VICTORY NICKEL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED
MARCH 31, 2009

DATED MAY 7, 2009

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For the Three Months ended March 31, 2009

The following discussion of the results of operations, financial condition and cash flows of Victory Nickel Inc. ("Victory Nickel" or the "Company") prepared as of May 7, 2009 consolidates management's review of the factors that affected the Company's financial and operating performance for the three months ended March 31, 2009 and factors reasonably expected to impact on future operations and results. This discussion is intended to supplement and complement the Company's unaudited interim consolidated financial statements for the three months ended March 31, 2009 ("Unaudited Interim Consolidated Financial Statements") and the Company's audited consolidated financial statements for the year ended December 31, 2008 ("2008 Audited Consolidated Financial Statements") and the notes thereto. Readers are encouraged to consult the 2008 Audited Consolidated Financial Statements which were prepared in accordance with Canadian generally accepted accounting principles (Canadian "GAAP") and are available at www.sedar.com and at the Company's website www.victorynickel.ca. All amounts disclosed are in Canadian dollars unless otherwise stated. All tabular amounts are in thousands of Canadian dollars.

COMPANY OVERVIEW

Victory Nickel is a Canadian exploration and development-stage mineral resource company (an enterprise in the development stage as contemplated within Accounting Guideline 11 of the Canadian Institute of Chartered Accountants ("CICA")) and is engaged in the acquisition, exploration and development of nickel projects in Canada.

Formed on February 1, 2007, Victory Nickel owns 100% of four advanced sulphide nickel projects: the Minago, Lynn Lake and Mel projects in Manitoba and the Lac Rocher project in Québec. A feasibility study on the Minago Project, originally scheduled for completion in 2008, has been delayed as the current economic environment has necessitated a detailed review of all of its components to accurately reflect project economics. In addition, management is concerned that a study completed within the context of the present markets would be stale-dated by the time access to financing improves and would require major and costly updating. Also, the hyper-inflationary operating and construction costs are being tempered – although it is unlikely that they will return to pre-2005 levels. At the Lac Rocher Project, permitting efforts will continue in preparation to commence mining when metal prices recover. Plans are to update the preliminary economic assessment ("PEA") to better reflect current cost realities. The Company will continue to evaluate the production potential of the Mel and Lynn Lake Projects.

In the current nickel price and financial environment, it is unlikely that any of these projects will commence development in 2009. However, this provides an opportunity to review alternatives which may improve the economics of all of our projects.

The Company also owns an approximate 9% interest in Wallbridge Mining Company Limited ("Wallbridge") as well as warrants which, if exercised, would increase the ownership to approximately 13% on a partially diluted basis.

ACQUISITION OF INDEPENDENT NICKEL CORP.

The Company acquired 100% of the Independent Nickel Corp. ("Independent") shares through the issuance of an aggregate of 66,675,103 shares of the Company to former holders of Independent shares on the basis of 1.1 of a Victory Nickel share for each Independent share. The Victory Nickel shares issued under the subsequent acquisition transaction ("SAT") approved at a shareholder meeting of Independent, have been treated as being issued effective December 23, 2008; the shares were actually issued on January 2, 2009. As part of the acquisition, Victory Nickel also issued 6,643,998 replacement options to the option holders of Independent based upon the same ratio, as well, 1,537,963 replacement warrants were recorded for the benefit of warrant holders of Independent which were outstanding at the date of the SAT.

With the completion of the acquisition of Independent in December 2008, effective January 1, 2009, the Company commenced the wind-up of Independent Nickel Corp. into Victory Nickel. The Company also made application to the relevant securities commissions to cease Independent's registration as a reporting issuer; such application was approved in January 2009.

In accordance with Canadian GAAP, the actual measurement date of the purchase consideration occurred on the date that the shares were issued, or when the shareholders approved the SAT. Accordingly, the value of the purchase consideration is based on the market prices of Victory Nickel common shares on the measurement dates of October 6, 2008, October 17, 2008 and December 23, 2008 of $0.105, $0.075 and $0.04 per share respectively.

The allocation of the aggregate purchase price to Independent's net assets acquired is as follows:

Purchase Price				
Issuance of 66,675,103 common shares of the Company			$	6,166
Transaction costs				1,427
Issuance of replacement options				186
Issuance of replacement warrants				-
			$	7,779
Fair Value of Independent's Net Assets Acquired:				
Current assets (including cash of $2,308)			$	2,594
Capital assets, net				83
Future income tax assets				3,480
Exploration and development projects:	Lynn Lake	$	1,241	
	Minago royalty		770	2,011
				8,168
Current liabilities				(362)
Non-controlling interests				(27)
			$	7,779

OUTLOOK

The global economic crisis and recession continues although some positive signs are beginning to appear. Base metal prices are showing some strengthening while nickel continues to be sluggish. Nickel production continues to decline as major producers close uneconomic mines and curtail production through temporary shutdowns over the summer months. This should reduce inventories and create an environment for the price of nickel to improve once the overall economy improves.

Automobile companies are reaching agreements with employees on wage and other concessions to make them more competitive; governments are just implementing their bailout plans and strengthening the otherwise failing automakers to preserve jobs. If the plans work, recovery should gradually creep back into the economy which will bode well for the metals and mining industry. Victory Nickel must be ready to benefit from a turnaround.

Victory Nickel is fortunate to have four sulphide nickel projects in two locations rated among the world's strongest supporters of the resource industry. Québec, where Lac Rocher is located, has once again been rated the best place to be in the resource business by the Fraser Institute and Manitoba, where the Mel, Lynn Lake and Minago projects are located, has been ranked 8th. Although economics are tougher at today's nickel prices, we believe that the nickel production cost curve will continue to improve as sulphide deposits amenable to conventional processing become scarcer. Good deposits do not go bad in times of low metal prices.

Management continues to move the Minago feasibility study toward completion. As noted above, with the global financial meltdown, it became apparent that many of the costs estimated during the highest cost cycle in history needed to be reviewed and reconsidered. This process is ongoing and expectations are that this will be completed in 2009.

The Lynn Lake, Lac Rocher and Mel sulphide nickel projects will be kept ready to move ahead quickly when metal prices recover. A pre-feasibility study was completed on the Lynn Lake project in December 2007 indicating that the mine is feasible at higher metal prices. The PEA of the Lac Rocher project completed in November 2008 indicated that the project could be brought to production quickly when prices recover. During this low price cycle, management will perform a critical assessment of these projects to ensure that, when the time is right, they will be developed in the most economic manner.

The Company's objective continues to be to make the transition from developer to nickel producer. This is eminently possible with its four sulphide nickel projects. Once the Minago feasibility study is completed, we will continue efforts to structure a financing proposal that will work in today's environment. Minago will be a mega project for Manitoba and contribute greatly to the welfare of that province and its residents in the Minago area. We expect to receive the full support of the Manitoba government and First Nations to move the project forward. Minago alone will provide much-needed employment, for Manitoba and particularly for the First Nations communities in the vicinity of the mine.

The Company also has a strategic investment in Wallbridge Mining Company ("Wallbridge") (TSX:WM) which is an exploration company with the third largest land position in Sudbury, Ontario, one of Canada's premier nickel mining jurisdictions. Further, Wallbridge has activities in base metal and gold exploration in northeastern Ontario and gold-copper-molybdenum exploration in central British Columbia.

Wallbridge's Sudbury area properties include joint ventures with Lonmin plc, Xstrata Nickel as well as a number of junior companies. Global platinum producer Lonmin plc has an 11.3% interest in Wallbridge, Victory Nickel has a 9.4% interest in Wallbridge.

Wallbridge owns 10,000,000 shares in Duluth Metals Limited (a 12.4% interest) which has a large, potentially bulk-mineable underground copper-nickel-PGM deposit located within the rapidly emerging Duluth Complex mining camp in northeastern Minnesota, USA.

The Company's investment in Wallbridge gives the Company exposure to these two significant nickel mining camps.

With four projects and over 900 million pounds of in-situ nickel in NI 43-101-compliant measured (159 million pounds) and indicated (775 million pounds) resources, plus an additional 250 million pounds of in-situ nickel in inferred resources, Victory Nickel has one of Canada's largest undeveloped sulphide nickel inventories. Victory Nickel will continue to take advantage of the worldwide shortage of sulphide nickel assets and to capitalize on higher nickel prices when they return.

In the interim, the Company will preserve cash and focus only on activities which are required to protect its projects to the benefit of all of our shareholders.

