

# **Victory Metals Inc. (formerly Ripper Oil and Gas Inc.)**

Management's Discussion and Analysis

For the six month period ended March 31, 2019 and year ended September 30, 2018

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The following discussion is management's assessment and analysis of the results and financial condition of Victory Metals Inc. (formerly Ripper Oil and Gas Inc.) (the "Company" or "Victory") and should be read in conjunction with the accompanying audited consolidated financial statements and related notes. The financial data was prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and all figures are reported in Canadian dollars unless otherwise indicated.

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied. The effective date of this report is July 29, 2019.

The scientific and technical geological content and interpretations contained in this report have been reviewed and approved by the Company's VP of Exploration, Cal Herron, P.Geo., a Qualified Person as defined by National Instrument 43-101, Standards of Disclosure for Mineral Projects ("NI 43-101"). The scientific and technical metallurgical content and interpretations contained in this report have been reviewed and approved by Jeffery L. Woods, B.Sc., SME-QP, MMSA-QP, a Qualified Person as defined by NI 43-101.

## **Description of Business**

The Company was originally incorporated on October 20, 2000, under the Business Corporations Act in the province of Alberta and on May 25, 2012, the Company was continued as a British Columbia corporation under the Business Corporations Act in the province of British Columbia. The address of the Company's registered office is Suite 2200 – 885 West Georgia Street, Vancouver, BC, Canada V6C 3E8.

The Company is a mineral exploration company engaged in the acquisition, exploration and development of resource properties in Nevada, United States of America. The Company owns a 100% interest in the Iron Point Vanadium Project, consisting of 690 unpatented lode claims covering approximately 13,300 acres, located in the Iron Point mining district 22 miles east of Winnemucca, Humboldt County, Nevada (USA) (the "Project" or the "Property"). The Project is located within a few miles of Interstate 80, has high voltage electric power lines running through the project area and a railroad line passing across the northern property boundary. The Company is well financed to advance the project through resource estimation and initial feasibility study work. In addition to the Property, the Company has the option to acquire interests in up to a further 228 acres contiguous to the Property.

On October 1, 2018, the Company entered into a letter of intent ("LOI") with Casino Gold Corp. ("Casino Gold"), pursuant to which the Company agreed to acquire all of the issued and outstanding securities of Brownstone Ventures (US) Inc. ("Brownstone"), a wholly-owned subsidiary of Casino Gold (the "Acquisition"). The Acquisition constitutes a reverse takeover (the "Transaction") of the Company under the policies of the TSX Venture Exchange ("TSX-V") as the former shareholders of Brownstone acquired control of the Company.

On January 31, 2019, the Company received approval from the TSX-V and the Company's shareholders for the consolidation of the Company's issued and outstanding common shares on the basis of one and one half (1.5) pre-consolidation share for one (1) post-consolidation share and completed the Transaction with Brownstone, which became a wholly-owned subsidiary of the Company. Pursuant to the Transaction, Casino Gold received an aggregate of 41,837,681 post-consolidation common shares as consideration for the sale of Brownstone. On February 1, 2019, the Company changed its name to Victory Metals Inc. and on February 8, 2019, commenced trading on the TSX-V under the ticker symbol VMX. The Acquisition was considered a reverse takeover for accounting purposes and Brownstone is considered the continuing entity. Accordingly, the comparative periods are those of Brownstone.

As of the date of this MD&A and as of March 31, 2019, the Company's Board of Directors consisted of the following: Paul Matysek (Executive Chairman), Collin Kettell, Craig Roberts and Doug Forster.

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.victorymetals.ca](http://www.victorymetals.ca).

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## **Project Summary**

### ***Iron Point Vanadium Deposit***

#### **Land History**

The Project consists of 690 unpatented lode claims covering approximately 13,300 acres. The claim group is in North-Central Nevada in Humboldt County, 35 kilometers east of Winnemucca and centered at UTM Zone 11N geographical coordinates 472,000E, 4,531,000N (Lat 40.935°, Long 117.327°). Winnemucca is the largest town in the area with a population of 7,900. The project has been extensively explored for gold by numerous operators, but Newmont USA Ltd. ("Newmont") conducted drilling specifically for vanadium in 1966 and discovered widespread, low grade mineralization that was not of interest at the time.

The claims are owned by Brownstone Ventures (US) Inc. ("Brownstone"), a wholly owned subsidiary of Victory Metals Inc. (the "Company" or "Victory"). Brownstone holds a 100% interest in the claims.

On October 10, 2018, Victory, through Brownstone, entered into an option agreement with Ms. Patricia Tintle to acquire her 100% undivided interest in the Silver Coin Claim group which comprises 20.7 acres of unpatented land contiguous to the Company's Iron Point Vanadium Project. Under the terms of the agreement, Victory may exercise the option by making the following payments – 1) US\$50,000 (already paid) within five days of signing, 2) US\$50,000 on the first anniversary of signing, 3) US\$50,000 on the second anniversary of signing, and 4) US\$150,000 on the third anniversary of signing. Further, Victory has agreed to complete the first three payments (US\$150,000) irrespective of whether the Company elects to complete the option payment (total of US\$300,000). Upon making the final payment, Victory will own 100% of the Silver Coin Claim group with no underlying NSR or outstanding obligations.

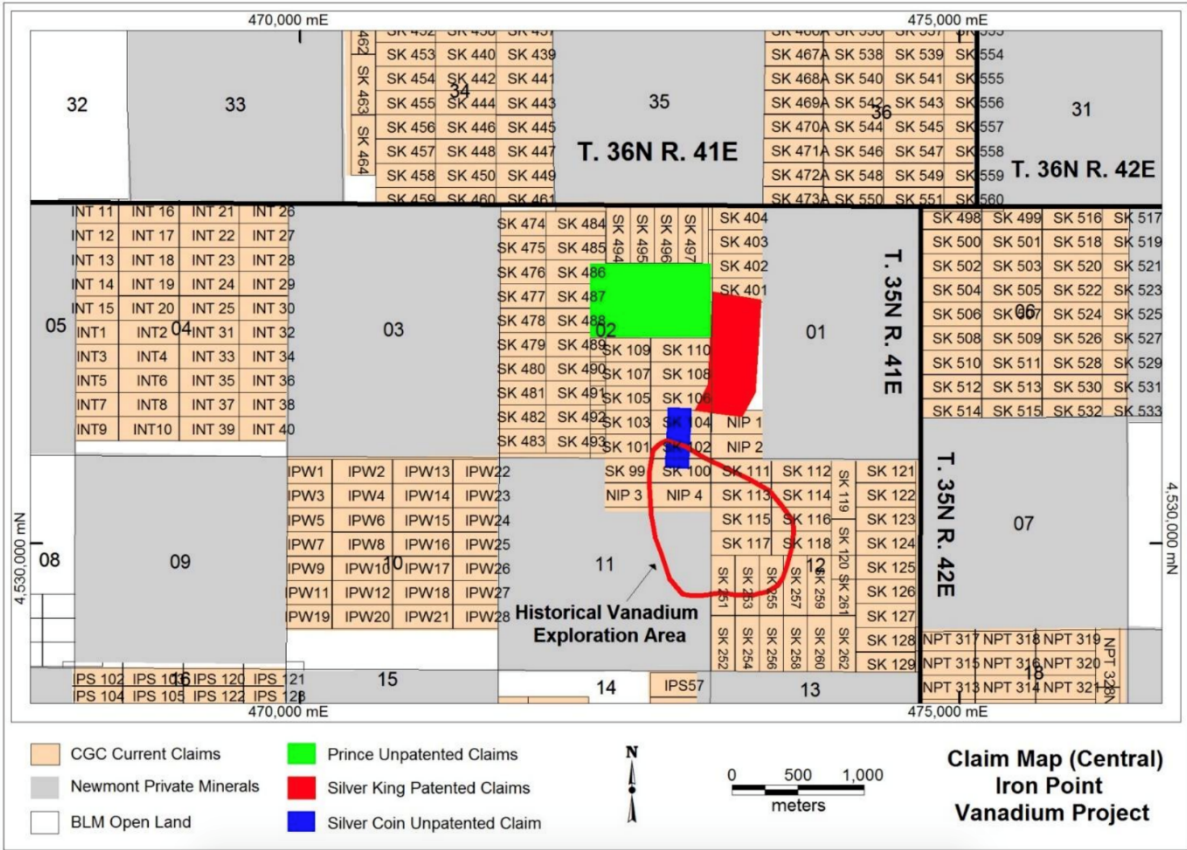
On October 24, 2018, Victory entered into an option agreement with Canarc Resource Corp. ("Canarc") on its wholly-owned Silver King Patented claim group, also contiguous to the Company's Iron Point claims. The Silver King property consists of four patented mining claims totalling 83 acres (Silver King, Silver King #1, Silver Queen and Silver Coin Annex Extension). Under the terms of the ten-year agreement, Canarc will receive annual payments of US\$12,000 (the first of which was made on signing) plus an option exercise payment of US\$120,000. Upon exercise of the option, Canarc will retain a 2% NSR royalty on the property of which Victory will have the right to buy back one-half (1%) of the royalty for US\$1,000,000.

On February 5, 2019, Victory entered into a purchase agreement with Nevada Pursuit LLC, a wholly-owned subsidiary of Golden Pursuit Resources Ltd., to acquire a 100% interest in the Prince Claims. The Prince Claims consist of six unpatented lode mining claims (Prince 1-6) totalling 124 acres, contiguous to the Company's Iron Point vanadium project. Under the terms of the agreement, Victory paid a one-time fee of US\$30,000 to have and to hold all of the seller's right, title, and interest in the Prince group of claims. No NSR is applicable to these claims.

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## Environmental Permitting

The Property is located on Multiple Use BLM (Bureau of Land Management) lands administered by the Winnemucca District Office and is subject to surface management regulations contained in 43 CFR 3809. All mineral-related exploration or mining activities must be permitted either under a Notice (less than 5 acres of disturbance) or a Plan of Operation (exceeds 5 acres of disturbance).

An environmental scoping report dated October 3, 2018, was produced for the Property by consultants with EM Strategies, a consulting group based in Reno, Nevada. As stated in this preliminary scoping study, the Property is a relatively undeveloped site with no fatal flaw issues identified and historic exploration and mining centres existing in the east central portion of the Property. As is typical with almost all properties in Nevada there is the potential for the presence of cultural resources. These resources, if identified as eligible, may be mitigated through a well-defined process such that they would not impede development. For species that are managed by the Bureau of Land Management or the Nevada Department of Wildlife there are also well-defined mitigation methods to address potential impacts should a species of interest be present. In general, there are systems in place for managing these issues that are well established in Nevada. No significant environmental liabilities have been identified in the environmental assessment. A local rancher leases the grazing rights from the BLM within the project area, but these rights do not impact Victory’s mineral rights or planned operations.

Victory established a US\$30,000 reclamation bond with the Nevada State BLM Office and is currently operating its exploration program at the Property under a Notice – case file #NVN097176 – approved by the Winnemucca District BLM Office on September 6, 2018. This Notice and subsequent Addendums approve 50 drill sites disturbing 4.96 acres.

