VICTORY RESOURCES CORPORATION
FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
For The Year Ended February 28, 2011

The following management discussion and analysis, prepared as of June 24, 2011 should be read together with the audited consolidated financial statements for the year ended February 28, 2011 and related notes attached thereto (the "financial statements"), which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

The reader should also refer to the annual audited financial statements for the years ended February 28, 2010 and February 28, 2009, and the Management Discussion and Analysis for those years. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

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

DESCRIPTION OF THE BUSINESS

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

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

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

At January 24, 2011, the Company has two wholly-owned subsidiaries, Victory Resources Corporation U.S.A., incorporated under the laws of Arizona, U.S.A. in August 2010; and VicRes Mining Mexico S.A. de C.V., incorporated under the laws of Sonora, Mexico in April 2010.

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

MINERAL EXPLORATION PROPERTIES

The Reforma Mine Project

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

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

FY-2011 Exploration

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 is expected to be completed by late 2011.

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

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

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

Toni Property, Nicola Division, British Columbia

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

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

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

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

During the year February 28, 2010 the Company amalgamated fifteen Toni Property mineral claims and abandoned twenty-three claims. The Company currently holds in good standing a total of 25,423 Hectares (Ha) over 65 claims which make up the Toni Property.

FY-2011 Exploration

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**	5.50	18.60	24.10	159.90	2.62
			0.60	24.10	24.70	Assays pending	
			3.00	24.70	27.70	178.50	1.36
		Including	3.10	18.60	21.60	62.00	3.17
		Including	0.60	22.90	23.50	313.70	5.98
10-6	**0**	**-55**	1.80	22.90	24.70	412.20	0.51

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

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

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

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

FINANCING

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

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

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

The Company paid finders' fees of $132,500 in cash and related listing and filing fees of $14,476 for both tranches of private placements.

In YTD-2011 the Company has issued 4,276,557 shares pursuant to the exercise of warrants for cash consideration of $427,656. The Company received $15,000 for the exercise of warrants in the year ended February 28, 2010 with the warrants issued in FY-2011

Financing shortfall/surplus

At February 28, 2011, the Company had working capital of $360,002.

INDUSTRY AND ECONOMIC FACTORS AFFECTING COMPANY PERFORMANCE

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

The availability of equity financing for early-stage exploration programs such as ours is a major factor that will significantly determine company performance in FY-2012 and beyond.

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

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

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

LIQUIDITY, CAPITAL RESOURCES AND COMMITMENTS

Liquidity

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

During the year ended February 28, 2011, the Company financed its operations primarily through the issuance of common shares, the exercise of stock options and 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

At June 24, 2011, the Company has the following significant commitments:

Mineral Property commitments

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

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

Management Contracts

On January 1, 2010 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, 2011 as per the signed agreement.

Other

The Company has no capital lease obligations, operating leases or any other long-term debt at February 28, 2011 or June 24, 2011 not included herein.

RELATED PARTY TRANSACTIONS

During the year ended February 28, 2011, the Company entered into transactions with related parties as follows:

a) Paid or accrued $60,000 (2010 - $35,000) in management fees to a company controlled by the President of the company for his services.

b) Paid or accrued $60,000 (2010 - $37,709) in project management fees to a company controlled by a director of the Company. This amount is included in deferred exploration expenditure, a component of mineral properties.

c) Paid or accrued $109,650 (2010 - $44,455) in exploration expenses to a private company controlled by a director of the Company. This amount is included in deferred exploration expenditures, a component of mineral properties.

d) Paid or accrued $9,000 (2010 - $Nil) in geological and other consulting fees to a director of the Company, a component of professional fees

e) Paid or accrued $22,000 (2010 - $Nil) in directors' fees.

f) Paid or accrued $42,480 (2010 - $Nil) in wages to a director of the Company.

g) Paid or accrued $7,700 (2010 - $Nil) in promotion expenses to a private company controlled by a director of the Company. These amounts are included in office, rent and miscellaneous.

h) Received $97,500 in cash from a company with directors in common. Included in this amount is $67,000 in proceeds from the sale of equipment, $23,000 in reimbursement for shipping and handling fees, and $7,500 for miscellaneous billings.

These charges are measured by the exchange amount which is the amount agreed upon by the transacting parties.

