**AMENDED AND RESTATED JUNE 17, 2014**

# VICTORY RESOURCES CORPORATION
# FORM 51-102F1
# MANAGEMENT DISCUSSION AND ANALYSIS
# For The Period Ended November 30, 2013

The following management discussion and analysis ("MD&A"), amended and restated on June 17, 2014, 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.

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 listed on the TSX Venture Exchange ("TSX-V"). The Company is engaged in the exploration of its mineral properties, located in British Columbia, Canada, and 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*

The Company owns the Reforma property ("Reforma"), located at the common boundary of Sinaloa and Chihuahua States, in west central Mexico. A technical report, dated September 14, 2010 (the "September Reforma Report"), was prepared for the Company's by its Qualified Person ("QP") in accordance with the requirements of NI 43-101.

After the date of the September Reforma Report, the Company continued to explore Reforma; however, a cohesive update to the September Reforma Report was not prepared. The totality of subsequent exploration programs conducted by the Company at Reforma is material to the property, and NI 43-101 requires the subsequent work to be included in a current technical report. In addition, a current technical report is necessary to verify and correct the Company's reporting of subsequent exploration work and the results obtained. As a result, an updated Reforma report, dated June 16, 2014 (the "Updated Reforma Report"), has now been prepared and filed on www.SEDAR.com.

**Retraction of disclosure about reserves at the Reforma Mine property**

The Reforma, formally operated by “Compania Minera La Campana S.A. (the “Former Operator”), 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.

In a press release of March 4, 2010 the Company referenced reserve estimates for the Reforma property by the Former Operator. It was also stated that past exploration conducted by the Former Operator 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 Reforma; this was repeated in the Company’s press release of June 15, 2010. A mineral resource was also as identified as existing in the ‘Reforma South’ mineral zone, and historical reserves identified at ‘El Chapote’ were also re-classified as mineral resources. The September Reforma 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 were not supported by the September Reforma Report, the Company retracted those estimates in a press release of September 21, 2010 (the “Retraction Press Release”).

The September Reforma Report did not disclose or adopt pre-existing historical resource or reserve estimates, in any category, existing or remaining from the previous operation of Reforma as a mine. The September Reforma Report did not disclosed an estimate of a potential exploration target or an initial current mineral resource.

**Subsequent Disclosures and Corrections**

The September Reforma Report was posted on the Company’s web-site with the Consent of the Qualified Person, along with an incorrect version of the Retraction Press Release which did not contain a retraction of the historical estimates. The web-site has been corrected and interested parties are encourage to consult www.SEDAR.com in order to view the correct version of the Retraction Press Release.

After the issuance of the September Report and the Retraction Press Release, the Company incorrectly continued to disclose and adopt the retracted disclosures of these estimates (see Company press releases dated May 31, 2011, August 29, 2011, September 7, 2011, September 14, 2011, November 11, 2011, November 14, 2011, November 30, 2011, December 9, 2011, December 14, 2011, January 4, 2012, February 16, 2012, March 1, 2012, March 19, 2012, March 28, 2012, April 9 , 2012, April 16, 2012, May 17, 2012, May 29, 2012, June 11, 2012, June 19, 2012, June 28, 2012, July 3, 2012, July 12, 2012, August 3, 2012, August 9, 2012, August 30, 2012, October 25, 2012, October 31, 2012, December 19, 2012, January 9, 2013, January 28, 2013, February 13, 2013, February 20, 2013, March 14, 2013, March 20, 2013, November 26, 2013 and February 11, 2014).

Further, in press releases dated, April 9, 2012, May 29, 2012 and Jul 3, 2012, referring to the tailings ponds related to previous Reforma mine operations, the Company referred to the exploration and drilling of the tailings pond as an ‘important milestone in determining the near term economic potential…of an immediately viable resource in the tailings pond’.

Without any current resource estimate in the mine or the tailings ponds, the company is not in a position to initiate a preliminary economic assessment or mining study. All statements and inferences to the contrary issued by the Company are retracted.

Further, cautionary language used in the context of improperly disclosed historical estimates is in itself misleading, since there are in fact no reportable historical estimates.

