options and share purchase warrants *(Note 8)*	**7,003,191**	7,355,741
Deficit	**(12,034,600)**	(11,065,344)
	37,045,926	35,894,988
	$ 37,785,017	$ 36,876,770

Going concern *(Note 1)*
Nature of operations *(Note 2)*

Approved on behalf of the Board	**"T. Sean Harvey" signed**	Director	**"John McConnell" signed**	Director

(See accompanying notes to consolidated financial statements)

VICTORIA GOLD CORP.
(formerly Victoria Resource Corporation)
(an exploration stage company)

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS AND DEFICIT
FOR THE PERIODS ENDED AUGUST 31
(expressed in Canadian dollars)

	Three months		Six months	
	2008	2007	**2008**	2007
Expenses				
Stock-based compensation *(Note 8)*	**$ 120,363**	$ 252,997	**$ 295,502**	$ 311,228
Salaries	**179,049**	3,000	**352,765**	6,000
Office and administrative	**199,279**	80,509	**312,821**	150,234
Marketing	**48,083**	7,471	**87,874**	9,618
Legal	**97,609**	10,690	**112,740**	14,149
Interest and bank charges	**210**	33,482	**2,098**	69,041
Accretion expense	**5,578**	-	**5,578**	-
Write-off of Pinson-Preble property	**-**	(8,796)	**-**	10,522
Loss before the undernoted expenses (income)	**650,171**	379,353	**1,169,378**	570,792
Foreign exchange loss/ (gain)	**(98,727)**	(18,156)	**(140,379)**	(166,660)
Interest income	**(5,822)**	(16,307)	**(59,744)**	(39,753)
Net loss and comprehensive loss for the period	**545,621**	344,890	**969,256**	364,379
Deficit, beginning of period	**11,488,979**	9,570,251	**11,065,344**	9,550,762
Deficit, end of period	**$ 12,034,600**	$ 9,915,140	**$ 12,034,600**	$ 9,915,141
Basic and diluted Loss per common share	**$ 0.006**	$ 0.005	**$ 0.010**	$ 0.005
Weighted average number of common shares outstanding	**92,466,837**	69,743,284	**92,466,837**	68,972,703

Going concern *(Note 1)*

(See accompanying notes to consolidated financial statements)

VICTORIA GOLD CORP.
(formerly Victoria Resource Corporation)
(an exploration stage company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED AUGUST 31
(expressed in Canadian dollars)

	Three months		Six months	
	2008	2007	**2008**	2007
Operating activities				
Net loss for the period	**$ (545,621)**	$ (344,890)	**$ (969,256)**	$ (364,379)
Items not affecting cash:				
Write-off of resource properties	**-**	(8,796)	**-**	10,522
Stock-based compensation	**120,363**	252,997	**295,502**	311,228
Accretion expense of asset retirement obligations	**5,578**	5,508	**5,578**	5,508
Accrued interest expense	**-**	32,332	**-**	66,945
Net, unrealized, foreign exchange loss/ (gain)	**(39,948)**	(64,181)	**(60,665)**	(139,588)
Changes in non-cash working capital:				
Accounts receivable	**179,594**	(3,033)	**(8,420)**	587
Prepaid expenses	**(166,623)**	17,616	**(221,479)**	(41,976)
Accounts payable	**111,495**	(718,764)	**(512,979)**	(717,055)
	(335,160)	(831,211)	**(1,471,719)**	(828,208)
Financing activities				
Common shares issued for cash, net of issuance costs	**-**	1,982,744	**-**	1,982,744
Common shares issued on exercise of warrants and options	**21,250**	69,449	**1,660,255**	1,066,057
	21,250	2,052,193)	**1,660,255**	3,048,801
Investing activities				
Resource properties	**(2,542,620)**	(1,045,269)	**(3,898,423)**	(2,715,303)
	(2,542,620)	(1,045,269)	**(3,898,423)**	(2,715,303)
Foreign exchange gain (loss) on cash held in foreign currency	**12,024**	(7,782)	**26,863**	(21,450)
Increase (decrease) in cash and cash equivalents	**(2,844,506)**	167,931	**(3,683,024)**	(556,160)
Cash and cash equivalents, beginning of period	**9,084,445**	1,734,385	**9,922,962**	2,458,476
Cash and cash equivalents, end of period	**$ 6,239,938**	$ 1,902,316	**$ 6,239,938**	$ 1,902,316