The amounts due from/to related parties, which are non-interest bearing, unsecured and due on demand, are comprised of the following:

	2011	2010
Due to director(s) or companies controlled by Director(s)	**$ 31,260**	$ 92,032

The amount due from a related party relates to exploration advances received by a private company controlled by a Director of Victory which are expected to be applied against exploration work in the current year.

The amounts due to related parties are due to directors and their private companies, and/or a public company controlled by Directors of Victory. They are unsecured, non-interest bearing and have no specific terms of repayment. Included in these amounts are unpaid director fees, management fees and mineral property costs.

SELECTED ANNUAL FINANCIAL INFORMATION

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

	Year Ended February 28, 2011	Year Ended February 28, 2010	Year Ended February 28, 2009
Total revenues	$ -	$ -	$ -
Net loss	(1,159,123)	(876,363)	(109,510)
Basic and diluted loss per share	(0.03)	(0.05)	(0.01)
Total assets	3,865,053	1,354,670	891,328

Results of Operations

For the Fourth quarter ended February 28, 2011:

During the quarter ended February 28, 2011, the Company had the following significant transactions:

- expended approximately $107,424 in cash on mineral properties.
- paid or accrued $19,500 in management and director fees, refer to related parties section for more information.
- paid or accrued $103,529 in wages and benefits, the increase is due to new employees beginning in Q3.
- paid or accrued $84,259 in professional fees, the increase is due to increased activity on mineral properties and transition of accounting records to another accountant firm.
- recorded $17,636 for stock-based compensation for stock options vested during the quarter.

For the year ended February 28, 2011:

The significant increase in net loss in FY-2011 over FY-2010 is detailed below:

	Feb. 28, 2011	**Feb. 28, 2010**	**Variance**
Amortization	$ 31,469	$ 3,201	$ 28,268
Management fees	82,000	35,000	47,000
Wages and benefits	211,870	-	211,870
Office, rent and miscellaneous	193,918	90,076	103,842
Professional Fees	305,945	176,500	129,445
Investor relations	32,387	-	32,387
Stock-based compensation	145,702	498,338	(352,636)
Transfer agent and filing fees	51,450	20,007	31,443
Travel and entertainment expenses	99,460	53,021	46,439
Total administrative expenses	**$ 1,154,201**	**$ 876,143**	**$ 278,058**

- Amortization of equipment increased by $28,268 in YTD-2011 vs YTD-2010 due to net equipment additions valued at $185,462 during the year ended.

- Management fees increased by $47,000 in YTD-2011 vs YTD-2010 as the Company entered into a 12 month management contract with the President of the Company for $5,000 (2009 - $2,500) per month for management fees, effective January 1, 2010. The Company also paid director fees in the year ended February 28, 2011.

- Wages and benefits are recorded in YTD-2011 vs YTD-2010 as the Company hired two employees beginning in Q1-2011 and one in Q3-2011; it had no employees in FY-2010.

- Office, rent and miscellaneous expenses increased substantially in YTD-2011 vs YTD-2010 due to costs incurred in preparation of a powerpoint presentation and presentations made to prospective investors for fundraising purposes. The Company also signed a twelve month marketing agreement with an arms-length party for $2,708 per month. There were also increased labor and supplies costs associated with the acquisition of the Reforma property and the establishment of a new office in the U.S and higher communication costs.

- Professional fees increased due to in FY-2011 due:
  - employing extra consultants in order to carry out the higher volume of work resulting from the Reforma property acquisition whereas consultants were not required in the same period in FY-2010.
  - accounting fees as accounting staff was hired for the Mexican subsidiary company in Q3-2011, and transition of accounting records to another accounting firm.
  - legal fees were incurred in respect of the Reforma property acquisition and other corporate matters.

- Investor relations expenses increased as the Company entered into a six month Investor Relations agreement with an arms-length party for $5,000 per month beginning Q2-2011.

- Stock-based compensation was incurred in FY-2011 as the Company granted 778,000 stock options to its executive officers, directors, employees and consultants in Q1-2011, including 200,000 investor relations stock options. The fair value of the options granted that vested during the year ended was $145,702, calculated using the Black-Scholes option pricing model.

