VICTORY NICKEL INC.

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2007 AND THE PERIOD FROM INCEPTION, FEBRUARY 1, 2007 TO SEPTEMBER 30, 2007

Management's Comments on Unaudited Interim Financial Statements

The accompanying unaudited interim financial statements of Victory Nickel Inc. for the above noted periods ended September 30, 2007 have been prepared by management, reviewed by the Audit Committee, and approved by the Board of Directors of the Company.

VICTORY NICKEL INC.
BALANCE SHEET AS AT SEPTEMBER 30, 2007
(Unaudited - in thousands of Canadian dollars)

ASSETS	
Current	
Cash and cash equivalents	**$ 7,782**
Cash for exploration expenditures	**7,158**
Accounts receivable	**361**
Prepaid expenses and deposits	**163**
Total Current Assets	**15,464**
Exploration Advances (Note 4)	**280**
Exploration and Development Projects (Note 5)	**13,563**
	$ 29,307
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current	
Accounts payable and accrued liabilities	**$ 427**
Due to Nuinsco Resources Limited (Note 8)	**511**
Total Current Liabilities	**938**
Future Income Taxes (Note 3)	**2,095**
	3,033
Shareholders' Equity (Note 6)	
Share capital	**27,087**
Stock option compensation	**1,080**
Deficit	**(1,893)**
Net Shareholders' Equity	**26,274**
	$ 29,307

Nature of Operations (Note 1)
Corporate Reorganization and Formation of the Company (Note 3)

VICTORY NICKEL INC.

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS AND DEFICIT

(unaudited - in thousands of Canadian dollars, except per share amounts)

	Three Months Ended September 30, 2007	Period From Inception February 1, 2007 to September 30, 2007
Revenue		
Interest income	**$ 147**	**$ 339**
Gain on marketable securities	**-**	**62**
	147	**401**
Costs and Expenses		
General and administrative (Note 8)	**431**	**1,181**
Stock option compensation (Note 6)	**103**	**1,113**
	534	**2,294**
Loss Before Income Taxes	**(387)**	**(1,893)**
Income Tax Recoveries (Note 7)	**-**	**-**
Net Loss and Comprehensive Loss	**(387)**	**(1,893)**
Deficit, Beginning of Period	**(1,506)**	**-**
Deficit, End of Period	**$ (1,893)**	**$ (1,893)**
Loss Per Share – Basic and Diluted	**$ (0.00)**	**$ (0.01)**
Weighted Average Common Shares Outstanding	**173,383,000**	**170,537,000**

VICTORY NICKEL INC.
STATEMENTS OF CASH FLOWS
(unaudited - in thousands of Canadian dollars)

	Three Months Ended September 30, 2007	Period From Inception February 1, 2007 to September 30, 2007
Cash from (used by)		
Operating Activities		
Net loss for the period	$ (387)	$ (1,893)
Items not affecting cash:		
Stock option compensation	103	1,113
Other stock-based compensation	42	169
Gain on marketable securities	-	(62)
Changes in non-cash working capital (Note 9)	60	99
Cash used by operating activities	(182)	(574)
Financing Activities - issue of common shares	116	11,352
Cash Received on Formation (Note 3)	-	11,906
Investing Activities		
Additions to exploration and development projects	(2,324)	(7,806)
Sale of marketable securities	1,789	1,789
Purchase of marketable securities	-	(1,727)
Cash used by investing activities	(535)	(7,744)
Net (Decrease) Increase in Cash and Cash Equivalents	(601)	14,940
Cash and Cash Equivalents, Beginning of Period	15,541	-
Cash and Cash Equivalents, End of Period	$ 14,940	$ 14,940
Cash and Cash Equivalents, End of Period		
Cash and Cash Equivalents	$ 7,782	$ 7,782
Cash for Exploration Expenditures	7,158	7,158
	$ 14,940	$ 14,940

NOTES TO FINANCIAL STATEMENTS

September 30, 2007 (unaudited)
(all tabular amounts are in thousands of Canadian dollars)

1. Nature of Operations and Basis of Presentation

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.