Supplementary cash flow information *(Note 9)*

(See accompanying notes to consolidated financial statements)

1 Going concern

At August 31, 2008, Victoria Gold Corp. ("Victoria" or "the Company") had a working capital surplus of $5,973,663 (compared with a surplus of $9,178,519 at February 29, 2008) and reported a net loss for the quarter of $545,621 (a loss $344,890 was reported for the quarter ended August 31, 2007). The Company's ability to meet its obligations and maintain operations is contingent upon successful completion of additional financing arrangements. The Company periodically seeks financing to continue the exploration of its mineral properties and to meet its ongoing administrative requirements. Although the Company has been successful in raising funds to date (See Note 7), there can be no assurances that additional funding will be available in the future. These combined factors lend significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements have been prepared using Canadian generally accepted accounting principles ("Canadian GAAP") applicable to a going concern, which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of operations as they come due. These consolidated financial statements do not include any adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classification that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

The Company is in the process of advancing its mineral properties and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for mineral 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 to complete the development, and upon future profitable production or proceeds from disposition of the mineral properties. The amounts shown as mineral property costs represent incurred costs to date and do not necessarily represent future values. The Company does not have any resource or reserves, as defined by National Instrument 43-101.

2 Nature of operations and basis of presentation

Victoria is engaged in the acquisition, evaluation and exploration of mineral properties. To date, the Company has not realized any revenues from its properties and is considered to be an exploration stage company.

On July 18, 2008, the Company changed its name from Victoria Resource Corporation to Victoria Gold Corp. Victoria continues to be a Canadian company incorporated in the Province of British Columbia.

Basis of Presentation – Interim Statement
The interim consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada for interim financial statements and reflect all adjustments which are, in the opinion of management, necessary for fair statement of the results of the interim periods presented. However, these interim consolidated financial statements do not include all of the information and disclosure required for annual consolidated financial. These interim consolidated financial statements should be read in conjunction with the most recent annual financial statements of the Company. All amounts are expressed in Canadian dollars unless otherwise noted.

3 Summary of significant accounting policies

Principles of consolidation
These consolidated financial statements include the accounts of Victoria and its wholly owned subsidiary, Victoria Resources (U.S.) Inc. All inter-company balances and transactions have been eliminated.

Use of estimates
The preparation of these consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include assessment of the carrying value of resource properties, valuation of stock options and share purchase warrants and asset retirement obligations. Actual results could differ from those estimates.

Cash and cash equivalents
Cash and cash equivalents include cash and highly liquid money market instruments, that have maturity of three months or less.

Resource properties
Mineral acquisition, exploration and development costs are capitalized on an individual project basis until such time as the economics of an ore body are defined. If production commences, these costs would be amortized on a units of production basis over the estimated mineral reserves. Unrecoverable costs for projects determined not to be commercially feasible are expensed in the year in which the determination is made or when the carrying value of the project is determined to be impaired.

Where information is available and conditions suggest impairment, estimated future net cash flows from each property are calculated using estimated future prices, proven and probable reserves, and operating and capital costs on an undiscounted basis. An impairment charge is recorded if the undiscounted future net cash flows are less than the carrying amount. Reductions in the carrying value of each property, with a corresponding charge to operations, are recorded to the extent that the estimated future net cash flows on a discounted basis are less than the carrying value in accordance with the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3063, "Impairment of Long-lived Assets".

Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether the carrying value can be recovered. Any one of the following items, including but not limited to, are considered cause for impairment:

- Exploration activities have ceased;
- Exploration results are not promising such that exploration will not be planned for the future;
- Lease ownership rights expire;
- Sufficient funding is not expected to be available to complete the mineral exploration program; or
- An exploration property has no material economic value to the Company's business plan.