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## **Project Infrastructure**

The Project area straddles US Interstate 80 (I-80) – a major east-west transcontinental highway. From the Iron Point exit on I-80, dirt roads and jeep trails head north and south into all portions of the Property. The Union Pacific Railroad runs around the northern end of the Property. Regularly scheduled air passenger service is available in Reno, Nevada (260 air-kilometers to the southwest), and in Elko, Nevada (130 air-kilometers to the east).

The Project site does not have electrical service but electrical power is readily accessible. The 522-megawatt North Valmy Generating Station, located 15 kilometres east of the Property, feeds readily accessible, high-voltage transmission lines that run along the I-80 corridor and cross the southern end of the project area. There are currently no developed water supply or water rights attached to the project. Wells can be drilled in the future for sustained drilling but exploratory drilling will rely upon trucked water and temporary reservoirs.

## **Historical Work**

To date there has been over 4,704 metres of core and RC drilled historically within the Iron Point Vanadium zone in approximately 35 holes (records are not consistent). Holes were RC or wireline core, or in some cases a combination of both. Full core information is not available for five of the historical holes as the records were lost and no casing remained on site. For these holes the approximate location of the DDH was gathered from historical maps and field observations. The historical drilling that was completed in the area by Newmont was in 1966. No information is available on these holes in the public record for this report. The majority of the holes drilled on the Iron Point Vanadium zone were drilled by Aur Resources in 1997, with the remaining holes being drilled by Chevron and Molycorp. Victory and the Qualified Persons are not aware of any records remaining of the Chevron and Molycorp holes. Aur Resources completed 15 holes totaling 3,817 metres of drilling. Drilling consisted of seven holes of wireline diamond drilling totaling 2,013 metres, and eight holes of RC drilling totalling 1,804 metres. Core and pulps are still available and have been reanalyzed by American Assay Laboratories. Re logging of these historical holes for geological accuracy is still ongoing at the time of writing this report.

There have been no historic mineral resource or reserve estimates reported for this project that can be documented or reported in any extent.

## **Project Geology**

The project area consists of Lower Paleozoic, Western Assemblage rocks belonging to the Roberts Mountains Allochthon that are unconformably overlain by Tertiary gravels and finally Pliocene basalt. A major range-front fault bounds the property along its eastern margin, and another major fault on the western side juxtaposes Cambrian Prebble Fm. shale against the Western Assemblage lithotypes. According to Willden (1964) the Prebble Fm. is unconformably overlain by an extensive sheet of Golconda Allochthon siliclastic-volcanic units that are exposed immediately west of the project area. These lithotypes are completely absent from the project area yet so close, so the fault separating Prebble from the Western Assemblage at Iron Point must be responsible for a large vertical displacement between these blocks, with the west side having been down-thrown.

The vanadium mineralization occurs within the upper part of the Western Assemblage, within the Ordovician-age Vinini Formation. Vanadium mineralization is reported at the Silver King Mine (USGS MRDS, Garside 1984) within the underlying Comus Fm. limestone, but this mineralization may be strictly supergene and exotic. A Cretaceous quartz diorite sill intruded Western Assemblage units within the central part of the project area and created an extensive contact-metamorphic halo that resulted in skarnification, hornfel alteration, and carbon remobilization. Carlin-type gold mineralization related to a Tertiary-age, low-temperature hydrothermal system produced widespread anomalous Au-As-Sb-Hg mineralization that was the focus of numerous historical exploration efforts throughout the district.

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## Recent Exploration

### Victory's Maiden Drill Campaign

In September 2018, Victory contracted Harris Exploration Drilling Inc. to commence an 8,000-metre program utilizing two RC drills and one core drill. All work was permitted under a Notice approved by the Winnemucca BLM office on August 31, 2018, and secured by a state-wide reclamation bond accepted September 5, 2018. In addition, on January 19, 2019, Victory contracted Fred Anderson Drilling to complete 300 metres of PQ coring for metallurgical testing.

The drill program was focused around an area of vanadium mineralization that was drilled in the 1960s and 1990s by Newmont and Aur Resources, respectively. The historically drilled area is roughly 1,000 metres in diameter with drilled mineralization extending in places from near surface down to a depth of 200 metres. The drill campaign aimed to identify and outline the geology and distribution of vanadium mineralization, which will be incorporated into a maiden resource estimate that will be completed once the campaign is completed and all drill data has been received and analysed. Samples from the RC and core drilling were sent to American Assay Lab, Reno, Nevada.

By April 10, 2019, Victory had finished the maiden drill campaign and released all assay results. The program had 69 RC holes and four diamond drill holes that collected samples for metallurgical testing.

Highlights from the program included:

- 44 metres grading 0.48% V<sub>2</sub>O<sub>5</sub> in VM-02
- 27 metres grading 0.56% V<sub>2</sub>O<sub>5</sub> in VM-07
- 46 metres grading 0.38% V<sub>2</sub>O<sub>5</sub> in VM-18 (from surface)
- 6 metres grading 0.72% V<sub>2</sub>O<sub>5</sub> in VM-51
- 21 metres grading 0.54% V<sub>2</sub>O<sub>5</sub> (including 6 metres grading 0.67% V<sub>2</sub>O<sub>5</sub>) in VM-6
- 23 metres grading 0.63% V<sub>2</sub>O<sub>5</sub> (including 6 metres grading 0.88% V<sub>2</sub>O<sub>5</sub>) in VM-23
- 20 metres grading 0.54% V<sub>2</sub>O<sub>5</sub> (including 9 metres grading 0.68% V<sub>2</sub>O<sub>5</sub>) in VM-26
- 18 metres grading 0.53% V<sub>2</sub>O<sub>5</sub> (including 2 metres grading 1.14% V<sub>2</sub>O<sub>5</sub>) in VM-76
- 20 metres grading 0.60% V<sub>2</sub>O<sub>5</sub> in VM-9
- 26 metres grading 0.59% V<sub>2</sub>O<sub>5</sub> (including 3 metres grading 0.84% V<sub>2</sub>O<sub>5</sub>) in VM-67
- 33 metres grading 0.48% V<sub>2</sub>O<sub>5</sub> in VM-75
- 37 metres grading 0.55% V<sub>2</sub>O<sub>5</sub> (including 5 metres grading 0.80% V<sub>2</sub>O<sub>5</sub>) in VM-26i
- 14 metres grading 0.63% V<sub>2</sub>O<sub>5</sub> (including 4 metres grading 1.00% V<sub>2</sub>O<sub>5</sub>) in VM-26j
- 26 metres grading 0.42% V<sub>2</sub>O<sub>5</sub> in VM-33
- 24 metres grading 0.48% V<sub>2</sub>O<sub>5</sub> in VM-34
- 26 metres grading 0.46% V<sub>2</sub>O<sub>5</sub> (including 3 metres grading 0.83% V<sub>2</sub>O<sub>5</sub>) in VM-48
- 21 metres grading 0.43% V<sub>2</sub>O<sub>5</sub> (including 4 metres grading 0.60% V<sub>2</sub>O<sub>5</sub>) in VM-25i
- 26 metres grading 0.35% V<sub>2</sub>O<sub>5</sub> (including 3 metres grading 0.61% V<sub>2</sub>O<sub>5</sub>) in VM-41
- 18 metres grading 0.39% V<sub>2</sub>O<sub>5</sub> in VM-58
- 27 metres grading 0.46% V<sub>2</sub>O<sub>5</sub> in VM-60

These intercepts are contained in two flat-lying higher grade vanadiferous horizons, referred to as the Upper and New High-Grade Zones, which occur within a broader and extensive envelope of vanadium mineralization within the Vinini Formation.

This broader envelope generally starts at surface and extends down to a depth of at least 175 metres, with intercepts from surface including:

- 175 metres grading 0.25% V<sub>2</sub>O<sub>5</sub> in hole VM-02 (from surface)
- 139 metres grading 0.28% V<sub>2</sub>O<sub>5</sub> in hole VM-07 (from surface)
- 168 metres grading 0.21% V<sub>2</sub>O<sub>5</sub> in hole VM-4 (from surface)
- 104 metres grading 0.24% V<sub>2</sub>O<sub>5</sub> in hole VM-25 (from surface)
- 151 metres grading 0.21% V<sub>2</sub>O<sub>5</sub> in hole VM-76 (from surface)

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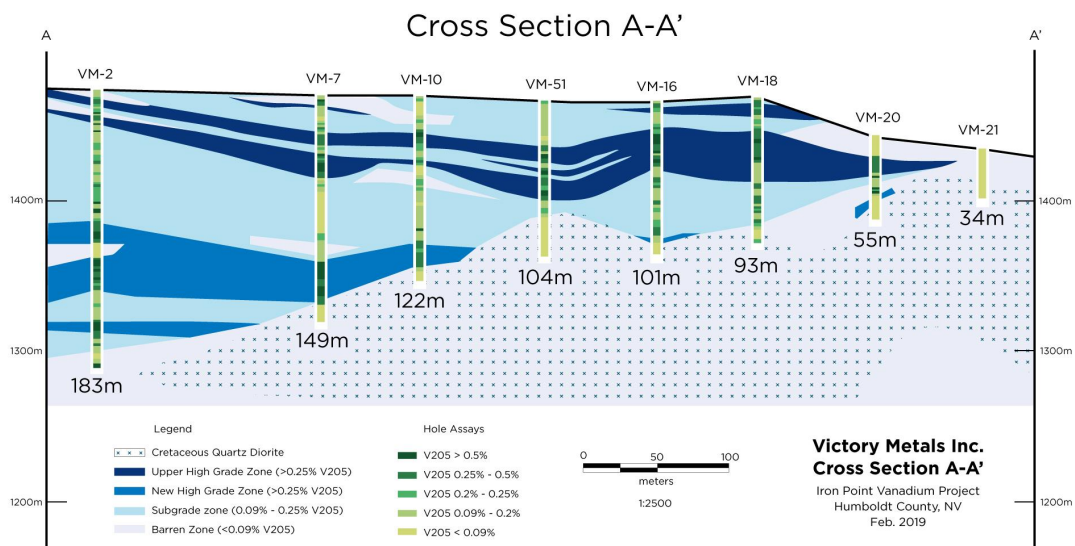
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- 152 metres grading 0.23% V<sub>2</sub>O<sub>5</sub> in hole VM-1
- 174 metres grading 0.23% V<sub>2</sub>O<sub>5</sub> in hole VM-67
- 162 meters grading 0.22% V<sub>2</sub>O<sub>5</sub> in VM-74
- 91 metres grading 0.36% V<sub>2</sub>O<sub>5</sub> in hole VM-26i
- 110 metres grading 0.27% V<sub>2</sub>O<sub>5</sub> in hole VM-33
- 125 metres grading 0.22% V<sub>2</sub>O<sub>5</sub> in VM-34
- 81 metres grading 0.25% V<sub>2</sub>O<sub>5</sub> in hole VM-25i
- 99 metres grading 0.22% V<sub>2</sub>O<sub>5</sub> in hole VM-58
- 110 metres grading 0.25% V<sub>2</sub>O<sub>5</sub> in hole VM-60

The Upper High-Grade Zone was indicated in historical drilling at Iron Point and was the basis for Victory's initial assessment of the project's resource potential. The New High-Grade Zone is newly discovered by this confirmation drilling campaign and has yielded some of the highest-grade mineralization found to date. Some of the holes tested historical Newmont and Aur Resources holes, and a comparison of the intercept results indicates that the current drilling is returning higher-grade vanadium values. Victory believes that this can be attributed to better sample recovery in the Victory RC drilling. Victory drill results show relatively flat-lying mineralized zones with good correlation between holes. A high degree of continuity was not apparent from historical drilling and the Company believes this significant improvement in zone correlation can be attributed to the higher sample recoveries and greater depth penetration achieved in the current program. Victory believes that this positive correlation of mineralized zones between holes will considerably facilitate the resource estimation process.

