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## **Victory Nickel Announces Drill Program at Minago Sulphide Nickel Project** *Drilling to test continuity between Nose Deposit and North Limb, define North Limb resource*

**Toronto, January 17, 2011** – Victory Nickel Inc. (the “Company”) (TSX:NI, [www.victorynickel.ca](http://www.victorynickel.ca)) today announced that preparations are underway for drilling in the Nose Deposit and North Limb at its 100%-owned Minago sulphide nickel project in Manitoba. Drilling is expected to begin toward the end of January.

The Nose Deposit currently incorporates all known resources and reserves at Minago (620 million pounds in-situ nickel Measured and Indicated resource, 170 million pounds in-situ nickel inferred resource – see below); the North Limb is an underexplored and highly prospective zone of sulphide nickel mineralization with a known strike length of 1.5 kilometres to the north of the Nose Deposit.

The drill program will incorporate the following:

- A single deep hole targeting the down-plunge extension of the significant nickel resource currently known to exist in the Nose Deposit at Minago. In part, this deep drill hole will target a large magnetic mass shown to extend to a depth in excess of 1.5 kilometres vertically and over two kilometres in length incorporating the Minago Nose Deposit and the North Limb (see “Figure 1: Magnetic Inversion Study” attached).
- Ten holes to define a nickel resource in the North limb. The North Limb’s existing 17 diamond drill holes demonstrate continuity and significant thickness of nickel-mineralized rock identical in character to that which comprises the Nose Deposit.
- Five holes in the local area of the Nose Deposit to examine the geology and assess local conditions with regard to infrastructure placement.

“Near-surface mineralization already identified in past drilling shows that the North Limb is a prime target for significant expansion of the Minago resource,” said Paul Jones, Vice-President, Exploration. “The airborne survey shows that the potential exists for the Nose Deposit and North Limb to comprise a single continuous mineralized body. If this is the case, the nickel resource at Minago would increase dramatically, potentially to district proportions.”

Victory Nickel’s Qualified Person under the NI 43-101 guidelines is Paul Jones, Vice-President, Exploration. Mr. Jones has reviewed and approved the contents of this news release.

### **Permitting Update**

As announced in its news release of May 4, 2010, Victory Nickel has submitted its Environmental Impact Statement (EIS) to regulators in Manitoba. This submission represented a key step in the permitting process. In addition, the Company has responded to all technical questions since then regarding the EIS and fulfilled its obligations with respect to public and community engagement meetings in the individual Aboriginal communities in the Minago area. Victory Nickel maintains ongoing communication with the Aboriginal communities that will be impacted by the development of a large-scale mining operation at Minago, and is committed to working with these parties in a manner that will benefit all stakeholders, including the province of Manitoba. The Company is waiting for the government of Manitoba to undertake its duty to consult with Aboriginal communities as required under the Canadian Constitution Act, 1982.

### **About Minago**

Victory Nickel’s 100%-owned Minago sulphide nickel project is located approximately 225 kilometres south of Thompson, Manitoba on the Thompson Nickel Belt. Minago is one of Canada’s largest undeveloped sulphide nickel deposits, with a nickel resource (0.25% cutoff, total nickel basis) as follows: Measured: 11.1 million tonnes

grading 0.56% Ni; Indicated: 43.1 million tonnes grading 0.51% Ni; Inferred: 14.6 million tonnes grading 0.53% Ni. The Minago feasibility study indicates an internal rate of return of 19.8% at US\$11.19/lb Ni and a net present value (6% discount rate) of \$487.6 million (see news release dated June 21, 2010).

### About Victory Nickel

Victory Nickel Inc. is a Canadian company with four sulphide nickel deposits containing significant NI 43-101-compliant nickel resources. Victory Nickel is focused on becoming a mid-tier nickel producer by developing its existing properties, Minago, Mel and Lynn Lake in Manitoba, and Lac Rocher in northwestern Québec, and by evaluating opportunities to expand its nickel asset base. Victory Nickel also owns shares in Prophecy Resource Corp. (TSX-V: PCY) and Wallbridge Mining Company Limited (TSX: WM), the third largest landholder in the Sudbury Basin which in turn owns approximately 13% of Duluth Metals Limited.

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**Forward-Looking Information:** This news release contains forward-looking information. All statements, other than statements of historic fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future 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 "Risk Factors" and elsewhere in the Company's annual information form dated March 31, 2010, filed on SEDAR at [www.sedar.com](http://www.sedar.com). Forward-looking information 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.

**Figure 1: Victory Nickel Inc., Minago Project, Magnetic Inversion Study**