If impairment is identified, the carrying value of the property is written down to its estimated fair value. Although the Company has taken steps to verify title to mineral properties in which it has an interest, according to industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior undetected agreements or transfers and title may be affected by such defects.

Future income taxes
The Company uses the liability method of accounting for future income taxes. Under this method of tax allocation, future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

Foreign exchange translation
The Company's subsidiary is an integrated foreign operation and its financial statements are translated using the temporal method. Currency transactions and balances are translated into the reporting currency as follows:

- monetary items are translated at the rates prevailing at the balance sheet dates;
- non-monetary items are translated at historical rates;
- revenues and expenses are translated at the average rates in effect during applicable accounting periods except depreciation and amortization, which are translated at historical rates; and
- exchange gains and losses on foreign currency translation are included in operations for the year.

Stock-based compensation
Compensation expense for stock options granted is determined based on the estimated fair values of the stock options at the time of grant, the cost of which is recognized over the vesting periods of the respective options. In the determination of fair values, the Company uses the Black-Scholes option pricing model. Fair values are determined at the time of grant. The value of stock options earned by employees and consultants whose salaries are capitalized to resource properties are also capitalized to resource properties.

Asset retirement obligations
The fair values of liabilities for asset retirement obligations are recognized in the period they are incurred. The obligations are measured initially at fair value based on discounted cash flows and the resulting costs are capitalized to the carrying amount of the related asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost will be depreciated on the same basis as the related asset.

Loss per common share
Basic per share amounts are calculated using the weighted average number of common shares outstanding during the year. Diluted per share amounts are calculated based on the treasury-stock method, which assumes that any proceeds from the exercise of options and warrants would be used to purchase common shares at the average market price during the year. The weighted average number of common shares outstanding is adjusted for the net increase in the number of common shares issued upon exercise of the options and warrants. Stock options and warrants are included in the calculation of diluted per share amounts only to the extent that the average market price of the common shares during the year exceeds the exercise price of the options or warrants. During years when the Company has generated a loss, the potential shares to be issued from the assumed exercise of options and warrants are not included in the computation of diluted per share amounts since the result would be anti-dilutive.

4 Changes in accounting policies and accounting standards

Accounting changes

Effective March 1, 2008, the Company adopted new accounting recommendations from the CICA, Handbook, Section 1535 – "Capital Disclosures," Section 3862 – "Financial Instruments – Disclosure," Section 3863 – "Financial Instruments - Presentation," and Section 3031 – "Inventories." The changes are applied prospectively with no restatement of prior periods.

(i) Capital Disclosures, Section 1535

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and, (iv) if it has not complied, the consequences of such non-compliance. The disclosures required by adoption of this section are presented in Note 14 – Management of Capital.

(ii) Financial Instruments, Sections 3862 and 3863

The new Sections 3862 and 3863 replace Handbook Section 3861, "Financial Instruments – Disclosure and Presentation," revising and enhancing its disclosure requirements and carrying forward, unchanged, its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The disclosures required by adoption of this section are presented in Note 12 – Financial instruments and risk management.

(iii) Inventories, Section 3031

Section 3031 relates to the accounting for inventories and revises and enhances the requirements for assigning costs to inventories. As at March 1, 2008 the adoption of this standard has had no effect on the Company's results of operation, cash flows or financial position.

Future accounting changes

Goodwill and Intangible Assets, Section 3064

Section 3064 replaces Section 3062, Goodwill and Intangible Assets, and Section 3450, Research and Development Costs. Section 3064 establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. This standard is effective for interim and annual consolidated financial statements for fiscal years beginning on or after October 1, 2008, and will be adopted by the Company on March 1, 2009.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability ("PAE's"). The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. The Company will be required to have prepared in time for its first quarter 2012 filing, comparative financial statements in accordance with IFRS for the three months ended May 31, 2011.

The Company is currently assessing the impact of these new accounting standards on its consolidated financial statements.