- Transfer agent and filing fees increased as the company incurred more expenses due to:
  - applications for approval of a property acquisition,
  - filing of the annual stock option plan and other miscellaneous filing fees.
  - sustaining fees in the amount of $1,250 per quarter, beginning in Q1-2011. In fiscal 2010 the Company did not accrue the costs quarterly but posted annually.
  - transfer agent fees for private placements, exercise of options and warrants.

- Travel and entertainment expenses increased mainly due to increased travel required to complete financings, establish the new office in the U.S. and to acquire the Reforma Mine Property.

- 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 February 28, 2011	Three Months Ended November 30, 2010	Three Months Ended August 31, 2010	Three Months Ended May 31, 2010
Total assets	$ 3,865,053	$ 3,416,313	$ 3,174,226	$ 2,781,007
Working capital (deficiency)	360,002	862,477	894,534	1,199,942
Shareholders' equity	3,278,380	3,269,040	3,108,499	2,641,349
Net loss	304,330	272,174	230,356	352,263
Loss per share	0.01	0.01	0.00	0.01
	Three Months Ended February 28, 2010	**Three Months Ended November 30, 2009**	**Three Months Ended August 31, 2009**	**Three Months Ended May 31, 2009**
Total assets	$ 1,354,670	$ 1,078,029	$ 921,027	$ 889,005
Working capital (deficiency)	(67,246)	(34,789)	(129,064)	(290,469)
Shareholders' equity	1,158,416	885,685	765,685	590,893
Net loss	702,314	90,403	34,761	48,885
Loss per share	0.04	0.01	0.00	0.00

Significant changes in key financial data during fiscal 2011 are due to private placements completed in Q1-2011 and Q3-2011 and the Reforma property acquisition and associated costs as well as exploration expenditures capitalized during the year ended February, 2011.

FINANCIAL AND OTHER INSTRUMENTS

The Company's financial instruments at February 28, 2011 consist of:

- Cash *(Held for trading financial instruments);*
- Taxes recoverable and amounts due from related parties (*loans and receivable);*
- Accounts payable and accrued liabilities (*financial liabilities);*
- Amounts due to related parties *(financial liabilities)*
- Exploration advances *(financial asset*)

Information on these financial instruments as provided as follows:

Held for trading financial instruments

A financial asset or financial liability held for trading is a financial asset or financial liability that acquired or incurred principally for the purpose of selling or repurchasing it in the near term.

At February 28, 2011, the Company has short term cash available totaling $492,043. The Company does not believe it is subject to material risk in respect of its cash as it is held in demand accounts at a Canadian Chartered bank. The remaining cash balances are held in its Mexican and USA bank accounts

Loans and receivables

Accounts receivable and other miscellaneous receivables are classified as loans and receivables. They are measured at fair value and changes in fair value are recognized in comprehensive loss. At February 28, 2011, Goods and services tax and harmonized sales tax recoverable and amounts due from related parties are classified as loans and receivables.

Financial liabilities

Accounts payable and accrued liabilities, and amounts due to related parties are classified as financial liabilities and are measured at face value. Management has determined that the face value of financial liabilities approximates fair value due to the expected short-term maturity of the debts.

The Company's financial liabilities primarily constitute trade payables owing to both arms' length and related parties, and loans payable. These are unsecured and, excepting normal trade credit terms, are due on demand.

The Company believes the fair value of its financial liabilities approximate their carrying values primarily due to their short-term nature. There are no quoted market prices from active markets for any of the financial liabilities held by the Company and thus fair values were assessed using valuation techniques consistent with generally accepted accounting principles. As the Company does not generate revenue, it intends to reduce its financial liabilities by re-financing through additional share issuances.

CURRENT SHARE DATA

As at June 24, 2011 the Company has 53,179,685 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 24, 2011:

Number of Options	Exercise Price	Expiry Date
200,000	$0.25	May 17, 2012
2,684,812	$0.20	January 14, 2015
578,000	$0.25	May 17, 2015
550,000	$0.45	February 28, 2014
552,627	$0.45	February 29, 2016
4,565,439		

The following warrants to acquire common shares of the Company are outstanding at June 24, 2011:

Number of Warrants	Exercise Price	Expiry Date
2,890,000	$ 0.40	May 17, 2012
122,125	$ 0.10	July 20, 2012
2,022,500	$ 0.40	October 28, 2012
177,777	$ 0.10	November 20, 2012
8,920,000	$ 0.10	December 17, 2012
14,132,402		

LIST OF DIRECTORS AND OFFICERS AT JUNE 24, 2011

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

ADVISORY COMMITTEE

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

CHANGE IN ACOUNTING POLICIES

During the year ended February 28, 2010, the Company adopted the following new guidance issued by the CICA. The Company's adoption of the guidance or Handbook section has not resulted in a restatement of comparative information.