One of the immediate challenges is to fund the ongoing costs to support a public company. These costs, estimated to be in excess of $700,000 annually, are non-discretionary. Management is making every effort to keep these costs at a minimum.

RESULTS OF OPERATIONS

For the quarter ended March 31, 2009, the Company had a net loss of $48,000 or $0.00 per share (for the quarter ended March 31, 2008 - net loss of $430,000, or $0.00 per share). The results for the three months ended March 31, 2009 include the results of operations of Independent.

The loss resulted from general and administrative expenses of $427,000 (2008 - $608,000) and stock option compensation of $191,000 (2008 - $111,000), net of interest income of $27,000 (2008 - $109,000). These amounts were partially offset by a recovery of future income taxes of $546,000 in 2009 compared with $180,000 in 2008.

Interest income declined from 2008 to 2009 as a result of lower cash balances available for investment in 2009 combined with lower interest rates.

General and administrative expenses include $150,000 in costs charged by Nuinsco as described under related party transactions below (2008 - $123,000). Costs allocated from Nuinsco pursuant to the management agreement between the Company and Nuinsco are activity related. In 2009, financial and accounting services were provided primarily by individuals employed by Nuinsco, whereas in 2008, the CFO was employed directly by the Company. Furthermore, general and administrative expenses in the first quarter of 2008 included severance costs for a former employee, a portion of which was charged to Nuinsco in the second quarter of 2008. The relationship with Nuinsco allows the Company to have access to disciplines which would otherwise be cost-prohibitive to a junior company.

Directors have accepted deferral of payment of their fees and management has accepted deferrals of salary until financial circumstances improve. The aggregate amount of such expenses accrued but which will not be cash settled until such improvement is approximately $58,000 for the three months ended March 31, 2009. In addition, certain consulting and professional fees are more heavily-weighted towards the first three months of the year. It is estimated that approximately $210,000 of non-discretionary general and administrative expenditures were incurred to maintain the Company's public status in the first three months of 2009.

Stock option compensation expense relates to stock options granted to officers, directors and employees, some of which are vesting in future periods. The expense in 2009 reflects the grant of 6,065,000 options at a weighted average fair value of $0.04 with a small amount of amortization from options issued in 2008; the expense in 2008 reflected the grant of 400,000 options at a weighted average fair value of $0.22 but with approximately $70,000 in expense relating to the amortization of options not yet vested. The value assigned to the stock options was calculated using the Black-Scholes option-pricing model as explained in Note 9 to the Company's Unaudited Interim Consolidated Financial Statements.

Management of the Company determined that no significant impairment had been experienced in its exploration and development projects during the first quarter of 2009. Metal prices have shown some signs of recovery since the end of December 2008 but management continues to monitor metal prices and other market factors for implications to its projects. In the current nickel price and financial environment, management continues to believe that it is unlikely that any of its projects will commence development in 2009.

The future income tax recovery in 2009 of $546,000 relates primarily to a change in the Company's assessment of the likelihood that the benefit associated with certain of the losses and costs creating future income tax assets will be realized prior to their expiry. The expiry of non-capital losses is detailed in Note 12 to the Company's 2008 Audited Consolidated Financial Statements. The recovery of $180,000 in 2008 relates to the change in market value of Wallbridge securities recorded at that time through other comprehensive income.

Effective December 31, 2008, the Company determined that, in accordance with GAAP, an other-than-temporary loss had occurred with respect to its investment in Wallbridge. This conclusion required the Company to record the reduction in market value of $2,040,000 through the consolidated statement of operations rather than through other comprehensive loss. In the first quarter of 2009, a partial recovery in the market value of such shares occurred and $495,000 is reflected through other comprehensive income, net of income taxes of $67,000.

Accounts payable and accrued liabilities primarily relate to project-related expenditures and decreased period-over-period largely because of the slow-down in activity.

The future income tax liability balance was eliminated during 2008, primarily because of the recognition of future income tax assets sufficient to bring the future income tax balance to zero. As a result of the Company's renunciation of flow-through expenditures in February 2009 an amount of $2,192,000 was added to the future income tax liability balance. Offsetting this amount was the recognition of income tax recoveries of $546,000 offset by the income taxes of $67,000 recorded through other comprehensive income on the gain in the Wallbridge shares.

Shareholders' equity has reduced period-over-period primarily as a result of the flow-through share renunciation in February 2009 as referred to above.

SUMMARY OF QUARTERLY RESULTS

Selected financial information for each of the last nine quarters ended March 31, 2009 is as follows:

Fiscal year 2009				1st Quarter
Revenue and other income				$ 27
Net loss				$ (48)
Comprehensive income (loss)				$ 380
Loss per share - basic and diluted				$ (0.00)
Fiscal year 2008	**4th Quarter**	**3rd Quarter**	**2nd Quarter**	**1st Quarter**
Revenue and other income	$ 46	$ 41	$ 45	$ 109
Net loss	$ (1,050) (1)	$ (543)	$ (520)	$ (430)
Comprehensive income (loss)	$ 450 (2)	$ (2,107)	$ (1,513)	$ 627
Loss per share - basic and diluted	$ (0.01)	$ (0.00)	$ (0.00)	$ (0.00)
Fiscal period 2007	**4th Quarter**	**3rd Quarter**	**2nd Quarter**	**1st Quarter (3)**
Revenue and other income	$ 158	$ 147	$ 219	$ 35
Net loss and comprehensive loss	$ (335)	$ (387)	$ (449)	$ (1,057) (4)
Loss per share - basic and diluted	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.01)

(1) The net loss for the period includes $2,040,000 writedown of an available-for-sale investment, offset by future income tax recoveries of $1,544,000.
(2) Comprehensive loss for the period reflects a reclassification of $1,500,000 from other comprehensive loss to net loss from operations as a result of the determination that the investment in Wallbridge has suffered an other-than-temporary impairment.
(3) For the period from inception, February 1, 2007, to March 31, 2007.
(4) Includes stock option compensation of $863,000.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2009, the Company had working capital, including cash and cash equivalents, totalling $3,262,000 (December 31, 2008 - $3,804,000). Cash equivalents include bank-guaranteed investment certificates and bank discount notes. The Company has a corporate policy of investing its available cash in Canadian government instruments and certificates of deposit or other direct obligations of major Canadian banks, unless otherwise specifically approved by the Board.

During the three months ended March 31, 2009, the Company generated $48,000 from operating activities, (three-month period ended March 31, 2008 - used $1,066,000) comprising cash used in operations before changes in non-cash working capital of $400,000 (2008 - $466,000) plus a net decrease in non-cash working capital balances of $448,000 (2008 - increase of $600,000) including a decrease in amounts due to Nuinsco of $3,000 (2008 - a $400,000 increase).

As the Company is in the development stage, there are no revenues to recover expenses and the operating activities represent the corporate and administrative costs incurred mostly to maintain a public company. The Company estimates that such costs in 2008 amounted to $725,000. Consequently, the Company's liquidity is reduced unless and until there are financing activities to provide funds. Costs incurred to advance the Company's projects are capitalized as summarized below under the discussion of investing activities.

There were no financing activities during the period (2008 - $41,000 from the exercise of options). As discussed in the Company's annual management's discussion and analysis, the availability of finance without unacceptable dilution to existing shareholders has been severely curtailed. The Company continues to monitor the outcome of other companies' financings.

During the first three months of 2009, investing activities used $1,213,000 compared with $4,693,000 in 2008. The full amount was used to advance exploration and development projects (2008 - $2,780,000). In the first three months of 2008, the Company acquired part of its strategic position in the shares of Wallbridge at a cost of $1,913,000.

These activities required cash and cash equivalents of $1,165,000 during 2009, compared with the use of cash of $5,718,000 for the comparative period in 2008.

As described above, exploration and development companies such as Victory Nickel are heavily reliant upon the equity markets to fund their activities as they have no short-term sources of revenue other than through realization of assets. Opportunities available to Victory Nickel for financing would normally be through private placements in the equity markets. Today's equity markets make this alternative difficult if not impossible without incurring significant dilution to existing shareholders. Unless the markets turn around, the Company may be required to undertake a rights offering, other financing, or carry out a corporate transaction to protect its assets or sell assets. The Company will consider all alternatives given appropriate pricing and other market conditions, however in this currently depressed economic environment it is uncertain how such initiatives will be received and how successful they will be in generating cash to finance activities.

The Company has good title to its projects and will maintain the projects in good standing until market conditions improve.

