



Victory Nickel Announces Positive Feasibility Study for the Minago Open Pit Project optimization underway, site development planned to begin in Q1 2010

Toronto, December 14, 2009 – Victory Nickel Inc. ("Victory Nickel" or the "Company") (TSX:NI, www.victorynickel.ca), today released the results of the Definitive Feasibility Study ("DFS") on the 100%-owned Minago sulphide nickel deposit in Manitoba. The DFS confirms that the development of an open pit mine and concentrator at Minago is technically and commercially feasible. The base case pricing uses three-year trailing averages for metal prices and the US: Canadian dollar exchange rate in accordance with the recommended practice of the U.S. Securities and Exchange Commission Industry Guide 7. The DFS is based on mining open pit reserves only and does not incorporate the potential for underground mining that was included in the Preliminary Economic Assessment ("PEA") completed by Wardrop, A Tetra Tech Company ("Wardrop") in November 2006.

The DFS will be posted at www.sedar.com upon receipt of the final document from Wardrop.

The Company will hold a conference call at 10:30 am (Toronto time) on Monday December 14, 2009 to discuss the results of the Minago DFS. To participate in the conference call, please dial 416-340-2216 or 866-226-1792. The call can also be accessed on the Internet at <http://events.digitalmedia.telus.com/victory/121109/index.php>. The conference call will subsequently be available for replay until December 21, 2009 at 11:59 pm, and will be able to be accessed by dialling 416-695-5800 or 800-408-3053 and entering the pass code: 3768817.

Highlights of the DFS Base Case (all figures in Canadian dollars, except as indicated) are:

- Undiscounted cash flow (pre-tax) of CAN\$917.7 million.
- Net present value ("NPV"), using a discount rate of 8%, of CAN\$293.8 million.
- Internal rate of return ("IRR") of 17.66%.
- Breakeven price of nickel is US\$5.06
- Payback period of four years from start of nickel production.
- Measured and Indicated resource of Sulphidic Nickel ("Ni(S)") of 44.1 million tonnes grading 0.43% nickel for open pit only.
- Total ore tonnes mined is 57.1% of Measured and Indicated Ni(S) resource.
- Proven and Probable reserve of Ni(S) of 25.2 million tonnes grading 0.43% nickel for open pit only.
- Strip ratio of 11.7:1 to mine the nickel including frac sand as overburden.
- Production of the world's highest grade nickel concentrate at 22.3% Ni with 10.4% magnesium oxide ("MgO").
- Seven-year nickel production life (open pit only).
- Capital cost forecast of \$596 million, including a contingency of \$50 million.
- Average annual ore production of 3.6 million tonnes.
- Average annual nickel production in concentrate of approximately 11,000 tonnes.
- Cash cost per pound of nickel before by-product credits: \$6.95 (US\$6.34).
- Metal by-product credits of \$0.79 (US\$0.72) per pound of nickel.
- Frac sand by-product value of \$4.04 (US\$3.68) per pound of nickel.

- Cash costs per pound of nickel, net of credits, of \$2.12 (US\$1.94).
- Average annual frac sand sales revenue, net of freight, of \$70 million.
- Processing cost per tonne of frac sand of \$6.50.

“Completion of the DFS represents a major milestone for the development of the Minago deposit,” said René Galipeau, Vice-Chairman and CEO. “The process of optimizing the technical and financial aspects of the project has already begun. Our next steps, early in the new year, are to create a project execution plan, begin road construction on site, select financial advisors to structure financing and submit the Environmental Impact Statement with a view to receiving environmental and operating permits before the end of 2010. In addition, consultation with local Aboriginal groups and other stakeholders can now be continued with a better understanding of the opportunities that are potentially available to local communities.”

Some of the opportunities for optimizing the technical and financial aspects of the project being assessed are as follows:

- Increasing resources and reserves is an important objective. Previous drilling has indicated the potential for a significant increase in resources along the North Limb, an estimated 1.5 kilometre long domain north of the proposed open pit, and at depth beneath the open pit. An initial 6,000 metre drilling program is already planned for the winter of 2010.
- Outotec’s HydroNic, a chloride hydrometallurgical process, is being evaluated to determine whether Minago concentrates can be treated using this technology. The process could improve recoveries and treat MgO content. Metal could be produced on site to eliminate smelter charges and significant freight costs.
- Conventional options to suppress MgO and zinc levels in the concentrate.
- Further definition of distinct granite intrusions in the pit to make selective mining an option for minimizing dilution, raising the head grade and reducing the volume of material to be milled.
- The use of dense media separation technology to optimize head grade, minimize processing costs and lower capital costs by reducing the size of the processing plant.
- Although the DFS assumes the purchase of all new equipment, used equipment would reduce capital cost and improve delivery times.
- Leasing, rather than purchasing, equipment to lower the capital cost.