At September 30, 2007, the Company had working capital of $14,526,000 available to fund ongoing operations. However as a development stage enterprise, 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, or alternatively upon the profitable disposal of projects.

Should the Company not be able to discover economically recoverable reserves, obtain the necessary financings and 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 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.

The unaudited interim financial statements of the Company are prepared by management using generally accepted accounting principles for interim financial statements and reflect the accounting principles that will be used in the preparation of its audited financial statements for its first fiscal period ending December 31, 2007. More specifically, the accounting principles conform to those set out in the December 31, 2006 audited consolidated financial statements of Nuinsco Resources Limited ("Nuinsco"), the entity which initiated the Plan of Arrangement that resulted in the formation of the Company as explained more fully in Note 3. The accounting principles also reflect the new accounting policies that the Company has adopted as described in Note 2.

The accompanying unaudited interim financial statements include all adjustments that are, in the opinion of management, necessary for fair presentation. The result of operations and cash flows for the current period are not necessarily indicative of the results expected for the remainder of the year.

2. New Accounting Policies

Upon inception, February 1, 2007, the Company adopted new accounting recommendations from the Canadian Institute of Chartered Accountants (CICA), Handbook Section 1530 - Comprehensive Income, Section 3855 - Financial Instruments - Recognition and Measurement and Section 3865 - Hedges. The changes are applied prospectively with no restatement of prior periods.

Section 1530 establishes standards for reporting and presenting a comprehensive income statement. Section 3855 requires all financial assets and financial liabilities to be classified as one of five categories. Financial assets are to be classified as either held for trading, available for sale, held to maturity or loans and receivables. Financial liabilities are to be classified as either held for trading or other financial liabilities. All financial assets and financial liabilities are to be carried at fair value in the balance sheet, except held to maturity, loans and receivables and other financial liabilities which are carried at amortized cost.

Subsequent accounting for changes in fair value will depend on initial classification. Realized and unrealized gains and losses on financial assets and liabilities that are held for trading will continue to be recorded in the statement of operations. Unrealized gains and losses on financial assets that are held as available for sale are to be recorded in other comprehensive income until realized, at which time they will be recorded in the statement of operations.

Section 3865 specifies the criteria that must be satisfied in order for hedge accounting to be applied and the accounting for each of the permitted hedging strategies: fair value hedges, cash flow hedges and hedges of foreign currency exposures of net investments in self sustaining foreign operations. Currently the Company is not involved in any hedging activities.

As a result of the adoption of these new standards, the Company has classified its cash and cash equivalents, cash for exploration expenditures and marketable securities as held for trading for accounting purposes, which are measured on the balance sheet at fair value. Accounts receivable and exploration advances are classified as loans and receivables and are recorded at amortized cost. Accounts payable and accrued liabilities and amounts due to Nuinsco are also measured at amortized cost, and are classified as other financial liabilities.

3. Corporate Reorganization and Formation of the Company

Pursuant to a Plan of Arrangement which became effective February 1, 2007, the Company was formed upon the amalgamation of two predecessor companies incorporated in December, 2006 for the purpose of carrying out the Plan of Arrangement. Upon completion of the amalgamation and pursuant to the Plan of Arrangement, the Company completed a series of transactions which resulted in the following acquisitions:

a) Three mineral resource properties, namely the Minago and Mel sulphide nickel projects on the Thompson Nickel Belt in Manitoba and the Lac Rocher sulphide nickel project in Quebec (collectively the "Nickel Properties"), from Nuinsco. These properties were recorded at their carrying values in the accounts of Nuinsco of $5,800,746, net of related accounts payable of $527,871;
b) Exploration advances to the Company's joint venture partner managing the Mel project of $448,428; and
c) Cash of $12,667,740

in exchange for the issuance of 154,003,146 common shares of the Company.

The terms of the Plan of Arrangement resulted in Nuinsco initially owning 25% of the Company's common shares and 75% being distributed to Nuinsco's shareholders. Accordingly Nuinsco's shareholders continued to own 100% of the transferred assets by virtue of their direct holdings of the Company's shares and their indirect ownership interest through their Nuinsco share ownerships. As a consequence, this related party transaction was recorded by the Company at Nuinsco's recorded carrying values of the Nickel Properties transferred and the cash received.