The Company's working capital requirements are modest. The major recurring item requiring financing is a GST receivable which averaged approximately $180,000 per quarter of 2008 but amounted to $53,000 as at March 31, 2009. Monthly average cash-based administrative costs for 2009 are estimated at $110,000, most of which are incurred to meet statutory requirements. The Company's remaining flow-through commitment which will be completed by December 31, 2009 is $2,134,000.

Given its current cash position, the Company has been required to reduce its activities to a minimum until additional funding is available. Cost reduction measures have already been implemented and others are being considered to ensure the Company remains viable and retains its assets until metal, financial and equity markets return. The decision has been made to complete the Minago feasibility study.

The completion of this study is expected to use up to $0.5 million of the $3.3 million working capital as at March 31, 2009. In addition, costs to complete and file the Environmental Impact Study required to obtain permits and complete an access road could cost approximately $2 million by the end of June 2009. Both of these expenditures are discretionary in nature but would delay the project if not completed as planned.

Assuming completion of all of these programs, the balance available to meet the Company's flow-through commitment and fund corporate costs for the remainder of the year will be approximately $0.8 million using the working capital of $3.3 million at March 31, 2009. However, the Company expects to receive working capital from several sources during 2009 which will add approximately $1 million. Based on these estimates, which exclude discretionary spending other than that mentioned above, the Company expects to end the year with cash in the bank.

However, there are several programs which should be advanced so the Company is considering all manner of financings given the current financial market environment. Management is monitoring the outcome of financing initiatives being undertaken in the marketplace; such as rights offerings, equity issuances, etc. as well as market conditions, before launching any offering.

Assuming a positive outcome of the Minago feasibility study and/or a determination to bring the Lac Rocher, Mel or Lynn Lake projects to production, significant construction financing will be required. It is unlikely that these projects could be financed in the current metal price and financial environment.

EXPLORATION AND DEVELOPMENT ACTIVITIES

For the quarter ended March 31, 2009, the Company incurred exploration costs on its nickel properties of $637,000 (2008 - $4,796,000), including $527,000 on the Minago project, $7,000 on the Mel project, $66,000 on Lynn Lake and $36,000 at the Lac Rocher project (2008 - $4,579,000; $13,000, $nil and $204,000, respectively). The reduction in spending reflects the slow-down which was discussed in the Company's 2008 Annual Management's Discussion and Analysis.

Paul Jones, Vice-President, Exploration, is a "qualified person" as defined under NI-43-101, and he has supervised the preparation of the information relating to the material mineral projects of the Company described herein.

Minago Project

The Company's l00%-owned Minago project is located on the Thompson Nickel Belt in Manitoba, and is one of Canada's largest undeveloped sulphide nickel deposits as updated in the first quarter of 2009 and described in the table below.

Following the completion of a scoping study in the fall of 2006, Wardrop Engineering Limited ("Wardrop") was engaged to conduct a feasibility study. The feasibility study is ongoing, and is expected to be completed in 2009 following a comprehensive review to ensure that costs reflect the changing market conditions. Current activities are centred on verification of capital cost estimates and revision where necessary to reflect market realities. Ongoing work consists of continuation and refining of geological and geophysical interpretations with the aim of improved deposit modelling and identification of exploration targets in the local region for future field programs.

On January 6, 2009, the Company announced the receipt of a NI-43-101-compliant revised resource estimate for the Minago Project. The revised resource estimate prepared by Wardrop reports only the nickel that is present in sulphide minerals (denoted NiS), and excludes unrecoverable nickel in silicate. This is necessary to allow accurate determination of a recovery curve at various grades. Previous Minago resource estimates have been reported on a Total Nickel basis at a 0.25% cut-off grade. The adoption of NiS values for the resource estimate (using a 0.20% nickel sulphide cut-off grade as a minimum for economic viability) provides a more accurate determination of the recoverable nickel.

The Minago Project NiS resource estimate is as follows:

Sulphide Nickel Resource Estimate, January 2009			
Classification At 0.2% Nickel Sulphide Cut-off Grade	**Tonnes (millions)**	**Grade (% NiS)**	**NiS In-Situ Nickel (millions of pounds)**
Measured Resource	9.1	0.47	94
Indicated Resource	35.0	0.42	327
Total Measured and Indicated	**44.1**	**0.43**	**420**
Inferred Resource	**12.0**	**0.44**	**115**

In addition to the large sulphide nickel resource and other metal byproducts, including copper, gold, platinum, palladium, silver and rhodium, the scoping study identified the presence of hydraulic fracturing ("frac") sand, a material used to enhance recoveries in the oil and gas industry. This frac sand overlies the proposed open pit and will need to be removed as part of pre-stripping to access the nickel deposit.

Frac sand is a high-value commodity with significant potential to generate substantial value as a by-product of mining the sulphide nickel deposit. Minago is ideally located with respect to infrastructure and is in close proximity to potential frac sand markets in western Canada and the United States. Various studies completed to date indicate that the frac sand operation alone could cover the cost to pre-strip and equip the nickel open pit, and should enhance the ability to finance development of the nickel deposit.

In late 2008, Outotec (USA) Inc. ("Outotec") evaluated the frac sand plant design and capital and operating costs to produce 914,245 tonnes of frac sand annually. Key conclusions of the Outotec study include:

- Throughput of 1.2 million tonnes of sand per year produces 914,245 tonnes of frac sand annually over approximately nine years;
- Average life of mine operating costs of $10.37 per tonne of frac sand;
- Plant capital cost of $44.0 million; and
- A processing plant designed to allow for production to increase should market conditions warrant.

The Company is continuing to evaluate alternatives to maximize the value of the frac sand resource, including operating a frac sand operation on a standalone basis.

Lynn Lake

The Lynn Lake property is located in the historic mining town of Lynn Lake in northern Manitoba, about 320km by road northwest of the Thompson mining camp. The Lynn Lake property is the former Sherritt producing mine site known as the Lynn Lake A Mine and Farley Mine. The Lynn Lake nickel mine was first operated by Sherritt-Gordon from 1953 to 1976. During its 23 years of operation, the mine produced over 20 million tonnes of nickel-copper ore at an average grade of 1.02% nickel and 0.54% copper, making Lynn Lake the third largest nickel producer in North America. The mine closed in 1977 due to a period of stagnant growth in the nickel market, not because the ore was mined out.

The Lynn Lake project has 0.86 million tonnes of measured resources grading 0.80% nickel or 15 million pounds of in-situ nickel as well as 13.7 million tonnes of indicated resources at 0.65% grade or 196 million pounds. A further 4.2 million tonnes inferred resources grading 0.59% nickel contains an additional 55 million pounds of in-situ nickel.

Exploration upside on the property exists within the mine infrastructure below the 3,000 foot level as well as along an inferred secondary mine structure distinct from the historic main mine trend. This secondary structure was outlined in 2008 with the drilling of the Company's Disco Zone - a small near-surface deposit (approximately 30 m from surface) that extends approximately 200m below surface. The morphology and style of mineralization of the Disco Zone is similar to the historic orebodies mined at Lynn Lake, with similar apparent structural controls, which is that of vertically-extensive, pipe-like orebodies, truncated by reactivated shear zones. The Disco Zone remains open at depth and the inferred northeast-southwest structure that abuts the zone remains unexplored along strike.

The Company is currently evaluating additional work on the Lynn Lake property and will review the pre-feasibility study prepared by Wardrop in detail.

Mel Project

The Mel project is located on the Thompson Nickel Belt, just north of Thompson, Manitoba. It is a large property, approximately 25km east-west by about 6km north-south.

Mel has an indicated resource of 4.3 million tonnes grading 0.88% nickel (approximately 83 million pounds in-situ nickel) and an additional inferred resource of one million tonnes grading 0.84% nickel (approximately 19 million pounds in-situ nickel) and offers significant exploration upside as well as near-term production potential.

The Company has fully funded sufficient expenditures to earn a 100% ownership interest in this project subject to a 51% Vale Inco back-in. Vale Inco is continuing to assess metallurgical characteristics of typical Mel mineralization prior to making a decision on exercising its back-in right. By agreement, Vale Inco must mill ore from the Mel project at cash costs plus 5% subject to capacity availability and metallurgy.

Lac Rocher

Lac Rocher is located in northwestern Québec and has measured (0.29 million tonnes grading 1.23% Ni) and indicated (0.51 million tonnes grading 1.05% Ni.) resources of 0.80 million tonnes grading 1.12% nickel, at a 0.5% nickel cutoff, for approximately 20 million pounds of in-situ nickel located between surface and 125 vertical metres (representing 8 million pounds measured and 12 million pounds indicated).

Additional inferred resources total 0.44 million tonnes grading 0.65% Ni (or 6 million pounds in-situ). Mineralization remains open to the southwest.