The DFS reflects the Base Case using the three-year trailing average shown below. For comparative purposes, the Current Metal Price and Exchange Rate ("Current") case is shown below.

	Base Case¹	Current
Nickel/lb	US\$11.19	US\$7.35
Copper/lb	US\$2.91	US\$3.07
Palladium/oz	US\$322.40	US\$368.00
Platinum/oz	US\$1,353.78	US\$1,423.00
Gold/oz	US\$836.25	US\$1,131.35
Silver/oz	US\$14.25	US\$17.39
Cobalt/lb	US\$27.73	US\$19.00
Rhodium/oz	US\$2,254.56	US\$2,200.00
\$CAN/\$US	1.097	1.0504

¹ Three-year trailing average metal prices and exchange rate.
²As of market close December 10, 2009.

Minago Sulphide Nickel Project – Economic Summary		
	Base Case¹	Current ²
	(\$million except % and years)	(\$million except % and years)
Undiscounted cash flow	917.7	291.0
NPV @ 8%	293.8	-38.9
NPV @ 6%	402.6	15.5
NPV @ 4%	538.0	85.5
IRR	17.66%	6.52%
Pre-Production Capital	593.0	588.6
Sustaining Capital	3.3	3.3
Payback, from start of nickel production, in years	4	7

¹ Three-year trailing average metal prices and exchange rate.
²As of market close December 10, 2009.

Although the DFS assumes 100% equity financing, project financing is expected to include a substantial debt component. The DFS cost estimates are considered to be of an accuracy of -10%/+20%.

The DFS preparation was managed and compiled by Wardrop, with contributions from SGS Lakefield Research Ltd. ("SGS Lakefield") (metallurgical testing), Klohn Crippen Berger (geotechnical review), URS (environmental baseline studies), Golder Associates (hydrology and hydrogeology), DHR Associates (social context), Roche Engineering (environmental baseline studies), GAIA (dewatering wells pumping test) and Victory Nickel (closure costs and environmental considerations) and Outotec (frac sand plant).

Minago is one of Canada's largest undeveloped sulphide nickel deposits and has been shown to be capable of producing a nickel concentrate grading up to 22.3%, making it the world's highest grade nickel concentrate. In addition to metal by-products such as copper, cobalt, gold, platinum, palladium, silver and rhodium, a layer of silica sand averaging approximately 9 metres thick overlies the nickel mineralization within the open pit. With the optimum grading splits, approximately 84% of this 15 million tonne National Instrument 43-101 ("NI 43-101")-compliant Indicated sand resource, effective as of September 9, 2009, (see the technical report of Wardrop dated August 20, 2009 and entitled "Minago Frac Sand Ni 43-101 Compliant Technical Report") is marketable frac sand, which is used to improve recoveries in the oil and gas industry. The frac sand forms part of the overburden that must be removed prior to mining the nickel ore. According to the DFS, production of frac sand could begin 20 months after the start of mine development.

Sensitivities

The table below outlines key sensitivities of the Base Case for the pre-tax NPV and IRR based on analysis performed by Wardrop:

	NPV@8% discount \$ millions	IRR %
Base Case	293.8	17.66
Opex -10%	343.0	19.23
Opex + 10%	244.6	16.07
Capex - 10%	341.2	19.23
Capex + 10%	246.4	15.65
Nickel Price - 10%	204.6	14.96
Nickel Price + 10%	383.0	20.20
Frac Sand Revenue - 10%	198.3	14.72
Frac Sand Revenue + 10%	389.3	20.46
Transportation Costs - 10%	351.8	19.37
Transportation Costs + 10%	235.8	15.90

The breakeven price of nickel is US\$5.06, maintaining all other assumptions in the Base Case.

Mineral Resource Estimate

In order to more accurately determine recoverable nickel, Wardrop estimated a NI 43-101-compliant Ni(S) resource as follows:

Minago Sulphide Nickel Project - Sulphidic Nickel Resource Estimate			
Classification At 0.2% Nickel Sulphide Cut-off Grade	Tonnes (millions)	Grade (% Ni(S))	Ni(S) In-Situ Nickel (millions of pounds)
Measured Resource	9.1	0.47	94.4
Indicated Resource	35.0	0.42	324.3
Total Measured and Indicated	44.1	0.43	418.7
Inferred Resource	12.0	0.44	115.0

Significant parts of the resources are below the pit bottom and require additional drilling to be upgraded from Inferred to Indicated. As a result, any resources below the pit bottom are not considered in estimating the economics of the DFS.