The cash transferred from Nuinsco to the Company was the amount of the net proceeds of $14,045,317 received by Nuinsco in a December 2006 private placement less the aggregate of $929,149 expended by Nuinsco on the transferred Nickel Properties from the date of the private placement to February 1, 2007, the effective date of the Plan of Arrangement and exploration advances at as February 1, 2007 amounting to $448,428. The latter amount represents cash advanced to CVRD Inco Limited, the Company's joint venture partner on the Mel project, in excess of exploration costs incurred.

In addition, the Company was responsible for all costs relating to the Plan of Arrangement. The total of such costs has been treated as a capital transaction and shown as a reduction in share capital.

A summary of assets acquired is as follows:

Cash (net of out-of-pocket costs incurred to complete the Plan of Arrangement of $762,062)		$ 11,905,678
Nickel Properties		
Exploration Advances – Mel		448, 428
Exploration and Development Projects		
Minago	$2,976,125	
Mel	706,311	
Lac Rocher	2,118,310	5,800,746
Total Assets		18,154,852
Less Liabilities		
Accounts Payable		(527,871)
Future Income Taxes (1)		(2,095,000)
Net Assets Acquired		$ 15,531,981

(1) The future income taxes result from the fact that, pursuant to the tax elections to be filed as part of the Plan of Arrangement, the cost bases for tax purposes of the nickel assets is nil, versus a net carrying value on acquisition of $5,800,746.

4. Exploration Advances

The Company's Mel sulphide nickel project is managed by CVRD Inco Limited ("CVRD"). Cash advanced to CVRD in excess of exploration costs incurred totaled $280,075 as at September 30, 2007.

5. Exploration and Development Projects

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

	Acquired on Formation of the Company (Note 3)	Current Expenditures	Balance September 30, 2007
Lac Rocher	$ 2,118	$ 776	$ 2,894
Mel [1]	706	1,298	2,004
Minago	2,976	5,689	8,665
	$ 5,800	$ 7,763	$ 13,563

[1]The expenditures on the Mel project in the current period include $448,428 funded from exploration advances on deposit with CVRD and transferred to the Company on formation, February 1, 2007 (see Note 3)

6. Share Capital

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

Issued and Outstanding:

	Number of Shares	Amount
Issued on formation of Company pursuant to Plan of Arrangement (Note 3)	154,003,146	$ 15,532
Issued in private placement [a]	16,428,571	10,695
Issued under the Share Bonus Plan [b]	232,650	169
Warrants exercised [c]	2,621,479	464
Options exercised[d]	387,500	227
Balance – September 30, 2007	173,673,346	$ 27,087

(a) In March, 2007, the Company issued 16,428,571 flow-through shares at $0.70 per share for gross proceeds of $11,500,000, before costs of issue of $805,463.
(b) During the period, 232,650 common shares were issued to employees as discretionary bonuses pursuant to the Company's Share Bonus Plan.
(c) During the period, 2,621,479 common shares were issued upon the exercise of warrants for proceeds of $463,782.
(d) During the period, 387,500 common shares were issued upon the exercise of options for proceeds of $194,428 place the carrying value of the options exercised of $33,400.

Stock Options
The Company has a stock option plan (the "Plan) to encourage ownership of its shares by directors, officers, employees and others, and to provide compensation for certain services. The terms of the Plan provide that the directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant at terms of up to 10 years. No compensation is

recognized when options are exercised. The number of shares reserved for issuance is not to exceed 15% of the aggregate number of common shares issued and outstanding (calculated on a non-diluted basis) from time to time.

A summary of options outstanding is as follows:

	Number of Options	Weighted Average Exercise Price
Options issuable on the exchange of options of Nuinsco pursuant to the Plan of Arrangement	9,187,500	$ 0.19
Options granted during period	3,787,500	0.65
Options exercised	(387,500)	0.60
Options cancelled during period	(125,000)	0.64
Outstanding, September 30, 2007	12,462,500	$ 0.31

Pursuant to the Plan of Arrangement, holders of 12,250,000 options of Nuinsco converted their options into 12,250,000 new Nuinsco options and 9,187,500 options of the Company with an average exercise price of $0.19 per share.