5 Resource properties

Victoria currently has interests in eight gold exploration projects located in Nevada covering an area of more than 99,000 acres. The Company either holds or can earn a 100% interest in each of the properties. Five of the properties are joint ventures with Newmont Mining Corporation ("Newmont") who hold back-in rights for 50% or 51% on each of the properties. All of the properties are subject to royalties upon certain conditions. See also "Resource Properties Schedule" at the end of this document.

Hilltop-Slaven property expenditure update

On June 15, 2003, the Company entered into a mining lease and sublease agreement (amended on August 10, 2004) with Newmont. The agreement allows the Company to earn a 100% interest in the Hilltop-Slaven property by completing the following work commitments: US$200,000 (completed), US$300,000 (completed), US$500,000 (completed), US$750,000 (completed), US$750,000 (completed), US$1,000,000 and US$1,500,000, respectively, in each year of the first seven years of the agreement dated June 15, 2003. The Company was granted a 2 month extension (to August 15, 2008) with respect to the 2007/2008 requirement and did complete the work commitments by the revised date. On the fifth anniversary of the agreement (June 15, 2008), the Company was to reduce its land position in the Hilltop-Slaven property. The Company was also granted a 2 month extension (to August 15, 2008) with respect to the land reduction. The Company has submitted a proposal to reduce its land position to Newmont by this revised date.

6 Asset Retirement Obligations

	Six Months Ended August 2008	Year Ended February 2008
Balance, beginning of the period	**$ 212,669**	$ 315,076
Obligations incurred during the period	**-**	-
Accretion expense	**5,578**	5,508
Adjustment of estimated cash flows to carrying value of assets	**-**	(107,915)
Balance, end of period	**218,247**	212,669

The Company's asset retirement obligations arise from its obligations to undertake site reclamation and remediation in connection with the Mill Canyon, Black Canyon, Relief Canyon and Cove-McCoy properties. The total undiscounted amount of the estimated future cash flows required to settle the asset retirement obligation is estimated to be $271,425. These expenditures are expected to be incurred over the period through 2012. In determining the carrying value of the asset retirement obligations, the Company has assumed a credit-adjusted, risk-free discount rate of 5.0% and a long-term inflation rate of 2.0%.

7 Share capital

Capital Stock

	Six months ended August 31, 2008		**Year ended February 29, 2008**	
	Shares	**Amount**	**Shares**	**Amount**
Balance, beginning of period	**91,635,152**	**$ 39,604,591**	67,434,934	$ 27,789,315
Issued during the year				
For cash:				
- Warrants exercised	**1,560,000**	**1,325,505**	747,326	729,826
- Agent options exercised	**-**	**-**	425,709	319,282
- Stock options exercised	**375,000**	**334,750**	193,850	103,449
- Private placements	**-**	**-**	22,833,333	15,650,010
Fair values assigned to warrants issued under private placements	**-**	**-**	-	(4,288,511)
Fair values allocated to common shares upon exercise:				
Stock options	**-**	**209,300**	-	72,185
Purchase warrants	**-**	**603,189**	-	118,676
Agent options	**-**	**-**	-	92,052
Share issuance costs	**-**	**-**	-	(981,693)
Balance, end of year	**93,570,152**	**$ 42,077,335**	91,635,152	$ 39,604,591

During the six months ended August 31, 2008, 1,560,000 share purchase warrants (1,555,000 at $0.85 and 5,000 at $0.75), and 375,000 stock options (25,000 at $0.65 and 350,000 at $0.91) were exercised for total proceeds of $1,660,255.

