VICTORY RESOURCES CORPORATION
FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
For The Year Ended February 29, 2012

The following management discussion and analysis, prepared as of June 27, 2012 should be read together with the audited consolidated financial statements and related notes attached thereto (the "financial statements"), which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated. These are the Company's first annual IFRS financial statements. In the prior year, the Company reported in accordance with Canadian Generally Accepted Accounting Principles as issued by the Accounting Standards Board of the Canadian Institute of Chartered Accountants. All comparative figures in those audited consolidated financial statements have been restated to be in accordance with IFRS.

The reader should also refer to the annual audited financial statements for the years ended February 28, 2011, and the Management Discussion and Analysis for those years. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Additional information related to Victory Resources Corporation (the "Company") is available for view on SEDAR at www.sedar.com.

DESCRIPTION OF THE BUSINESS

Victory Resources Corporation "the Company" is a publicly traded junior mineral exploration company whose shares are traded on the TSX Venture Exchange ("TSX-V"). The Company is engaged in the exploration of its mineral properties, located in British Columbia, Canada and its Reforma Property located in Sinaloa, Mexico. The Company is in the exploration stage in respect of its exploration activities, and has no significant revenues.

Victory Resources Corporation and its wholly owned subsidiaries, Victory Resources Corporation U.S.A and VicRes Mining Mexico S.A. de C.V., are referred to herein collectively as "the Company", "our", or "we".

The Company was incorporated in British Columbia on February 8, 1984. On February 28, 2005, the Company changed its name to Victory Resources Corporation.

The Company has two wholly-owned subsidiaries, Victory Resources Corporation U.S.A., incorporated under the laws of Arizona, U.S.A. in August 2010; and VicRes Mining Mexico S.A. de C.V., incorporated under the laws of Sonora, Mexico in April 2010.

The Company is in the process of exploring and developing its mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties interests is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to fund property commitments and to complete the development of those reserves, and upon achieving future profitable production.

MINERAL EXPLORATION PROPERTIES

The Reforma Mine Project

On March 4, 2010 the Company executed a formal agreement (the "Reforma Agreement") whereby it has been granted an option to acquire a 70% undivided interest in the Reforma Mine property, Sinaloa, Mexico. Approval of the Reforma agreement was received from the TSX Venture Exchange on May 20, 2010.

In order to earn its 70% interest, the Company is required to pay to the Owners US$300,000 (US$50,000 21 days after TSX approval, US$50,000 due November 2010, and US$100,000 due on May 20, 2011 and 2012 (paid $100,000 FY-2011)), issue a total of 14,000,000 common shares: 2,000,000 (issued) 21 days after TSX approval and 6,000,000 on or before each of 12th (issued) and 24th month thereafter, and conduct work programs aggregating US$2,500,000 (US$500,000 by May 20, 2011 (incurred), an additional US$1,000,000 by May 20, 2012 (incurred), and an additional US$1,000,000 by May 20, 2013). The shares issued to the Owners in the second and third tranches (12,000,000 shares) will be pooled voluntarily with 1,500,000 shares released 12 months after TSX approval and 1,500,000 released every six months thereafter.

Upon the completion of earn-in by the Company, the parties have agreed to form a joint venture (the JV") for the purpose of the further development and exploitation of the property with the Owner to retain a carried interest for the first US$15,000,000 of JV expenditures. Thereafter, the parties will fund their further participation in the JV in accordance with their 30/70 respective interest and will be subject to standard penalties.

About the property

The Reforma property formerly owned and operated by Industrias Peñoles S.A.B. de C.V. ("Peñoles"), of Mexico is a 6,987 hectare land package, located within the eastern portion of Sinaloa State, Mexico, in the Choix Mining District. This land package includes the formerly producing Reforma Mine as well as prospective mineralized zones hosted by the Reforma property. The Company has now received an independent National Instrument 43-101 ("NI 43-101") technical report by Ruben Verzosa on the Reforma property which addresses and clarifies certain issues relating to the Reforma Property.

In its press release of March 4, 2010 the Company referenced reserve estimates for the Reforma property made by Peñoles. It was also stated that past exploration conducted by Peñoles resulted in the delineation of the "El Chapote" mineral zone which contained a reported mineral reserve. The Company's press release of April 8, 2010 again made reference to a mineral reserve at the Reforma Mine; this was repeated in the Company's press release of June 15, 2010. A mineral resource was also identified as existing in the Reforma South mineral zone, and historical reserves identified at El Chapote were also re-classified as mineral resources. The Company's new independent report did not verify any of the historically reported resource/reserve estimates under the guidelines established by NI 43-101. As the previously disclosed estimates are not supported by the Report, the Company retracts those estimates; however, the Report will be updated as and when required by NI 43-101.