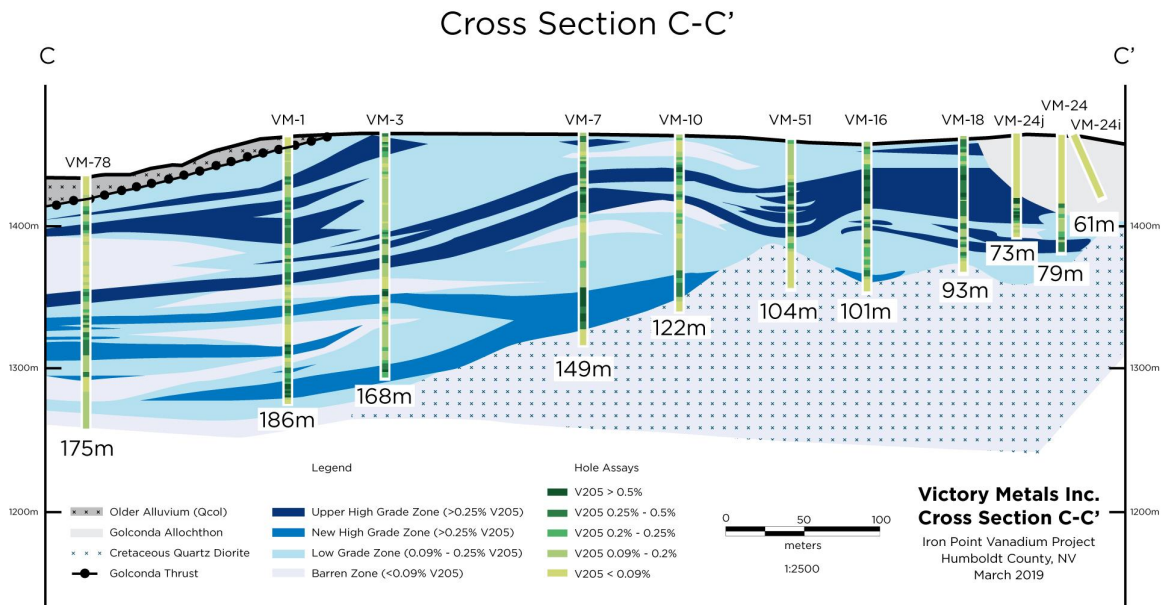
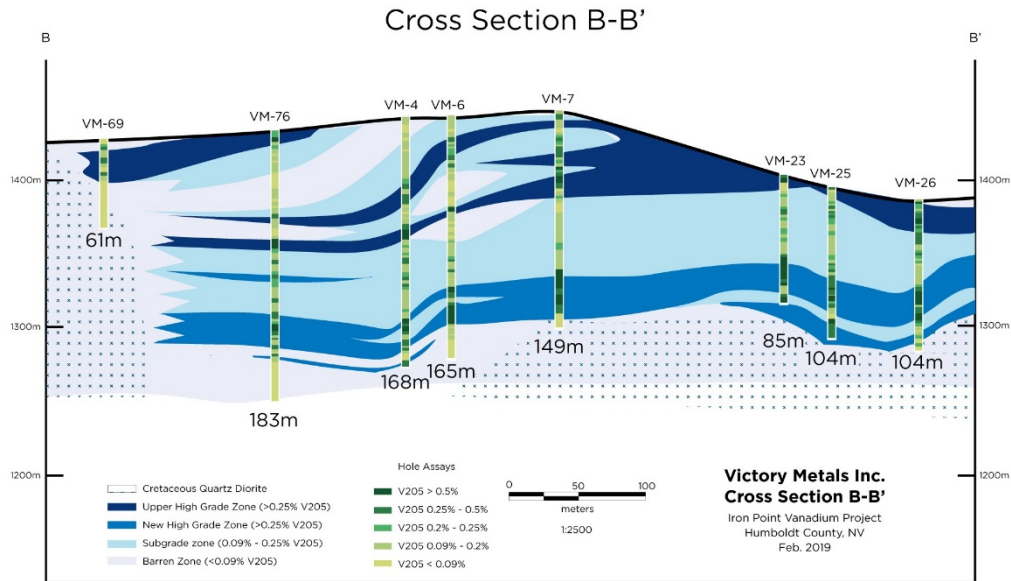
Continuity of mineralization in both the lower grade vanadium envelope and the two high-grade zones continues to be strong as drilling extends throughout the southern portion of the historical vanadium mineralized zone, and steps outside of that zone to the south. As indicated in the five sections (Sections A-A', B-B', C-C', F-F' and G-G'), the Upper High Grade and New High Grade Zones as well as the broader envelope of vanadium mineralization has now been drill defined over an area exceeding 1,200 metres north-south and approximately 700 metres east-west.



