

VICTORY RESOURCES CORPORATION
FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
For The Period Ended November 30, 2012

The following management discussion and analysis, prepared as of January 29, 2013 should be read together with the unaudited consolidated interim 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.

Readers should also refer to the annual audited financial statements for the year ended February 29, 2012, and the Management Discussion and Analysis. 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 Property’s 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.

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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 through 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

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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.

The Company commissioned an independent National Instrument 43-101 (“NI 43-101”) technical report from Mr. Ruben Verzosa on the Reforma property which addresses and clarifies certain issues relating to the Reforma Property. 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.

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. This road was expected to be completed by late 2011.

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 completed a Geophysical survey. The very positive results have assisted the geological crew to spot drill holes to continue to test the zone extensions in a southerly direction on the Reforma

Q3-2013 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	

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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.

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 44,191 Hectares (Ha) over 111 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.

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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 continues to seek a Joint Venture partner to further develop the Wen Property and at this time the company will focus on the development of its Reforma property in Mexico.

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 fiscal 2012, the Company:

- a) 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; and
- b) issued 2,135,000 shares pursuant to the exercise of warrants for cash consideration of \$213,500.

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In fiscal 2013, the Company:

- c) Issued 3,802,068 units pursuant to a private placement for aggregate proceeds of \$1,330,724 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. The Company allocated the entire proceeds of the private placement to common shares and none to warrants. The Company paid \$145,006 cash share issuance costs and issued 11,429 agents' warrants valued at \$3,274 as share issuance costs. The agents' warrants were valued using Black-Scholes valuation model. Assumptions of 1.37% risk-free interest rate, two years expected life, 137% annualized volatility, 0% dividend and forfeiture rates;
- d) issued 1,900,000 shares for options exercised between \$0.25 and \$0.20 per option for proceeds of \$390,000. Fair value of \$329,933 was allocated from reserves to share capital; and
- e) issued 3,159,902 shares for warrants between \$0.10 and \$0.40 per warrant for proceeds of \$857,490.

Financing shortfall/surplus

At November 30, 2012, the Company had working capital (deficiency) of (\$172,835) (February 29, 2012-\$372,502).

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 period ended November 30, 2012, the Company financed its operations primarily through the exercise of warrants and options.

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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

The Company has the following significant commitments as at November 30, 2012 period end:

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)		

In order to meet the terms of its Options agreement and earn its 80% undivided interest in the El Boleo Property, the Company must make cash and share payments and complete work program as detailed below:

Cash payments	Shares to be issued	Work Program commitment
US\$10,000 (paid)		
US\$50,000 due upon regulatory approval	2,000,000 shares upon regulatory approval	
US\$50,000 due 6 months after regulatory approval	3,000,000 shares by 6 months after regulatory approval	US\$500,000 by 12 months after regulatory approval
US\$50,000 due 12 months after regulatory approval	3,000,000 shares by 12 months after regulatory approval	US\$500,000 by 24 months after regulatory approval
US\$50,000 due 24 months after regulatory approval	7,000,000 shares by 24 months after regulatory approval	US\$1,000,000 by 36 months after regulatory approval

Upon the completion of the earn in by the Company, the parties have agreed to form a joint venture ("the JV") for the purpose of the further development and exploration on the property.

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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.

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 period ended November 30, 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 period ended November 30, 2012 and 2011 are as follows:

Nine Months Ended November 30	2012	2011
Salaries and directors fees	\$ 58,913	\$ 82,500
Share-based compensation (i)	19,555	130,497
Project management fees	45,000	30,000
Exploration expenses	9,000	14,000
Management fees	<u>45,000</u>	<u>14,000</u>
	\$ 177,468	\$ 256,997

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

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.