Peñoles, the former owner and operator of the Reforma property, reported that during the 1968 to 1980 production period a total of 1,800,000 tonnes of ore was mined and processed at an average grade of 91.62 g/t Ag, 1.90% Pb, 7.44% Zn, and 0.63% Cu. . Please note that the tonnage reported is of a historic nature and cannot be relied upon until confirmed through a proper work program by the company. No other production is recorded after that date as the mine was shut down due to labor unrest coupled with deteriorating metal prices.

The Reforma property area borders two significant mineral deposits (the Bahuerachi and the Santo Tomas). The Bahuerachi property **(**which was formally owned by Tyler Resources) was purchased in 2008 by Jinchuan Group China for approximately USD$216 million. The Santo Tomas is a porphyry mineral deposit south of the Reforma property which Bateman Engineering Prefeasibility (2003 report) reported to contain a mineral resource of some 600 million tonnes grading 0.363 % Cu (plus gold and silver credits) in the north zone and some 350 million tonnes grading 0.309 % Cu (plus gold and silver credits) in the south zone.

The Company does not have any current mineral resource or mineral reserve estimates for the Reforma property and all previously disclosed resource or reserve estimates for the Reforma property, whether contained in disseminated materials, information accessible on the internet or in information which has been otherwise made publicly available, are historical in nature and should not be relied upon until verified and supported by an independent National Instrument 43-101 compliant technical report.

The Company arranged for the preparation of an updated geological 43-101 report by an independent third party, Mr. Ruben Verzosa, P. Eng. (a Qualified Person ("QP") as defined by National Instrument Policy 43-101). Mr. Verzosa has over 40 years of industry experience and mobilized to the Reforma property on July 28, 2010. The new report has been received and may currently be viewed on www.sedar.com

In Q2-2011 the Company mobilized a geological crew on its optioned Reforma Mine property located in Sinaloa, Mexico. The property zone review of the Reforma mine site, Reforma South, and El Chapote will result in recommendations for future start up production. The Company is also pleased to announce it is in negotiations to purchase a mill to facilitate its future production requirement. Currently the Company is negotiating on four processing mills ranging in size from 250 tonnes per day to 1,000 tonnes per day.

Currently a work program is underway on the Reforma property with a crew assessing the historic underground workings of the Reforma Mine and the Reforma South mineral zone for a detailed comprehensive sampling program of the structures and mineralized areas. The workings of the El Chapote mineralized zone are being remapped preparatory to the establishment of a base map to determine an area for Electronic Magnetic (EM), Induced Polarization (IP), and geological surveys.

Roads are being upgraded, as well, equipment is being purchased in preparation for further developing the known mineral zones identified by Peñoles, the former Owner and Operator.

The Company has learned that a major highway is currently being built to connect Chihuahua City to the port of Topolombapo. This major road will pass right through the borders of the Reforma property and will greatly enhance the accessibility to the whole area.

Management strategy is to continue the development of mineral zones in preparation for production on the Reforma property and to continue to develop/explore other targets on the property. The geological setting found at the Reforma area is analogous in Porphyry, Skarn, Breccia and Manto-type mineralization similar to those found at the Cananea district located in Sonora Mexico, the location of one of largest open pit copper mines in the world. The Company will proceed to implement a work program as recommended by its geological team.

Geophysical crews have been retained for an Electro Magnetic (EM) Geophysical survey and drill holes have been spotted for a planned drill program expected to commence in Geo-Chemical survey completed with 1st stage drilling to test extensions pending.

Ruben Verzosa, P. Eng., a Qualified Person (QP) as defined by National Instrument Policy 43-101, is responsible for the technical information included herein.

Toni Property, Nicola Division, British Columbia

As part of the Company's reactivation process to advance from the NEX board to the TSX-V in 2005, the Company entered into a Property Option and Joint Operation Agreement to earn an initial 50% interest in the Toni property located in the Nicola Mining Division, British Columbia with an option to acquire up to a 70% interest (amended to 100% during the year ended February 28, 2007).

During the year ended February 28, 2007, the Company exercised the option and earned a 100% interest in the mineral property free and clear of all charges, encumbrances and claims. As consideration the Company paid $30,000, issued 300,000 common shares and incurred $250,000+ in cumulative exploration expenditures during the years ended February 28, 2006 and 2007. The agreement is subject to a 2% net smelter return royalty.

