

VICTORY RESOURCES CORPORATION
FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
For the Period Ended May 31, 2015

The following management discussion and analysis, prepared as of July 29, 2015 should be read together with the unaudited condensed consolidated interim financial statements for the period ended May 31, 2015 and related notes attached thereto (the “financial statements”), which are prepared in accordance with International Financial Reporting Standards (“IFRS”) and in accordance with International Accounting Standard 34 (“IAS 34”) – Interim Financial Reporting. All amounts are stated in Canadian dollars unless otherwise indicated. Readers may also want to refer to the February 28, 2015 audited financial statements.

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 Canada. 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 in Canada 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

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 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 May 31, 2006 and 2007. The agreement is subject to a 2% net smelter return royalty.

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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 existing holdings for total consideration of \$20,000; the Company also acquired, through staking, an additional 28,481Ha at a cost of \$11,564.

During the year February 28, 2010 the Company amalgamated fifteen Toni Property mineral claims and abandoned twenty-three claims. The Company currently holds in good standing 44,191 Hectares (Ha) over 111 claims which make up the Toni Property.

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

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

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

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

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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.

On November 25, 2014, the Company completed an induced potential geophysical survey (IP Survey) over the designated Queen Zone between the Wen and the Au-Wen zones of the Toni property located 30 kilometres south east of Merritt, and eight kilometres east of the historic Aspen Grove mining camp in south central British Columbia.

The purpose of the survey was to verify the best results of an IP Survey completed in 1968 by Barringer Research within an anomalous IP zone of approximately one kilometre wide (east-west), one kilometre long (north-south) as reported by Roger Caven, Geophysicist and indicated as L56S on a map. The chargeability readings of the one kilometer wide anomalous zone are up to 24.0 ms. The anomalous zone extends to L68S or 1,200 feet (365 metres) and open to the south.

A core assay from a 1968 drill-hole completed on a 7.0 ms IP chargeability of the same IP Survey two kilometres north of L56S returned 33 metres of 0.344% copper. The higher anomalies of the IP Survey were reportedly not drilled due to lack of funding.

The 2014 Victory zone survey consisted of one three kilometre east-west line correlating with the 1968 IP Survey. The results were extremely positive in that an anomalous zone of up to one kilometre wide with anomalous chargeability readings of up to 39 ms which exceeded the anomalous results of the Barringer results.

The follow-up exploration program proposed on the Queen Zone is a 400 metre diamond drill hole to test the central portion of the IP anomaly and to continue with the IP Survey in order to delineate the Queen anomalous zone to the south.

On March 31, 2015, the Company is pleased to announce a corporate update on the Company's Toni property.

At the AU-WEN, Minfile records report on historical results of significant gold assays in chip samples ranging from 6.8 grams per tonne over 5.1 metres to 10.8 grams per tonne over 4.9 metres grab and select samples assayed between 14.4 and 91 grams per tonne gold. The best drill core intersection assayed 4.97 grams per tonne gold over 1.5 metres. This mineral zone has yet to be explored by the Company.

At the WEN, Minfile records report on historical results of a 1.5-metre chip sample from Adit #1 which assayed 4.39 per cent copper, 92.6 grams per tonne silver, and 0.7 gram per tonne gold. A grab sample from the Adit zone assayed 4.84 per cent copper, 46.6 grams per tonne silver and 0.7 gram per tonne gold. A drill core sample (hole HNS 72-1) assayed 1.12 per cent copper and 3.4 grams per tonne silver.

In a 1996 exploration program by George Resources on the WEN, one of 16 diamond drill holes, W96-1, intersected a 6.55 metre quartz zone which reportedly returned assays of 16.578 gm/t Au, 0.75% Cu, and 12.901 gm/t Ag (Verley, 1997). This intersection was designated as the Main vein and was located 55 metres south-southeast of Adit #1, one of the three adits on the WEN.

In 2010 the Company's diamond drill program tested for the extension of the Adit #1 mineral zone. The drilling confirmed the mineral zone extension in the intersection of 5.50 metres assaying 2.62% Cu (refer to the Company's news release dated August 26, 2010). The mineral zone is open to the southwest.

The most recent exploration by the Company on the Property was an October 2014 IP program on the newly designated Queen Zone, located between the Wen and the Au-Wen zones, which consisted of a 3.4 km line of Induced Potential, magnetometer, and self-potential surveys.

The program was very successful in delineating and correlating the results of a 1968 IP survey completed by Barringer Geophysics for Consolidated Skeena Mines which results indicated an anomalous IP zone approximately one kilometre wide

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(east-west), one kilometre long (north-south) as reported by Roger Caven, Geophysicist. The chargeability readings of the anomalous zone were up to 24.0Ms. This IP zone was never drill tested, however, 1968 drilling on an anomalous IP zone with a chargeability of 7Ms (in a background of approx. 2Ms; W.M. Sharp, 1969) located one kilometre north of the 2014 IP survey, reportedly returned values of 0.39% copper over 100 feet in addition to other well-defined intercepts.

