



Victory Nickel Announces Year End 2015 Financial and Operating Results

Toronto, March 30, 2016 – Victory Nickel Inc. (“**Victory Nickel**” or the “**Company**”) (TSX:NI, www.victorynickel.ca) today reported financial results for the 12-month period ended December 30, 2015. All dollar amounts in this news release are in US\$, unless otherwise noted.

The Company reported a consolidated net loss of \$5,112,000, or \$0.09 per share, for the year ended December 31, 2015. This compares with a net loss of \$2,416,000, or \$0.04 per share, during the year ended December 31, 2014.

The loss components include a gross margin loss from the Company’s frac sand business of \$923,000 compared to a gross margin profit of \$1,222,000 for 2014, a decrease of \$2,145,000. This reflects the serious decline in oil and gas drilling activity and the resulting reduction in the demand and selling price of frac sand.

General and administration expenses of \$1,240,000 were down by 50% from 2014. This reduction was offset by a loss on the sale of equipment of \$1,174,000.

The temporary plant shutdown cost the Company \$661,000 of non-recurring cost in 2015 and net finance costs were \$951,000 higher at \$1,411,000 in 2015 compared with 2014.

The material drop in the price of oil over the past year has resulted in oil and gas exploration and production companies significantly decreasing their activities in our market area and putting demand for frac sand under pressure throughout the year. After coming to a full stop in the first quarter of 2015, frac sales resumed in May, 2015. The Company accumulated inventory of in excess of 35,000 tons at the end of 2014 at various stages of the process and made sales of 22,488 tons of various grades of frac sand during 2015 by drawing down inventories. The commissioning of the Company’s frac sand plant in Seven Persons, AB (the “7P Plant”) was completed during the third quarter of 2014; during 2014, 109,155 tons of frac sand was produced and 88,891 tons of sand was sold.

The Company recognized revenue during the 12 months ended December 31, 2015 of \$2,996,000, or \$133.23 per ton, on sales of 22,488 tons sold (December 31, 2014 - \$13,976,000, or \$157.23 per ton sold). Revenue includes periodic freight for sales delivered to the customer.

The cost of goods sold was \$3,919,000, or \$174.27 per ton of frac sand sold, for the year ended December 31, 2015 (December 31, 2014 - \$12,854,000, or \$144.60 per ton), including an inventory write-down of \$674,000, equivalent to \$29.97 per ton sold, as the Company wrote down inventory to net realizable value and recorded finished inventory at the lower of cost or net realizable value. Costs per ton are per dry ton, unless otherwise stated.

2015 Outlook

2015 was a challenging year for most firms associated with the oil and gas industry, and Victory Nickel was no exception. As a result of the fall in the price of oil from in excess of \$100 per barrel to below \$30 per barrel, drill rig utilization decreased by 50% in Q4 2015 when compared with the same quarter of 2014. Similarly, well licenses and completions decreased by 58% and 59% respectively during the comparable quarters of 2015 and 2014, according to the Nickles Energy Group. As a direct response to the declining utilization, E&P companies reduced, cancelled or deferred capital programs. All of this has led to an unprecedented decline in the pricing of drilling and well completions and the resulting pressure on the price of frac sand. The frac sand pricing index prepared by New York investment bank Cowen and Company indicates a price decrease of 24% since the highs of October 2014. The price of oil necessary to create a resurgence of demand and a return to drilling activity is yet to be understood. This period of declining activity and price decreases has necessitated that the industry step back and evaluate ways of reducing costs. Such cost reduction measures include lengthening of both lateral and horizontal drilling, increasing the number of stages per foot and using more sand per stage. All

of these changes has increased sand intensity, using more sand per well, to increase the oil flow and thereby improve the economics.

Major suppliers of frac sand have said that the long-term fundamental trends for sand demand remain favorable and that the price discounts are not sustainable in the long term. Indications are that uncompleted wells could represent a significant pent up demand for frac sand. With all of the cut backs in capital spending and development of projects, a case can be made for a potential and very sudden and significant increase in demand for sand while the industry catches up to increase supply. The exact timing of this is difficult to predict but this has been seen in the past as industry overreacts on the downside and gets into a catch-up situation when business improves.