Current plans are for road construction to be completed from the end of the existing logging road to the site of the proposed Lac Rocher portal, which will allow year-round ground access to the site. This road will only be completed if the Company has adequate funds available. The Company is reviewing the PEA prepared in 2008 by Roche to review input costs and to see if more economic mining methods are possible.

IMPAIRMENT ANALYSIS UPDATE

Given the changes in the metals markets and other general economic factors, the Company performed a detailed impairment analysis on each of its exploration and development projects as at December 31, 2008. The Company does not believe that there have been any further material changes to date which would adversely affect this analysis. In fact, there have been some sporadic signs of metals prices recovery which is encouraging. Furthermore, there has been no change in management's plans for the projects.

Management concluded that no impairment existed in each of its projects effective March 31, 2009 and that costs incurred to date are recoverable. The Company will continue to monitor developments as they occur in the metals markets and the economy and will update its impairment analysis to take account of any such changes, as appropriate.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates used in the preparation of the consolidated financial statements include determining the carrying value of investments and exploration and development projects, assessing the impairment of long-lived assets, determining future income taxes and the valuation of stock option compensation. These estimates involve considerable judgment and are, or could be, affected by significant factors that are beyond the Company's control.

For a complete list of the significant accounting policies as well as information concerning the use of estimates and measurement uncertainty, reference should be made to Notes 2 and 3 of the Company's 2008 Audited Consolidated Financial Statements and the updates reflected in the notes to the Unaudited Interim Consolidated Financial Statements for the three months ended March 31, 2009 and 2008. The Company's financial statements have been prepared using the going concern assumption; reference should be made to Note 1 to each of the Company's financial statements referred to above.

The Company's recorded value of its exploration and development projects is based on historical costs that are expected to be recovered in the future. The Company's recoverability evaluation is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is exposed to a number of risks and there is always the potential for a material adjustment to the value assigned to these assets. Such risks also extend to the evaluation of fair values of net assets upon acquisition.

The fair value of the stock options and warrants is calculated using an option pricing model that takes into account the exercise price, expected life of the option/warrant, expected volatility of the underlying shares, expected dividend yield, and the risk free interest rate for the term of the option/warrant.

NEW ACCOUNTING POLICIES

There have been no new accounting policies adopted in the interim unaudited consolidated financial statements.

FUTURE ACCOUNTING CHANGES

There have been no additional future accounting changes from those reported in Note 3 to the 2008 Audited Consolidated Financial Statements. The Company is continuing to review the requirements of International Financial Reporting Standards and will develop a project plan over the summer of 2009.

CORPORATE GOVERNANCE

The Company's Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility principally through the Audit Committee. The Audit Committee, which is comprised of directors, none of whom are employees or officers of the Company, meets with management to review the unaudited interim consolidated financial statements to satisfy itself that management is properly discharging its responsibilities to the directors who approve the unaudited interim consolidated financial statements. The Board of Directors has also appointed compensation and corporate governance and nominating committees composed of non-executive directors.

Design of Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer, (collectively, the "Certifying Officers"), are responsible for designing a system of disclosure controls and procedures, or causing them to be designed under their supervision, to provide reasonable assurance that information required to be disclosed in reports filed with or submitted to, securities regulatory authorities is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws and that material information relating to the Company is made known to them with respect to financial and operational conditions to allow timely decisions regarding required disclosure. For the fiscal quarter ended March 31, 2009, the Certifying Officers have concluded that the design of the Company's disclosure controls and procedures were effective as at March 31, 2009. Such controls are facilitated by the small size of the Company's senior management team and their access to material information.

There were no changes to the Company's disclosure controls and procedures that occurred during the quarter ended March 31, 2009 that materially affected, or are reasonably likely to affect, the Company's disclosure controls and procedures.

Design of Internal Control over Financial Reporting

The Company's Certifying Officers are responsible for designing a system of internal controls over financial reporting, or causing them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of consolidated financial statements for external purposes in accordance with Canadian GAAP. The Company used the COSO control framework. For the fiscal quarter ended March 31, 2009, the Certifying Officers have concluded that the design of the Company's internal controls over financial reporting and procedures were effective as at March 31, 2009.

The management of the Company was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The result of the inherent limitations in all control systems means no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

There were no changes to the Company's internal controls over financial reporting that occurred during the quarter ended March 31, 2009 that materially affected, or are reasonably likely to affect, the Company's internal controls over financial reporting.

RELATED PARTY TRANSACTIONS

The Company obtains management, administrative assistance and facilities from Nuinsco pursuant to a management agreement. The fees payable by the Company under the arrangement are recorded at the exchange amount which is equal to the cost to Nuinsco of providing such services plus 10 percent. General and administrative costs charged to the Company during the three months ended March 31, 2009 totalled $150,000 (2008 - $123,000). In addition project-related costs aggregating $17,000 (2008 - $13,000) have been charged to the Company by Nuinsco during the period and are included in exploration and development costs on the consolidated balance sheet. Victory Nickel charged Nuinsco $4,000 for the three months ended March 31, 2009 for project-related costs incurred by it on behalf of Nuinsco (2008 - $12,000). The management agreement has an initial term of 24 months and is terminable thereafter by Nuinsco upon 90 days notice and by the Company upon 180 days notice. No such notice has been received or made.

OUTSTANDING SHARE DATA

At May 7, 2009, the Company had 261,709,809 common shares issued and outstanding. In addition, there were 25,283,998 stock options and 150,000 warrants outstanding on May 7, 2009, after taking into account expiries of warrants on that date, which if exercised and issued would bring the fully diluted issued common shares to a total of 287,143,807, and would generate cash of approximately $7,404,000.

RISKS AND UNCERTAINTIES

The exploration and development of natural resources are speculative activities that involve a high degree of financial risk. The risk factors which should be taken into account in assessing Victory Nickel's activities and an investment in its securities include, but are not necessarily limited to, those set out in detail in the Company's 2008 Annual Management's Discussion and Analysis. A summary is provided below.

The relative significance of each risk will vary as a function of several factors including, but not limited to, the state of the economy, the stage of Victory Nickel's projects, the availability of financing on acceptable terms and other matters.

Any one or more of these risks could have a material adverse effect on the value of any investment in Victory Nickel and the business, financial condition, operating results or prospects of Victory Nickel and should be taken into account in assessing Victory Nickel's activities.

Industry Risks

Speculative Nature of Mineral Exploration

Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that Victory Nickel's exploration efforts will be successful. No assurance can be given that Victory Nickel's exploration programs will result in the establishment or expansion of resources or reserves.

Development Projects

In general, development projects have no operating history upon which to base estimates of future cash operating costs. For development projects such as the mineral resource properties owned by Victory Nickel, estimates of proven and probable reserves are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies. The costs estimated under the PEA for Minago may differ under the feasibility study presently being performed.

Competition

The mineral exploration business is highly competitive in all of its phases. Victory Nickel competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than Victory Nickel, in the search for and acquisition of exploration and development rights on attractive mineral properties.

Operational Risks

Limited History of Operations

Victory Nickel has no history of earnings and limited financial resources. Victory Nickel currently has no operating mines and its ultimate success will depend on its ability to generate cash flow from active mining operations in the future, as well as its ability to access capital markets for its development requirements.

Development Targets, Permitting and Operational Delays

There can be no assurance that Victory Nickel will be able to complete the planned development of the projects on time or on budget due to, among other things, delays in receiving required consents, permits and registrations, the delivery and installation of plant and equipment and cost overruns, or that the current personnel, systems, procedures and controls will be adequate to support Victory Nickel's operations.

Resources and Production

The figures for resources presented in this document are estimates and no assurance can be given that the anticipated level of recovery and/or grades of resources will be realized.

Title Risks

Victory Nickel's ability to hold various mineral rights require licences, permits and authorizations and, in some cases, renewals of existing licences, permits and authorizations from various governmental and quasi-governmental authorities. However, Victory Nickel's ability to obtain, sustain or renew such licences, permits and authorizations on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable governmental and quasi-governmental bodies.

Insurance Risk
Victory Nickel faces all of the hazards and risks normally incidental to the exploration and development of base metals, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all such damage caused. Not all such risks are insurable.

Financial and Investment Risks
Substantial Capital Requirements
Victory Nickel will have to make substantial capital expenditures for the development of and to achieve production from the projects. There can be no assurance that any debt or equity financing or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to Victory Nickel. Moreover, future activities may require Victory Nickel to alter its capitalization significantly. The inability of Victory Nickel to access sufficient capital for its operations could have a material adverse effect on its financial condition, results of operations or prospects.