During the year ended February 29, 2008, the Company acquired a 100% owned mineral property contiguous to the Toni project (formerly Au/Wen) totalling 3,870Ha for cash consideration of $6,038.

During the year ended February 28, 2009 the Company acquired an additional 665 Ha of mineral claims in the Nicola Mining Division adjacent to our exiting holdings for total consideration of $20,000; the Company also acquired, through staking, an additional 28,481Ha at a cost of $11,564.

During the year February 28, 2010 the Company amalgamated fifteen Toni Property mineral claims and abandoned twenty-three claims. The Company currently holds in good standing a total of 21,870Hectares (Ha) over 60 claims which make up the Toni Property.

The Spring/Summer 2010 exploration program on the Wen prospect of the Toni property included diamond drilling to determine the extent of the Adit Mineral Zone which was discovered in a 2008 Victory Resources Corporation diamond drill program. The Adit Mineral Zone is a gold-copper bearing quartz vein which is up to seven metres wide and was delineated by four short diamond drill holes for 20 metres along strike and 50 metres to depth. The mineral zone is open on strike and to depth. In addition, the FY-2011 drill program goal was to confirm and expand the results of a 1996 diamond drill program completed by George Resource Company in which drill hole W96-1 intersected a 6.55 metre gold-copper bearing quartz vein mineralized zone located 50 metres southeast and paralleling the Adit Mineral Zone. The mineralized intersection reportedly assayed 16.578 gm/t Au, 12.901 gm/t Ag and 0.75% Cu, with a higher grade section averaging 28.426 gm/t Au, 18.185 gm/t Ag and 0.98% Cu over 3.81 metres.

The Company completed the diamond drilling of six holes totaling 713 metres on the Wen prospect of the Toni property and has received the assay results from the sampled sections of the holes completed as detailed below.

The 2010 diamond drill program was to test the extension of the W96-1 mineralized quartz vein and to determine the extent of the Adit Zone. Drill holes 10-1, 10-2, 10-3, and 10-5 were spotted to test the localized extension of the Adit Zone within a close proximity to the 2008 mineralized intersections. Drill hole 10-4 was spotted to test the W96-1 mineralized quartz vein higher in the section and the Adit Zone 30 metres east of Adit#1. Drill hole 10-6 was spotted to test the Adit Zone 80 metres east of Adit#1. The more significant intersections and assays are as follows.

Drill Hole	**Azimuth**	**Dip**	**Intercept**	**From**	**To**	**Au**	**Cu**
Number			**m**	**m**	**m**	**ppb**	**%**
10-2	**035**	**-70**	0.80	83.40	84.10	19.30	0.04
10-3	**062**	**-55**	0.91	99.21	100.13	48.50	0.31
10-4	**020**	**-45**	3.66	70.10	73.76	108.23	0.94
		Including	1.22	70.10	71.32	240.50	1.88
10-5		**-90**	9.10	18.60	27.70	158.99	2.14
		Including	3.10	18.60	21.60	62.00	3.17
		Including	0.60	22.90	23.50	313.70	5.98
10-6	**0**	**-55**	1.80	22.90	24.70	412.20	0.51

Drill hole 10-1 and 10-4 did not provide any indication of the W96-1 mineralized zone which probably does form a shoot with an unknown rake within the vein as Verley (1997) concluded.

Based on the results of the summer 2010 drill program, the localized Adit#1 zone is indicated to extend for a strike length of 110 metres with variable widths and copper values. The most significant widths and values are to the west as indicated in drill hole 10-5 with an intercept of a 9.1 metre (29.85 foot) mineralized zone (estimated true width of 8.2 feet) containing mineral values averaging over 2% Cu, and 160 ppb Au, with decreasing widths and values to the east as indicated in drill hole 10-6. However, the easterly trend of the Adit#1 zone is to a northerly trending 150 metre wide Mobile Metal Ion (MMI) soil anomaly which may indicate a major mineral controlling structure that could have provided the mineralization to the localized structure of the Adit#1 mineral zone.

The geological structure and results show promise on the Wen Prospect however further development work and drilling would be required. The Company will seek a Joint Venture partner to further develop the Toni Property and at this time the company will focus on the development of its Reforma property in Mexico.