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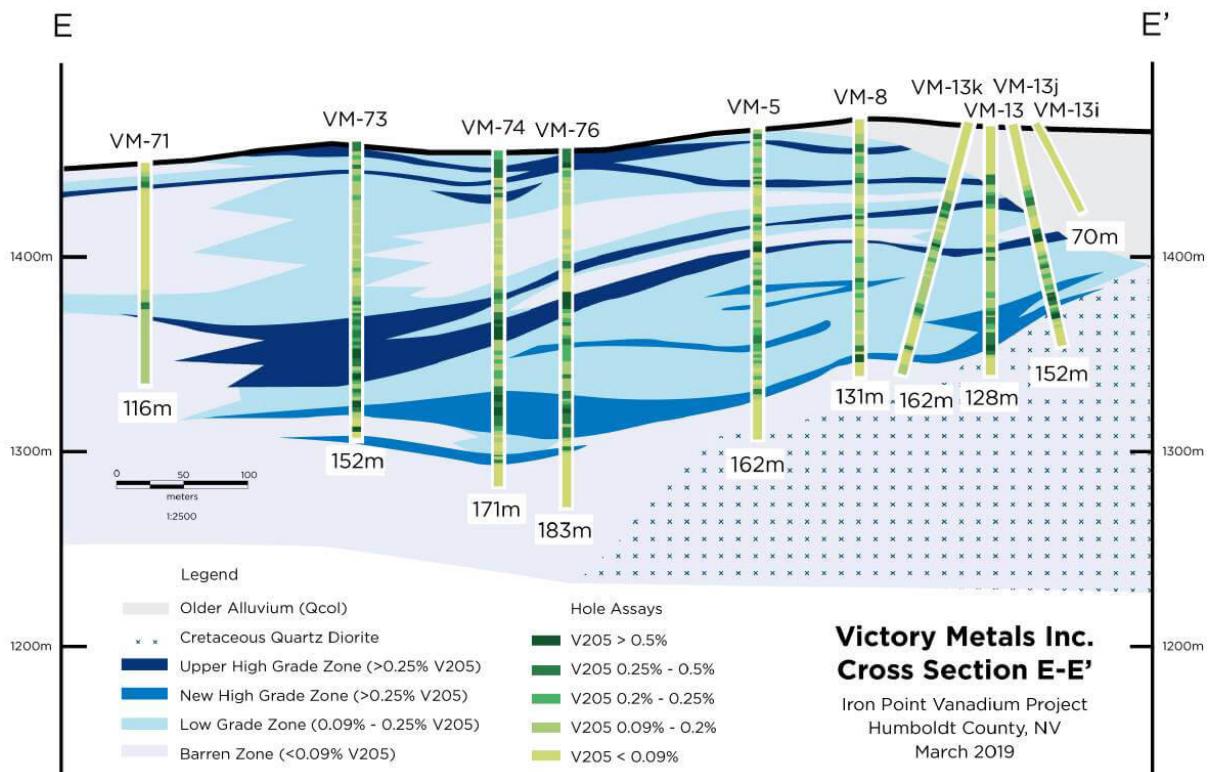
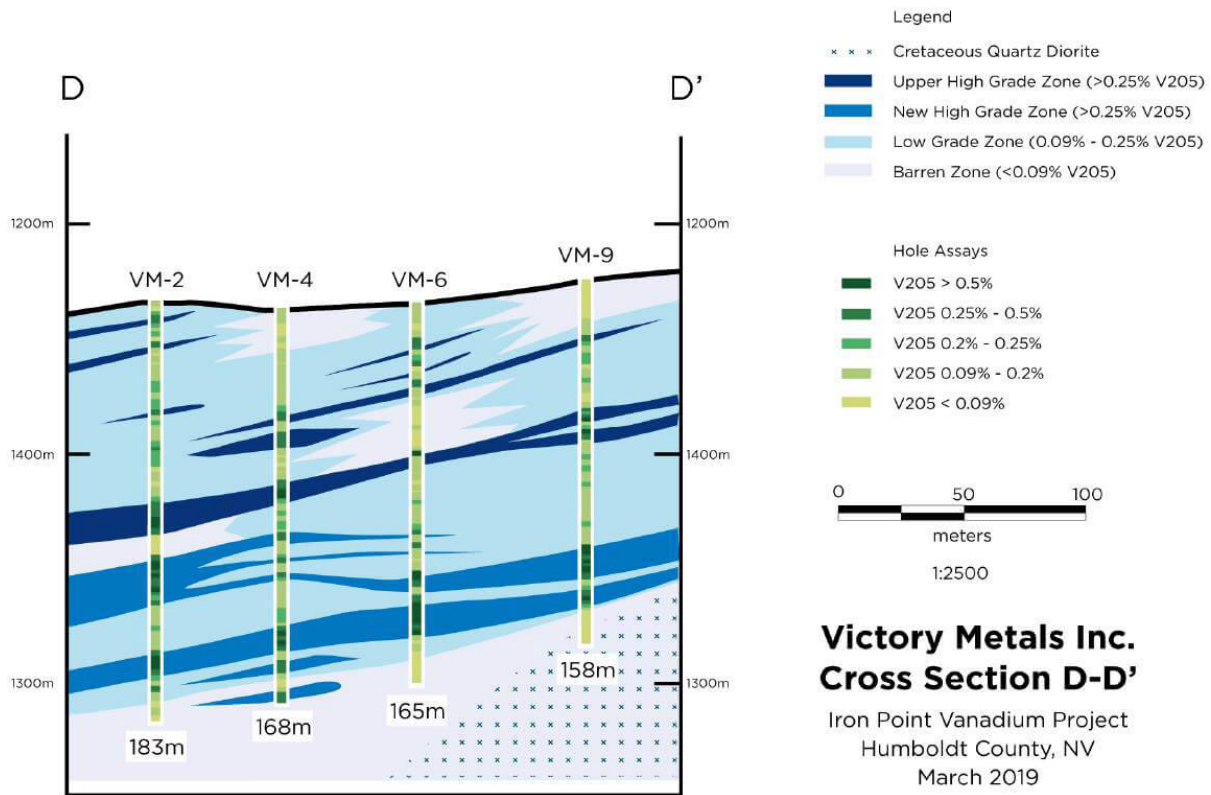
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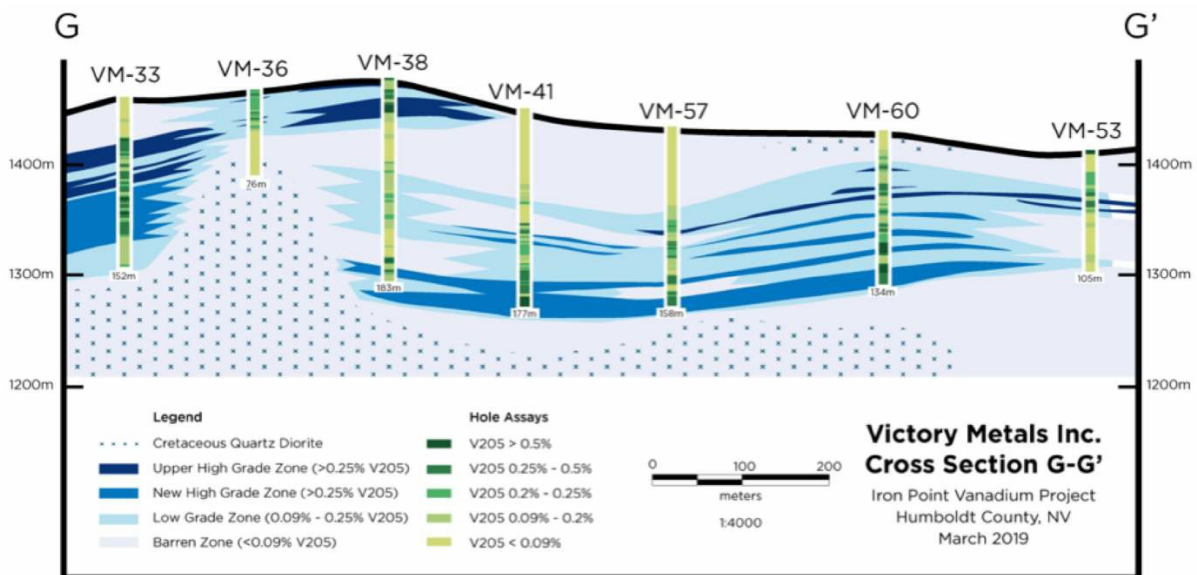
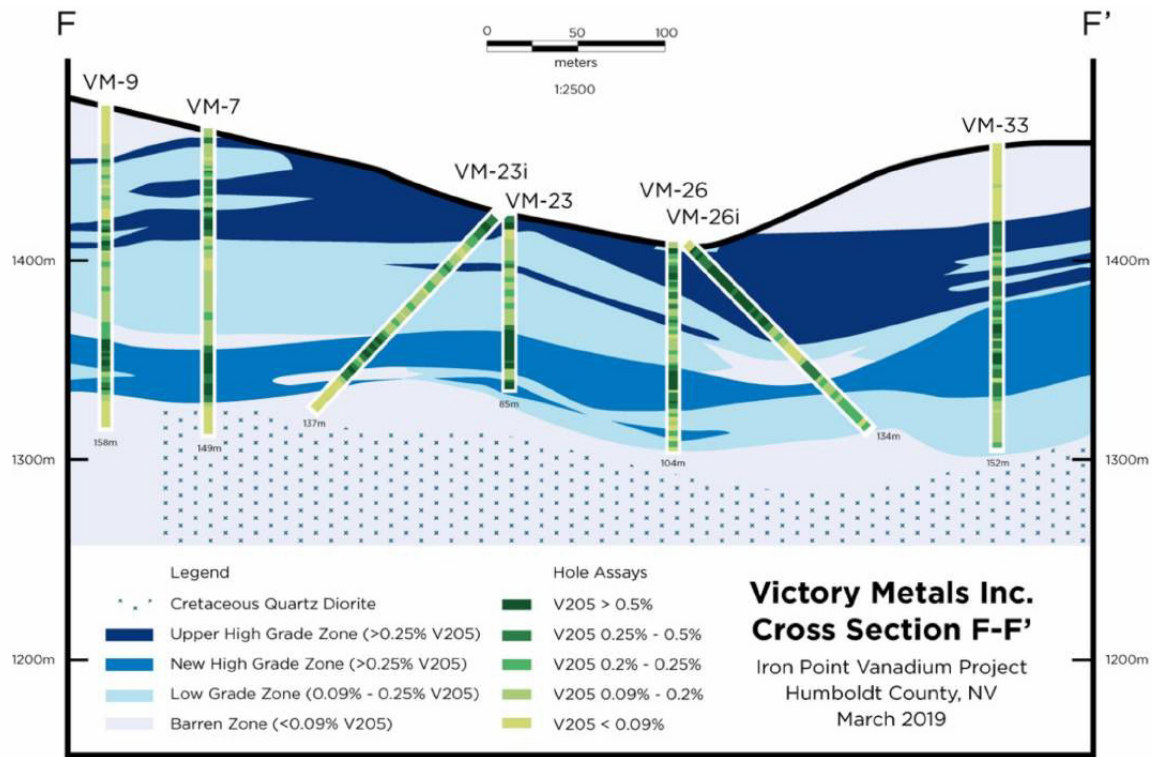




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Based upon the continuing footprint expansion of vanadium mineralization, Victory added 96 claims or 1,800 acres to the Iron Point project bringing the extent of the Property area to an aggregate of 690 claims or 13,300 acres.

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## Phase II Drill Campaign

On May 27, 2019, Victory commenced a Phase II, 10,000-metre drill program to further define vanadium mineralization at its Iron Point Vanadium Project in Nevada.

Highlights include:

- The Phase II program consists of 49 holes (approximately 10,000 metres) utilizing two RC rigs and one diamond drill rig. These rigs have been mobilized to the project.
- The program is designed to infill zones of vanadium mineralization defined in the Company's Phase I maiden drill campaign, as well as to test lateral and downward extensions of these zones.
- The program will also provide sample material for the next phase of metallurgical test work. The diamond drill will be utilized for approximately 10 of the 49 planned holes, and these 10 core holes will be distributed over the project area to provide representative metallurgical samples of the vanadium mineralization.

Mine Development Associates ("MDA"), a highly respected resource estimation and engineering firm based in Sparks, Nevada, designed the Phase II program based on preliminary geostatistical analysis of the Phase I results, with the objective of ensuring the drill spacing after Phase II will be sufficient for a resource estimate predominantly in the measured and indicated category.

Following the results of the Phase I maiden drilling campaign, Victory worked with MDA to evaluate the overall extent of the vanadium mineralization at Iron Point, and to position holes to support the planned maiden resource estimation work. With this objective MDA has developed the Phase II drill program of 49 holes (39 RC and 10 core holes). The drill pattern covers a north-westerly trending zone measuring 1,800 metres long by 550 meters wide. Hole depths range from 130 meters to 280 meters with angles ranging from -50° to vertical. Most of the holes are concentrated within the southern half of the property, where the previous drill holes were more widely spaced and where holes failed to fully penetrate both mineralized horizons.

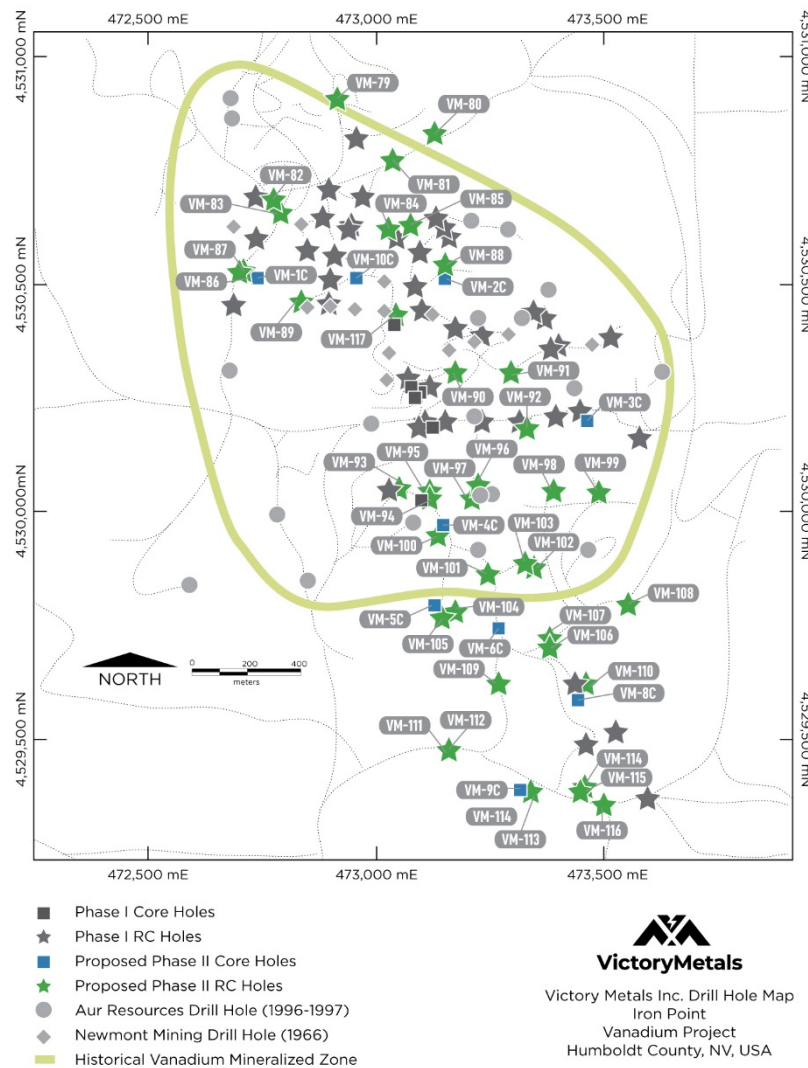
Two RC drills, one buggy-mounted and the other track-mounted, operated by New Frontier Drilling are currently engaged in perimeter definition drilling. The core drill is operated by National and is currently drilling PQ-size core that will provide samples for metallurgical testing. The RC drilling operates on a dayshift basis, while the core drill utilizes 24-hour drilling.