Market Perception
Market perception of junior exploration, development and mining companies may shift such that these companies are viewed less favourably. This factor could impact the value of investors' holdings and Victory Nickel's ability to raise further funds by issue of additional securities or debt.

Metal Prices
There is no assurance that, even if commercial quantities of mineral resources are developed, a profitable market will exist for the sale of such product. Nickel and by-product prices fluctuate on a daily basis and are affected by numerous factors beyond Victory Nickel's control – including factors which are influenced by worldwide circumstances.

Areas of Investment Risk
The common shares of Victory Nickel are listed on the TSX. The share prices of publicly traded companies can be volatile as the price of shares is dependent upon a number of factors, some of which are general or market or sector specific and others that are specific to Victory Nickel.

The market for shares in small public companies is less liquid than for large public companies. Investors should be aware that the value of the Company's common shares may be volatile and may go down as well as up and investors may therefore not recover their original investment.

The market price of the Company's common shares may not reflect the underlying value of Victory Nickel's net assets. The price at which investors may dispose of their securities may be influenced by a number of factors, some of which may pertain to Victory Nickel and others of which are extraneous. On any disposal of their common shares, investors may realize less than the original amount invested.

Regulatory Risks
Government Regulation
Existing and possible future environmental and social impact legislation, regulations and actions, including the regulation of air and water quality, mining reclamation, solid and hazardous waste handling and disposal, the promotion of occupational health and safety, the protection of wildlife and ecological systems and the protection of the societies and communities of indigenous peoples, could cause significant expense, capital expenditures, restrictions and delays in activities, the extent of which cannot be predicted and which may well be beyond Victory Nickel's capacity to fund.

Economic, Political, Judicial, Administrative, Taxation or Other Regulatory Factors
Victory Nickel may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors in the areas in which Victory Nickel does or will operate and holds its interests, as well as unforeseen matters.

Other Risks

Environmental and Health Risks

The Company has no significant exposure to environmental or health risks, although this will change as the Company's projects approach production (a normal characteristic of mineral industry projects). The Lynn Lake project is a former operating mine, however indemnifications exist from the Manitoba Government with respect to any pre-existing environmental concerns at that property.

Key Personnel

Victory Nickel relies on a limited number of key consultants and employees and there is no assurance that Victory Nickel will be able to retain such key consultants or other senior management. The loss of one or more of such key consultants or members of senior management, if not replaced, could have a material adverse effect on Victory Nickel's business, financial condition and prospects. Directors and management have accepted deferrals of remuneration in order to assist the Company through the economic turmoil; however, this potentially adds to the risk of losing experienced personnel.

Conflicts of Interest

Certain of the Company's directors and officers are also directors and officers of other natural resource companies. Consequently, there exists the possibility for such directors and officers to be in a position of conflict.

Summary

The future success of the Company is subject to a number of risk factors that are common to the junior natural resources sector. These include the extent to which it can outline natural resources on its properties and establish the economic viability of developing those properties and the political, economic and legislative stability of the territories in which the Company's interests are located. Another significant factor is the ability of the Company to obtain necessary financing or to find strategic partners to fund expenditure commitments as they fall due, as the Company currently has limited funds. Furthermore, the development of any natural resource interest may take years to complete and the resulting income, if any, from the sale of any natural resources produced by the Company is largely dependent upon factors that are beyond its control, such as costs of development, operating costs and the market value of the end product.

FORWARD-LOOKING STATEMENTS

Forward-Looking Information: This Management's Discussion and Analysis contains forward-looking information. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding estimates and/or assumptions in respect of production, revenue, cash flow, costs, economic return, net present value, mine life and financial models, mineral resource estimates, potential mineralization, potential mineral resources, timing of possible production and the Company's development plans and objectives) constitute forward-looking information. This forward-looking information reflects the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking information is subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company.

Factors that could cause actual results or events to differ materially from current expectations include, among other things: uncertainty of estimates of capital and operating costs, production estimates and estimated economic return; the possibility that actual circumstances will differ from estimates and assumptions; uncertainties relating to the availability and costs of financing needed in the future; failure to establish estimated mineral resources; fluctuations in commodity prices and currency exchange rates; inflation; recoveries being less than those indicated by the testwork carried out to date (there can be no assurance that recoveries in small scale laboratory tests will be duplicated in large tests under on-site conditions or during production); changes in equity markets; operating performance of facilities; environmental and safety risks; delays in obtaining or failure to obtain necessary permits and approvals from government authorities; unavailability of plant, equipment or labour; inability to retain key management and personnel; changes to regulations or policies affecting the Company's activities; the uncertainties involved in interpreting geological data; and the other risks disclosed under the heading "Risks and Uncertainties" and elsewhere. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. 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.

May 7, 2009

VICTORY NICKEL INC.

(A Development Stage Entity)

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

DATED MAY 7, 2009

Management's comments on Unaudited Interim Consolidated Financial Statements

The accompanying unaudited interim consolidated financial statements of Victory Nickel Inc. for the three months ended March 31, 2009 and 2008 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators, the Company herewith discloses that the accompanying unaudited interim consolidated financial statements have not been reviewed by an auditor.

VICTORY NICKEL INC.
(A Development Stage Entity)
CONSOLIDATED BALANCE SHEETS

(in thousands of Canadian dollars)		March 31, 2009 (unaudited)		December 31, 2008
ASSETS				
Current				
Cash and cash equivalents	**$**	**3,253**	$	4,418
Marketable securities (Note 6)		**945**		450
Accounts receivable		**332**		653
Prepaid expenses and deposits		**130**		200
Total Current Assets		**4,660**		5,721
Exploration and Development Projects (Note 7)		**32,067**		31,430
Property and Equipment (Note 8)		**113**		116
	$	**36,840**	$	37,267
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	**$**	**1,377**	$	1,899
Due to Nuinsco Resources Limited (Note 13)		**21**		18
Total Current Liabilities		**1,398**		1,917
Future Income Taxes (Note 10)		**1,713**		-
		3,111		1,917
Shareholders' Equity (Note 9)				
Share capital		**36,072**		38,264
Contributed surplus		**2,048**		1,857
Deficit		**(4,819)**		(4,771)
Accumulated other comprehensive income (Note 11)		**428**		-
Net Shareholders' Equity		**33,729**		35,350
	$	**36,840**	$	37,267

NATURE OF OPERATIONS (Note 1)

The accompanying notes are an integral part of these consolidated financial statements

VICTORY NICKEL INC.
(A Development Stage Entity)
CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands of Canadian dollars, except per share amounts)	Three Months Ended March 31, 2009 (unaudited)	Three Months Ended March 31, 2008 (unaudited)
Revenue		
Interest income	$ **27**	$ 109
	27	109
Costs and Expenses		
General and administrative (Note 13)	**427**	608
Stock option compensation (Note 9)	**191**	111
Amortization of property and equipment	**3**	-
	621	719
Loss before the Undernoted	**(594)**	(610)
Future Income Tax Recovery (Note 10)	**(546)**	(180)
Net Loss for the Period	$ **(48)**	$ (430)
Loss per Share - Basic and Diluted	$ **(0.00)**	$ (0.00)
Weighted Average Common Shares Outstanding	**261,710,000**	176,700,000

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of Canadian dollars)	Three Months Ended March 31, 2009 (unaudited)	Three Months Ended March 31, 2008 (unaudited)
Net loss for the period	$ **(48)**	$ (430)
Other comprehensive income (Note 11)	**428**	1,057
Comprehensive Income for the Period	$ **380**	$ 627

The accompanying notes are an integral part of these consolidated financial statements

VICTORY NICKEL INC.
(A Development Stage Entity)
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars)		Three Months Ended March 31, 2009 (unaudited)		Three Months Ended March 31, 2008 (unaudited)
Cash from (used by)				
Operating Activities				
Net loss for the period	**$**	**(48)**	$	(430)
Items not affecting cash:				
Stock option compensation		**191**		111
Other stock-based compensation		**-**		33
Amortization		**3**		-
Future income taxes		**(546)**		(180)
Change in non-cash working capital (Note 12)		**448**		(600)
Cash from (used by) operating activities		**48**		(1,066)
Financing Activities - issue of common shares		**-**		41
Investing Activities				
Exploration and development projects		**(1,213)**		(2,780)
Purchase of marketable securities		**-**		(1,913)
Cash used by investing activities		**(1,213)**		(4,693)
Net Decrease in Cash During the Period		**(1,165)**		(5,718)
Cash and Cash Equivalents, Beginning of the Period		**4,418**		12,885
Cash and Cash Equivalents, End of the Period	**$**	**3,253**	$	7,167