Q1-2012 Exploration

The Company has released the results of its first stage drill program designed to explore the southward geological extension of the main Reforma complex ore zone. Drill hole DDH-001-11 was collared close to a skarn outcrop with the same mineralogy as the main Reforma ore zone comprising pyrite, chalcopyrite and minor amounts of galena and sphalerite. The drill hole intersected an apparent width of 9.60 metres of 127.4 g/t Ag (4.49 ounces Silver), 3.125% Pb (Lead) and 0.88% Cu (Copper). The assay results from the other two holes are tabulated below.

Hole No.	Interval (Mts)	Width (Mts)	Au (g/ton)	Ag (g/ton)	Cu%	Pb%	Zn%	Zn results pending
DDH-OO1-11	**0.65 to 10.25**	**9.6**	**0.1805**	**127.4**	**0.888**	**3.125**	**0.0493**	
includes	1.1 to 4.14	3.04	0.371	42.2	1.705	0.72	0.07	
	4.14 to 5.70	1.56	0.082	17.8	1.895	0.043	0.0409	
	6.56 to 7.20	0.64	0.213	8.8	1.54	0.011	0.0369	
DDH-OO2-11	**1.40 to 9.44**	**8.04**	**0.1775**	**15.36**	**0.879**	**0.016**	**0.0362**	
includes	3.85 to 6.30	2.45	0.287	40.4	2.22	0.038	0.0285	
DDH-OO4-11	**1.37 to 1.70**	**0.33**	**0.035**	**133**	**0.714**	**4.69**		**> 10,000**
DDH-OO4-11	**2.55 to 6.27**	**3.77**	**0.008**	**5.75**	**0.018**	**0.757**		**> 10,000**
includes	2.50 to 3.23	0.73	0.009	10.7	0.033	1.5		> 10,000
DDH-OO4-11	**175.44 to 186.11**	**10.67**	**0.02**	**5.25**	**0.04**	**0.028**	**0.2272**	
includes	175.44 to 178.49	3.05	0.032	5.9	0.015	0.034	0.125	
	181.53 to 184.58	3.05	0.01	9.1	0.083	0.038	0.453	

Additional drilling is planned to determine the significance and the relationship of the above mineralized intercepts to the main Reforma ore zone.

The El Chapote skarn zone 1 km northwest of the old Reforma mine is under study for a drill program to commence shortly.

A total of 550 samples from a rock geochemistry program were submitted to the ALS – Chemex laboratory in Hermosillo, Mexico for a 32- element ICP analysis. The objective of the geochemical survey was to investigate possible mineralization associated with a widespread area of oxidation immediately west of the Reforma mine. Contingent on the analytical results, the Company envisages a geophysical survey as a follow up to identify possible drill targets.

Mr. Laurence Sookochoff, P.Eng., a Qualified Person (QP) as defined by National Instrument Policy 43-101, is responsible for the technical information included herein.

FINANCING

In Q1-2011 the Company received TSX Venture Exchange approval and closed the first tranche of a working capital private placement to qualified investors for gross proceeds of $1,445,000. The Private Placement resulted in the issuance of 5,780,000 units at a price of $0.25 per unit; each unit consists of one common share and one half of one share purchase warrant. A full warrant entitles the holder to acquire one additional share at a price of $0.40 for 24-months expiring on May 17, 2012. The Company extended the expiry date of 2,890,000 warrants from May 17, 2012 to June 15, 2012 subsequent to year end. The warrants exercise price remains at $0.40 per purchase warrant.

In Q3-2011 the Company issued 4,045,000 units pursuant to a private placement for aggregate proceeds of $1,011,250 at a price of $0.25 per unit; each unit consists of one common share and one half of one share purchase warrant. A full warrant entitles the holder to acquire one additional share at a price of $0.40 for 24-months expiring on October 28, 2012.

The total of both tranches of the non-brokered private placement resulted in the issuance of 9,825,000 units at a price of $0.25 per unit; each unit consists of one common share and one-half of one share purchase warrant. All securities issued are subject to a hold period of four months from closing.

The Company paid finders' fees of $132,500 in cash and related listing and filing fees of $14,475 for both tranches of private placements.

In Q4-2012, the Company issued 3,835,302 units pursuant to a private placement for aggregate proceeds of $1,342,356 at a price of $0.35 per unit. Each unit consists of one common share and one half of one share purchase warrant. A full warrant entitles the holder to acquire one common share at a price of $0.50 for 24 months from closing. An estimate fair value of $191,765 was allocated to warrants.

In fiscal 2012 the Company has issued 2,135,000 shares pursuant to the exercise of warrants for cash consideration of $213,500.

