VICTORY RESOURCES CORPORATION (FORMERLY VICTORY EMPIRE INC.)
FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")
For the Period Ended May 31, 2020 and 2019

The following management's discussion and analysis, prepared as of July 13, 2020 should be read together with the unaudited condensed interim financial statements for the period ended May 31, 2020 and related notes attached thereto (the "financial statements"), the audited financial statements for the year ended February 29, 2020 and related notes attached thereto (the "financial statements"), which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated. Readers may also want to refer to the February 29, 2020 audited financial statements.

On June 25, 2020 the Company consolidated its stock on a 10:1 basis. This MD&A reflects that consolidation on a retroactive basis.

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 (see "Note Regarding Forward-Looking Statements").

Additional information related to Victory Resources Corporation (Formerly Victory Empire Inc.) is available for view on SEDAR at www.sedar.com.

DESCRIPTION OF THE BUSINESS

Victory Resources Corporation. (Formerly Victory Empire Inc.), ("Victory" or "The Company") is a publicly traded company. It changed its name on November 6, 2019 to Victory Empire Inc. and on March 19, 2020 to Victory Resources Corporation. The Company has been a junior exploration stage mining corporation with interests in North America. The Company has no plans to divest itself of its existing operations in respect of its assets in South Central British Columbia. The Corporation's current mining asset is a 100% interest in a prospective mineral property in South Central British Columbia known as the "Toni Property", subject to a 2% net smelter return royalty. Victory holds claims known as the AW NORTH, the AW EAST and the MalWen corner, comprising 2,331.05 hectares which presently make up the Toni Property. Due to the high costs of holding a large land package during times of difficulty for junior explorers, the Company has reduced the Toni Property to the essential core claims and has let the balance lapse. To date, the Company has not generated significant revenues from operations. The Company has not yet determined whether the Toni Property contains mineral reserves that are economically recoverable.

INVESTMENTS AND DEPOSITS

Deposits

CIA Cannabis Intelligence Agency Inc. ("CIA")

During the year ended February 29, 2020, the Company entered into an LOI with CIA towards an equity investment. The Company advanced $80,000 to CIA towards the acquisition by way of a secured loan bearing interest at 8% and repayable in one year. Security on the loan consists of a general security interest against the assets and undertakings of CIA. The Company has recorded this amount as a deposit until such time as the transaction is completed and shares of CIA are received.

Long-term investments

Glenbriar Technologies Inc. ("Glenbriar")

During the year ended February 29, 2020, the Company sent $150,000 to Glenbriar for the future issuance of common shares. The Company has recorded this amount as a deposit at February 29, 2020. During the period ended May 31, 2020, the Company received 6,000,000 common shares for the amount of $150,000 on deposit.

Primary Energy Metals

During the year ended February 28, 2019, the Company purchased 211,040 units of Primary Energy Metals Inc. ("Primary") for a total of $158,280. Each unit consisted of one common share and one share purchase warrant. Each purchase warrant entitles the Company to purchase an additional share of Primary at a cost of $1.50 until September 7, 2019.

At February 29, 2020:

i) the shares were initially valued at the market price of Primary's shares on August 21, 2018 of $0.65 per share for a total value of $137,176. At February 28, 2019, the shares were re-valued using the market value of $1.40 per share, resulting in an unrealized gain of $211,041 (2018 - $107,630). During the year ended February 29, 2020, the Company sold all of the Primary shares for total proceeds of $70,045, reversed the unrealized gain, and recorded a realized gain on investment of $40,499.

ii) the warrants were initially measured using the residual value method based on Primary's unit price at the date of issuance (August 21, 2018) of $0.75, less the market price of Primary's shares on that date of $0.65 resulting in a fair value of $21,104. On September 7, 2019 the warrants expired unexercised.

World High Life PLC ("World High Life")

On October 22, 2019, the Company purchased 666,670 convertible debenture units (the "Debentures") of World High Life for $1,100,000. World High Life is a UK CBD wellness and medicinal cannabis investment company listed on the London NEX Exchange under the symbol LIFE. The debentures pay interest of 10% annually, and are convertible into ordinary shares of World High Life at a price of £0.10 per share, subject to World High Life's right to force conversion upon 30 days' notice in the event that the Ordinary Shares trade at £0.30 or higher for a 10 day period. The debenture units consisted of a £1.00 principal amount and included 1 warrant to purchase additional ordinary shares at a price £0.15 per share for two years (6,666,670 warrants in total), subject to World High Life's right to accelerate the maturity date upon 30 days' notice in the event that the Ordinary Shares trade at £0.25 or higher for a 10 day period. The debentures mature two years plus one day from closing.

On October 22, 2019, the initial fair value of the convertible debenture was determined to be the initial cost of $1,100,000, which was split between the principal note and the conversion feature as $606,498 and $493,502, respectively. Initially, $Nil was allocated to the warrants received.