In total, 3,787,500 options were granted during the period at a weighted average exercise price of $0.65 per share. The weighted average grant date fair value of options granted during the period was $0.34. The grant and vesting of 3,787,500 options resulted in compensation expense totaling $1,113,088. The value assigned to options was calculated using the Black-Scholes option-pricing model, with the following assumptions:

Dividend yield	-
Expected volatility	75%
Risk free interest rate	5.0%
Expected option term – years	3
Fair value per share of options granted	0.29-0.43

Of the 12,462,500 options outstanding at September 30, 2007, 850,000 are subject to vesting in future periods. The aggregate fair value of these unvested options not yet charged to operations is $165,512.

Commitment to Issue Shares

Pursuant to the Plan of Arrangement, the Company is committed to issue common shares of the Company to holders of Nuinsco warrants as of February 1, 2007, the effective date of the Plan of Arrangement, upon the exercise of such warrants.

Each outstanding Nuinsco warrant will entitle the holder to receive upon exercise, the number of new Nuinsco common shares and the number of common shares of the Company that such holder would have received under the Plan of Arrangement if such warrant had been exercised immediately before the Plan of Arrangement became effective. The aggregate exercise price of the Nuinsco warrant is unchanged with the Company receiving 41.25% of the proceeds.

During the period, 2,621,479 common shares were issued pursuant to this arrangement for proceeds of $463,782. As at September 30, 2007, the Company has a commitment to issue a further 2,881,079 common shares for aggregate proceeds of approximately $383,000.

7. Income Taxes

No income tax recoveries have been recorded with respect to the losses ended September 30, 2007 for tax purposes of $242,000 and $642,000, for the three and eight month periods respectively (after excluding non-deductible stock option and other stock-based compensation) or Plan of Arrangement costs of $762,022 charged to share capital, as it cannot be determined at this time whether it is more likely than not that the benefit associated with these losses and costs will be realized prior to their expiry.

8. Related Party Transactions

a. The Company shares management, administrative assistance and facilities with Nuinsco pursuant to a management agreement. The costs payable by the Company are equal to the cost to Nuinsco of such

services plus 10 per cent. 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. Costs charged to the Company in the period ended September 30, 2007 totalled $537,421 (three months ended September 30, 2007 - $188,344) and have been included in general and administrative expenses.

b. Amounts due from/to Nuinsco are unsecured, non-interest bearing and due on demand.

9. Changes in Non-Cash Working Capital

Changes in non-cash working capital balances related to operations impacting cash from operations are as follows:

	Three Months Ended September 30, 2007	Period From Inception February 1, 2007 to September 30, 2007
Accounts receivable, prepaid expenses and deposits	$ (84)	$ (524)
Due to/from Nuinsco Resources Limited	252	511
Accounts payable and accrued liabilities	(108)	(112)
	$ 60	$ 99

VICTORY NICKEL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Periods ended September 30, 2007

This Management's Discussion and Analysis is dated November 9, 2007, reflects the three-month period ended September 30, 2007 and the period from inception, February 1, 2007 to September 30, 2007 and should be read in conjunction with the unaudited interim financial statements of Victory Nickel Inc. ("Victory Nickel" or the "Company") for such periods. The Company's financial statements are prepared in accordance with Canadian generally accepted accounting principles and are reported in Canadian dollars. These documents, along with other documents published by Victory, are available on SEDAR at www.sedar.com or from the office of the Company.

COMPANY OVERVIEW
Victory Nickel is a Canadian exploration and development-stage mineral resource company engaged in the acquisition, exploration and development of nickel projects in Canada.

Formed on February 1, 2007 as described below, Victory Nickel owns three advanced sulphide nickel projects, the Mel and Minago projects located on Manitoba's Thompson Nickel Belt and the Lac Rocher project in Quebec. The Company is advancing a definitive feasibility study, expected to be completed by October 2008, on the Minago Project; the Lac Rocher Project is currently in the preliminary economic assessment stage; and, the near-term production potential of both the Lac Rocher and the Mel Projects is being evaluated.