Financing shortfall/surplus

At February 29, 2012, the Company had working capital of $372,502 (2011-$360,002).

INDUSTRY AND ECONOMIC FACTORS AFFECTING COMPANY PERFORMANCE

Victory operates in the Canadian junior resource industry. Within that industry, Victory competes with thousands of companies, many of them significantly larger, for corporate resources such as properties, geological, exploration and drilling services; and equity capital. Of particular impact to Victory is that it has to compete in this industry with other firms that have greater resources and more advanced properties.

The availability of equity financing for early-stage exploration programs such as ours is a major factor that will significantly determine company performance in FY-2013 and beyond.

The Company's access to financing is not certain and there can be no assurance of continued access to adequate equity funding on acceptable terms. Management believes that we will be able to obtain the capital necessary to continue as a going concern.

Victory's business model **–** early-stage exploration **–** is plainly a high risk business model. Victory is exposed to considerable geological risk – the risk that our properties do not host economic mineral reserves – as well as operational risk, and financing risk. This business model requires commensurately high-risk equity capital. Victory is reliant on its ability to raise finances, a continued decrease in the supply of available capital due to systematic factors such as macro-economic slow-down or capital market disruption would materially impair our business model.

In addition to the general financing risks common to all exploration enterprises, the early, unproven stage of our property assets add particular uncertainty as to the likelihood of obtaining future financing on acceptable terms.

LIQUIDITY, CAPITAL RESOURCES AND COMMITMENTS

Liquidity

Junior resource companies often tend towards liquidity shortfalls, as their major assets are, by definition, exploration properties which are long-term and illiquid by nature and are not revenue generating.

During the year ended February 29, 2012, the Company financed its operations primarily through the exercise of warrants and private placements.

The Company continues to seek capital through various means including the issuance of equity and/or debt.

Capital Resources

As our exploration-stage properties are not revenue generating, the Company's sole source of long-term funding has traditionally been the issuance of common shares for cash, primarily through private placements to sophisticated investors.

The Company has traditionally supplemented equity financing from time to time by obtaining loans from related parties. These are used to provide interim, short-term financing to meet day-to-day cash flow needs, on occasion, and are not intended to be a long-term source of capital.

Commitments

At June 27, 2012, the Company has the following significant commitments:

Mineral Property commitments

In order to meet the terms of its Option agreement and earn its 70% interest in the Reforma Property the Company must make the remaining cash and share payments and complete work programs as detailed below:

Cash payments	Shares to be issued	Work Program commitment
US$50,000 due June 10, 2010 (paid)	2,000,000 shares by June 10, 2010 (issued)	US$500,000 by May 20, 2011 (spent)
US$50,000 due November 20, 2010 (paid)	6,000,000 shares by May 20, 2011 (issued)	US$1,000,000 by May 20, 2012 (spent)
US$100,000 due May 20, 2011 (paid)	6,000,000 shares by May 20, 2012 (issued)	US$1,000,000 by May 20, 2013
US$100,000 due May 20, 2012 (paid)		

Management Contracts

On January 1, 2011 the Company entered into a 12 month management contract with the President of the Company for $5,000 per month for management fees and $5,000 per month for project management fees. This contract automatically renewed for an additional one year term on January 1, 2012 as per the signed agreement.

Other

The Company has no capital lease obligations, operating leases or any other long-term debt at February 29, 2012 or June 27, 2012 not included herein.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

There are no proposed transactions that have not been disclosed herein.

RELATED PARTY TRANSACTIONS

During the year ended February 29, 2012, the Company entered into transactions with related parties as follows:

The financial statements include the financial statements of Victory Resources Corporation and its subsidiaries listed in the following table:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Principal Activity
Victory Resources Corporation, U.S.A.	Arizona, U.S.A.	100%	Mineral exploration
VicRes Mining Mexico S.A. de C.V.	Sonora, Mexico	100%	Mineral exploration

The remuneration of directors and other members of key management personnel during the year ended February 29, 2012 and 2011 are as follows:

	2012	2011
Salaries and directors fees	$ 195,644	$ 42,480
Management fees	60,000	60,000
Share-based payments (i)	130,497	72,272
Project management fees	60,000	60,000
Exploration expenses	34,000	109,650
	$ 480,141	$ 344,402

(i) Share-based payments are the fair value of options granted to key management personnel.

The Company recovered $73,711 from a company with common directors for providing office resources.

The transactions with related parties were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the parties.

