



## **Victory Nickel Identifies Depth Extension to Known Resource at Mel Nickel Project** ***Southern part of deposit to be a focus of drilling going forward***

**Toronto, August 3, 2011** – Victory Nickel Inc. (the “Company”) (TSX:NI, [www.victorynickel.ca](http://www.victorynickel.ca)) today announced that it has identified a depth extension to the known sulphide nickel resource at its 100%-owned Mel project located 25 kilometres north of Thompson, Manitoba.

Eight drill holes in the 3,459 metre drill program were collared along 518 metres of Mel Deposit strike length to target the down-dip extension to nickel mineralization. The current resource extends to a depth of 183 metres, and these eight drill holes tested between 185m and 300m vertically. Of particular note is the nickel mineralization obtained from DDH M-11-10, the southernmost and deepest drill hole collared in the current program, where 13.71m grades 0.96% Ni, including 2.64% Ni over 1.2m.

“The presence of such mineralization is a clear indication of the depth potential of the Mel Deposit,” said Paul Jones, Vice-President, Exploration. “In particular the nickel mineralization in the southern part of the deposit is a clear target for further evaluation of the additional depth potential going forward as it remains open at depth beyond 300 metres.”

All holes intersected nickel mineralization of grade and intersection width comparable to that obtained in holes that comprise the existing resource. Analytical results are as follows:

| DDH     | From (m) | To (m) | Width (m) | Ni % (tot) |
|---------|----------|--------|-----------|------------|
| M-11-03 | 166.28   | 175.74 | 9.46      | 0.77       |
| M-11-04 | 193.45   | 195.77 | 2.32      | 1.04       |
|         | 218.90   | 219.32 | 0.42      | 1.58       |
| M-11-05 | 226.21   | 230.74 | 4.53      | 0.82       |
| M-11-06 | 273.48   | 275.50 | 2.02      | 0.58       |
| M-11-07 | 204.22   | 210.67 | 6.45      | 0.82       |
|         | 238.30   | 239.94 | 1.64      | 0.86       |
| M-11-08 | 305.20   | 306.20 | 1.00      | 0.74       |
| M-11-09 | 299.15   | 299.72 | 0.57      | 0.53       |
|         | 307.66   | 308.07 | 0.41      | 0.91       |
| M-11-10 | 325.30   | 339.01 | 13.71     | 0.96       |
|         | 343.00   | 344.00 | 1.00      | 0.61       |
|         | 349.70   | 350.74 | 1.04      | 0.73       |

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. The results tabulated here report total nickel values. All intervals reported in this news release are core lengths. True widths have not yet been

established. All analytical results were produced by TSL Laboratories of Saskatoon, Saskatchewan using HNO<sub>3</sub>-HCl atomic absorption with detection limits of between 1 ppm and 5,000 ppm for nickel; overlimits employed HNO<sub>3</sub>-HF-HClO<sub>4</sub>-HCL atomic absorption with detection limits between 0.01% and 45%.

Two additional holes were be drilled on lines 4800S and 5000S, approximately 600 metres north of, and on strike with, the Mel deposit to assess prospective nickel results obtained from semi-massive sulphide mineralization returning 1.24% Ni over 2.41m in an earlier drill hole. Both holes intersected prospective TNB stratigraphy but did not obtain nickel grades comparable with the earlier drill hole.

The Mel Project consists of one mineral lease (the "Mel Lease") covering approximately 750 Ha and 37 unpatented mineral claims (the "Mel Claims"), encompassing approximately 8,770 Ha. The Mel Lease contains the entire nickel resource and has been the focus of the bulk of past exploration.

The Mel project hosts an NI-43-101 resource (0.50% nickel cut-off grade, see news release dated February 26, 2007) as follows:

| <b>Classification</b> | <b>Tonnes</b> | <b>Grade (%Ni)</b> | <b>Contained Ni (lbs.)</b> |
|-----------------------|---------------|--------------------|----------------------------|
| Indicated             | 4,279,000     | 0.875              | 82,520,515                 |
| Inferred              | 1,010,000     | 0.839              | 18,676,476                 |

Mineralization on the Mel Lease remains open along strike and at depth. The known resource is located between 46 and 183 metres, making low-cost ramp access for mining a possibility. The recent drilling is expected to extend this resource to 300 metres. This near-surface resource, along with an agreement that Vale shall mill ore mined from the Mel deposit at its cash cost plus 5% (provided that the product meets Vale's specifications and that Vale has sufficient mill capacity), makes near-term nickel production with a low capital requirement a possibility. Vale has a 10% net profits royalty.

The Mel property is considered to be a dislocated segment of the Thompson Nickel Belt and the larger group of Mel Claims also offers significant upside potential in all directions.

### **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 Coal Corp. (TSX-V:PCY), Prophecy Platinum Corp. (TSX-V:NKL) and Wallbridge Mining Company Limited (TSX:WM), the third largest landholder in the Sudbury Basin, which in turn owns approximately 8% 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.