The accompanying notes are an integral part of these consolidated financial statements

VICTORY NICKEL INC.
(A Development Stage Entity)
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(unaudited) (in thousands of Canadian dollars)	Share Capital Number of Shares	Share Capital Amount	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total
Balance as at December 31, 2007	**176,641,881**	**$ 27,606**	**$ 1,360**	**$ (2,228)**	**$ -**	**$ 26,738**
Issued on acquisition of Independent Nickel Corp. (Note 5)	66,675,103	6,166	186	-	-	6,352
Private placement	18,046,700	7,689	-	-	-	7,689
Options exercised	150,000	41	-	-	-	41
Shares issued under Share Bonus Plan	196,125	97	-	-	-	97
Options granted and vesting	-	-	311	-	-	311
Flow-through share renunciation	-	(3,335)	-	-	-	(3,335)
Net loss for the year	-	-	-	(2,543)	-	(2,543)
Balance as at December 31, 2008	**261,709,809**	**38,264**	**1,857**	**(4,771)**	**-**	**35,350**
Options granted and vesting	-	-	191	-	-	191
Flow-through share renunciation	-	(2,192)	-	-	-	(2,192)
Net loss for the period	-	-	-	(48)	-	(48)
Other comprehensive income	-	-	-	-	428	428
Balance as at March 31, 2009	**261,709,809**	**$ 36,072**	**$ 2,048**	**$ (4,819)**	**$ 428**	**$ 33,729**

The accompanying notes are an integral part of these consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(A Development Stage Entity)

March 31, 2009 and 2008 (unaudited)

(all tabular amounts are in thousands of Canadian dollars)

1. NATURE OF OPERATIONS

The Company is primarily engaged in the acquisition, exploration and development of nickel properties in Canada. The Company conducts its activities on its own or participates with others on a joint venture basis.

The Company is a development stage entity and is subject to the risks and challenges experienced by other companies in a comparable stage of development. These risks include, but are not limited to, continuing losses, dependence on key individuals and the ability to secure adequate financing to meet the minimum capital required to successfully complete its projects. Development of the Company's current projects to the production stage will require significant financing. Given the current economic climate, the ability to raise funds is difficult.

None of the Company's exploration or development projects have commenced commercial production and accordingly the Company is dependent upon debt or equity financings and the optioning and/or sale of resource or resource-related assets for its funding. The recoverability of the carrying value of exploration and development projects, and ultimately the Company's ability to continue as a going concern, is dependent upon the discovery of economically recoverable reserves and resources, the Company's ability to finance development of its projects through debt or equity financings and achieving future profitable production, or alternatively upon the profitable disposal of projects.

Should the Company not be able to discover economically recoverable reserves, obtain the necessary financing or achieve future profitable production or sale of properties, the carrying value of the Company's assets could be subject to material adjustment and, in addition, other adjustments may be necessary to these consolidated financial statements should such adverse events impair the Company's ability to continue as a going concern as contemplated under Canadian generally accepted accounting principles ("GAAP").

2. BASIS OF PRESENTATION, USE OF ESTIMATES AND MEASUREMENT UNCERTAINTY

Basis of Presentation

These unaudited interim consolidated financial statements have been prepared by management in accordance with Canadian GAAP and reflect the accounting principles described in the notes to the Company's audited consolidated financial statements for the year ended December 31, 2008 (the "2008 Audited Consolidated Financial Statements") (with the exception of the changes in accounting policies set out in Note 3 below) and accordingly, should be read in conjunction with those annual financial statements and the notes thereto. These financial statements include the accounts of the Company and those of Independent Nickel Corp. ("Independent") (refer to Note 5).

The accompanying unaudited interim consolidated financial statements include all adjustments that are, in the opinion of management, necessary for fair presentation. The results of operations and cash flows for the current periods as presented are not necessarily indicative of the results to be expected for the full year.

Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes those estimates are reasonable. The accounting elements which require management to make significant estimates and assumptions include determining impairment in and values of exploration and development projects and future income taxes and the valuation of stock option compensation and investments. Accounting for these areas is subject to estimates and assumptions regarding, among other things, nickel recoveries, future nickel prices, future operating costs, future mining activities and future market volatility. Management bases its estimates on historical experience and other assumptions it believes to be reasonable under the circumstances. However, actual results could differ from those estimates.

Measurement Uncertainty

The carrying values of the Company's exploration and development projects at March 31, 2009 was $32,067,000 (December 31, 2008 - $31,430,000). Management's review of these carrying values indicated that at March 31, 2009, the properties were not impaired. Management's conclusion is dependent on assumptions about several factors including future operating costs, nickel production levels, future nickel prices and capital equipment needs and costs. In recent months, there has been unprecedented volatility in several of the factors involved in such an analysis including nickel and other metals prices, costs of fuel, power and other operating supplies and the costs of capital equipment which has resulted in an increased amount of measurement uncertainty. While these parameters appear to be settling down, future changes in these parameters could give rise to material changes in asset carrying values. Management will continue to monitor the critical factors impacting its impairment analysis and will re-evaluate the carrying value of its long-lived assets as necessary.

3. NEW ACCOUNTING POLICIES

New Accounting Policies
There have been no new accounting policies adopted in these interim unaudited consolidated financial statements.

Future Accounting Changes
There have been no additional future accounting changes from those reported in Note 3 to the 2008 Audited Consolidated Financial Statements.

2008 Figures
Certain of the 2008 figures have been reclassified to conform to the 2009 financial statement presentation.

4. FINANCIAL RISK MANAGEMENT

Financial Risk Management
The Company's financial instruments include cash and cash equivalents, marketable securities, accounts receivable, accounts payable and accrued liabilities and amounts due from or to Nuinsco. The fair value of these financial instruments approximates their carrying value.

The Company's risk exposures with respect to its financial instruments and the impact on the Company's financial statements are described in Note 4 to the 2008 Audited Consolidated Financial Statements and are updated below:

Liquidity risk
As at March 31, 2009, the Company had working capital of $3,262,000 (December 31, 2008 - $3,804,000). The Company believes it has sufficient working capital to meet its obligations as they become due. As explained in Note 1, development of the Company's current projects to the production stage will require significant financing. Given the current economic climate, the ability to raise funds may prove difficult. The Company currently has no long-term liabilities, except future income taxes. All contractually obligated cash flows are payable within the next fiscal year.

Market risk
The Company is subject to interest rate risk and commodity price risk. It is not exposed to any significant currency risk with respect to its financial instruments.

Interest rate risk
The Company's cash equivalents earn interest at fixed short-term rates of approximately 3% at March 31, 2009 and 3% at December 31, 2008. None of the Company's other financial investments are interest-bearing, and therefore the Company is not exposed to any significant interest rate risk which could be caused by a sudden change in market interest rates.

5. ACQUISITION OF INDEPENDENT NICKEL CORP.

On August 19, 2008, the Company launched an unsolicited offer to purchase all of the common shares of Independent. The assets of Independent include a royalty on Victory Nickel's Minago nickel project in Manitoba (the "Minago royalty") and exploration and development properties in Lynn Lake, Manitoba.

Accordingly, in October, 2008, the Company acquired an aggregate of 50,830,249 shares of Independent representing approximately 84% of the issued and outstanding Independent shares. Pursuant to a subsequent acquisition transaction ("SAT"), approved by shareholders on December 23, 2008 at a shareholder meeting of Independent, the Company, through its newly-formed wholly-owned subsidiary, 2190583 Ontario Inc., acquired the remaining 16% of Independent shares not already tendered through the issuance of 10,761,829 shares of Victory Nickel. Effective January 1, 2009, the subsidiary and Independent amalgamated, creating "new

Independent Nickel Corp." The Company has commenced the wind-up of new Independent Nickel Corp. into Victory Nickel. The Company also made application to the relevant securities commissions to cease Independent's registration as a reporting issuer; such application was approved in January 2009.

The Company acquired 100% of the Independent shares through the issuance of an aggregate of 66,675,103 shares of the Company to former holders of Independent shares on the basis of 1.1 of a Victory Nickel share for each Independent share. The Victory Nickel shares issued under the SAT have been treated as being issued effective December 23, 2008; the shares were actually issued on January 2, 2009.

