VICTORY RESOURCES CORPORATION
FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
For The Period Ended August 31, 2013

The following management discussion and analysis, prepared as of October 30, 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, 2013, 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 May 31, 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. As of this date the company has completed the option conditions and has earned 70% of the Reforma project.

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

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's 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

Q2 - 2014 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.

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 May 31, 2007).

During the year ended May 31, 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 May 31, 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 May 31, 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 May 31, 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.

Drill Hole Number	Azimuth	Dip	Intercept m	From m	To m	Au ppb	Cu %
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.

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.

El Boleo Project

On June 15, 2012 the Company executed an agreement (the "El Boleo Agreement") with Minera Copper Canyon S.A. de C.V. ("Minera"), to acquire an undivided 80% interest in a mineral property known as El Boleo. The El Boleo Agreement was still subject to regulatory approval as at August 31, 2013.

FINANCING

In fiscal 2013, the Company:

a) Issued share capital:

i) Issued 6,000,000 shares, valued at $2,685,000, to the owners of the Reforma property as per agreement.

ii) 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.

iii) Issued 7,859,902 shares for warrants exercised between $0.10 and $0.40 per warrant for proceeds of $1,327,490.

iv) 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 $121,039 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.

v) Complete a non-brokered private placement of 75,000 flow-through units at $0.45 per share for $33,750 total proceeds. Each flow-through unit consists of one half of one share purchase warrant. A full warrant entitles the holder to acquire one common share at a price of $0.55 for 12 months from closing.

In the period ended August 31, 2013, the company issued 200,000 shares for warrants exercised at $0.20 per warrant for proceeds of $40,000.

Financing shortfall/surplus

At August 31, 2013, the Company had working capital (deficiency) of (1,298,074) (February 28, 2013-$258,227).

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-2014 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 August 31, 2013, the Company financed its operations primarily through the exercise of warrants.

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 August 31, 2013 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 (spent)
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 further development and exploration on the property.

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, 2013 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 August 31, 2013, 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 periods ended August 31, 2013 and 2012 are as follows:

Years Ended	August 31, 2013	August 31, 2012
Salaries and directors fees	$ 57,000	$ 33,113
Management fees	30,000	30,000
Share-based payments (i)	-	19,555
Project management fees (ii)	30,000	30,000
Exploration expenses (ii)	34,500	4,500
	$ 151,500	$ 117,168

(i) Share-based payments are the fair value of options granted to key management personnel.
(ii) Capitalized in exploration and evaluation assets.

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:

	August 31, 2013	February 28, 2013 (Audited)
Due to directors and officers	$ 374,722	$ 295,758
Due to KIM-KC Management Corp (i)	70,000	40,000
Due to Sierra Iron Ore (formerly Naina Capital) (ii)	144,142	-
	$ 588,864	$ 335,758

(i) Companies controlled by a common director
(ii) Company with common directors

Results of Operations

For the period ended August 31, 2013:

The significant increase in net loss Q2-2014 over Q2-2013 is detailed below:

	Period Ended August 31, 2013	**Period Ended August 31, 2012**	**% Amount Change**	**$ Amount Change**
Amortization	$ 13,511	$ 18,022	-25.03%	(4,511)
Consulting	60,206	141,499	-57.45%	(81,293)
Investor relations	7,585	17,350	-56.28%	(9,765)
Management and directors fees	36,000	33,113	8.72%	2,887
Office and administration	48,932	128,977	-62.06%	(80,045)
Professional fees	86,025	130,662	-34.16%	(44,637)
Share-based payments	-	481,995	-100.00%	(481,995)
Transfer agent and filing fees	19,048	14,649	30.03%	4,399
Travel	25,865	92,146	-71.93%	(66,281)
Wages and salaries	218,559	207,440	5.36%	11,119
	$ 515,731	$ 1,265,853		
Income tax	-	-	N/A	N/A
Foreign exchange	4,765	-	N/A	4,765
	$ 520,496	$ 1,265,853		

- Office and administration expenses decreased by $80,045 mainly due to the Company's efforts in conserving cash funds.

- Travel expenses decreased by $66,281 due to fewer business trips taken during the current period to conserve the Company's capital resources.

- Consulting and professional expenses decreased by $81,293 and $44,637 as less consulting and legal services were provided for the Company during the period.

- Share-based payments decreased by $481,995 as Nil options were granted or vested during the period.

- 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

	Three Months Ended August 31, 2013	Three Months Ended May 31, 2013	Three Months Ended February 28, 2013	Three Months Ended November 30, 2012
Total assets	$ 11,184,190	$ 11,052,695	$ 10,783,006	$ 10,521,806
Working capital (deficiency)	(1,298,074)	(619,550)	(258,227)	(172,835)
Shareholders' equity	9,818,794	10,332,081	10,183,197	10,084,623
Net loss	233,698	291,658	230,322	231,431
Loss per share	0.01	0.00	0.00	0.00

	Three Months Ended August 31, 2012	Three Months Ended May 31, 2012	Three Months Ended February 29, 2012	Three Months Ended November 30, 2011
Total assets	$ 10,275,238	$ 9,971,580	$ 6,798,472	$ 5,744,409
Working capital (deficiency)	(74,177)	(15,157)	372,502	(214,174)
Shareholders' equity	9,902,249	9,496,625	6,600,338	5,310,847
Net loss	332,104	933,749	353,332	244,878
Loss per share	0.00	0.01	0.01	0.00

During the second quarter of fiscal 2014, the Company incurred a loss of $233,698. Significant expenses include $50,786 professional fees, and $103,688 of wages and salaries.