The proposed holes will be collared from existing historical drill roads, with several holes being drilled at an angle, allowing for minimal surface disturbance, importantly allowing Victory to complete the program on its existing state-bonded Notice. The Company has been working closely with the Bureau of Land Management, Humboldt County, to ensure that ongoing drilling complies closely with the Notice area.

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## Metallurgy

### Phase I Testing

A total of 197 RC drill reject samples were delivered to McClelland Laboratories of Sparks, Nevada, for sample preparation, assaying, and compositing.

A Master Composite sample was constructed using 197 drill cuttings interval samples that best represented both the spatial and stratigraphic distribution of mineralized zones throughout the Iron Point Project as described in the table and shown in map. Specifically, the Master Composite is made up of cuttings from drill intervals ranging between a depth of 1.5 metres to 164.6 metres. Intervals incorporated into the composite had a minimum grade of 0.17%  $V_2O_5$ , a maximum grade of 1.14%  $V_2O_5$ , a median grade of 0.38%  $V_2O_5$ , and a mean (unweighted) grade of 0.34%  $V_2O_5$  from triplicate analysis.

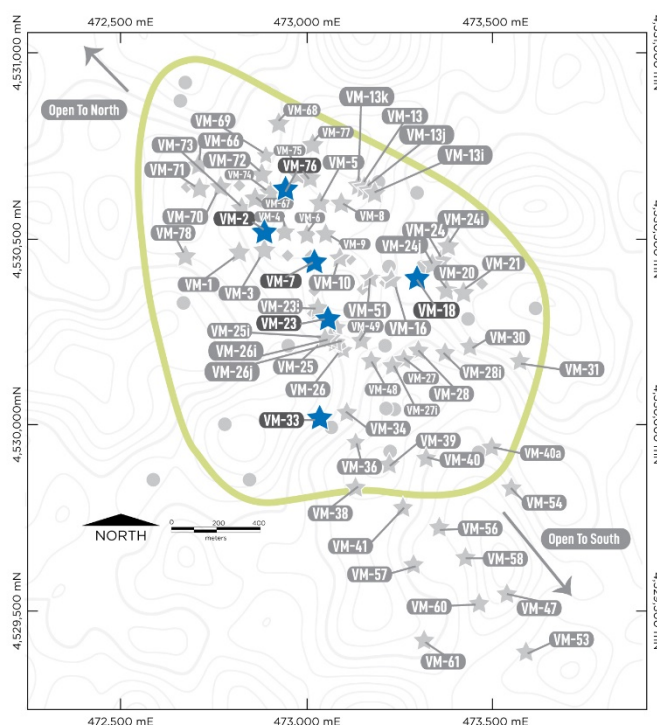
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**Table 1: RC Drill Cutting Intervals used in the Master Composite.**

RC Hole ID	Number	Range of Depth m		V <sub>2</sub> O <sub>5</sub> %		
		Min	Max	Min	Max	Mean
VM-2	36	9.1	164.6	0.21	0.79	0.45
VM-7	39	6.1	137.2	0.20	0.79	0.46
VM-18	31	4.6	65.5	0.21	0.64	0.38
VM-23	18	1.5	85.3	0.25	0.99	0.61
VM-33	44	42.7	128.0	0.21	0.71	0.35
VM-76	29	6.1	146.3	0.17	1.14	0.42



- ★ Victory Metals Drill Hole (2018)
- ★ Master Composite Holes
- Aur Resources Drill Hole (1996-1997)
- ◆ Newmont Mining Drill Hole (1966)
- Historical Vanadium Exploration Area

  
**VictoryMetals**  
 Victory Metals Inc. Drill Hole Map  
 Iron Point  
 Vanadium Project  
 Humboldt County, NV, USA

After a review of published work and some early test work on drill core samples, a Design of Experiments program (DOE) was initiated as a scoping level trial using four primary leaching factors, namely: leach temperature, slurry solids density, hydrofluoric acid dosage and sulfuric acid dosage. DOE methods are used to determine the effects of several factors at once and are statistically analyzed to determine the effects of each factors, i.e. acid dosage or temperature, also the interaction of two or more factors on the system, i.e. temperature and slurry solids density.

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Owing to the number of factors, a two-level factorial design was used for the initial runs. Sixteen tests were run using different combinations of Hi and Lo values for each of the factors. All tests were run at atmospheric pressure with a leach time of eight hours. Initial factor high and low levels were selected based on similar unit operations currently used in the industry, i.e. slurry solids density 20 to 40 percent, which is common in flotation concentrate products and gold leach circuits, respectively. Owing to the atmospheric leaching process, maximum temperature considered was 90 degrees centigrade. Intermittent samples were taken at two, four, and six hours and each solution analyzed for pH, oxidation-reduction potential (ORP), and acid concentration. For each test make-up, water and reagents were added as required to maintain the DOE factor levels. At the termination of the test, samples were filtered with dried solids and leach solutions submitted for analyses. Statistical analysis of the data was done using Stat-Ease's Design Expert and SAS' JMP statistical analysis software.

**Table 2: DOE Parameter Matrix with Summary Agitation Leach Test Results, Iron Point Master Composite, for each of the 16 Tests**

Test ID	Factor 1 Temp., °C	Factor 2 Density, % solids	Factor 3 HF g/L	Factor 4 H <sub>2</sub> SO <sub>4</sub> , g/L	Leach Time, hr	V Recovery, %	H <sub>2</sub> SO <sub>4</sub> Consumption kg/mt
DOE-1	Lo	Lo	Hi	Lo	8	47.3	115
DOE-2	Lo	Lo	Lo	Hi	8	48.9	189
DOE-3	Lo	Hi	Lo	Lo	8	21.3	103
DOE-4	Lo	Hi	Hi	Hi	8	53.5	170
DOE-5	Lo	Lo	Lo	Lo	8	33.7	122
DOE-6	Lo	Hi	Hi	Lo	8	33.0	99
DOE-7	Lo	Hi	Lo	Hi	8	44.0	102
DOE-8	Lo	Lo	Hi	Hi	8	65.7	N/A*
DOE-9	Hi	Hi	Hi	Hi	8	90.6	142
DOE-10	Hi	Lo	Lo	Hi	8	89.0	103
DOE-11	Hi	Hi	Lo	Lo	8	41.8	118
DOE-12	Hi	Lo	Hi	Lo	8	92.8	88
DOE-13	Hi	Hi	Hi	Lo	8	66.9	127
DOE-14	Hi	Lo	Lo	Lo	8	71.5	112
DOE-15	Hi	Hi	Lo	Hi	8	75.3	127
DOE-16	Hi	Lo	Hi	Hi	8	94.3	101

*\*Conditions for DOE-8 are being re-run owing to anomalies with the acid balance results.*

The table shows the high and low level for each of the tests, as well as two of the primary responses, namely eight hour vanadium recovery percentage and sulfuric acid consumption. Highlighted areas correspond to the upper quartile of vanadium recovery, i.e. the top four tests. The highest vanadium recoveries are associated with some combination of higher sulfuric acid dosage and temperature. The best four combinations average 91.7% vanadium recovery with the highest recovery of 94.3% associated with a low percentage of solid solution, and higher temperature and acid dosage. The upper quartile vanadium tests show acid consumptions ranging between 88 kg/t and 142 kg/t with an average of 109 kg/t. The high temperature runs consistently outperformed the low temperature runs with respect to vanadium. Acid dosages have a lower level of impact than temperature on recovery. High solids density has a negative influence on the recovery, though not as statistically significant as temperature or sulfuric acid dosage.

# Victory Metals Inc. (formerly Ripper Oil and Gas Inc.)

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## Phase II Testing

Further testing is underway that will better define operating parameters required to develop an economic atmospheric leaching process. It should be noted that the initial DOE runs are not optimized. Supplemental testing is in progress to augment the initial DOE with additional runs to optimize the leach parameters. It is expected that improvements in recovery and acid consumption are likely.

Testing of several samples spatially distributed throughout the deposit and at different vanadium grades, will also be completed ("variability testing") to confirm metallurgical responses throughout the deposit. Results of the variability testing will be used to develop the geometallurgical model for the Iron Point deposit and support the engineering and design process. Additionally, bulk samples will be used to generate pregnant leach solution for subsequent solvent extraction and vanadium precipitation testing. Owing to the nature of the Victory leach process, downstream processing of the vanadium rich solutions will be via a commercially proven process to produce a high grade V<sub>2</sub>O<sub>5</sub> product.

The following tables summarize the capitalized costs associated with the Company's exploration and evaluation assets:

	Iron Point	Other	Total
	\$	\$	\$
<b>Period ended March 31, 2019</b>			
<b>Acquisition Costs</b>			
Balance as at September 30, 2018	599,502	632,317	1,231,819
Additions			
Land claim payments and acquisition costs	255,521	16,561	272,082
Disposals			
Sale of non-Iron Point assets	-	(632,317)	(632,317)
Balance as at March 31, 2019	855,023	16,561	871,584
<b>Exploration Costs</b>			
Balance as at September 30, 2018	105,408	214,252	319,660
Drilling	1,684,220	-	1,684,220
Environmental	14,827	-	14,827
Exploration	92,239	-	92,239
Geochemistry	33,498	-	33,498
Geological information systems and mapping	21,761	-	21,761
Metallurgy	165,821	-	165,821
Resource estimate	39,697	-	39,697
Other	70,874	-	70,874
Sale of non-Iron Point assets	-	(214,252)	(214,252)
Balance as at March 31, 2019	2,228,345	-	2,228,345
<b>Total Exploration and Evaluation Assets</b>			
Balance as at March 31, 2019	3,083,368	16,561	3,099,929

# Victory Metals Inc. (formerly Ripper Oil and Gas Inc.)

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	Iron Point	Other	Total
	\$	\$	\$
<b>Year ended September 30, 2018</b>			
<b>Acquisition Costs</b>			
Balance as at September 30, 2017	-	356,553	356,553
Additions			
Land claim payments and acquisition costs	599,502	275,764	875,266
Balance as at September 30, 2018	599,502	632,317	1,231,819
<b>Exploration Costs</b>			
Balance as at September 30, 2018	-	138,265	138,265
Assays and sampling	48,102	4,272	52,374
Environmental	7,223	-	7,223
Exploration	72,151	50,883	123,034
Geological services	95,197	5,942	101,139
Geological information systems and mapping	7,445	14,890	22,335
Metallurgy	4,345	-	4,345
Reimbursement of exploration expenditures	(129,055)	-	(129,055)
Balance as at September 30, 2018	105,408	214,252	319,660
<b>Total Exploration and Evaluation Assets</b>			
Balance as at September 30, 2018	704,910	846,569	1,551,479

## **Selected Financial Information for the six month period ended March 31, 2019**

On January 31, 2019, the Company completed the acquisition of Brownstone. Pursuant to the Transaction, Casino Gold received an aggregate of 41,837,681 post-consolidation common shares as consideration for the sale of the Company. The Company paid finder's fees of 2,434,741 post-consolidation common shares to certain finders in connection with the Acquisition.