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The amounts due from the related party are as follows:

	November 30, 2012	February 29, 2012
Due to directors and officers	\$ 225,090	\$ 70,917
Due to CBR Capital (i)	-	20,000
Due to KIM-KC Management Corp (i)	<u>20,000</u>	<u>-</u>
	<u>\$ 245,090</u>	<u>\$ 90,917</u>

(i) Companies controlled by a common director

Results of Operations

For the period ended November 30, 2012:

The significant increase in net loss Q3-2013 over Q3-2012 is detailed below:

	November 30, 2012	November 30, 2011	Variance
Amortization	\$ 27,012	\$ 28,925	\$ (1,913)
Consulting	137,346	85,841	51,505
Investor relations	22,905	-	22,905
Management and directors fees	54,113	63,000	(8,887)
Wages and benefits	290,696	245,205	45,491
Office and administration	119,815	38,799	81,016
Professional fees	195,339	184,793	10,546
Share-based payments	488,809	393,905	94,904
Transfer agent and filing fees	52,804	6,574	46,230
Travel	108,807	56,838	51,969
Property investigation	-	6,820	(6,820)
Total	<u>\$ 1,497,646</u>	<u>\$ 1,110,700</u>	<u>\$ 386,946</u>

- Wages and benefits increased by \$45,491 due to increase in compensation and number of employees.
- Office and administration expenses increased by \$81,016 mainly due to increase in advertising, promotion and telephone costs.
- Share-based payments of \$488,809 were incurred for 1,641,560 stock options granted during the period.
- Transfer agent and filing fees increased by \$46,230 due to increase in share/financing activities during the period.
- Investor relations increased by \$22,905 as there was no investor relations contract in prior period.
- Travel expenses increased by \$51,969 due to increased business trips taken (for property investigation and financing activities) during the period.

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- 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.
- Consulting expense increased by \$51,505 as more contract work was performed by consultants during the period.

SUMMARY OF QUARTERLY RESULTS

	(IFRS) Three Months Ended November 30, 2012	(IFRS) Three Months Ended August 31, 2012	(IFRS) Three Months Ended May 31, 2012	(IFRS) Three Months Ended February 29, 2012
Total assets	\$ 10,521,806	\$ 10,275,238	\$ 9,971,580	\$ 6,753,790
Working capital (deficiency)	(172,835)	(74,177)	(15,157)	456,795
Shareholders' equity	10,084,623	9,902,249	9,496,625	6,600,338
Net loss	231,431	332,104	933,749	353,332
Loss per share	0.00	0.00	0.01	0.01

	(IFRS) Three Months Ended November 30, 2011	(IFRS) Three Months Ended August 31, 2011	(IFRS) Three Months Ended May 31, 2011	(IFRS) Three Months Ended February 28, 2011
Total assets	\$ 5,744,409	\$ 5,612,797	\$ 3,328,665	\$ 3,467,053
Working capital (deficiency)	(214,174)	(303,993)	(140,125)	360,002
Shareholders' equity	5,310,847	5,163,521	3,061,653	3,278,380
Net loss	244,878	147,140	724,241	286,759
Loss per share	0.00	0.00	0.02	0.01

During the third quarter of fiscal 2013, the Company incurred \$231,431. Significant expenses included \$64,677 professional fees, \$38,155 Transfer agent and filing fees and \$83,256 wages and salaries. A portion of consulting (\$4,153) and office and administrative (\$9,162) expenses were recovered during the quarter.

During the second quarter of fiscal 2013, the Company incurred loss of \$332,104. Significant expenses included \$113,302 professional and consulting fees, \$108,692 wages and salaries, and \$54,763 office and administration paid.

During the first quarter of fiscal 2013, the Company incurred loss of \$933,749. Significant expenses included \$158,859 professional and consulting fees, \$481,995 share-based payments and \$98,748 wages and salaries paid.

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

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

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

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

During the fourth quarter of fiscal 2011, the Company incurred a loss of \$286,759. Significant expenses included \$84,259 professional and consulting fees and \$103,529 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 financial instruments consist principally of cash and cash equivalents, amounts due related parties and accounts payable and accrued liabilities. Management believes that the recorded values of all cash and cash equivalents, amounts due to related parties and accounts payables and accrued liabilities approximate their current fair values because of their nature, credit worthiness, and respective maturity dates or durations. As at November 30, 2012, the Company's only financial instrument which is measured at fair value on a recurring basis is cash and cash equivalents which have been classified as a "Level 1" financial instrument.

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 November 30, 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 November 30, 2012, the Company had \$55,564 US Dollars (translated using 0.9921 exchange rate), and (\$126,746) Mexican Pesos (translated using 0.0765 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.

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 November 30, 2012, the Company is not exposed to any significant interest rate risk.