The Company’s web site contained reference and a link to a November 2011 article in Resource World Magazine (contained in Volume 9, Issue 11) (the “Resource World Article”). The Resource World Article disclosed a tonnage quantity of mineral reserves remaining in the mine and the tonnage and copper grade of reserves estimated by the Former Operator in the El Chapote area of Reforma. As noted above, the Company retracted the same reserve estimates in its September 21, 2010 clarification news release; the September Reforma Report did not support any going forward disclosure of historical or current resource or reserve estimates. The company has no new data or information that supports re-disclosure of historical estimates and has not conducted any current resource estimates. Consequently, the company retracts its re-disclosure of the all reserve estimates.

**Web site disclosure corrections**

The Company's web site adopted the Resource World Article by reference and additionally adopted improper historical references to operations and results at Reforma. Additional references were made to nearby properties without NI 43-101 qualification. All non-compliant disclosure will be corrected before the web-site is again available to the public.

**MD&A Corrections**

Unfortunately, many of the items contained in other public disclosures were repeated in management's discussion and analysis ("MD&A") for the fiscal years ended February 28, 2010, February 28, 2011, February 29, 2012 and February 28, 2013. This amended MD&A has been filed in order to correct these errors.

**Reforma Operations**

The Company's past MD&A disclosures have made reference to a 2011 review which resulted in recommendations for production operations and also included mention of negotiations to purchase certain processing equipment such as a processing mill of up to 1,000 tonnes per day. Based upon a recommendation received from a local Mexican geologist with familiarity with Reforma and with whom the Company has been consulting, the Company had decided to go directly into limited scale production at Reforma. This intention has now changed based upon a combination of factors such as the significant risks of making a production decision without conducting sufficient scientific studies demonstrating a reasonable likelihood of success, potentially adverse permitting issues, present capital raising difficulties for such projects, potentially adverse reclamation and environmental issues, and the prevailing present environment of extreme political and civil instability. Due to these factors, a decision has now been made to suspend operations at Reforma and seek either a joint venture partner or a purchaser for the property. Consideration is also being given to moving all operations out of Mexico.

An updated Reforma report, dated June 16, 2014 (the "Updated Reforma Report"), has now been prepared and filed on www.SEDAR.com. The Updated Reforma Report should be reviewed in conjunction with this amended and restated MD&A. To the extent that the Updated Reforma Report is inconsistent with past public disclosures, this restated MD&A highlights the resulting corrections and retractions.

In a press release of July 12, 2011, the Company disclosed certain drill core results, some of which are not confirmed in the Updated Reforma Report. The table contained in that press release is retracted and is replaced with the following:

| Hole ID | From (m) | To (m) | Interval (m) | Au ppm | Ag ppm | % Cu | % Pb | % Zn |
|---|---|---|---|---|---|---|---|---|
| RDH-001 | 0.65 | 1.10 | 0.45 | 0.056 | 565 | 0.14 | 17.85 | 0.04 |
| | 1.10 | 4.14 | 3.04 | 0.371 | 42 | 1.70 | 0.71 | 0.07 |
| | 4.14 | 5.70 | 1.56 | 0.082 | 18 | 1.90 | 0.04 | 0.04 |
| RDH-002 | 3.85 | 6.30 | 2.45 | 0.287 | 40 | 2.22 | 0.04 | 0.03 |
| RDH-003 | No Significant Assays | | | - | - | - | - | - |
| RDH-004 | 1.37 | 1.70 | 0.33 | 0.035 | 133 | 0.71 | 4.69 | 14.55 |
| | 2.50 | 3.23 | 0.73 | 0.009 | 11 | 0.03 | 1.50 | 3.32 |
| RDH-005 | Hole aborted due to bad ground | | | - | - | - | - | - |
| RDH-006 | 200.85 | 203.85 | 3.00 | 0.089 | 118 | 0.88 | 1.44 | 12.45 |