On November 7, 2007, the Company closed a brokered private placement of 19,500,000 Units (the “Units”) priced at $0.70 per Unit, for gross proceeds of $13.65 million (the “Offering). Each Unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable to purchase one common share at an exercise price of $0.85 for an eighteen month period until May 7, 2009. EastWest Gold Corporation (“EastWest Gold”) purchased 4,285,700 Units of the Offering and maintained their 27% interest in the Company. Chad Williams, President, CEO and Director of the Company, purchased 793,300 Units of the Offering. Blackmont Capital Inc. and CIBC World Markets Inc. acted as co-lead agents in connection with the Offering, together with Orion Securities Inc. (collectively the "Agents"). As compensation for services rendered in connection with the Offering, the Agents were paid an aggregate cash commission of $810,264 and were issued broker warrants to purchase an aggregate of 1,007,520 common shares of the Company at a price of $0.74 per common share until November 7, 2008. For accounting purposes, the Company has determined a value of $4,146,797 ($3,772,343 for the purchase warrants and $374,454 for the Agents’ warrants) for the warrants. The fair value of the purchase warrants were calculated using the Black-Scholes option-pricing model based on a risk-free annual interest rate of 3.98%, an expected life of eighteen months, an expected volatility of 91%, and a dividend yield rate of nil. The fair value of the broker warrants were calculated using the Black-Scholes option-pricing model based on a risk-free annual interest rate of 3.98%, an expected life of one year, an expected volatility of 94%, and a

dividend yield rate of nil. All securities issued pursuant to the Offering were subject to a four month hold period which expired on March 8, 2008.

On July 31, 2007, the Company closed a non-brokered private placement of 3,333,333 Units (the "Units") priced at $0.60 per Unit, for gross proceeds of $2 million (the "Offering"). Each Unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable to purchase one common share at an exercise price of $0.75 for a two-year period until July 31, 2009. The Company paid a cash finder's fee in the amount of $5,880. EastWest Gold, purchased 850,000 Units. Chad Williams, President, CEO and Director of the Company, purchased 792,333 Units of the Offering. For accounting purposes, the Company has allocated $516,168 of the proceeds received from the sale of the Units to the share purchase warrants issued based on their estimated fair value. The fair value of the warrants were calculated using the Black-Scholes option-pricing model based on a risk-free annual interest rate of 3.40%, an expected life of two years, an expected volatility of 83%, and a dividend yield rate of nil. All securities issued pursuant to the Offering were subject to a four month hold period which expired on December 1, 2007.

8 Stock options and warrants

Stock options

The Company has adopted a stock option plan for its directors, 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. One-eighth of options granted under the plan will vest immediately; a further one-eighth will vest after each three month period thereafter, with the remaining one-quarter vesting after eighteen months from the date of grant. At August 31, 2008, 4,161,875 stock options were available for grant.

On January 22, 2008, the Company granted 150,000 incentive stock options with an exercise price of $1.00 per option to an employee of the Company. The stock options have a term of five years and expire on January 22, 2013. The fair value of these options totalling $83,736 will be recognized over the vesting periods, of which $58,673 has been recognized as at August 31, 2008. The fair value of these options was calculated based on a risk-free annual interest rate of 3.2%, an expected life of 3 years, an expected volatility of 86% and a dividend yield rate of nil. This results in an estimated value of $0.56 per option at the grant date using the Black-Scholes option-pricing model.

On October 25, 2007, the Company granted 900,000 incentive stock options with an exercise price of $0.70 per option to officers and a consultant of the Company. The closing price of the Company's stock on October 24, 2007 was $0.80 per share therefore the exercise price was set at a discount to market price. The stock options have a term of five years and expire on October 23, 2012. The fair value of these options totalling $599,276 ($199,759 will be expensed and $399,517 will be capitalized to properties) will be recognized over the vesting periods, of which $495,235 ($165,078 has been expensed and $330,157 has been capitalized to properties) has been recognized as at August 31, 2008. The fair value of these options was calculated based on a risk-free annual interest rate of 4.2%, an expected life of 5 years, an expected volatility of 115% and a dividend yield rate of nil. This results in an estimated value of $0.67 per option at the grant date using the Black-Scholes option-pricing model.