CORPORATE REORGANIZATION AND FORMATION OF THE COMPANY
Pursuant to a Plan of Arrangement which became effective February 1, 2007, the Company was formed upon the amalgamation of two predecessor companies incorporated in December, 2006 for the purpose of carrying out the Plan of Arrangement. Upon completion of the amalgamation and pursuant to the Plan of Arrangement, the Company completed a series of transactions which resulted in the following:

The acquisition of:

a) three mineral resource properties, namely the Minago and Mel sulphide nickel projects on the Thompson Nickel Belt in Manitoba and the Lac Rocher sulphide nickel project in Quebec (collectively the "Nickel Properties") from Nuinsco Resources Limited ("Nuinsco"). These properties were recorded at their carrying value in the accounts of Nuinsco of $5,800,746, net of related accounts payable of $527,871;
b) exploration advances to the Company's joint venture partner managing the Mel project of $448,428; and
c) cash of $12,667,740

in exchange for the issuance of 154,003,146 common shares of the Company.

The terms of the Plan of Arrangement resulted in Nuinsco initially owning 25% of the Company's common shares and 75% being distributed to Nuinsco's shareholders. Accordingly, Nuinsco's shareholders continued to own 100% of the transferred assets by virtue of their direct holdings of the Company's shares and their indirect ownership interest through their Nuinsco share ownership. As a consequence, this related party transaction was recorded by the Company at the carrying value in the accounts of Nuinsco of the Nickel Properties transferred and the cash received.

The cash transferred from Nuinsco to the Company was the amount of the net proceeds of $14,045,317 received by Nuinsco in a December, 2006 private placement less the aggregate of $929,149 expended by Nuinsco on the transferred Nickel Properties from the date of the private placement to February 1, 2007, the effective date of the Plan of Arrangement, and exploration advances as at February 1, 2007 amounting to $448,428. The latter amount represents cash advanced to CVRD Inco Limited, the Company's joint venture partner on the Mel project, in excess of exploration costs incurred.

In addition, the Company was responsible for all costs relating to the Plan of Arrangement. The total of such costs in the amount of $762,062 has been treated as a capital transaction and shown as a reduction in share capital.

A summary of the assets acquired is as follows:

Assets		
Cash (net of out-of-pocket costs incurred to complete the Plan of Arrangement of $762,062)		$ 11,905,678
Nickel Properties:		
Exploration Advances - Mel		448,428
Exploration and Development Projects		
Minago	$ 2,976,125	
Mel	706,311	
Lac Rocher	2,118,310	5,800,746
Total Assets		18,154,852
Less Liabilities:		
Accounts Payable		(527,871)
Future Income Taxes (1)		(2,095,000)
Net Assets Acquired		$ 15,531,981

(l) The future income taxes result from the fact that pursuant to tax elections to be filed as part of the Plan of Arrangement, the cost basis for tax purposes of the nickel assets is nil versus a net carrying value on acquisition of $5,800,746.

RESULTS OF OPERATIONS

For the three-month period ended September 30, 2007, the Company had a net loss of $387,000, or $0.00 per share.

The loss resulted from general and administrative expenses of $431,000 (including $188,000 in costs charged by Nuinsco as described under related party transactions below) and stock option compensation of $103,000 relating to stock options granted in the current and prior period to officers and directors and employees, some of which are vesting in future periods less interest and other income of $147,000. The value assigned to the stock options was calculated using the Black-Scholes option-pricing model as explained in Note 6 to the Company's September 30, 2007 unaudited interim financial statements. By agreement, costs allocated from Nuinsco are activity related. As a result, costs allocated from Nuinsco were higher during the second and third quarters than in the earlier period ended March 31, 2007.