The Acquisition is considered to constitute a reverse takeover. The acquisition of the net assets of the company is summarized as follows:

Purchase price – value of equity instruments issued	\$ 6,275,653
Value of finders shares issued	852,159
Transaction costs	114,748
Total Consideration	\$ 7,242,560
Assets	
Cash	512,656
Amounts receivable	53
Total Assets	512,709
Liabilities	
Accounts payable and accrued liabilities	1,109
Total Liabilities	1,109
Listing expense	\$ 6,730,960

# Victory Metals Inc. (formerly Ripper Oil and Gas Inc.)

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For the six month period ended March 31, 2019 and year ended September 30, 2018

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## Overall Performance and Results of Operations

Total assets increased to \$7,919,248 at March 31, 2019, from \$1,742,660 at September 30, 2018, primarily as a result of a private placement financing completed in January 2019 for \$5,950,000 and an increase in exploration and evaluation assets of \$1,548,450. The most significant assets at March 31, 2019, were cash of \$1,658,615 (September 30, 2018: \$Nil) short term investments of \$3,000,000 (September 30, 2018: \$Nil) and exploration and evaluation assets of \$3,099,929 (September 30, 2018: \$1,551,479). Cash increased by \$1,658,615 during the period ended March 31, 2019 as a result of the issuance of shares in the amount of \$5,950,000 and net cash acquired from Ripper Oil & Gas Inc. as part of the acquisition of Brownstone of \$394,595. The increase in cash was partially offset by the purchase of short term investments of \$3,000,000, exploration and evaluation asset expenditures of \$393,361, repayment of exploration and evaluation expenditures to Casino Gold of \$728,538 and cash used in operating activities of \$564,081.

### *Six month period ended March 31, 2019 and year ended September 30, 2018*

During the six month period ended March 31, 2019, loss from operating activities increased by \$2,576,405 to \$2,577,772 compared \$1,367 for the year ended September 30, 2018. The increase in loss from operating activities is largely due to:

- An increase of \$56,000 in consulting fees. Consulting fees were \$56,000 for the six month period ended March 31, 2019, compared to \$Nil for the year ended September 30, 2018. The increase is due to higher consulting fees incurred as a result of increased operations subsequent to the completion of the Acquisition of Brownstone.
- An increase of \$318,110 in management and directors fees. Management and directors fees were \$318,110 for the six month period ended March 31, 2019, compared to \$Nil for the year ended September 30, 2018. The increase is due to performance bonuses and compensation paid to key management personnel as a result of increased operations subsequent to the completion of the Acquisition of Brownstone.
- An increase of \$2,102,198 in share-based compensation. Share-based compensation was \$2,102,198 for the six month period ended March 31, 2019 compared to \$Nil for the year ended September 30, 2018. 8,470,000 fully vested stock options with a value of \$2,102,198 were granted during the six month period ended March 31, 2019 compared to no stock options granted in the prior year.

### Other items

During the six month period ended March 31, 2019, other expenses increased by \$7,594,401 to \$6,909,434 compared to other income of \$684,967 for the year ended September 30, 2018. The increase in other expenses is largely due to:

- An increase of \$6,730,960 in listing expense. The Company completed the Acquisition of Brownstone and recognized a listing expense of \$6,730,960 for the six month period ended March 31, 2019.
- An increase of \$185,632 in loss on disposal of exploration and evaluation assets. The Company sold all of its non-vanadium properties for non-cash consideration of \$660,937 recognizing a loss on disposal of exploration and evaluation assets of \$185,632 for the six month period ended March 31, 2019.

The increase in other expenses were partially offset by:

- A decrease of \$679,971 in debt forgiveness from New Found Gold Corp. In June 2018, New Found Gold Corp. undertook a series of transactions that transferred its 100% ownership in Brownstone to Casino Gold. As a result, New Found Gold Corp. forgave \$679,971 of advances that were made to Brownstone.

The Company recorded loss and comprehensive loss of \$9,487,206 or 0.24 basic and diluted loss per share for the six month period ended March 31, 2019 (year ended September 30, 2018: income and comprehensive income of \$683,601 or 0.04 basic and diluted earnings per share).



# Victory Metals Inc. (formerly Ripper Oil and Gas Inc.)

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For the six month period ended March 31, 2019 and year ended September 30, 2018

Selected Annual Financial Information	Six month period ended	Years Ended	
	March 31,	September 30,	
	2019	2018	2017
	\$	\$	\$
Total Assets	7,919,248	1,742,660	470,199
Operating expenses	(475,574)	(1,367)	(1,285)
Share-based compensation	(2,102,198)	-	-
Foreign exchange gain	7,158	4,997	-
Listing expense	(6,730,960)	-	-
Loss on disposal of exploration and evaluation assets	(185,632)	-	-
Debt forgiveness from New Found Gold Corp.	-	679,971	-
Net (loss) income and comprehensive (loss) income	(9,487,206)	683,601	(1,285)
(Loss) earnings per share – basic and diluted <sup>(1)</sup>	(0.24)	0.04	(0.00)

<sup>(1)</sup> On January 31, 2019, the Company received approval from the TSX Venture Exchange and the Company's shareholders for the consolidation of the Company's issued and outstanding common shares on the basis of one and one half (1.5) pre-consolidation share for one (1) post-consolidation share. Comparative periods have been retroactively restated.

## Three months ended March 31, 2019 and 2018

During the three months ended March 31, 2019, loss from operating activities increased by \$2,577,772 to \$2,577,772 compared to \$Nil for the three months ended March 31, 2018. The increase in loss from operating activities is largely due to:

- An increase of \$56,000 in consulting fees. Consulting fees were \$56,000 for the three months ended March 31, 2019, compared to \$Nil for the three months ended March 31, 2018. The increase is due to higher consulting fees incurred as a result of increased operations subsequent to the completion of the Acquisition of Brownstone.
- An increase of \$318,110 in management and directors' fees. Management and directors' fees were \$318,110 for the three months ended March 31, 2019, compared to \$Nil for the three months ended March 31, 2018. The increase is due to performance bonuses and compensation paid to key management personnel as a result of increased operations subsequent to the completion of the Acquisition of Brownstone.
- An increase of \$2,102,198 in share-based compensation. Share-based compensation was \$2,102,198 for the three months ended March 31, 2019, compared to \$Nil for the three months ended March 31, 2018. A total of 8,470,000 fully vested stock options with a value of \$2,102,198 were granted during the three months ended March 31, 2019, compared to no stock options granted during the three months ended March 31, 2018.

## Other items

During the three months ended March 31, 2019, other expenses increased by \$6,909,434 to \$6,909,434 compared to \$Nil for the three months ended March 31, 2018. The increase in other expenses is largely due to:

- An increase of \$6,730,960 in listing expense. The Company completed the Acquisition of Brownstone and recognized a listing expense of \$6,730,960 for the three months ended March 31, 2019.
- An increase of \$185,632 in loss on disposal of exploration and evaluation assets. The Company sold all of its non-vanadium properties for non-cash consideration of \$660,937 recognizing a loss on disposal of exploration and evaluation assets of \$185,632 for the three months ended March 31, 2019.

The increase in other expenses were partially offset by:

- A decrease of \$679,971 in debt forgiveness from New Found Gold Corp. In June 2018, New Found Gold Corp. undertook a series of transactions that transferred its 100% ownership in Brownstone to Casino Gold. As a result, New Found Gold Corp. forgave \$679,971 of advances that were made to Brownstone.

# Victory Metals Inc. (formerly Ripper Oil and Gas Inc.)

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For the six month period ended March 31, 2019 and year ended September 30, 2018

The Company recorded loss and comprehensive loss of \$9,487,206 or 0.24 basic and diluted loss per share for the three months ended March 31, 2019 (March 31, 2018: \$Nil or 0.00 basic and diluted loss per share).

## Summary of Quarterly Results

	2019		2018				2017			
	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30		
	\$	\$	\$	\$	\$	\$	\$	\$		
Revenues	-	-	-	-	-	-	-	-		
(Loss) income and comprehensive (loss) income for the period	(9,487,206)	-	(69)	683,670	-	-	-	(1,315)		
(Loss) earnings per Common Share Basic and Diluted <sup>(1)</sup>	(0.24)	N/A	(0.00)	0.04	N/A	N/A	N/A	(0.00)		

<sup>(1)</sup> On January 31, 2019, the Company received approval from the TSX Venture Exchange and the Company's shareholders for the consolidation of the Company's issued and outstanding common shares on the basis of one and one half (1.5) pre-consolidation share for one (1) post-consolidation share. Comparative periods have been retroactively restated.

## Liquidity and Capital Resources

As at March 31, 2019, the Company had cash of \$1,658,615 and short-term investments of \$3,000,000 to settle current liabilities of \$542,843.

The Company does not currently have a recurring source of revenue, other than interest income on its short-term investments and has historically incurred negative cash flows from operating activities. As at March 31, 2019, the Company had working capital of \$4,276,476 consisting primarily of cash and short-term investments. Although the Company presently has sufficient financial resources to cover its existing obligations and operating costs, the Company expects to require further funding in the longer term to fund its planned programs for the next year. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing. These items may cast a significant doubt on the company's ability to continue as a going concern.

The sources of funds currently available to the Company for its acquisition and exploration projects are solely due from equity financing.

The Company does not have bank debt or banking credit facilities in place as at the date of this report.

### *May 2019 Financing – Net Proceeds of \$3,618,000*

In May 2019, the Company completed a non-brokered private placement of 5,400,000 common shares at a price of \$0.67 per common share for total proceeds of \$3,618,000. The Company paid finder's fees of 270,000 common shares to certain finders in connection with the private placement financing. The Company intends to use these proceeds to continue advancement towards resource definition, completion of a Preliminary Economic Assessment, commencing a Phase II drill program and general working capital purposes.

# Victory Metals Inc. (formerly Ripper Oil and Gas Inc.)

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For the six month period ended March 31, 2019 and year ended September 30, 2018

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## *\$1,000,000 Convertible Loan*

During the period ended March 31, 2019, the Company entered into a Convertible Loan agreement with certain lenders (the "Lenders") for a total of \$1,000,000 (US\$762,294). In the event that the acquisition of Brownstone was not completed on or before January 31, 2019, or if the Transaction was terminated prior thereto by any party, the Company, at its election, and with the consent of Casino Gold, within two business days of such termination (the "Conversion Date"), convert all or a portion of the principal, into common shares in the capital of Casino Gold, at a price of \$0.053 per share. Any principal not converted on or before the Conversion Date shall be entitled to interest, at the rate of 10% per annum, calculated from the original date of this Convertible Loan. Thereafter the Company promises to repay the total principal not otherwise converted, plus accrued interest, to the Lenders, within 60 days of the Conversion Date. On closing of the Transaction, the Company issued 5,000,000 post-consolidation Shares in settlement of \$1,000,000 (US\$762,294) that was advanced by the Lenders to the Company, for mutually agreed upon exploration work on the Iron Point Vanadium Project, prior to closing of the Transaction.