The sudden negative turn of events could not have come at a more crucial time in Victory Nickel's development and entry into the frac sand industry. Production was ramping up and could not keep up with demand but the sudden slowdown in demand required that the Company temporarily suspend production at its 7P Plant. As demand returns, the Company has inventory of sand at various stages of completion to enable it to immediately respond to customer needs. The 7P Plant can be restarted very quickly. The business plan has not changed; it is only deferred.

Debt Restructuring

In March, 2016, the implementation of an acceptable and achievable debt restructuring plan was announced (see news releases dated March 3 and March 7, 2016). The restructuring is designed to strengthen the balance sheet and defer cash requirements until operations can resume generating cash flow to repay the debt. The completed steps would have had the effect of improving working capital as at December 31, 2015 by \$9,468,000. Management would like to thank the Company's creditors for their participation in the restructuring plan.

The Company is developing plans to implement strategies based on what has been learned since getting into the frac sand business and having dealt with one of the worst ever downturn in the oil and gas industry. The Company intends to participate in any future turnaround in the oil and gas and nickel industries, and we thank our shareholders, lenders and suppliers for their continued patience and support.

About Frac Sand

Frac sand is a proppant used in the oil and gas business as a part of the hydraulic fracturing process – a means of increasing flow to the wellhead. Frac sand must have particular characteristics including achieving certain levels of crush resistance, sphericity and roundness, and it is therefore a relatively rare commodity.

About Victory Nickel

Victory Nickel Inc. is a Canadian company with four sulphide nickel deposits containing significant NI 43-101-compliant nickel resources and a significant frac sand resource at its Minago project. Victory Nickel is focused on becoming a mid-tier nickel producer by developing its existing properties, Minago, Mel and Lynn Lake in Manitoba, and Lac Rocher in northwestern Québec, and by evaluating opportunities to expand its nickel asset base. Through a wholly-owned subsidiary, Victory Silica Ltd., Victory Nickel is establishing a presence in the frac sand market prior to commencing frac sand production and sales from Minago.

About Victory Silica

Victory Silica is a wholly-owned subsidiary of Victory Nickel and is charged with a phased plan to establish the Company in the frac sand market. In Phase One, the Company constructed a 500,000 tpy-rated dry processing plant and has begun processing and selling sand imported from Wisconsin. The 7P Plant is well located in an area populated with fracking companies, its potential customers, and is within only a few hours' trucking distance of major oil or gas play well sites. Phase Two, which includes the construction of a concentrator, also known as a "wet plant," in Wisconsin, is expected to reduce costs and ensure security of sand supply through the control of a frac sand mine in Wisconsin. In Phase Three, the Company intends to construct a larger frac sand plant to process and distribute both imported and domestic sand, which may potentially, but not necessarily, include sand mined as a co-product of development at the Company's Minago project. The Company has already identified a site in Manitoba for this purpose.

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Please visit the Company's website at www.victorynickel.ca.

Forward-Looking Information: This news release contains certain forward-looking information. All information, other than information regarding historic fact that addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future is forward-looking information. Forward-looking information contained in this news release includes, but is not limited to, the ability of the Company to restructure its debt with the relevant lenders and the ability of the Company to pay future interest and other payments and commitments in connection with such debts. The forward-looking information contained in this news release reflects the current expectations, assumptions and/or beliefs of the Company based on information currently available to the Company. With respect to the forward-looking information contained in this news release, the Company has made assumptions regarding, among other things, the ability of the Company to restructure its debts and that the secured lender will continue to not take action to enforce its security. The forward-looking information contained in this news release is subject to a number of risks and uncertainties that may cause actual results or events to differ materially from current expectations, including an unwillingness of the Company's lenders to refinance the Company's debts on terms favourable to the Company or at all and the ability of the Company to continue selling frac sand. Additionally, if the Company is unable to restructure its debts, obtain additional financing and/or continue generating revenue through the sale of frac sand, the Company may be required to curtail activities and/or liquidate its assets or the Company's creditors may seek to seize its assets. Any forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable law, the Company disclaims any obligation to update or modify such forward-looking information, either because of new information, future events or for any other reason. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.