For the period from inception, February 1, 2007 to September 30, 2007, the Company had a net loss of $1,893,000, or $0.01 per share. This loss resulted from general and administrative expenses of $1,181,000 (including $537,000 in costs charged by Nuinsco as described under related party transactions below) and stock option compensation of $1,113,000 relating to 3,787,500 stock options granted to officers and directors and employees during the period less interest and other income of $401,000.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2007, the Company had working capital of $14,526,000, including cash and cash equivalents and cash for exploration expenditures totaling $14,940,000. Cash equivalents include bank-guaranteed investment certificates and bank discount notes. The Company does not own any asset-backed commercial paper. The Company has a corporate policy of investing its available cash in cash equivalents comprising Canadian government instruments and certificates of deposit or other direct obligations of major Canadian banks.

During the three-month period ended September 30, 2007, the Company used $182,000 in operating activities comprising cash used in operations before changes in non-cash working capital of $122,000, offset by a net decrease in non-cash working capital balances of $60,000 (including a $252,000 increase in amounts due to Nuinsco).

Financing activities generated $116,000 during the third quarter, $36,000 from the exercise of warrants and $80,000 from the exercise of stock options.

Investing activities during the third quarter used cash of $535,000. $2,324,000 was invested in exploration and development activities offset, by $1,789,000 realized on the sale of marketable securities. The Company is in the process of completing a definitive feasibility study for the Minago project and spent amounts aggregating $1,466,000 during the quarter on consulting engineering and other costs related thereto. Approximately $504,000 was spent during the third quarter on the Lac Rocher project, including drilling costs and environmental assessment costs associated with the evaluation of the near-term production potential of the project. The balance of the exploration and development costs were incurred on the Mel project including exploration advances to CVRD Inco Limited (CVRD) of $280,000.

For the period from inception, February 1, 2007 to September 30, 2007, the Company used cash in operating activities of $574,000, which included a net decrease in non-cash working capital balances of $99,000.

In March 2007, the Company completed a private placement of common shares which resulted in the issuance of 16,428,571 flow-through common shares at $0.70 per share for net proceeds after costs of issue of $10,695,000. It also received $657,000 on the exercise of warrants and stock options during the period from inception to September 30, 2007. These activities resulted in cash generated from financing activities of $11,352,000 for the period from the date of inception to September 30, 2007. Investing activities included $7,806,000 expended on exploration and development projects, net of exploration advances transferred to the Company on inception of $448,000 which were used to fund exploration expenditures during the period. Combined with the cash transferred to the Company on formation of $11,906,000, which amount was net of Plan of Arrangement costs of $762,000, these activities generated cash and cash equivalents of $14,940,000 for the period from the date of inception to September 30, 2007.

EXPLORATION AND DEVELOPMENT ACTIVITIES

For the three month period ended September 30, 2007, the Company incurred exploration expenditures on its nickel properties of $1,794,000 including $1,115,000 on the Minago project, $75,000 on the Mel project and $604,000 on the Lac Rocher project.

For the period from inception to September 30, 2007, the Company incurred exploration expenditures on its nickel properties of $7,763,000 including $5,689,000 on the Minago project $1,298,000 on the Mel project and $776,000 on the Lac Rocher project.

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 nickel deposits with measured and indicated resource of 49 million tonnes grading 0.516% nickel (measured: 10.3 million tonnes grading 0.593% Ni; indicated: 38.8 million tonnes grading 0.496% Ni) (see Nuinsco news release dated November 20, 2006). Following the completion of a scoping study in the fall of 2006, Wardrop Engineering Inc. ("Wardrop") was engaged to conduct a definitive feasibility study. The definitive feasibility study is ongoing, and is expected to be completed in October of 2008. A 13,000 metre, 44-hole winter drilling program was completed to provide data for inclusion in the definitive feasibility study. During the second quarter, the Company announced drill results, including intercepts grading up to 1.4% nickel over 36.0 metres. Drill results released during the third quarter continued to be positive, including 64.65 metres grading 0.94% nickel and 35.44 metres grading 1.14% nickel. In addition, several geotechnical holes which did not target mineralization did in fact intersect mineralization (see news releases dated May 22, 2007 and July 12, 2007) demonstrating the widespread nature of nickel mineralization at Minago.