## *January 2019 Financing – Net Proceeds of \$5,950,000*

On January 31, 2019, the Company completed a non-brokered private placement financing of 17,000,000 subscription receipts at \$0.35 per subscription receipt for gross proceeds of \$5,950,000. Each subscription receipt automatically converted into one post-consolidation common share of the Company upon completion of the acquisition of Brownstone. The Company paid finder's fees of 514,942 post-consolidation common shares to certain finders in connection with the private placement financing.

A comparison of the use of proceeds disclosed in the Filing Statement dated January 28, 2019, to management's current estimate of the use of proceeds is as follows:

<b>Uses of Funds:</b>	<b>Intended Use of Proceeds (Estimated)</b>	<b>Actual Use of Proceeds</b>	<b>Over/(Under)-Expenditure at March 31, 2019</b>
	\$	\$	\$
Costs related to the Transaction	150,000	114,748	(35,252)
Property work program	2,151,350	1,092,687	(1,058,663)
Property payments, acquisition and maintenance costs	218,700	56,487	(162,213)
General and administrative expenses for the first 12 months	2,148,000	548,507	(1,599,493)
Working capital to fund ongoing operations	1,281,950	-	(1,281,950)
<b>Total Uses</b>	<b>5,950,000</b>	<b>1,812,428</b>	<b>(4,137,572)</b>

The Company incurred \$1,092,687 on the 2019 property work program for the Iron Point Project, which included Phase I reverse circulation drilling and metallurgical testing. The 2019 work program activities are ongoing as of March 31, 2019, with estimated completion during the Company's second quarter. The Company has used \$548,507 of the proceeds from the January 2019 financing for general and administrative expenditures primarily related to consulting, executive management and directors' fees of \$374,110 and advertising, professional fees, travel and transfer agent fees of \$174,397.

## **Outstanding Share Data**

During the six month period ended March 31, 2019, the Company completed a consolidation of the Company's issued and outstanding common shares on the basis of one and one half (1.5) pre-consolidation share for one (1) post-consolidation share.

# **Victory Metals Inc. (formerly Ripper Oil and Gas Inc.)**

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During the six month period ended March 31, 2019, the Company completed a non-brokered private placement of 17,000,000 subscription receipts at a price of \$0.35 per subscription receipt for gross proceeds of \$5,950,000. Each subscription receipt automatically converted into one common share of the Company. The Company also issued 514,942 common shares with a value of \$180,230 to certain finders in connection with the private placement.

During the six month period ended March 31, 2019, the Company issued 41,837,681 common shares in connection with the Acquisition of Brownstone. The Company also issued 2,434,741 common shares with a value of \$852,159 to certain finders in connection with the Acquisition.

During the six month period ended March 31, 2019, the Company issued 5,000,000 common shares to certain lenders as settlement of a convertible loan agreement entered into during the period.

During the six month period ended March 31, 2019, 5,900,000 stock options were granted to directors and officers, with an exercise price of \$0.35 and an expiry date of January 31, 2024.

During the six month period ended March 31, 2019, 2,500,000 stock options were granted to consultants with an exercise price of \$0.35 and an expiry date of January 31, 2021.

During the six month period ended March 31, 2019, 70,000 stock options were granted to a consultant with an exercise price of \$0.35 and an expiry date of February 5, 2021.

Subsequent to March 31, 2019, the Company completed a non-brokered private placement of 5,400,000 common shares at a price of \$0.67 per share for gross proceeds of \$3,618,000. The Company also issued 270,000 common shares with a value of \$180,900 to certain finders in connection with the private placement.

Subsequent to March 31, 2019, 560,000 stock options were granted to directors, officers and consultants with an exercise price of \$0.63 and an expiry date of June 17, 2024.

As at the date of this report, there were 90,387,800 common shares issued and outstanding.

As at the date of this report, there were 9,030,000 stock options and no warrants outstanding.

## **Related Party Transactions**

### *Debt Forgiveness from New Found Gold Corp.*

During the year ended September 30, 2018, the Company received advances from New Found Gold Corp. ("New Found Gold") to fund exploration activities, including property staking. On June 8, 2018, New Found Gold Corp. undertook a series of transactions that transferred its 100% ownership in Brownstone to Casino Gold Corp. As a result, New Found Gold forgave \$679,971 (US\$529,734). These advances to Brownstone were not interest bearing, had no term of repayment and were due on notice from New Found Gold Corp.

During the period ended March 31, 2019, advances from New Found Gold was \$Nil.

### *Due to Casino Gold Corp.*

During the period ended March 31, 2019, the Company sold all other non-vanadium properties to 2656065 Ontario Limited ("HoldCo"), a subsidiary of Casino Gold and related party to the Company, for consideration of \$660,937 (US\$508,706). The amount was satisfied by extinguishing \$660,937 (US\$508,707) in amounts owed to Casino Gold. As part of the transaction the Company recognized a loss on the disposal of its non-vanadium properties of \$185,632 (US\$140,110).

As at March 31, 2019, the amount due to Casino Gold is \$Nil (September 30, 2018 - \$1,025,574).

# **Victory Metals Inc. (formerly Ripper Oil and Gas Inc.)**

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## *Key Management Personnel Compensation*

During the period ended March 31, 2019, key management personnel compensation totaled \$1,985,232 (year ended September 30, 2018 - \$Nil) comprised of management fees and bonuses of \$298,110 paid to the Chief Financial Officer and companies controlled by the Company's Chief Executive Officer and Executive Chairman, \$20,000 paid to directors and share-based compensation of \$1,667,122 relating to 5,900,000 stock options granted to directors and officers of the Company.

## **Risks and Uncertainties**

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not inclusive of all the risks and uncertainties the Company may be subject to and other risks may exist. The Company is in the business of acquiring, exploring and evaluating vanadium properties. It is exposed to a number of risks and uncertainties that are common to other vanadium mining companies. The industry is capital intensive at all stages and is subject to variations in commodity prices, market sentiment, inflation and other risks.

### *Mining Exploration and Development*

Exploration for minerals is highly speculative in nature, involves many risks and frequently is unsuccessful. There is no assurance that any exploration activities of the Company will result in the development of an economically viable mine project. The economics of developing mineral properties are affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, costs of mining and processing equipment, government regulations, location of the orebody and its proximity to infrastructure such as roads and power, required metallurgical processes, regulatory permit requirements, prevailing metal prices, economic and financing conditions at the relevant time. Substantial expenditures are required to establish mineral resources and mineral reserves through drilling, to develop metallurgical processes to extract the metal from mineral resources, and in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Assuming discovery of an economic ore body, depending on the type of mining operation involved, several years may elapse from the initial phases of drilling until commercial operations are commenced and during such time the economic feasibility of production may change.

The Company has never completed a mining development project and does not generate any revenues from production. The future development of properties found to be economically feasible will require the construction and operation of mines, processing plants and related infrastructure and the Company does not have any experience in taking a mining project to production. As a result of these factors, it is difficult to evaluate the Company's prospects, and the Company's future success is more uncertain than if it had a more proven history. The development of the Iron Point Project will include the construction and operation of mines, processing plants and related infrastructure. As a result, the Company is and will continue to be subject to all of the risks associated with establishing new mining operations, including risks relating to the availability and cost of skilled labour, mining equipment, fuel, power, materials and other supplies; the ability to obtain all necessary governmental approvals and permits; potential opposition from non-governmental organizations, environmental groups or local residents; and the availability of funds to finance construction and development activities. Cost estimates may increase as more detailed engineering work is completed on a project. It is common for new mining operations to experience unexpected costs, problems and delays during construction, development, and mine start-up. In addition, delays in the early stages of mineral production often occur. Accordingly, the Company cannot provide assurance that its activities will result in profitable mining operations at its mineral properties.

# **Victory Metals Inc. (formerly Ripper Oil and Gas Inc.)**

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## *Infrastructure*

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which effect capital and operating costs. Unusual or infrequent weather phenomena, terrorism, sabotage, community, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

## *Risks Associated with Vanadium Markets*

Vanadium is not an exchange traded commodity and is sold directly to end users. The profitability of the Company's vanadium operations will be dependent upon the market price of vanadium. Vanadium prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, the world supply of mineral commodities and the stability of exchange rates can all cause significant fluctuations in prices.

Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of vanadium has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and result of operations. Depending on the market price of vanadium, the Company may determine that it is not economically feasible to continue some or all of its operations or the development of some or all of its projects, as applicable, which could have an adverse impact on the Company's financial performance and results of operations. In such a circumstance, the Company may also curtail or suspend some or all of its exploration activities.

## *Regulatory Risks*

Mining activities are subject to extensive laws and regulations governing prospecting, development, production, exports, taxes, labor standards, occupational health and safety, water disposal, toxic substances, explosives, management of natural resources, environmental management and protection, mine safety, dealings with native groups, historic and cultural preservation and other matters. Compliance with such laws and regulations increases the costs of planning, designing, drilling, developing, construction, operating and closing mines and other facilities. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory or judicial authorities enjoining or curtailing operations, requiring corrective measures or other remedial actions, any of which could result in the Company incurring significant expenditures. Changes to current laws, regulations and permits governing operations and activities of mining companies, including environmental laws and regulations or more stringent enforcement thereof, could have a material adverse impact on the Company and increase costs, affect the Company's ability to expand or transfer existing operations or require the Company to abandon or delay the development of new properties. The Company may be subject to potential legal claims based on an infringement of applicable laws or regulations which, if determined adversely to the Company, could have a material effect on the Company or its financial condition or require the Company to compensate persons suffering loss or damage as a result of any such infringement.

## *Permitting Risks*

There can be no assurance that all licenses, permits or property rights which the Company may require for any exploration or development of mining operations will be obtainable on reasonable terms or in a timely manner, or at all, that such terms will not be adversely changed, that required extensions will be granted, or that the issuance of such licenses, permits or property rights will not be challenged by third parties. Delays in obtaining or a failure to obtain such licenses, permits or property rights or extension thereto, challenges to the issuance of such licenses, permits or property rights, whether successful or unsuccessful, changes to the terms of such licenses, permits or property rights, or a failure to comply with the terms of any such licenses, permits or property rights that the Company has obtained, could have a material adverse effect on the Company by delaying or preventing or making more expensive exploration, development and/or production.

# **Victory Metals Inc. (formerly Ripper Oil and Gas Inc.)**

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## *Environmental Risks and Hazards*

The Company's activities are subject to extensive federal, provincial state and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are also increasingly stringent. Compliance with environmental regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in the Company's intended activities. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Further, any failure by the Company to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations.

## *Risks with Title to Mineral Properties*

Title on mineral properties and mining rights involves certain risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the ambiguous conveyance history of many mining properties. Although the Company has, with the assistance of its legal advisors, diligently investigated and validated title to its mineral claims, there is no guarantee that the Company will not encounter challenges or loss of title to its assets. The Company does not carry title insurance. The Company is actively engaged in the process of seeking to strengthen the certainty of its title to its mineral concessions, which are held either directly or through its equity interest in its subsidiaries. The Company cannot give any assurance that title to properties it acquired individually or through historical share acquisitions will not be impugned and cannot guarantee that the Company will have or acquire valid title to these mining properties. Failure by the Company to retain title to properties which comprise its projects could have a material adverse effect on the Company and the value of its Common Shares.