The amounts due from the related party are as follows:

	February 29, 2012	February 28, 2011	March 1, 2010
Due to (from) directors and officers	$ 70,917	$ (1,126)	$ 77,032
Due to Sierra Iron Ore (formerly Naina Capital) (i)	-	32,386	15,000
Due to CBR Capital (i)	20,000	-	-
	$ 90,917	$ 31,260	$ 92,032

(i) Company controlled by a common director

The Company received $34,598 (2011 - $67,000) from a company with directors in common for a sale of equipment.

SELECTED ANNUAL FINANCIAL INFORMATION

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the financial statements.

	(IFRS) (1) Year Ended February 29, 2012	(IFRS) (1) Year Ended February 28, 2011	(CGAAP) (2) Year Ended February 28, 2010
Total revenues	$ -	$ -	$ -
Net loss	(1,469,591)	(1,141,552)	(876,363)
Basic and diluted loss per share	(0.03)	(0.03)	(0.05)
Total assets	6,798,472	3,467,053	1,354,670

(1) This information has been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS").
(2) This information has been prepared in accordance with Canadian generally accepted accounting principles ("CGAAP").

Results of Operations

The significant increase in net loss FY-2011 over FY-2011 is detailed below:

	February 29, 2012	**February 29, 2011**	**Variance**
Amortization	$ 41,423	$ 31,469	$ 9,954
Management fees	83,500	82,000	1,500
Wages and benefits	328,792	211,870	116,922
Office, rent and miscellaneous	72,606	193,918	(121,312)
Professional fees	424,190	305,945	118,245
Share-based payments	393,905	145,702	248,203
Transfer agent and filing fees	30,676	51,450	(20,774)
Travel and entertainment expenses	87,312	99,460	(12,148)
Investor relations	3,049	32,387	(29,338)
Property investigation	6,821	-	6,821
Total administrative expenses	**$ 1,472,274**	**$ 1,154,201**	**$ 318,073**

- Amortization of equipment increased by $9,954 in YTD-2012 vs YTD-2011 due to increase in equipments.
- Wages and benefits increased by $116,922 due to increase in compensation and number of employees.
- Office, rent and miscellaneous expenses decreased by $121,312 mainly due to decrease in advertising and promotion costs.
- Professional fees increased by $118,245 due to increase in consulting and accounting fees.
- Share-based payments of $393,905 was incurred for 1,102,627 stock options granted during the year.
- Transfer agent and filing fees decreased by $248,203 due to decrease in share activities during the year.

- Investor relations decreased by $29,338 due to less investor relations services needed during the year.

- Travel and entertainment expenses decreased by $12,148 due to less travel required.

- Other variations in expenses in the periods presented reflect the variation inherent in normal course operations. We expect other items to remain at relatively constant levels, as these primarily reflect recurring operational expenses that do not vary significantly within a certain range of corporate and exploration activity.

SUMMARY OF QUARTERLY RESULTS

	(IFRS) Three Months Ended February 29, 2012	(IFRS) Three Months Ended November 30, 2011	(IFRS) Three Months Ended August 31, 2011	(IFRS) Three Months Ended May 31, 2011
Total assets	$ 6,798,472	$ 5,744,409	$ 5,612,797	$ 3,328,665
Working capital (deficiency)	372,502	(214,174)	(303,993)	(140,125)
Shareholders' equity	6,600,338	5,310,847	5,163,521	3,061,653
Net loss	353,332	244,878	147,140	724,241
Loss per share	0.01	0.00	0.00	0.02

	(IFRS) Three Months Ended February 28, 2011	(IFRS) Three Months Ended November 30, 2010	(IFRS) Three Months Ended August 31, 2010	(IFRS) Three Months Ended May 31, 2010
Total assets	$ 3,467,053	$ 3,391,536	$ 3,174,226	$ 2,781,007
Working capital (deficiency)	360,002	547,361	638,924	1,199,942
Shareholders' equity	3,278,380	3,269,040	3,108,499	2,641,349
Net loss	286,759	272,174	230,356	352,263
Loss per share	0.01	0.01	0.01	0.01

During the first quarter of fiscal 2012, the Company incurred a loss of $724,241. Significant expenses included $123,293 in professional fees associated with accounting, legal and consulting fees, $393,905 of share-based payments for 1,102,627 options granted during the quarter and $106,423 wages and salaries paid.

During the second quarter of fiscal 2012, the Company incurred a loss of $147,140. Significant expenses included $42,631 in professional fees and $65,667 wages and salaries paid.