On September 17, 2007, the Company granted 690,000 incentive stock options with an exercise price of $0.65 per option to employees of the Company. 103,125 of these options have been forfeited. The stock options have a term of five years and expire on September 17, 2012. The fair value of these options, adjusted for forfeitures, totalling $197,066 will be recognized over the vesting periods and will be capitalized to resource properties, of which $169,285 has been recognized as at August 31, 2008. The fair value of these options was calculated based on a risk-free annual interest rate of 4.3%, an expected life of 3 years, an expected volatility of 81% and a dividend yield rate of nil. This results in an estimated value of $0.34 per option at the grant date using the Black-Scholes option-pricing model.

On August 20, 2007, the Company granted 1.9 million incentive stock options with an exercise price of $0.60 per option to directors and an officer of the Company. The stock options have a term of five years and expire on August 20, 2012. The fair value of these options totalling $915,175 will be recognized over the vesting periods, of which $836,368 has been recognized as at August 31, 2008. The fair value of these options was calculated based on a risk-free annual interest rate of 4.3%, an expected life of 5 years, an expected volatility of 115% and a dividend yield rate of nil. This results in an estimated value of $0.48 per option at the grant date using the Black-Scholes option-pricing model.

Option pricing models require the input of highly subjective assumptions. Changes in assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options at the grant date.

The following table summarizes information regarding changes in the Company's stock options:

	Number of outstanding options	**Weighted-average exercise price**	**Fair value assigned**
Stock options outstanding at February 28, 2007	2,240,000	$0.76	1,092,260
Granted	3,640,000	$0.65	1,830,740
Exercised	(193,850)	$0.53	(72,185)
Expired	-	-	-
Forfeited	(75,000)	$0.65	(25,200)
Stock options outstanding at February 29, 2008	5,611,150	$0.70	2,825,615
Granted	-		-
Exercised	(375,000)	$0.89	(209,300)
Expired	(1,046,150)	$0.74	(496,075)
Forfeited	(28,125)	$0.65	(9,450)
Stock options outstanding at August 31, 2008	4,161,875	$0.67	2,110,790

Stock options outstanding and exercisable as at August 31, 2008 are as follows:

Exercise price	**Number of outstanding stock options**	**Expiry Date**	**Number of exercisable stock options**
$0.99	100,000	February 27, 2009	100,000
$0.74	550,000	April 20, 2011	550,000
$0.60	1,900,000	August 20, 2012	1,187,500
$0.65	561,875	September 17, 2012	280,938
$0.70	900,000	October 23, 2012	450,000
$1.00	150,000	January 22, 2013	56,250
	4,161,875		2,624,688

Warrants

The following table summarizes information about the warrants outstanding as at August 31, 2008 and February 29, 2008. In addition, as at August 31, 2008, 1,007,520 Agents' options were outstanding entitling the Agents to purchase up to an aggregate of 1,007,520 units of the Company, at a price of $0.74 per unit with an expiry date of November 7, 2008.

	Number of outstanding warrants	Weighted-average exercise price	Fair value assigned
Warrants outstanding at February 28, 2007	5,285,876	$1.00	756,970
Issued	11,416,666	$0.84	4,288,511
Exercised	(747,326)	$0.96	(118,676)
Expired	(4,608,550)	$1.00	(659,973)
Warrants outstanding at February 29, 2008	11,346,666	$0.84	4,266,832
Issued	-		-
Exercised	(1,560,000)	$0.85	(603,191)
Expired	-		-
Warrants outstanding at August 31, 2008	9,786,666	$0.83	3,663,641

Changes in the value assigned to stock options, share purchase warrants and Agent options, as presented on the Consolidated Balance Sheets, are provided in the table below:

Value assigned to stock/ agent options and share purchase warrants	Six Months Ended August 2008	Year Ended February 2008
Balance, beginning of the period	**$ 7,355,741**	$ 2,090,075
In connection with the July 31, 2007 private placements:		
Fair value of share purchase warrants	**-**	516,168
In connection with the November 7, 2007 private placements:		
Fair value of share purchase warrants	**-**	3,772,343
Fair value of Agent options	**-**	374,454
Issuance costs	**-**	(374,476)
Stock-based compensation, expensed	**295,502**	880,155
Stock-based compensation, capitalized to resource properties	**164,437**	379,935
Fair values allocated to common shares upon exercise:		
Stock options	**(209,300)**	(72,185)
Purchase warrants	**(603,189)**	(118,676)
Agent options	**-**	(92,052)
Balance, end of the period	**$ 7,003,191**	$ 7,355,741