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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 period ended November 30, 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 January 29, 2013 the Company has 76,106,957 common shares issued and outstanding of which 200,000 are held in escrow.

The following options to acquire common shares of the Company are outstanding at January 29, 2013:

Number of Options	Exercise Price	Expiry Date
884,812	\$0.20	January 14, 2015
578,000	\$0.25	May 17, 2015
1,891,560	\$0.45	February 28, 2014
<u>502,627</u>	\$0.45	February 29, 2016
<u>3,856,999</u>		

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The following warrants to acquire common shares of the Company are outstanding at January 29, 2013:

Number of Warrants	Exercise Price	Expiry Date
1,917,651	\$ 0.50	December 4, 2013
11,429	\$ 0.35	April 26, 2014
1,901,052	\$ 0.50	April 26, 2014
<u>2,022,500</u>	\$ 0.20	February 1, 2013
5,852,632		

LIST OF DIRECTORS AND OFFICERS AT January 29, 2013

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

ADVISORY COMMITTEE

The Company is pleased to announce that it has established a geological Advisory Board and that it has appointed Tim Hawthorne, P. Eng. as the first member. Tim Hawthorne has over 40 years' experience in several of the world's largest mining operations including senior level positions with major projects that include Cananea Copper, Homestake Mining, Kennecott Copper, Magma Copper, and Olympic Dam. Tim Hawthorne established Hawthorne Engineering, Inc. in 1998 which became a leader in new mining and reclamation project consulting. Prior to this, Tim held senior management positions at Bateman Engineering which included work in the same region as the Reforma mine. "The establishment of the Advisory Board and the addition of Tim Hawthorne are important corporate events as Victory Resources looks forward to completing the current drill program and to plan the next phase of development", stated Wally Boguski, President and CEO. "The combination of John Thornton, V.P. Project and Development and Tim Hawthorne already places Victory Resources as having world class geology and mining team

New Accounting Pronouncements Effective in Future Periods

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company:

a) IFRS 9, "Financial Instruments":

As of December 1, 2013, the Company will be required to adopt IFRS 9, "Financial Instruments", which is the result of the first phase of the IASB's project to replace IAS 39, "Financial Instruments: Recognition and Measurement". The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. The adoption of this standard should not have a material impact on the Company's consolidated interim financial statements.

b) Recent Pronouncements:

The following pronouncements and amendments are effective for annual periods beginning on or after January 1, 2013 unless otherwise stated. Adopting these standards is expected to have minimal or no impact on the consolidated interim financial statements.

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IFRS 12 – Disclosure of Interest in Other Entities establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, and special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces additional disclosures addressing the nature of, and risks associated with, an entity’s interests in other entities.

IFRS 13 – Fair Value Measurement is a comprehensive standard that defines fair value, requires disclosure about fair value measurement and provides a framework for measuring fair value when it is required or permitted within the IFRS standards.

IAS 1 – Presentation of Financial Statements amendment requires components of other comprehensive income (OCI) to be separately presented between those that may be reclassified to income and those that will not. The amendments are effective for annual periods beginning on or after July 1, 2012.

IAS 32 – Financial Instruments: Presentation amendment provides clarification on the application of offsetting rules. The amendments are effective for annual periods beginning on or after July 1, 2012.

The Company has not early adopted these new or revised standards and is currently assessing the impact that these standards will have on the financial statements.

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

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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

The management team would also like to report that a definitive agreement with Minera Copper Canyon S.A. de C.V. ("Minera"), a private Mexican corporation, has been reached to complete the acquisition of El Boleo property in Mexico (Subject to TSX approval). The Company will be granted an option by Minera to earn up to an 80% of El Boleo by paying cash of \$200,000 in stages, issuing 15,000,000 shares (10,000,000 of the shares subject to pooling prior to a feasibility study), and by performing \$2,000,000 in work programs over three years

Management's strategy and primary focus will be to continue the development of mineral zones on both the Reforma property and El Boleo Properties. The focus is to continue to develop/explore targets on the property to build resources. The Company continues its work program 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.

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 been 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 with very favorable results.

The first tailings samples shipped for analytical results for recovery testing using an operating mill remain inconclusive. Consequently, the company is preparing to ship representative samples of the of the Matanza and Altamira tailings ponds to an controlled qualified laboratory for additional testing to determine consistent accurate recoveries.