| Hole ID | From (m) | To (m) | Interval (m) | Au ppm | Ag ppm | % Cu | % Pb | % Zn |
|---|---|---|---|---|---|---|---|---|
| RDH-007 | No Significant Assays | | | - | - | - | - | - |
| RDH-008 | 34.24 | 36.72 | 2.48 | 0.037 | 75 | 0.87 | 3.46 | 6.96 |
| | 36.72 | 39.26 | 2.54 | 0.013 | 13 | 0.09 | 0.62 | 1.40 |
| | | | | | | | | |
| | 40.11 | 43.09 | 2.98 | 0.021 | 35 | 0.14 | 0.27 | 1.32 |
| | 43.09 | 46.07 | 2.98 | 0.008 | 14 | 0.08 | 0.62 | 1.50 |
| | 146.23 | 149.00 | 2.77 | 0.122 | 47 | 2.05 | 0.03 | 0.19 |
| | 149.00 | 151.79 | 2.79 | 0.090 | 26 | 1.54 | 0.009 | 0.05 |
| RDH-009 | No Significant Assays | | | - | - | - | - | - |
| RDH-010 | No Mineralization Intersected | | | - | - | - | - | - |
| RDH-011 | 198.34 | 201.16 | 2.82 | 0.104 | 144 | 1.93 | 1.34 | 5.68 |
| RDH-012 | Hole aborted due to bad ground | | | - | - | - | - | - |
| RDH-013 | No Significant Assays | | | | | | | |
| RDH-014 | No Significant Assays | | | | | | | |
| RDH-015 | 11.91 | 14.92 | 3.01 | 0.018 | 4.2 | 0.21 | 0.007 | 1.20 |
| | 42.43 | 45.46 | 3.03 | 0.024 | 62.2 | 0.27 | 1.33 | 4.03 |

In press releases of August 9, 2012, October 13, 2012, January 9, 2013 and February 13, 2013, the Company reported the results of underground sampling at Reforma. The press releases disclosed a zone of 80 m length with weighted average grades of 231 g/t silver, 0.84% copper, 6% lead and 14% zinc, without reporting the thickness of the zone. The compilations and reporting of sampling results for this zone of underground mineralization was incomplete and potentially misleading. The Undated Reforma Report clarified that out of 29 samples collected, 24 are contiguous over a stretch of 55m. The samples were taken every 3m across true widths ranging from 0.85m to 3.9m. Assay results of the 24 samples returned weighted averages of 152.17g/t silver, 0.53% copper, 8.63% lead and 0.91% zinc over an average width of 2.08m.

Initial bulk sampling of tailings (each sample weighing 10kg) from the 'Matanza' and 'Altamira' tailings ponds extracted from 13 backhoe trenches were tested by assay and those results have been reported in the Updated Reforma Report. The values reported in the Company's press releases of March 1, 2012 and October 31, 2012 (most notably a typographical error whereby 2.33% zinc was incorrectly reported as 12.33%) are restated as follows:

| **Matanza** | Au | Ag | Cu | Fe | Zn | Pb |
|---|---|---|---|---|---|---|
| **Sample** | ppm | ppm | ppm | % | % | % |
| 638747 | 0.076 | 12.4 | 0.08 | 11.25 | 0.86 | 0.2 |
| 638748 | 0.059 | 17.6 | 0.09 | 8.56 | 0.73 | 0.36 |
| 638749 | 0.052 | 10.7 | 0.06 | 7.74 | 0.58 | 0.19 |
| 638750 | 0.152 | 26.6 | 0.35 | 12.55 | 2.43 | 0.44 |
| 638751 | 0.149 | 60.8 | 0.36 | 12.6 | 2.86 | 1.28 |
| 638752 | 0.057 | 17.9 | 0.14 | 8.08 | 1.33 | 0.34 |
| 638753 | 0.081 | 44.1 | 0.16 | 10.8 | 1.91 | 0.78 |
| **Altamira** | | | | | | |
| 638754 | 0.108 | 19 | 0.17 | 11.85 | **2.33** | 0.32 |
| 638755 | 0.104 | 12.6 | 0.15 | 7.88 | 0.95 | 0.25 |
| 638756 | 0.067 | 12.5 | 0.15 | 8.48 | 1.43 | 0.33 |
| 638757 | 0.035 | 10.8 | 0.09 | 8.41 | 0.42 | 0.27 |
| 638758 | 0.031 | 4.2 | 0.03 | 7.49 | 0.3 | 0.14 |
| 638759 | 0.098 | 10.2 | 0.08 | 11.05 | 1.26 | 0.29 |