The Company's 2014 IP survey confirmed and surpassed previous results, with an IP anomaly about 1km wide with a maximum apparent chargeability of 39Ms.

Based on the encouraging results from the 2014 geophysical surveys, the Company is in the process of acquiring permits for a 2015 exploration program which is proposed to include 1200 metres of diamond drilling and additional geophysical surveys.

The mineral potential of the immediate Toni property area is supported by the mineralized zones on adjacent properties. To the west is the Paycinci developed prospect which Minfile records report an inferred 1.8 million tonnes of 1.00% copper and a drill indicated 54,000 tonnes of 0.876% copper on the Cincinnatti. To the south is the past productive Elk mineral zone where between 1992 and 1995 production was reported as 51,500 ounces of gold at 3 ounces per tonne. Gold Mountain, the present owner of the Elk property shipped a 500 tonne bulk sample which averaged 13.8 grams per tonne gold (please refer to the Gold Mountain Mining Corporation news release dated October 31, 2013).

The Aspen Grove Camp has once again become one of the recognized areas for a potentially economic mineral zone in the prime geological porphyry belt which includes the recently reactivated Copper Mountain mine located 55 kilometres to the south and the world class Highland Valley mine located 75 kilometres to the north, in addition to other producers, past producers and pending producers

On April 27, 2015, the Company is pleased to announce that it has increased its land holdings in the historic Aspen Grove mining area of south-central British Columbia. The Company has acquired by staking, two additional claims contiguous to its Toni property. With this new acquisition, the Company's Toni property is comprised of 93 mineral claims of 40,239 hectares covering an area 39 km long and up to 21 km wide.

The acquired claims include the "Josee" mineral showing where mineralization is reported occurring as chalcocite in a sequence of massive to crudely layered lahar deposits and volcanic conglomerate of the Upper Triassic Nicola Group (Eastern belt, Bulletin 69). This acquisition improves the Company's strategic position within this geologically favorable area where the Company and other companies have active or proposed exploration programs.

The Company's growing land package in the area is consistent with Management's commitment to establish and grow shareholder value ahead of the next commodities up-cycle.

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. An updated Reforma report, dated June 16, 2014 (the "Updated Reforma Report"), has now been prepared and filed on www.SEDAR.com.

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Retraction of disclosure about reserves at the Reforma Mine property

The Reforma, formally operated by Industria Peñoles S.A.B. de C.V. (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 disclose 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 encouraged to go to 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 disclosed the retracted disclosures of these estimates (see Company press releases dated April 13, 2011, May 31, 2011, August 29, 2011, September 7, 2011, September 14, 2011, November 8, 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 20, 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 previously 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 since 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 the disclosure of all reserve estimates.

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Web site disclosure corrections

The Company's web site adopted the Resource World Article by reference and additionally adopted historical references to operations and results at Reforma. Additional references were made to nearby properties without NI 43-101 qualification. All non-compliant disclosure has been corrected on the web-site.

MD&A Corrections

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.

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 disclosure 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 had been consulting, the Company had decided to go directly into limited scale production at Reforma. This intention later 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 in the area. Due to these factors, a decision has been made to suspend operations at Reforma and seek either a joint venture partner or a purchaser for the property.

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 MD&A.

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

Hold 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			-	-	-	-	-

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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 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 were 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%) were 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.

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

During the year ended February 28, 2014 the Company determined the Reforma Project to be impaired and wrote down the carrying value of the Reforma Project to \$1. The Company has earned 70% interest in the Reforma property and is currently in discussions to joint venture or sell the property outright.

Please see “President’s Message” at the end of this MD&A

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FINANCING

During the period ended May 31, 2015, the Company:

- i) completed a non-brokered private placement of 1,061,000 units proceeds of \$63,660. Each unit consists of one common share issued at \$0.06 per share, and one share purchase warrant. Each common share purchase warrant may be exercised by the holder to purchase one common share at a price of \$0.15 for 24 months from closing.

Financing shortfall/surplus

At May 31, 2015, the Company had working capital deficiency of \$1,186,276 (February 28, 2015 - \$1,185,487).

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-2016 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

Continuance of Operations and Going Concern

The Company has financed its operations primarily through the issuance of common shares, loans proceeds and advances from related parties. The Company continues to seek capital through various means including the issuance of equity and/or debt. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future or on terms that are favorable to the Company. Accordingly these consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

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 May 31, 2015, the Company continued to seek capital through various means including the issuance of equity and/or debt.