Mel Project

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

The Company has fully funded sufficient expenditures to earn a 100% ownership interest in this project subject to an Inco CVRD back-in. This project has 4.3 million tonnes of indicated resources grading 0.875% nickel (see news release dated February 26, 2007), and offers significant exploration up-side as well as near-term production potential. The winter drill program comprised 30 drill holes encompassing 5,733 metres of drilling to better define and add to the existing resource. This program intersected significant grades over mineable widths, including 1.11% nickel over 13.67 metres. The Company is currently in discussions regarding CVRD's intentions with respect to its 51% back-in right. A decision is expected by year-end, and at that point the Company will determine the appropriate next steps in its development strategy.

Lac Rocher

Located in northwestern Quebec, 140 kilometres northeast of Matagami, the Lac Rocher project has measured and indicated resources of 1,190,288 tonnes grading 0.91% nickel (measured: 849,249 tonnes grading 1.05% Ni, indicated: 341,039 tonnes grading 0.64% Ni), at a 0.5% nickel cutoff, for approximately 25,000,000 pounds of in-situ nickel (see Nuinsco news release dated December 27, 2006) located between surface and 125 vertical metres, including a high-grade core comprised of approximately 50,000 tonnes grading 4% nickel. Mineralization is open to the southwest, and Victory Nickel is currently evaluating near-term production potential from the property.

During the third quarter, the Company was very active with respect to advancing the Lac Rocher property. A 12-hole, 1,500 metre drill program tested for extensions to the nickel sulphide mineralization and provided metallurgical samples for Preliminary Economic Evaluation (PEA) of the near-term production and cash generation potential of the project that is being completed by Roche Engineering. Results graded up to 9.5% nickel over 2.29 metres within a larger intercept of 45.92 metres grading 1.42% nickel, and continued to expand the Company's geological and metallurgical understanding of the massive sulphide zone at Lac Rocher.

In addition, Victory Nickel entered into a Memorandum of Understanding with the Waswanipi Cree First Nation ("WCFN") whereby the parties have agreed to work together to support development of the Lac Rocher deposit in a way that respects the collective interests of Victory Nickel, the WCFN and other stakeholders. Phase One of the project is expected to consist of an underground exploration and bulk sampling program to evaluate ore continuity and provide further metallurgical evaluation. Phase One would potentially entail the extraction of approximately 50,000 tonnes of material grading approximately 4.0% nickel. Phase Two would potentially extract an additional 400,000 tonnes of material grading 1.57% nickel. The Company is evaluating a number of options whereby mineralized material from Lac Rocher would be direct shipped to an offsite mill for processing.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates used in the preparation of the financial statement include the Company's estimate of the recoverable value of its exploration and development properties and fair value estimates for stock options. These estimates involve considerable judgment and are, or could be affected by, significant factors that are out of the Company's control.

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.

For a complete list of the significant accounting policies, reference should be made to Note 2 of the 2006 audited financial statements of Nuinsco, the entity which initiated the formation of the Company as explained more fully in Note 3 to the Company's unaudited interim financial statements for the period ended September 30, 2007, as well as the new accounting policies recently issued by the Canadian Institute of Chartered Accountants described below.

NEW ACCOUNTING POLICIES

On inception, the Company adopted new accounting standards that were issued by the Canadian Institute of Chartered Accountants: Handbook Section 1530 - Comprehensive Income, Section 3855 - Financial Instruments - Recognition and Measurement and Section - 3865 - Hedges.

The requirements of these new standards and the effect of their adoption are set out in detail in Note 2 to the Company's September 30, 2007 unaudited interim financial statements.

DISCLOSURE CONTROLS

The Company's certifying officers have designed a system of disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is made known to them with respect to financial and operational conditions as of September 30, 2007. The certifying officers have evaluated the effectiveness of the disclosure controls and procedures as of September 30, 2007 and have concluded that these disclosure controls and procedures are effective at the reasonable assurance level. Such controls are facilitated by the small size of the Company's senior management team and their access to material information. 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.

RELATED PARTY TRANSACTIONS

The Company obtains management, administrative assistance and facilities from Nuinsco pursuant to a management agreement. The fees payable by the Company are equal to the cost to Nuinsco of providing such services plus 10 percent. Costs charged to the Company in the current three month period ended September 30, 2007 total $188,000 and for the year to date $537,000. 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.