## *Dependence on Iron Point Project*

The Company's only material mineral property is the Iron Point Project. As a result, unless the Company acquires or develops any additional material properties or projects, any adverse developments affecting this project or the Company's rights to develop this property could materially adversely affect the Company's business, financial condition and results of operations.

## *Risks Associated with Potential Acquisitions*

The Company may evaluate opportunities to acquire additional mining assets and businesses. These acquisitions may be material in size, may change the scale of the Company's business and may expose the Company to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition targets, acquire them on acceptable terms and integrate their operations successfully with those of the Company. The Company may need additional capital to finance any such acquisitions. Debt financing related to acquisition would expose the Company to the risk of leverage, while equity financing may cause existing shareholders to suffer dilution. There is a limited supply of desirable mineral lands available for claim staking, lease or other acquisition in the areas where the Company contemplates conducting exploration activities. The Company may be at a disadvantage in its efforts to acquire quality mining properties as it must compete with individuals and companies which in many cases have greater financial resources and larger technical staffs than the Company. Accordingly, there can be no assurance that the Company will be able to compete successfully for new mining properties.

# **Victory Metals Inc. (formerly Ripper Oil and Gas Inc.)**

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## *Negative Operating Cash Flow*

The Company is an exploration stage company and has not yet commenced commercial production on any property and, accordingly, has not generated cash flow from operations. The Company has a history of losses and there can be no assurance that it will ever be profitable. The Company expects to continue to incur losses unless and until such time as it commences profitable mining operations on its properties. The development of the properties will require the commitment of substantial financial resources. The amount and timing of expenditures will depend on a number of factors, some of which are beyond the Company's control, including the progress of ongoing exploration, studies and development, the results of consultant analysis and recommendations, the rate at which operating losses are incurred and the execution of any joint venture agreements with any strategic partners, if any. There can be no assurance that the Company will ever generate revenues from operations or that any properties the Company may hereafter acquire or obtain an interest in will generate earnings, operate profitably or provide a return on investment in the future. There can be no assurance that the Company's cost assumptions will prove to be accurate, as costs will ultimately be determined by several factors that are beyond the Company's control. The Company expects to continue to incur negative consolidated operating cash flow and losses until such time as it enters into commercial production.

## *Financing*

Additional funding will be required to complete the proposed or future exploration and other programs on the Company's properties. There is no assurance that any such funds will be available. Failure to obtain additional financing, if required, on a timely basis, could cause the Company to reduce or delay its proposed operations. The majority of sources of funds currently available to the Company for its acquisition and exploration projects are in large portion derived from the issuance of equity. While the Company has been successful in the past in obtaining equity financing to undertake its currently planned exploration and development programs, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

## *Personnel and Equipment*

The ability to identify, negotiate and consummate transactions that will benefit the Company is dependent upon the efforts of the Company's management team. The loss of the services of any member of management could have a material adverse effect on the Company. The Company's future drilling activities may require significant investment in additional personnel and capital equipment. Given the current level of demand for equipment and experienced personnel within the mining industry, there can be no assurance that the Company will be able to acquire the necessary resources to successfully implement its business plan. The Company is heavily dependent on its key personnel and on its ability to motivate, retain and attract highly skilled persons. If, for any reason, any one or more of such key personnel do not continue to be active in the Company's management, the Company could be adversely affected. There can be no assurance that the Company will successfully attract and retain additional qualified personnel to manage its current needs and anticipated growth. The failure to attract such qualified personnel to manage growth effectively could have a material adverse effect on the Company's business, financial condition or results of operations.

## *Insurance*

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions and other environmental occurrences may occur. It is not always possible to fully insure against such risks and, even where such insurance is available the Company may decide to not take out insurance against such risks. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Company.



# Victory Metals Inc. (formerly Ripper Oil and Gas Inc.)

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## *Currency Risk*

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk. Certain of the Company's cash, amounts receivable and accounts payable and accrued liabilities are denominated in US dollars including mineral property obligations. Therefore, the US dollar amounts are subject to fluctuation against the Canadian dollar. The Company also has transactional currency exposures. Such exposures arise from purchases in currencies other than the respective functional currencies, typically in the US dollar. The Company maintains its accounts in Canadian dollars, while the market for vanadium is principally denominated in U.S. dollars.

## *Litigation*

The Company is subject to litigation risks. All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on the Company's financial position or results of operations.

## *Enforcement of Civil Liabilities*

Certain of the Company's directors and certain of the experts named herein reside outside of Canada and, similarly, a majority of the assets of the Company are located outside of Canada. It may not be possible for investors to effect service of process within Canada upon the directors and experts not residing in Canada. It may also not be possible to enforce against the Company and certain of its directors and experts named herein judgements obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

## **Critical Accounting Policies and Estimates**

The Company prepares its financial statements in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

The preparation of the financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at year end that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to the following:

### **(i) Critical accounting estimates**

- The valuation of share based payments. The fair value of common share purchase options granted is determined at the issue date using the black-Scholes pricing model. The fair value of common shares issued for finders fees are based on the closing price of the transaction those fees pertain to.

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- The net carrying value of each exploration and evaluation asset is reviewed regularly for conditions that suggest impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future. If impairment is determined to exist, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.
- The determination of tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgment by management. In determining these amounts, management interprets tax legislation in a variety of jurisdictions and make estimates of the expected timing of the reversal of deferred tax assets and liabilities. Management also makes estimates of future earnings which affect the extent to which potential future tax benefits may be used. The Company is subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes. We provide for such differences where known based on our best estimate of the probable outcome of these matters.

## (ii) Critical accounting judgments

- Presentation of the consolidated financial statements as a going concern which assumes that the Company will continue in operation for the foreseeable future, obtain additional financing as required, and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.
- The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary company, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.
- Management is required to assess impairment in respect to the Company's intangible mineral property interests. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. Management has determined that there were no indicators of impairment as at March 31, 2019.

## Changes in Accounting Standards

The Company has adopted the following accounting standards effective October 1, 2018:

The Company adopted, retrospectively without restatement, all of the requirements of IFRS 9: Financial Instruments ("IFRS 9") as of October 1, 2018. This standard replaces the guidance in IAS 39: Financial Instruments: Recognition and Measurements ("IAS 39"). The adoption of IFRS 9 did not impact the carrying value of any of the Company's financial assets or financial liabilities on the transition date.

The impact on the classification and measurement of its financial instruments is set out below.

IFRS 9 includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"), for the classification and measurement of financial liabilities. All financial assets not classified at amortized cost or FVOCI are measured at FVTPL.

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A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss; and
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

IFRS 9 introduced a single expected credit loss impairment model for financial assets measured at amortized cost and for debt instruments at FVOCI, which is based on changes in credit quality since initial recognition. The adoption of the expected credit loss impairment model did not have a significant impact on the Company's financial statements.

The requirements of IAS 39 for classification and measurements of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in profit or loss for the period. Financial assets and liabilities classified at amortized cost are measured at amortized cost using the effective interest method.

The Company completed a detailed assessment of its financial assets and liabilities as at October 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS 39	New classification IFRS 9
Cash	Loans and receivables	Amortized cost
Short-term investments	Loans and receivables	Amortized cost
Due to Casino Gold Corp.	Other financial liability	Amortized cost
Accounts payables and accrued liabilities	Other financial liability	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit on October 1, 2018.

The adoption of the following accounting standards had no significant impact on the consolidated financial statements. These standards are:

*IFRS 15 – Revenue from Contracts with Customers*  
*Interpretations 22 – Foreign Currency Transactions and Advance Considerations*

## Recently Issued Accounting Pronouncements

The International Accounting Standards Board IASB has issued new and amended standards and interpretations which have not yet been adopted by the Company. The following is a brief summary of the new and amended standards and interpretations:

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## *IFRS 16 – Leases*

In January 2016, the IASB issued IFRS 16, Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of a low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The mandatory effective date of IFRS 16 for the Company is for the annual period beginning on or after October 1, 2019. The Company has completed a preliminary assessment and determined there will be no material impact from adopting IFRS 16.

## **Financial Risk Management**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company does not have financial instruments that potentially subject the Company to credit risk. Overall the Company's credit risk has not changed significantly from the prior year. The Company places its cash and short-term investments with financial institutions with high credit ratings, the credit risk is minimal.

### *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 has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares to fund exploration programs and may require doing so again in the future.

The Company has \$542,843 in accounts payable and accrued liabilities that are due within one year of the date of the statement of financial position.

### *Market risk*

Market risk is the risk that changes in market prices, such as commodity prices, interest rates and foreign exchange rates will affect the Company's net earnings or the value of financial instruments. The objective of the Company is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

### *Currency risk*

Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuation include cash accounts and accounts payable and accrued liabilities denominated in US dollars. The sensitivity of the Company's net earnings and other comprehensive income to a change in the exchange rate between the United States dollar and the Canadian dollar at March 31, 2019 would change the company's net loss (income) by \$11,209 as a result of a 10% change in the CAD dollar exchange rate relative to the US dollar.

### *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. As the Company deposits its short-term investments into fixed rate guaranteed investment certificates with one year maturities or less, the Company is not exposed to interest rate risk.

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## *Price risk*

Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company's property has exposure to predominantly vanadium. Commodity prices, especially vanadium, greatly affect the value of the Company and the potential value of its property and investments.

## *Capital management*

The Company's objectives when managing capital are:

- To safeguard our ability to continue as a going concern in order to develop and operate our current projects;
- Pursue strategic growth initiatives; and
- To maintain a flexible capital structure which lowers the cost of capital.

In assessing our capital structure, we include in our assessment the components of shareholders' equity. In order to facilitate the management of capital requirements, the Company prepares annual expenditure budgets and continuously monitors and reviews actual and forecasted cash flows. The annual and updated budgets are monitored and approved by the Board of Directors. To maintain or adjust the capital structure, the Company may, from time to time, issue new shares, issue new debt, repay debt or dispose of non-core assets. The Company's current capital resources are insufficient to carry out our exploration plans and support operations through the current operating period. The Company is dependent upon the ability to raise additional funding to meet its obligations and commitments.

The Company is not subject to any capital requirements imposed by any regulator.

There were no changes in the Company's approach to capital management during the period ended March 31, 2019.

## **Off-Balance Sheet Arrangements**

The Company does not utilize off-balance sheet arrangements.

## **Proposed Transactions**

There are no proposed transactions as at the date of this report.

## **Management's Report on Internal Control over Financial Reporting**

In connection with National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

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## **Outlook**

The Company is focused on becoming a low-cost supplier for the vanadium industry. The Company is currently completing a Phase II drilling program to define a resource, complete metallurgical studies to identify a cost-effective extraction process and is seeking attractive and accretive acquisitions in the vanadium sector. Victory is leveraging the extensive track record of its management team in unlocking value of the Iron Point Vanadium project.

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).