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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.

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

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

The remuneration of directors and other members of key management personnel during the period ended May 31, 2015 and 2014 are as follows:

	May 31, 2015	May 31, 2014
Salaries and directors fees	\$ 7,500	\$ 3,000
Management fees	15,000	15,000
Project management fees (i)	-	15,000
Exploration expenses (i)	-	15,000
Accounting fees	6,195	-
Exploration expenses (i)	1,500	-
	<u>\$ 30,195</u>	<u>\$ 48,000</u>

(i) 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.

Included in the 10,586,540 shares issued in the current year to settle debts, 3,037,489 shares were issued to directors and officers, 2,314,489 shares were issued to a company with common directors, and 375,000 shares were issued to the spouse of a director and officer to settle debts aggregating \$458,158.

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The amounts due to the related parties are as follows:

	May 31, 2015	February 28, 2015
Due to directors and officers	\$ 356,058	\$ 305,615
Due to KIM-KC Management Corp (i)	120,000	120,000
Due to Sierra Iron Ore (ii)	<u>3,669</u>	<u>3,669</u>
	<u>\$ 479,727</u>	<u>\$ 429,284</u>

(i) Company controlled by a common director

(ii) Company with common directors

Results of Operations

For the three months ended May 31, 2015

Below are the significant changes in expenses when comparing the three month period ended May 31, 2015 to the three month period ended May 31, 2014:

- Consulting fees increased to \$750 (2014 - \$Nil) as a result of increased consulting activities during the current period.
- Gain on disposition of equipment decreased to \$Nil (2014 - \$13,189) as a result of the sale of vehicle and exploration equipment during the period in the prior year.
- Management and director fees increased to \$22,500 (2014 - \$18,000) as a result in the transition of president duties during the current period.
- Office and administration increased to \$3,863 (2014 - \$910) as a result of increased office activity during the current period.
- Professional fees decreased to \$12,236 (2014 - \$43,257) as a result of decreased professional activity during the current period.
- Travel increased to \$10,098 (2014 - \$542) as a result of more trips being taken during the current period.
- Wages and benefits decreased to \$15,164 (2014 - \$Nil) as a result of the Company terminating employees in an effort to conserve cash.
- Other variations in expenses in the period 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.

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SUMMARY OF QUARTERLY RESULTS

	Three Months Ended May 31, 2015	Three Months Ended February 28, 2015	Three Months Ended November 30, 2014	Three Months Ended August 31, 2014
Total assets	\$ 1,642,549	\$ 1,645,588	\$ 1,681,620	\$ 1,651,181
Working capital (deficiency)	(1,186,276)	(1,185,487)	(1,262,415)	(2,031,124)
Shareholders' equity (deficit)	435,616	428,379	380,554	(407,133)
Net loss (income)	(75,420)	(264,143)	143,911	240,548
Loss per share	0.00	0.00	0.00	0.00

	Three Months Ended May 31, 2014	Three Months Ended February 28, 2014	Three Months Ended November 30, 2013	Three Months Ended August 31, 2013
Total assets	\$ 1,609,791	\$ 1,644,452	\$ 11,567,746	\$ 11,184,190
Working capital (deficiency)	(1,797,846)	(1,731,198)	(1,638,570)	(1,288,074)
Shareholders' equity (deficit)	(211,442)	(142,521)	9,886,680	9,818,794
Net loss	64,852	10,016,704	163,700	233,698
Loss per share	0.00	0.13	0.00	0.01

For the three months ended August 31, 2014, the Company incurred a loss of \$240,548. Significant expenses include \$93,553 of professional fees, \$19,500 in management and director fees and \$36,727 in office and administration.

For the three months ended August 31, 2013, the Company incurred a loss of \$233,698. Significant expenses include \$50,786 in professional fees, and \$103,688 of wages and salaries.

For the three months ended February 28, 2014, the Company incurred a loss of \$10,016,704. Significant expenses include \$151,001 in professional fees, and \$9,965,558 of mineral property impairment.

For the three months ended February 28, 2015, the Company had net income of \$264,143 primarily due to \$317,596 of gain from share issuance of debt settlement.

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.

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The Company's financial instruments are classified as follows:

<u>Financial instruments</u>	<u>Classifications</u>
Cash	FVTPL
Receivables	LAR
Accounts payable and accrued liabilities	OFL
Due to related parties	OFL
Reclamation deposit	LAR

RISKS AND CAPITAL MANAGEMENT

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. As at May 31, 2015, the Company's receivables consisted of \$10,369 in GST 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 May 31, 2015, the Company had a cash balance of \$16,848 and receivables of \$Nil to settle current liabilities of \$1,206,933. 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

As of May 31, 2015, the Company did not hold any investments and 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 has not entered into any derivative instruments in an effort to mitigate exposure to fluctuations in foreign exchange rates.