OUTSTANDING SHARE DATA

At November 8, 2007, the Company had 174,305,975 common shares issued and outstanding. In addition, there were 12,375,000 stock options outstanding on November 8, 2007. As explained in Note 6 to the September 30, 2007 unaudited interim financial statements, the Company has a commitment to issue 2,335,946 common shares of the

Company to current holders of Nuinsco warrants. As at November 8, 2007, the Company had a commitment to issue 2,335,946 shares to holders of Nuinsco warrants.

RISK FACTORS

The Company is in the development stage and is subject to the risks and challenges similar to other companies in a comparable stage of development. The risks include, but are not limited to: a limited operating history, the speculative nature of mineral exploration and development activities, operating hazards and risks, mining risks, insurance, environmental and other regulatory requirements, competition, stage of development, fluctuations in commodity prices, currency risk, conflicts of interest, reliance on key individuals and enforcement of civil liabilities.

2007 OUTLOOK

The market for nickel is expected to remain robust for the foreseeable future. With over 660 million pounds of in-situ nickel in National Instrument 43-101-compliant measured (154 million pounds) and indicated (511 million pounds) resources at the Minago, Mel and Lac Rocher sulphide nickel projects, and an additional 530 million pounds of in-situ nickel in inferred resources, Victory Nickel is well positioned to take advantage of the worldwide shortage of sulphide nickel assets with near-term production potential. Victory Nickel is aggressively advancing all three projects, and evaluating additional opportunities to expand nickel resources and production potential. Current programs on the three projects include:

Minago

Completion of the definitive feasibility study on the open pit portion of the deposit by Wardrop remains a focus for the Company. Wardrop is moving ahead rapidly with all aspects of the definitive feasibility study, and the Company is very pleased with progress made to date. All drilling necessary for the study, including resource, metallurgical, geotechnical and hydrogeological, is complete, and metallurgical testing, frac sand testing, permitting and community relations activities are ongoing and moving ahead as expected.

In addition, the Company has completed airborne geophysics over the North Limb to identify exploration targets that are expected to be drilled this winter in this highly prospective area to the north of the Minago deposit. Past drilling in the North Limb has returned results similar to those in the Minago deposit over a known strike length of approximately two kilometres, and this area could potentially be an extension of the Minago deposit.

Mel

The Mel deposit has a National Instrument 43-101-compliant indicated resource of 4.3 million tonnes grading 0.88% nickel (approximately 83 million pounds in-situ nickel) and an additional inferred resource of 1.0 million tonnes grading 0.839% nickel (approximately 19 million pounds in-situ nickel). This near-surface resource, along with a stipulation in the option agreement that joint venture partner CVRD Inco Limited (“CVRD Inco”) shall mill ore mined from the Mel deposit at cost plus 5% (provided that the product meets CVRD Inco specifications and that CVRD Inco has sufficient mill capacity), makes near-term nickel production from the Mel deposit a possibility that the Company is currently evaluating.

Lac Rocher

The Company is in the process of evaluating the potential to begin an underground exploration and bulk sampling program to evaluate ore continuity and provide further metallurgical evaluation in 2008. Roche Consulting Engineering is completing a preliminary economic assessment of two phases of development. Phase I would encompass extracting a 50,000 tonne bulk sample grading approximately 4% nickel, with Phase II mining 400,000 tonnes grading 1.2% nickel. Metallurgical testing is underway, as is a revised resource estimate, and results of both are expected before year end.

Based on the Company’s recent share price, and given the strength of the Minago, Mel and Lac Rocher projects, management recognizes that Victory Nickel’s assets remain significantly undervalued by the market, and is committed to realizing full value on behalf of all shareholders.

FORWARD LOOKING STATEMENTS

These unaudited interim consolidated financial statements and Management's Discussion and Analysis contain certain forward-looking statements relating to, but not limited to, the Company's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe," "expect," "goal," "plan," "intend," "estimate," "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results.

Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

November 8, 2007