During the third quarter of fiscal 2012, the Company incurred a loss of $244,878. Significant expenses included $104,710 of professional fees and $73,115 wages and salaries paid.

During the fourth quarter of fiscal 2012, the Company incurred a loss of $353,332. Significant expenses included $153,556 of professional fees and $83,587 wages and salaries paid.

FINANCIAL AND OTHER INSTRUMENTS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The Company's primary financial instruments consist of cash and cash equivalents (classified as level 1 Fair Value Through Profit or Loss), and accounts payable and accrued liabilities and due to related parties (classified as Other Financial Liabilities).

The fair value of these assets and liabilities approximates their respective carrying amounts due to their short term nature. The Company does not currently hold any financial instruments that would be included in the classification of available for sale.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at February 29, 2012, the Company is exposed to foreign currency risk to the extent that certain monetary financial instruments and other assets are denominated in United States dollars and Mexican Pesos. The Company is exposed to currency risk arising from fluctuation in foreign exchange rates due to the acquisition of the Reforma Project. Many of the costs of the Reforma Project are in Mexican Pesos and US Dollars. Accordingly, changes in the Mexican Pesos or US Dollars denominated value of the Canadian dollar will impact the Canadian dollar cost of meeting any future obligations under that project. At February 29, 2012, the Company had $15,003 US Dollars (translated using 0.9966 exchange rate), and $68,199 Mexican Pesos (translated using 0.0774 exchange rate) in cash and cash equivalents. The Company does not believe its overall exposure to currency risk for its obligations denominated in Mexican Pesos or US Dollars is significant.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash, term deposit and receivables are exposed to credit risk. The Company reduces its credit risk on cash and term deposits by placing these instruments with institutions of high credit worthiness. Management believes that the credit risk concentration with respect to receivables is not significant as the receivables mainly consist of harmonized sales tax receivable and receivable due from a Company related to Victory.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At February 29, 2012, the Company is not exposed to any significant interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liability. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. Accounts payable and accrued liabilities are current. The Company addresses its liquidity through equity financing obtained through the sale of common shares and the exercise of warrants and options.

Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended February 29, 2012.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

CURRENT SHARE DATA

As at June 27, 2012 the Company has 69,984,832 common shares issued and outstanding of which 200,000 are held in escrow.

A summary of shares outstanding is presented as follows:

	Number of Common Shares
Shares outstanding at February 29, 2012	58,069,987
Options and warrants exercised subsequent to the year end	2,112,777
Private placement closed subsequent to the year end	3,802,068
Shares issued for Reforma property	6,000,000
Shares outstanding at June 27, 2012	69,984,832

The following options to acquire common shares of the Company are outstanding at June 27, 2012:

Number of Options	Exercise Price	Expiry Date
1,190,000	$0.45	February 28, 2014
300,000	$0.45	March 27, 2014
51,560	$0.45	February 28, 2017
100,000	$0.45	June 11, 2014
2,684,812	$0.20	January 14, 2015
578,000	$0.25	May 17, 2015
550,000	$0.45	February 28, 2014
552,627	$0.45	February 29, 2016
6,006,999		

The following warrants to acquire common shares of the Company are outstanding at June 27, 2012:

Number of Warrants	Exercise Price	Expiry Date
122,125	$ 0.10	July 20, 2012
2,022,500	$ 0.40	October 28, 2012
1,917,651	$ 0.50	December 4, 2013
11,429	$ 0.35	April 26, 2014
1,901,034	$ 0.50	April 26, 2014
8,085,000	$ 0.10	December 17, 2012
14,059,739		

LIST OF DIRECTORS AND OFFICERS AT June 27, 2012

Wally Boguski, President, CEO, director
Laurence Sookochoff, CFO and Director
Paul Lee, Director
Alphonse J. Ruggiero, Director

ADVISORY COMMITTEE

The Company appointed of Mr. R.W. (Bob) Cunningham to its Board of Advisors in Q1-2011. Mr. Cunningham is Chairman of the Board, President/Chief Executive Officer of Century Properties Inc., a Multi-million dollar property development and investment company based in Winnipeg, Manitoba since 1972. He is also President and Chief Executive Officer of Cunningham Business Interiors Ltd., an office furniture and interior design company which is among the largest and most successful in the Prairie Provinces since its formation in August, 1964. The Company is currently interviewing potential advisory board candidates from Mexico who have a strong knowledge base in regard to our Mexican operation in order to advance the business in a timely manner.