Foreign Currency Translation

The Company follows the temporal method of foreign currency translation. Monetary assets and liabilities are translated at the foreign exchange rate observed at the balance sheet date. Non-monetary items are translated at the historical exchange rates, unless such items are carried at market in which case they are translated at the exchange rate in effect at the balance sheet date. Revenues and expense items are translated at the exchange rate in effect on the dates they occurred.

Recent Canadian accounting developments

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

In January 2009, the CICA issued Section 1582, "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards ("IFRS"). The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. This standard is not expected to be adopted before conversion to IFRS.

In January 2009, the CICA issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests" which replace Section 1600 "Consolidated Financial Statements." Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations." This standard is not expected to be adopted before conversion to IFRS.

International financial reporting standards

The Canadian Accounting Standards Board ("AcSB") has published a strategic plan that calls for the convergence of Canadian GAAP (Generally Accepted Accounting Principles) with IFRS over an expected five year transitional period commencing 2006. In February 2008, the AcSB announced that 2011 is the changeover date for publicly listed companies to use IFRS, replacing Canada's own GAAP. As the Company has a non-calendar fiscal year it will be required to produce the first IFRS financial statements in the first quarter of its 2011 fiscal year (the quarter ending May 31, 2011). The transition date of March 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended February 28, 2011. The Company has begun assessing the adoption of IFRS for 2011.

Though IFRS uses a conceptual framework similar to Canadian GAAP, there are some significant differences on recognition, measurement and disclosure requirements. The Company is currently evaluating the impact of the transition to IFRS on its financial reporting, internal control systems and business activities and ensuring the appropriate personnel, resources, and training are in place to ensure an efficient transition.

In particular the Company is studying the impact of applying the following IFRS standards: IFRS 1 First-time Adoption of IFRS, IFRS 6 Exploration for and Evaluation of Mineral Resources, IFRS 2 Share-based Payment, IFRS 7 Financial Instruments: Disclosures, IAS 8 Accounting Policies, and Changes in Accounting Estimates and Errors, IAS 16 Property, Plant and Equipment, and IAS 24 Related Party Disclosures.

Management is currently developing its plans for the transition to IFRS. Key elements include analyzing IFRS accounting policy alternatives, business activities impacted by accounting processes and information system changes.

Management has not as yet finalized its accounting policies and accordingly is unable to determine the full effects of adopting IFRS to its consolidated financial statements.

The Company's IFRS implementation project will be completed by a combination of in-house resources and external consultants.

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

PRESIDENTS MESSAGE

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

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

Management strategy and primary focus will be to continue the development of mineral zones in on the Reforma property and to continue to develop/explore other targets on the property. The companies' geological team is very positive regarding the Reforma property indicating that it has huge blue sky potential.

Victory Resources Corp. has completed a 55.4-kilometre geochemical survey on the Reforma mine vicinity including the Reforma South vicinity 1.5 km south of the Reforma mine and the Chapote copper/gold zone vicinity two km to the west of the Reforma mine. A total of 554 samples have been submitted to ALS Chemex De Mexico SA's laboratory in Hermosillo. The company is currently awaiting results.
In conjunction with the geochemical survey, four diamond drill holes have been completed south of the Reforma mine mineralized zone. The goal of this initial drilling was to investigate at depth the southerly extension of the Reforma mineralized zone and its possible extension toward the Reforma South zone. Drill core samples have been submitted and assay results are expected shortly.

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 be worth over US$514,000,000.

Equipment is being mobilized for the purpose of pumping the Reforma main adit as well as the Reforma South underground workings, preparatory to underground rehabilitation and diamond drilling. The purpose of this drill program is to investigate geological extensions of known mineralized zones as well as to investigate the grade of pillars left from previous mining.