9 Supplementary cash flow information

Supplementary disclosure of cash flow information for the three and six months ended August 31, 2008 and 2007 is provided in the table below:

	Three months		Six months	
	2008	2007	**2008**	2007
Non-cash investing and financing activities:				
Accounts payable and accrued liabilities relating to resource property expenditures (end of period)	**$ 269,014**	$ 201,349	**$ 269,014**	$ 201,349
Fair value assigned to Agents' options	**$ -**	$ -	**$ -**	$ -
Stock-based compensation, capitalized to resource properties	**$ 58,897**	$ 15,097	**$ 164,437**	$ **37,742**
Income taxes paid	**$ -**	$ -	**$ -**	$ -
Interest paid	**$ -**	$ -	**$ -**	$ -

10 Related party transactions

On May 20, 2008, Raul Madrid, an officer of the Company, exercised options to purchase 200,000 common shares of the Company at 0.91 per share. The total funds for this purchase, of $182,000, were received from Mr. Madrid on June 13, 2008 and were included in accounts receivable during the intervening period.

During the six months ended August 31, 2007, EastWest Gold provided administrative services while B2Gold Corporation ("B2Gold"), a company which had common directors with Victoria, provided management services to the Company.

For the sixe months ended August 31, 2008 and 2007, the Company had the following transactions (recorded at exchange value) with EastWest Gold:

	2008	2007
Consolidated Statements of Loss		
Interest expense on notes payable	**$ -**	$ 66,945
Accounting	**-**	40,875
	$ -	$ 107,820

Notes payable represent advances from EastWest Gold during fiscal 2006 and 2007, bearing interest at the US prime lending rate plus 2%. There is no interest expense for the six months ended August 31, 2008, as the note payable, including accrued interest, was repaid in full on November 28, 2007 in the amount of $1,280,303.

For the six months ended August 31, 2008 and 2007, the Company had the following transactions (recorded at exchange value) with B2Gold:

	2008	2007
Consolidated Statements of Loss		
Office and administration	**$ -**	$ 15,200
Accounting	**-**	8,800
Rent and utilities	**-**	9,600
Management fees	**-**	6,000
	$ -	$ 39,600

11 Commitments

Operating Leases
At August 31, 2008, Victoria has future minimum annual operating lease commitments for office premises in Toronto, Ontario, Canada, which commenced in January 2008 and Reno, Nevada, USA, which commenced in August 2006, as follows:

	CAN$	US$
to February 28, 2009	$ 46,571	43,234
to February 28, 2010	95,631	33,575
to February 28, 2011	98,684	-
to February 29, 2012	101,807	-
to February 28, 2013 and thereafter	113,913	-
Total	$ 456,606	76,809

12 Financial instruments and risk management

Fair value of financial instruments
The carrying values for primary financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities, approximate fair values due to their short-term maturities. Reclamation bonds reflect non-interest bearing cash on deposits and their discounted carrying value approximates their fair value.

Risk exposure is summarized as follows:

a) Credit risk
Certain of the Company's financial assets are exposed to a degree of credit risk. The Company endeavours to mitigate credit risk by holding its cash and cash equivalents as cash deposits and short-term government treasury funds with major commercial banks.

Credit risk relating to accounts receivable and reclamation bonds arises from the possibility that any counterparty to an instrument fails to perform. The Company's receivables relate to recoveries of GST and a receivable from one of the Company's officers, which was subsequently repaid in full, while the reclamation bonds relate to deposits held with governmental agencies representing the state of Nevada and joint venture partners. The Company does not feel there is significant counterparty risk that could have an impact on the fair value of such receivables and reclamation bonds.

b) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in note 14 herein. Accounts payables and accrued liabilities are due within the current operating period, from June 1, 2008 through August 31, 2008.

c) Market risk

I. Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash and cash equivalents is limited as these investments, although available for sale, renew daily. The short-term investments included in cash and cash equivalents earn interest at prevailing rates.