As at May 31, 2020:

i) the convertible debenture had an estimated fair value of $1,024,509 (February 29, 2020 - $1,063,752), consisting of:

a. the loan position with a fair value of $606,498 (February 29, 2020 - $606,498) calculated using a discounted cash flow with a 20% interest rate and a remaining life of 1.36 years (February 29, 2020 – 1.62 years).
b. The conversion feature with a fair value of $418,011 (February 29, 2020 - $457,254) using the following assumptions: estimated share price of £1.075; conversion price of £1.00; risk-free interest rate of 1.84%; dividend yield of 0%; stock price volatility of 100%, an expected life of 1.36 years (February 29, 2020 – 1.62 years). This resulted in an unrealized loss on long-term investments of $36,248.

ii) the warrants were fair valued at $279,352 (February 29, 2020 - $321,570) using the Black- Scholes option pricing and discounted cash flow models with following assumptions: estimated share price of £1.075; conversion price of £1.50; risk-free interest rate of 1.84%; dividend yield of 0%; stock price volatility of 100%, an expected life of 1.36 years (February 29, 2020 – 1.65 years).

iii) during the period ended May 31, 2020, the Company recorded $30,666 of interest income. Total interest income which was receivable at May 31, 2020 is $73,156.

LIQUIDITY, CAPITAL RESOURCES AND COMMITMENTS

Continuance of Operations and Going Concern

The condensed interim financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at May 31, 2020, the Company has a deficit of $29,607,796 (February 29, 2020 - $29,412,380). The Company is in the process of exploring and developing its mineral properties and has not yet determined whether those properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to fund property commitments and to complete the exploration and development of the properties and upon achieving future profitable production or proceeds from the disposition thereof. These uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

The Company has financed its operations primarily through the issuance of common shares, proceeds from loans 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 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 financial statements.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

Liquidity

At May 31, 2020, the Company had working capital deficiency of $(185,726) (At February 29, 2020 – working capital $97,423).

During the period ended May 31, 2020, the Company had the following cash flows:

1) cash used in operating activities of $170,554 consisting primarily of general operational costs including consulting fees, management fees and professional fees.

2) cash provided by financing activities of $3,840 consisting of payment of loans which were repaid to related parties.

3) cash used in investing activities of $144,347 consisting primarily of purchase of shares in Glenbriar.

During the period ended May 31, 2020, the Company continued 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.

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

Management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and directors.

Key management personnel compensation during the period ended May 31, 2020 and 2019 was as follows:

		May 31, 2020		May 31, 2019
Management and directors fees	$	24,000	$	24,000
Accounting and professional fees, included in professional fees		3,000		2,500
Consulting fees, included in professional fees		-		3,000
Legal fees, included in professional fees		800		1,003
	$	27,800	$	27,503

The transactions with related parties were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the parties.

The amounts due to the related parties are as follows:

		May 31, 2020		May 31, 2019
Due to directors and officers	$	11,725	$	-
Due to a company with common directors		15,487		2,436
	$	27,212	$	2,436

The amounts owing are unsecured, non-interest bearing and have no fixed term for repayment.

Results of Operations

For the three months ended May 31, 2020

Below are the significant changes in expenses when comparing the three months ended May 31, 2020 to the three months ended May 31, 2019:

- Advertising and promotion fees of $29,308 (2019 - $66,051) decreased primary as a result of decreased activities.

- Consulting decreased to $52,500 (2019 - $98,019) as a result of decreased activities.
- Professional fees increased to $24,400 (2019 - $32,593) as a result of legal fees incurred related to increased corporate activities during the previous period.
- Travel decreased to $Nil (2019 - $70,939) as a result of travel restrictions during COVID-19 pandemic.
- 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.

SUMMARY OF QUARTERLY RESULTS

	Three Months Ended May 31, 2020	Three Months Ended February 29, 2020	Three Months Ended November 30, 2019	Three Months Ended August 31, 2019
Total assets	$ 1,910,306	$ 1,938,123	$ 1,962,196	$ 472,834
Working capital (deficiency)	(185,726)	97,423	250,236	268,099
Shareholders' equity	1,330,100	1,525,516	1,818,472	365,566
Net loss	(195,416)	(97,928)	(97,514)	(351,540)
Loss per share	(0.1)	(0.1)	(0.0)	(0.1)

	Three Months Ended May 31, 2019	Three Months Ended February 28, 2019	Three Months Ended November 30, 2018	Three Months Ended August 31, 2018
Total assets	$ 801,275	$1,139,954	$ 2,395,988	$ 2,306,567
Working capital (deficiency)	680,573	1,000,841	291,675	(112,766)
Shareholders' equity	710,506	1,043,438	2,241,894	1,710,830
Net income (loss)	(332,932)	(2,173,061)	962,280	(152,149)
Income (loss) per share	(0.0)	(0.4)	0.2	(0.0)

For the three months ended August 31, 2018, the Company incurred a net loss of $152,149 primarily due to professional and consulting costs incurred during the current period.

For the three months ended November 30, 2018, the Company incurred a net income of $962,280 primarily due to income from discontinued operation during the current period.

For the three months ended February 28, 2019, the Company incurred a net loss of $2,173,061 primarily due to write down of the Toni Property during the current period.