During the first quarter of fiscal 2014, the Company incurred a loss of $291,658. Significant expenses include $49,060 consulting fees, $35,239 professional fees, and $114,871 of wages and salaries.

During the fourth quarter of fiscal 2013, the Company incurred a loss of $230,322. Significant expenses included $100,749 consulting fees, $106,206 professional fees, and $105,876 of wages and salaries.

During the third quarter of fiscal 2013, the Company incurred a loss of $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 a 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 a 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 a 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 a 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.

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 and liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liabilities either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The Company's primary financial instruments are classified as follows:

Financial instruments	Classifications
Cash and cash equivalents	FVTPL
Receivables	LAR
Accounts payable and accrued liabilities	OFL
Related party loans	OFL

The fair value of these assets and liabilities approximates their respective carrying amounts due to their short term nature except as otherwise noted. The fair value of the Company's cash and cash equivalents constitutes a Level 1 fair value measurement. The Company does not currently hold any financial instruments that would be included in the classification of AFS.

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

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. As at August 31, 2013, the Company's receivables consisted of $22,122 in HST receivable from government authorities in Canada. Substantially all cash balances are held at chartered banks in Canada, the United States of America and Mexico.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company manages liquidity risk through the management of its capital structure, as outlined below. As at August 31, 2013, the Company had a cash and cash equivalents balance of $50,219 and receivables of 22,122 to settle current liabilities of $1,365,396 With exception to related party loans (Note 10) all of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company will require financing from lenders, shareholders and other investors to generate sufficient capital to meet its short term business requirements. The Company is planning additional financings in the near term to raise working capital to finance its ongoing operations.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances and interest-bearing debt. The Company is satisfied with the credit ratings of its banks. As of August 31, 2013, the Company did not hold any investments. The Company believes it has no significant interest rate risk.

b) Foreign currency risk

The Company is exposed to changes in foreign exchange rates as expenses in international subsidiaries, oil and gas expenditures, or financial instruments may fluctuate due to changes in rates. The Company's exposure to foreign currency exchange risk is mitigated by the fact that the Company restricts the amount of Mexican Pesos ("Pesos") kept on hand and sources the majority of its capital projects and expenditures in Pesos. The Company has not entered into any derivative instruments in an effort to mitigate exposure to fluctuations in foreign exchange rates.

At August 31, 2013, the Company had US $16,416 (translated using 1.0532 exchange rate) and $27,237 Mexican Pesos (translated using 0.0789 exchange rate) in cash.

c) Price risk

The recoverability of the Company's exploration and evaluation assets is indirectly related to the market price of oil and gas. The Company's ability to continue with its exploration program is also indirectly subject to commodity prices. The Company is not currently directly exposed to fluctuations in commodity prices as the Company is currently in the exploration phase and has no production.

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 August 31, 2013.

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.

CURRENT SHARE DATA

As at October 30, 2013 the Company has 77,906,957 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 October 30, 2013:

Number of Options	Exercise Price	Expiry Date
884,812	$0.20	January 14, 2015
578,000	$0.25	May 17, 2015
1,640,000	$0.45	February 28, 2014
502,627	$0.45	February 29, 2016
200,000	$0.45	March 27, 2014
51,560	$0.45	February 28, 2017
3,856,999		

The following warrants to acquire common shares of the Company are outstanding at October 30, 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
37,500	$ 0.55	December 23, 2013
3,867,632		

LIST OF DIRECTORS AND OFFICERS AT AUGUST 31, 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. The advisory Committee is involved in reviewing all the company's data to make geological recommendations for the next stage.

New Accounting Pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for the August 31, 2013 reporting period. These standards and interpretations have not been adopted and are yet to be assessed by the Company unless otherwise stated:

- New standard IFRS 9, *Financial Instruments*, classification and measurement is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, "Financial Instruments: Recognition and Measurement." IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit and loss. This standard is effective for years beginning on or after January 1, 2015.

- Amendments to IAS 32, *Financial Instruments*: *Presentation*, to provide clarification on the application of offsetting rules. This standard is effective for years beginning on or after January 1, 2014.

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. refilled the agreement (the "Reforma Agreement") whereby it has earned 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 being 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. This agreement is subject to regulatory approvals.

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 being successful in the conducted drill program 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 a controlled qualified laboratory for additional testing to determine consistence accurate recoveries.

The completion of construction of the new road from Texas to the Port of Topolobampo is completed though the company properties. The last logistics piece to complete the connection from Texas to the Mexico port of Topolobampo, is the bridge which is currently under construction located on the company's property. Once the bridge is completed it will provide the Reforma Mine and area properties with the most modern and world class infrastructure including access to a major world port. In addition, the Port of Topolobampo has been upgraded to become a major port on the west coast to compete with the Port of Long Beach. The Reforma mine is a short 100 kilometers from the Port of Topolobampo which places the Reforma Mine in a very enviable position for mining logistics. The company management has had very positive discussions relating to negotiating financing options with qualified parties for the development of the company properties.