CHANGE IN ACCOUNTING FRAMEWORK

International Financial Reporting Standards

On March 1, 2011, the Company adopted International Financial Reporting Standards ("IFRS") for financial reporting purposes, using a transition date of March 1, 2010. The consolidated financial statements for the year ended February 28, 2012, including required comparative information, have been prepared in accordance with International Financial Reporting Standards 1, First-time Adoption of International Financial Reporting Standards. Previously, the Company prepared its consolidated financial statements in accordance with Canadian generally accepted accounting principles ("previous GAAP"). Unless otherwise noted, 2011 comparative information has been prepared in accordance with IFRS.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the annual audited consolidated financial statements and this accompanying annual MD&A (together the "Annual Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate 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. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements herein that are not historical facts are forward-looking statements that are subject to risks and uncertainties. Words such as "expects", "intends", "may", "could", "should", "anticipates", "likely", "believes" and words of similar import also identify forward-looking statements.

Forward-looking statements are based on current facts and analyses and other information that are based on forecasts of future results, estimates of amounts not yet determined and assumptions of management, including, but not limited to, assumptions regarding the Company's ability to raise additional debt and/or equity financing to fund operations and working capital requirements and assumptions regarding the Company's mineral properties.

Actual results may differ materially from those currently anticipated due to a number of factors including, but not limited to, general economic conditions, the geology of mineral properties, exploration results, commodity market conditions, the Company's ability to generate sufficient cash flows from operations and financing to support general operating activities and capital expansion plans, and laws and regulations and changes thereto that may affect operations, and other factors beyond the reasonable control of the Company.

Additional information on factors that may affect the business and financial results of the Company can be found in filings of the Company with the British Columbia Securities Commissions on www.sedar.com

PRESIDENT'S MESSAGE

The Management team would like to thank the shareholders for their support in the Company's quest for discovering major deposits. Management's goal is to pursue different opportunities in order to enhance shareholder value. Victory Resources Corp. executed an agreement (the "Reforma Agreement") whereby it has been granted an option to acquire a 70% undivided interest in the Reforma Mine property, Sinaloa, Mexico.

The Reforma property formally owned and operated by Peñoles, of Mexico is a 6,987 hectare land package, located within a regional northwest trending graben structure which extends through the eastern portion of Sinaloa State, Mexico in the Choix Mining District.

Management's strategy and primary focus will be to continue the development of mineral zones in the Reforma property and to continue to develop/explore other targets on the property. The Company is currently drilling on the Reforma property at various target zones that have been previously identified. Based on all technical information that it has gathered, it's working towards the ultimate goal of defining a resource for the property.

Victory Resources Corp. has completed to its analysis of a 55.4-kilometre geochemical survey on the Reforma mine vicinity including the Reforma South vicinity 1.5 km south of the Reforma mine and the Chapote copper/gold zone vicinity two km to the west of the Reforma mine. A total of 554 samples have been analyzed by ALS Chemex De Mexico SA's laboratory in Hermosillo. The resulting conclusions have successfully assisted the Company to pin point current and future drill targets.

Formerly operated by Peñoles, historical documents show that between the years 1968 to 1980, the Reforma mine processed 1.8 million tonnes of complex ore grading an average of 91.62 grams per tonne silver, 1.90 per cent lead, 7.44 per cent zinc and 0.63 per cent copper. This recorded production at current metal prices would have a gross worth over US$514,000,000.

The Company has being successful in the current drill program is to determine geological extensions of known mineralized zones. The company is currently sampling the grade of pillars left from previous mining activities. A surface drill program continues with the objective of further testing Reforma Extension zones with the purpose of establishing a resource.

The Company is also in the final stage in completing a drill program on the Reforma Tailing deposits to determine volume, grades, recovery and the feasibility of deposit.

The Company is also active and seeking further property acquisitions in the immediate area to increase its land position in this very prospective mineralized area.

Additional exportation has also commenced on the Company's Canadian 100% owned WEN-TONI property near Merritt, British Columbia. The Toni property is located 30 kilometres southeast of Merritt and eight kilometres east of the historic Aspen Grove mining camp in south-central British Columbia, Canada. The property comprises 91 mineral claims covering an area of 34,200 hectares. The area covered is up to 39 kilometres long and up to 21 kilometres wide. The region has had considerable exploration, development and production since the early 1900s and has again become a focus of exploration, most recently with the option by Xstrata (formerly Falconbridge Ltd.) of the Big Kidd property which is located three kilometres west of the Toni property.