Each trench measured 0.70 m wide by 5.0 m long and 3.5 m deep. Seven trenches were dug at the Matanza and six at the Altamira. Bulk samples of 70 kg each of the Matanza and Altamira tailings were subsequently run through a processing plant in Chihuahua, Mexico for preliminary testing. No relevant results were obtained.

A total of 218 auger samples were also taken from both tailings ponds using a 4-inch diameter sand auger. The samples were collected at 1.5 metre intervals from each hole. The Company did not assay the samples from any auger drill testing conducted and the samples are presently stored at ALS Chemex, awaiting further instructions from the Company.

Ruben Verzosa, P. Eng., a Qualified Person (QP) as defined by National Instrument 43-101, is responsible for the technical information contained in this restated MD&A.

***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 concerning the Toni Property.

**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 Company has determined that it will not proceed with this project.

## 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 November 30, 2013, the company issued 200,000 shares for warrants exercised at $0.20 per warrant for proceeds of $40,000.

**Financing shortfall/surplus**

At November 30, 2013, the Company had working capital (deficiency) of ($1,638,570) (February 28, 2013-$258,227).

## INDUSTRY AND ECONOMIC FACTORS AFFECTING COMPANY PERFORMANCE

The Company operates in the Canadian junior resource industry. Within that industry, the Company 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 the Company 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 November 30, 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 had the following significant commitments as at November 30, 2013:

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, 2014 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, 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 November 30, 2013 and 2012 are as follows:

| Years Ended | August 31, 2013 | November 30, 2012 |
|---|---|---|
| Salaries and directors fees | $ 78,000 | $ 58,913 |
| Management fees | 45,000 | 45,000 |
| Share-based payments (i) | - | 19,555 |
| Project management fees (ii) | 45,000 | 45,000 |
| Exploration expenses (ii) | 42,000 | 9,000 |
| | $ 210,000 | $ 177,468 |

(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:

| | November 30, 2013 | February 28, 2013 (Audited) |
|---|---|---|
| Due to directors and officers | $ 506,358 | $ 295,758 |
| Due to KIM-KC Management Corp (i) | 85,000 | 40,000 |
| Due to Sierra Iron Ore (formerly Naina Capital) (ii) | 84,127 | - |
| | $ 675,485 | $ 335,758 |

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

Results of Operations

For the period ended November 30, 2013:

The significant increase in net loss Q3-2014 over Q3-2013 is detailed below:

| | **Period Ended November 30, 2013** | **Period Ended November 30, 2012** | **% Amount Change** | **$ Amount Change** |
|---|---|---|---|---|
| Amortization | $ 20,274 | $ 27,012 | -24.94% | (6,738) |
| Consulting | 57,942 | 137,346 | -57.81% | (79,404) |
| Investor relations | 12,813 | 22,905 | -44.06% | (10,092) |
| Management and directors fees | 54,000 | 54,113 | -0.21% | (113) |
| Office and administration | 74,445 | 119,815 | -37.87% | (45,370) |
| Professional fees | 132,660 | 195,339 | -32.09% | (62,679) |
| Property investigation fees | 13,888 | - | N/A | 13,888 |
| Share-based payments | - | 488,809 | -100.00% | (488,809) |
| Transfer agent and filing fees | 20,870 | 52,804 | -60.48% | (31,934) |
| Travel | 41,343 | 108,807 | -62.00% | (67,464) |
| Wages and salaries | 250,256 | 290,696 | -13.91% | (40,440) |
| | $ 678,491 | $ 1,497,646 | | |
| Interest income | (205) | (362) | 43.37% | 157 |
| Income tax | - | - | N/A | N/A |
| Foreign exchange | 5,910 | - | N/A | 5,910 |
| | $ 684,196 | $ 1,497,284 | | |