As part of the acquisition, Victory Nickel also issued 6,643,998 replacement options to the option holders of Independent based upon the same ratio. The fair value of options issued was estimated at $186,000 using the Company's Black-Scholes assumptions in Note 11 to the 2008 Audited Consolidated Financial Statements. The predecessor Independent options were cancelled. Furthermore, 1,537,963 replacement warrants were recorded for the benefit of the warrant holders of Independent which were outstanding at the date of the SAT. The warrants were based upon the same ratio. The fair value of the warrants was estimated at $nil using the Company's Black-Scholes assumptions in Note 11 to the 2008 Audited Consolidated Financial Statements.

In accordance with Canadian GAAP, the actual measurement date of the purchase consideration occurred on the date that the shares were issued, or when the shareholders approved the SAT. Accordingly, the value of the purchase consideration is based on the market prices of Victory Nickel common shares on the measurement dates of October 6, 2008, October 17, 2008 and December 23, 2008 of $0.105, $0.075 and $0.04 per share respectively.

The allocation of the aggregate purchase price to Independent's net assets acquired is as follows:

Purchase Price					
Issuance of 66,675,103 common shares of the Company				$	6,166
Transaction costs					1,427
Issuance of replacement options					186
Issuance of replacement warrants					-
				$	7,779
Fair Value of Independent's Net Assets Acquired:					
Current assets (including cash of $2,308)				$	2,594
Capital assets, net					83
Future income tax assets					3,480
Exploration and development projects:	Lynn Lake	$	1,241		
	Minago royalty		770		2,011
					8,168
Current liabilities					(362)
Non-controlling interests					(27)
				$	7,779

6. MARKETABLE SECURITIES

		March 31, 2009		December 31, 2008
		Market Value		Market Value
Wallbridge Mining Company Limited - Common Shares	**$**	**945**	$	450

In the fourth quarter of 2008, the Company reclassified the decrease in the estimated fair value of the shares from the date of acquisition to December 31, 2008 of $2,040,000 as a loss in the consolidated statement of operations from other comprehensive income.

Subsequently, the fair value of the Company's investment in Wallbridge improved and the resultant increase in value from December 31, 2008 to March 31, 2009 of $495,000, before taxes of $67,000, has been recorded through other comprehensive income, in accordance with Canadian GAAP. A full valuation allowance has been taken against future tax assets that would arise from the capital loss that would occur if the shares were disposed of at current prices.

7. EXPLORATION AND DEVELOPMENT PROJECTS

Cumulative costs relating to the acquisition of mineral properties, and deferred exploration and development expenditures, have been incurred on the following projects:

	Balance as at December 31, 2008	Current Expenditures	Balance as at March 31, 2009
Lac Rocher [(1)]	$ 3,580	$ 36	$ 3,616
Mel	2,462	7	2,469
Minago	23,905	527	24,432
Lynn Lake [(2)]	1,483	66	1,549
Other	-	1	1
	$ 31,430	$ 637	$ 32,067

	Balance as at December 31, 2007	Current Expenditures	Balance as at March 31, 2008
Lac Rocher	$ 3,314	$ 204	$ 3,518
Mel	2,158	13	2,171
Minago	10,290	4,579	14,869
	$ 15,762	$ 4,796	$ 20,558

(1) The expenditures on the Lac Rocher project as at December 31, 2008 are shown net of Québec mining duties receivable of $179,331.

(2) The expenditures on the Lynn Lake property are shown net of $72,885 recovery in 2008 under the Mineral Exploration Assistance Program.

Lac Rocher

The Lac Rocher project, which is 100% owned, is located in northwestern Québec, 140 kilometres northeast of Matagami. The project is subject to a royalty of $0.50 per ton on any ores mined and milled from the property and a 2% NSR.

In 2007, the Company began environmental work in support of obtaining a permit for the Lac Rocher deposit in order to extract and direct ship mineralized material to an offsite mill for processing. A 12-hole, 1,500 metre drill program was also completed to test for extensions to the nickel sulphide mineralization and to provide metallurgical samples for the Preliminary Economic Assessment (PEA) of the near-term production and cash generation potential of the project. No fieldwork was conducted on the property during 2008.

Metallurgical testing of the massive sulphide mineralization from the deposit was completed in December 2007. In February, 2008, the Company announced the results from metallurgical testing of the disseminated sulphide zone and they were incorporated into the PEA completed in November 2008.

Mel

Effective August 27, 1999, Nuinsco entered into an agreement (the “Agreement”) with Inco Limited (predecessor to CVRD Inco Limited, now Vale Inco) for the exploration and development of Vale Inco’s Mel properties (the “Mel Properties”) located in the Thompson area of northern Manitoba. Pursuant to the Agreement, sufficient expenditures have been incurred to earn a 100% interest in the Mel Properties, and in 2007 the Company exercised its option to acquire such interest. Vale Inco has the right to earn back a 51% interest by incurring expenditures of

$6,000,000 over a four-year period. Vale Inco has not yet notified the Company if it intends to exercise this back-in right.

Under the Agreement, Vale Inco has a contractual obligation to mill ore mined from the Mel deposit at its cash cost plus 5% (provided that the product meets Vale Inco specifications and that Vale Inco has sufficient mill capacity). The Company has the option to manage the development and operation of any mines developed on the Mel Properties.

Minago

At March 31, 2009, the 100%-owned Minago project covered approximately 14,500 hectares, through a combination of mining claims, mineral leases and a mineral exploration licence, on Manitoba's Thompson Nickel Belt. The property encompasses the Nose Deposit, which contains the entire current nickel mineral resource, and the North Limb, a zone of nickel mineralization with a known strike length of 1.5 kilometres located to the north of the Nose Deposit. Prior to the acquisition of Independent (Note 5), the Minago project was subject to a graduated NSR, up to 3% if nickel prices exceed US$6.00 per pound.

As described above in Note 5, the acquisition of Independent included the acquisition of its Minago royalty. Under the PEA of the Minago project, the undiscounted value placed on the Minago royalty on nickel production was estimated at approximately $74 million. An amount of approximately $0.8 million was determined for this Minago royalty after assigning values to other net assets and ascribed to the value of the Minago project as the Minago royalty has effectively been eliminated. Independent had previously paid a third party approximately $6.3 million to acquire the Minago royalty.

From 2006 to date, considerable work, including diamond drilling, metallurgical testing and engineering studies were completed. Early work was incorporated into the PEA of the Minago project, completed in November 2006. Due to the positive outcome of the PEA and the strong pricing for nickel and other by-products that prevailed at that time, the Company engaged an engineering firm to proceed with a feasibility study. This study began in early 2007, will incorporate all of the results from completed work programs and studies and is expected to be completed in 2009.

In January 2008, the Company entered into an option agreement with Xstrata Nickel ("Xstrata"), a business unit of Xstrata Canada Corporation, to acquire a 100% interest in five mineral claims ("the Properties") totalling 691 hectares located adjacent to the Company's existing Minago property package.

Under the terms of the agreement, the Company acquired a 100% interest in the Properties through:

- A one-time cash payment of $150,000 upon signing (which was paid in 2008); and
- Incurring $500,000 of expenditures before September 30, 2008.

The acquisition has been ratified by Xstrata and a 100% interest in the claims has been registered with the Company. The Properties will be subject to an NSR interest retained by Xstrata, as follows:

- In respect of nickel:
    - A 2% NSR when the LME three-month nickel price is equal to or greater than US$13,227 per tonne in that quarter; and
    - A 1% NSR when the LME three-month nickel price is less than US$13,227 per tonne in that quarter.
- In respect of other metals, minerals and concentrates:
    - A 2% NSR.

In the event that the NSR is a 2% royalty, the Company may buy back up to 50% of the NSR for a maximum of $1,000,000. In addition, Xstrata has the right (the "Back-in Right") to earn a 50% interest in the Properties if any resource is discovered that exceeds 500,000,000 pounds of contained nickel in measured and indicated resources. To exercise the Back-in Right, Xstrata must commit to pay direct expenditures or an amount in cash to the Company equal to twice the aggregate of all direct exploration, development and mining expenditures incurred by the Company on the Properties prior to the delivery by Xstrata of the Back-in Right notice.

Lynn Lake
The Company owns a 100% right, title and interest in the Lynn Lake nickel property ("Lynn Lake"), located in northern Manitoba. Lynn Lake consists of approximately 600 hectares that require annual lease payments of approximately $7,000. An amount of approximately $1.2 million after assigning values to other net assets was ascribed to Lynn Lake upon acquisition. Independent had expended approximately $10.8 million on Lynn Lake since its acquisition in 2005.