For the three months ended May 31, 2019, the Company incurred a net loss of $320,269 primarily due to professional and consulting costs incurred during the current period.

For the three months ended August 31, 2019, the Company incurred a net loss of $351,540 primarily due to advertising and promotion expenses and professional costs incurred during the current period as a result of prospective business developments initiatives.

For the three months ended November 30, 2019, the Company incurred a net loss of $97,514 primarily due to an unrealized gain on long-term investments of $370,769 offset by advertising and promotion expenses and professional costs incurred during the current period as a result of prospective business developments initiatives.

For the three months ended February 29, 2020, the Company incurred a net loss of $97,928 primarily due to advertising and promotion expenses and professional costs incurred during the current period as a result of prospective business developments initiatives.

For the three months ended May 31, 2020, the Company incurred a net loss of $195,416 primarily due to advertising and promotion expenses and professional costs incurred during the current period as a result of prospective business developments initiatives.

FINANCIAL AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, amounts receivable, deposits, reclamation deposits, long-term investments, accounts payable and accrued liabilities and due to related parties. Cash and long-term investments are carried at fair value. The fair values of amounts receivable, deposits, accounts payable and accrued liabilities and due to related parties approximate their carrying amounts due to their current nature.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification and measurement bases of the Company's financial instruments are as follows:

Financial Instrument	IFRS 9
Cash	FVTPL
Amounts receivable	Amortized cost
Deposits	Amortized cost
Long-term investments	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

RISKS AND CAPITAL MANAGEMENT

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risks associated with cash are minimal as the Company deposits the majority of its cash with a large Canadian financial institution. The Company's credit risks associated with its amounts receivable are monitored by management. The Company's exposure to potential loss is equal to the carrying value of the amounts receivable.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure, as outlined below. As at May 31, 2020, the Company had a cash balance of $16,252 (February 29, 2020 - $38,620), GST receivable of $3,966 (February 29, 2020 - $12,011) and amounts receivable of $78,406 (February 29, 2020 - $56,089) to settle current liabilities of $447,850 (February 29, 2020 - $276,611). All of the Company's trade accounts payable and amounts due to related parties have contractual maturities of 30 days or are due on demand and accounts payable are subject to normal trade terms. The Company will require financing from lenders, shareholders and other investors, or liquidation of long-term investments 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, 2020, the Company did not hold any material investments or liabilities and has no significant interest rate risk.

b) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. At May 31, 2020, the Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company has foreign currency exposure with respect to the investment in World High Life, which is denominated in British Pounds. A 5% change in the value of the British Pound with respect to the Canadian Dollar would impact profit or loss by approximately $55,000.

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 of the Toni Property 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.

The recoverability of the Company's investment in World High Life is indirectly tied to the market price of World High Life's common shares. The market price of World High Life's common shares will impact the Company's ability to convert the investment to equity on terms preferable to the Company. Further, the ability of World High Life to raise funds through, equity, debt or operations and effect repayment of the investment from the Company could be impacted by the market price of World High Life common shares. The maximum exposure that could result from adverse changes in the market price of World High Life common shares is the total value of the initial investment of $1,100,000.

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 investments 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 can expect to encounter competition from other entities having similar investment objectives, including institutional investors and strategic investors. These groups may compete for the same investments as the Company, will have a longer operating history and may be better capitalized, have more personnel and have different return targets. As a result, the Company may not be able to compete successfully for investments. In addition, competition for investments may lead to the price of such investments increasing, which may further limit the Company's ability to generate desired returns. There can be no assurance that there will be a sufficient number of suitable investment opportunities available to invest in or that such investments can be made within a reasonable period of time. There can also be no assurance that the Company will be able to identify suitable investment opportunities, acquire them at a reasonable cost or achieve an appropriate rate of return. Identifying attractive opportunities is difficult, highly competitive and involves a high degree of uncertainty. Potential returns from investments will be diminished to the extent that the Company is unable to find and make a sufficient number of investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

CURRENT SHARE DATA

As at July 13, 2020, the Company has 19,325,084 common shares issued and outstanding.

At July 13, 2020, the following stock options were outstanding and exercisable:

Expiry Date	Number of Options		Exercise Price
August 6, 2020	3,200	$	6.25
March 20, 2023	492,000	$	0.7125

At July 13, 2020, the following share purchase warrants were outstanding.

	Number of Warrants Outstanding		Exercise Price
January 21, 2022*	1,893,790	$	0.6875
January 21, 2022*	1,942,000		0.525
January 21, 2021	4,210,000		0.375
January 21, 2021 – agent warrants	260,000		0.375
October 9, 2021	8,714,723		0.50
October 9, 2021– agent warrants	563,845		0.50
November 12, 2021	886,667		0.50
November 12, 2021 – agent warrants	1,600		0.50

*Extended on December 30, 2019

NEWLY ADOPTED ACCOUNTING POLICIES AND FUTURE ACCOUNTING POLICY PRONOUNCEMENTS

Please refer to the financial statements for the period ended May 31, 2020 on www.sedar.com.

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 on www.sedar.com