- Office and administration expenses decreased by $45,370 mainly due to the Company’s efforts in conserving cash funds.
- Travel expenses decreased by $67,464 due to fewer business trips taken during the current period to conserve the Company’s capital resources.
- Consulting and professional expenses decreased by $79,404 and $62,679 as less consulting and legal services were provided for the Company during the period.
- Share-based payments decreased by $488,809 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 November 30, 2013 | Three Months Ended August 31, 2013 | Three Months Ended May 31, 2013 | Three Months Ended February 28, 2013 |
|---|---|---|---|---|
| Total assets | $ 11,567,746 | $ 11,184,190 | $ 11,052,695 | $ 10,783,006 |
| Working capital (deficiency) | (1,638,570) | (1,298,074) | (619,550) | (258,227) |
| Shareholders' equity | 9,886,680 | 9,818,794 | 10,332,081 | 10,183,197 |
| Net loss | 163,700 | 233,698 | 291,658 | 230,322 |
| Loss per share | 0.00 | 0.01 | 0.00 | 0.00 |

| | Three Months Ended November 30, 2012 | Three Months Ended August 31, 2012 | Three Months Ended May 31, 2012 | Three Months Ended February 29, 2012 |
|---|---|---|---|---|
| Total assets | $ 10,521,806 | $ 10,275,238 | $ 9,971,580 | $ 6,798,472 |
| Working capital (deficiency) | (172,835) | (74,177) | (15,157) | 372,502 |
| 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 |

During the third quarter of fiscal 2014, the Company incurred loss of $163,700. Significant expenses include $46,635 professional fees, and $31,697 of wages and salaries.

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.
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## 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 November 30, 2013, the Company's receivables consisted of $9,261 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 November 30, 2013, the Company had a cash and cash equivalents balance of $29,160, receivables of $9,261 and prepaid expenses and deposits of $4,075 to settle current liabilities of $1,681,066. 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 November 30, 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 November 30, 2013, the Company had US $5,478 (translated using 1.0592 exchange rate) and $25,357 Mexican Pesos (translated using 0.0809 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 November 30, 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 June 17, 2014, the Company had 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 June 17, 2014:

| Number of Options | Exercise Price | Expiry Date |
|---|---|---|
| 884,812 | $0.20 | January 14, 2015 |
| 578,000 | $0.25 | May 17, 2015 |
| 502,627 | $0.45 | February 29, 2016 |
| 51,560 | $0.45 | February 28, 2017 |
| 2,016,999 | | |

The following warrants to acquire common shares of the Company are outstanding at June 17, 2014:

| Number of Warrants | Exercise Price | Expiry Date |
|---|---|---|
| 1,917,651 | $ 0.30 | December 4, 2014 |
| 1,917,651 | | |

## LIST OF DIRECTORS AND OFFICERS AT NOVEMBER 30, 2013

Wally Boguski, President, CEO, director
Laurence Sookochoff, CFO and Director
Paul Lee, Director[1]
Alphonse J. Ruggiero, Director

1. Subsequent to the end of the quarter, Paul Lee resigned and was replaced by Roger Frost as both a director and Audit Committee member.

## ADVISORY COMMITTEE

The Company 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 advisory Committee is involved in reviewing all the company's data to make geological recommendations for exploration programs.

### New Accounting Pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for the November 30, 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.

## Presidents Message

The Management team would like to thank the shareholders for their support for the Company's quest to pursue opportunities in order to enhance shareholder value.

The Company's intention has now changed based upon a combination of factors,, such as the significant employee safety risks, to assure a reasonable likelihood of success. In addition we are concerned with potentially adverse permitting issues, present capital raising difficulties for such projects, potentially adverse reclamation and environmental issues, and the present environment of extreme political and civil instability. Due to these factors, a decision has now been made to seek either a joint venture partner or a purchaser for the property. Consideration is also being given to moving all operations out of Mexico and shifting the Company's focus to possible acquisitions in Ontario, Canada.

### 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*