Flow-through Commitment
As at March 31, 2009, the Company had a remaining flow-through commitment outstanding for flow-through share financings in 2008 of approximately $2,134,000 after taking into consideration amounts included in accounts payable and accrued liabilities of approximately $917,000. This commitment is required to be incurred by December 31, 2009.

8. PROPERTY AND EQUIPMENT

As at March 31,				**2009**		
		Cost		**Accumulated Amortization**		**Net Book Value**
Land	**$**	**43**	**$**	**-**	**$**	**43**
Building		**40**		**1**		**39**
Equipment		**29**		**7**		**22**
Vehicle		**11**		**2**		**9**
	$	**123**	**$**	**10**	**$**	**113**

As at December 31,				**2008**		
		Cost		**Accumulated Amortization**		**Net Book Value**
Land	$	43	$	-	$	43
Building		40		1		39
Equipment		29		5		24
Vehicle		11		1		10
	$	123	$	7	$	116

9. SHAREHOLDERS' EQUITY

Share Capital
Authorized:
The Company is authorized to issue an unlimited number of common shares.

Issued and Outstanding:

	Number of Shares		**Amount**
Balance as at December 31, 2008	**261,709,809**	**$**	**38,264**
Flow-through share renunciation (a)	**-**		**(2,192)**
Balance as at March 31, 2009	**261,709,809**	**$**	**36,072**

(a) In February, 2009, the Company renounced $8,121,000 in Canadian Exploration Expenditures to investors of flow-through shares. The tax value of these renunciations amounts to $2,192,000, and has been recorded as a charge against share capital. As at December 31, 2008, the Company had a valuation allowance against its future income tax assets (other than capital losses) of $374,000, this amount was credited in the consolidated statement of operations combined with a recovery for non-capital losses from the first quarter of 2009 of $105,000. The balance of $1,713,000 was recorded as a future income tax liability.

Stock Options
A summary of options outstanding is as follows:

	Number of Options Outstanding		Average Exercise Price
As at December 31, 2008	**20,753,998**	**$**	**0.36**
Options granted during the period	6,065,000		0.05
Options expired	(1,535,000)		0.30
As at March 31, 2009	**25,283,998**	**$**	**0.29**

In total, 6,065,000 options were granted during the first quarter of 2009 at a weighted average exercise price of $0.05 per share. The weighted average grant date fair value of options granted during the quarter was $0.04. The granting and vesting of the options resulted in compensation expense of $191,181.

The value assigned to options was calculated using the Black-Scholes option-pricing model, with the following assumptions:

Option Assumptions	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Dividend yield	**-**	-
Expected volatility	**106%**	75%
Risk free interest rate	**2.03% to 2.08%**	4.50%
Expected option term - years	**4 to 5**	3
Fair value per share of options granted	**$0.036 and $0.027**	$0.20

Of the 25,283,998 options outstanding at March 31, 2009, 1,382,500 are subject to vesting over the next 12-month period. Stock options vest either immediately or over a 12-month period. The aggregate fair value of these unvested options not yet charged to operations is $42,698. The weighted average exercise price of fully-vested options at March 31, 2009 was $0.29.

The following table summarizes information about the stock options outstanding at March 31, 2009:

Range of Exercise Prices	Options Exercisable	Options Outstanding	Years to Expiry [(1)]		Exercise Price [(1)]
$0.03 - $0.05	4,732,500	6,065,000	4.83	$	0.05
$0.09 - $0.21	5,756,250	5,756,250	2.19	$	0.13
$0.22 - $0.27	3,609,512	3,609,512	3.87	$	0.24
$0.28 - $0.49	3,757,500	3,807,500	3.58	$	0.34
$0.50 - $0.82	6,045,736	6,045,736	3.07	$	0.68
	23,901,498	25,283,998	3.48	$	0.29

[(1)]In this table, “Years to Expiry” and “Exercise Price” have been calculated on a weighted average basis.

Warrants
The 1,537,963 warrants issued to former Independent warrant holders expired on May 7, 2009.

Shareholder Rights Plan
In March, 2009, the Board of Directors approved the adoption of a shareholder rights plan (“the Plan”) which will require subsequent shareholder approval at the Company’s Annual Meeting.

In order to implement the adoption of the Plan, the Board of Directors authorized the issuance of one right (a “Right”) in respect of each common share outstanding at the close of business on April 17, 2009. In addition, the Board authorized the issuance of one Right in respect of each additional common share issued after the Record Time. Rights trade with and are represented by common share certificates, including certificates issued prior to the Record Time. Until such time as the Rights separate from the common shares and become exercisable, Rights certificates will not be distributed to shareholders.

If a person, or a group acting in concert, acquires (other than pursuant to an exemption available under the Plan) beneficial ownership of 20% or more of the common shares, Rights (other than those held by such acquiring person which will become void) will separate from the common shares and permit the holder therefore to purchase common shares at a 50% discount to their market price. A person, or a group acting in concert, who is the beneficial owner of 20% or more of the outstanding common shares as of the Record Time is exempt from the dilutive effects of the Plan provided such person (or persons) does not increase its beneficial ownership by more than 1% (other than in accordance with the terms of the Plan). At any time prior to the Rights becoming exercisable, the Board may waive the operation of the Plan with respect to certain events before they occur.

The issuance of the Rights is not dilutive until the Rights separate from the underlying common shares and become exercisable or until the exercise of the Rights. The issuance of the Rights will not change the manner in which shareholders currently trade their common shares.

10. INCOME TAXES

The income tax recovery differs from the amount computed by applying statutory federal and provincial income tax rates to the loss before income taxes. The differences are summarized as follows:

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Current income taxes		
Expected income tax recovery based on statutory income tax rate of 33.5%	**$ (199)**	$ (204)
Non-deductible items, net	**69**	40
Effect of change in expected future income tax rates	**25**	22
Valuation allowance	**(441)**	(38)
Future income tax recovery	**$ (546)**	$ (180)

The future income tax recovery in 2009 represents the recognition of future income tax assets since, effective the fourth quarter of 2008, the Company believes that it is more likely than not that the benefit associated with these losses and costs will be realized prior to their expiry. It also includes the effect of enacted rate changes; the recovery in the first three months of 2008 solely represents the impact of tax rate reductions enacted in December 2007 on the future income tax liability recognized on formation of the Company.

11. ACCUMULATED OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income ("OCI") is comprised of unrealized gains on marketable securities that are classified as available for sale and have not otherwise been recognized. Unrealized losses previously recognized through the statement of operations are not reversed and gains are not recognized through operations until realized.

Changes in the components of OCI are summarized as follows:

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Accumulated OCI at beginning of period	**$ -**	**$ -**
OCI for the period representing the change in the fair value of financial assets available for sale, net of related future income taxes of $67 (2008 - $180)	**428**	**1,057**
Accumulated OCI at end of period	**$ 428**	**$ 1,057**

12. CHANGES IN NON-CASH WORKING CAPITAL

Changes in non-cash working capital balances related to operations for the three months ended March 31, 2009 and 2008 are as follows:

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Accounts receivable, prepaid expenses and deposits	**$ 391**	$ (363)
Due from/to Nuinsco Resources Limited	**3**	(400)
Accounts payable and accrued liabilities	**54**	163
	$ 448	$ (600)

13. RELATED PARTY TRANSACTIONS

Related party transactions not described elsewhere in these unaudited interim consolidated financial statements include the following:

The Company shares management, administrative assistance and facilities with Nuinsco (which, by virtue of its approximate 15% ownership interest has the ability to exercise significant influence over the Company) pursuant to a management agreement. The costs payable by the Company under the arrangement are recorded at the exchange amount which is equal to the cost to Nuinsco of such services plus 10 per cent. The management agreement has an initial term of 24 months commencing February 1, 2007 and is terminable thereafter by Nuinsco upon 90 days notice and by the Company upon 180 days notice. Costs charged to the Company in the three months ended March 31, 2009 amounted to $150,478 ($122,765 for 2008) and have been included in general and administrative expenses. In addition, project-related costs aggregating $17,363 have been charged to the Company by Nuinsco during the period ($13,000 for 2008) and are included in exploration and development costs on the consolidated balance sheet. The Company charged Nuinsco $3,760 for the three months ended March 31, 2009 ($11,625 for 2008) for project-related costs incurred by it on behalf of Nuinsco.

Amounts due to or from Nuinsco are unsecured, non-interest bearing and due on demand and are settled on a regular basis.

Included in accounts payable and accrued liabilities at March 31, 2009 are amounts due to officers and directors of the Company in the amount of $170,258 (December 31, 2008 - $114,111). These amounts relate primarily to directors' fees payable.

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