II. Foreign currency risk
The Company's incurs exploration expenditures in the United States and holds a portion of its cash and cash equivalents in US dollars. This gives rise to a risk that its US dollar expenditures and US dollar cash holdings may be adversely impacted by fluctuations in foreign exchange. The Company does not undertake currency hedging activities.

III. Price risk
The Company financial assets and liabilities are not exposed to price risk with respect to commodity prices. The Company's exploration drill programs are exposed to price risk, of which the Company has no control. The Company's exploration drill programs are carried out by outside contractors. Cost increases for consumables such as fuel and drill bits are indirectly passed on to the Company through its contracted drill programs.

There has been no significant change in the risk factors affecting the Company on a period over period basis.

Sensitivity Analysis
The following table summarizes the sensitivity of the Company's cash and cash equivalents to projected changes in interest rates and the foreign exchange rate over the next three month reporting period using balances as at August 31, 2008.

	Carrying amount	Interest rate change (1)		Foreign currency change (2)	
		+ 1%	- 1%	+ 10%	- 10%
Cash and cash equivalents (Cdn $)					
Cash - Canadian denominated	133,594	334	(334)	-	-
Cash - US denominated	182,959	457	(457)	18,296	(18,296)
Treasury funds - Canadian denominated	5,923,385	14,809	(14,809)	-	-
Total cash and cash equivalents	6,239,938	15,600	(15,600)	18,296	(18,296)
Reclamation bonds - US denominated	433,798	-	-	43,380	(43,380)
Total amount or impact - cash and bonds	6,673,736	15,600	(15,600)	61,676	(61,676)

1) Interest earned on the Company's interest bearing cash accounts and treasury funds is at prevailing rates that fluctuate with changes in banking interest rates and Government t-bill rates. Management believes that a plus or minus 1% annual change in rates is a reasonable estimate of variability for the next three months.
2) The Company's US dollar cash balance and US dollar reclamation bonds are subject to foreign exchange risk. Management has shown a sensitivity analysis of a plus or minus change of 10%.

13 Segmented information

The Company's principal activity is the exploration and development of mineral properties. The Company's resource properties are located in the United States as disclosed in *Note 5.*

The Company held US$172,180 in US denominated cash at August 31, 2008, (US$149,624 at August 31, 2007) and US$408,242 in US denominated reclamation bonds at August 31, 2008 (US$389,519 at August 31, 2007).

14 Management of capital

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties and maximize shareholder returns. The Company satisfies its capital requirements through careful management of its cash resources and by utilizing bank indebtedness or equity issues, as necessary, based on the prevalent economic conditions of both the industry and the capital markets and the underlying risk characteristics of the related assets. As at August 31, 2008, the Company had no bank debt.

Victoria is currently exploring its properties in the United States and based on current plans and estimates, management believes that the Company's working capital position should be sufficient to satisfy the related financial costs.

The Company is not subject to any externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the three months ended August 31, 2008.

15 Comparative figures

Certain of the prior year's comparative figures have been reclassified to conform to the presentation adopted for the current period. The reclassifications are within the Consolidated Statements of Loss and Comprehensive Loss and Deficit where accounting, consulting, audit and tax consulting, rent and utilities, transfer agent and listing and filing fees have all been rolled up into office and administrative within the current period. Shareholder information has been included in marketing while management fee have been included in salaries.

16 Subsequent Event

On August 19, 2008 the Company announced that it had signed a letter of agreement to acquire all of the outstanding common shares of Gateway Gold Corp. ("Gateway"). Further to the letter of agreement, the Company announced on September 23, 2008 that it had entered into an arrangement agreement to complete this friendly transaction. A special meeting of Gateway shareholders is scheduled to be held on November 28, 2008. The Transaction is expected to close by mid-December, 2008.