At May 31, 2015, the Company had US \$916 and 25,357 Mexican Pesos in cash, and US \$5,199 and 7,803,635 Mexican Pesos in accounts payable.

A 10% fluctuation in the USD/CAD exchange would result in an immaterial affect to these consolidated financial statements.

A 10% fluctuation in the MXP/CAD exchange would have resulted in a \$74,420 change to the net loss for the period.

c) Price risk

The recoverability of the Company's exploration and evaluation assets is indirectly related to the market price of commodities. 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.

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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 May 31, 2015.

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.

CONTINGENCY

During the period ended May 31, 2015, the Company was served a civil claim by a former consultant for the amount of \$120,000 in unpaid fees. The Company has accrued \$14,036 and is in the position that no further fees are owed. The Company cannot estimate the actual outcome at this time as the claim is still in an early stage of negotiations.

CURRENT SHARE DATA

As at July 29, 2015, the Company has 93,089,498 common shares issued and outstanding.

As at July 29, 2015, the following options to acquire common shares of the Company were outstanding:

Number of Options	Exercise Price	Expiry Date
502,627	\$0.45	February 29, 2016
51,560	\$0.45	February 28, 2017
554,187		

At July 29, 2015, 4,796,001 share purchase warrants were outstanding.

Number of Warrants	Exercise Price	Expiry Date
2,651,668	\$0.15	December 15, 2016
1,083,333	\$0.15	February 27, 2017
1,061,000	\$0.15	May 4, 2017
4,796,001		

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LIST OF DIRECTORS AND OFFICERS AT JULY 29, 2015

Roger Frost, President, CEO, Director
Laurence Sookochoff, CFO, Director
Wally Boguski, Director
Alphonse J. Ruggiero, Director
David Cross, Director

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.

NEWLY ADOPTED ACCOUNTING POLICIES AND FUTURE ACCOUNTING POLICY PRONOUNCEMENTS

Newly adopted accounting policies

IAS 32 Financial Instruments: Presentation

This amendment provides clarification on the application of offsetting rules.

IAS 36 Impairment of Assets

On May 29, 2013, the IASB made amendments to the disclosure requirements of IAS 36, requiring disclosure, in certain instances, of the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal, when an impairment loss is recognized or when an impairment loss is subsequently reversed.

Amendments to IFRS 10, IFRS 12, and IAS 27

The amendment provides for the definition of an investment entity and sets out an exception to consolidating particular subsidiaries of an investment entity. The amendments also deal with the disclosures required and preparation of separate financial statements of an investment entity.

IFRIC 21 Levies

The interpretation clarifies that an entity recognizes a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements.

The adoption of the above accounting policies did not have an effect on the financial statements for the period ended May 31, 2015

Future accounting pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

IFRS 9 Financial Instruments replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value. This standard has an effective date of January 1, 2018.

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The amendments to IAS 24 clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

The amendments to IFRS 2 clarify vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition. The amendment is effective for share based payment transactions for which the grant date is on or after July 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 for the Company's quest to pursue opportunities in order to protect and enhance shareholder value.

During the year ended February 28, 2015, the Company faced difficult operating challenges. In general, world economic conditions, specifically the demand for commodities and precious metals saw only tepid recoveries from recent lows. Our industry, mineral property exploration and development, has only shown very recent signs of recovery; this hopefully signals a continuing upward trend.

Financing remains difficult. Traditionally property exploration and development decisions have been driven by factors such as the geological merit of a property, commodities markets and industry trends; this has, in turn affected the availability of

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financing for given projects. Now, another set of factors has been added that has particularly targeted companies operating in politically unstable areas.

At the time of the commencement of our operations in Sinaloa, Mexico, the area was comparatively calm and the overall mining environment seemed to be improving with successive governments. Anti-corruption improvements were being made at all levels. The situation has changed dramatically and lawlessness has now taken over in the area, with government officials seemingly powerless or unwilling to intervene and reverse this dangerous trend.

We have found the local operating conditions unacceptable to the safety of our employees and contractors. In addition to the daily danger faced locally in the area of our Reforma Property, morally we cannot continue to condone the government by remaining in the area. In addition, it is virtually impossible to obtain financing while Reforma remains our priority. For that reason, we have determined that we will no longer operate in Mexico. We have written down the carrying cost of our Mexican assets accordingly.

In the near term, the Company will proceed with a financing for general working capital with the intention of increasing the scope of our operations in Canada. The company is also in discussions for a possible joint venture on its British Columbia properties and also has interested parties to the outright purchase of the Reforma property in Mexico.

The company is also in active discussions to obtain properties of merit in the Ontario region of Canada.