Additional information regarding the Minago deposit mineral resource estimates is contained in the technical report, prepared by Wardrop, dated February 20, 2009 and entitled "Proposed Minago Nickel Mine National Instrument 43-101 Compliant Technical Report," Effective as of January 6, 2009. A copy of this report can be obtained from SEDAR at www.sedar.com. Cliff Duke, formerly employed by Wardrop, was the "Qualified Person" (within the meaning of NI 43-101) responsible for the Minago deposit mineral resource estimates (including the frac sand estimate).

Mineral Reserve Estimate

Calculations of mineral reserves used Lerchs-Grossman algorithm from Gemcom Software International Inc., supplemented by GEMSTM mine planning software, to perform the pit optimization. Subsequently, a final detailed open pit design was prepared manually using Whittle software. The average plant feed concentrator recovery yield was estimated to be 71.3% of Ni(S).

Minago Sulphide Nickel Project - Sulphidic Nickel Reserve Estimate			
Classification	Tonnes (millions)	Grade (% Ni(S))	Nickel (millions of pounds)
Proven	6.6	0.487%	70.8
Probable	18.6	0.410%	168.0
Total Proven and Probable	25.2	0.430%	238.8

Open pit mining reserves were developed under the direction of Brian Saul, P.Eng, an employee of Wardrop and a "Qualified Person" within the context of NI 43-101. The mineral reserve estimate is effective December 14, 2009.

Metallurgy

The Minago mineralization has been previously tested by Outokumpu, Lakefield Research Ltd. (now SGS Lakefield), and Process Research Associates. SGS Lakefield was contracted, on Wardrop's recommendation, to undertake a full metallurgical feasibility test program of the proposed open pit ore. The key objectives of the testing program were to obtain enough reliable information to develop the design criteria of the mining and mill operations and to estimate project economics and conduct risk assessments.

The DFS metallurgical test program began in early 2007 and was completed in 2008 at SGS Lakefield (see news release dated July 3, 2008). The program developed a Ni(S) head grade-recovery curve for the pit optimization and economic assessment of the open pit portion of the Minago deposit. To obtain mill design data, flotation development tests and locked cycle tests (LCTs) were conducted on a master composite of the open pit ore samples based on the Ni(S) block model developed in the early stage of the DFS.

For the average head grade of 0.43% Ni(S), a recovery of 71.3% is obtained with a concentrate containing 22.3% nickel and 10.4% MgO.

Wardrop developed a mill flowsheet based on data from the open pit metallurgical testing program and from an engineering exercise to optimize mill throughput. The proposed 10,000 tonne per day mill will consist of a gyratory crusher, a SAG mill/ball mill grinding circuit, a rougher/scavenger/cleaner flotation circuit, a high-rate tailings thickener, a conventional concentrate thickener and concentrate pressure filtration. The design uses only conventional and proven technologies that are common in the North American mineral processing industry.

Minago will produce a single concentrate containing a high percentage of nickel and other elements as follows:

Component	Analysis	Component	Analysis
Ni (%)	22.3	SiO ₂ (%)	12.70
Cu (%)	1.40	Pt (g/t)	2.47
Co (%)	0.46	Pd (g/t)	6.31
Zn (%)	0.18	Au (g/t)	0.63
Pb (%)	0.10	Ag (g/t)	4.30
Al (%)	0.11	Rh (g/t)	0.59
S (%)	24.40	Cr (g/t)	410.00
Fe (%)	17.00	As (g/t)	61.00
MgO (%)	10.40	Se (g/t)	<40.00
		Sn (g/t)	<20.00

The high MgO and zinc content in the concentrate may result in smelter penalties, which have been incorporated into the DFS economics.

Capital Costs

The proposed Minago open pit is overlain by approximately 11 million tonnes of muskeg and clay, 111 million tonnes of dolomitic limestone and 14.8 million tonnes of sandstone which contains the by-product frac sand.

In total, 137 million tonnes of material must be removed as overburden. The muskeg and clay which represents the overburden, is removed as part of capital expenditures at an estimated cost of \$30 million.

The deposit will be mined using conventional open pit mining equipment comprised of electric bench drills, 216 tonne trucks and 22 m³ shovels. The total cost of the mining equipment is estimated at \$107 million.

The following capital cost estimates other than the frac sand plant were completed by Wardrop. The frac sand plant estimate was provided by Outotec (USA) Inc. (“Outotec”).

Minago Sulphide Nickel Project – Capital Cost Estimate (\$ millions)			
	Pre-Production	Sustaining	Total
General	5.9	0	5.9
Site Development	37.2	0	37.2
Site Utilities	45.6	2.0	47.6
Tailings Management	15.2	1.3	16.5
Frac Sand Plant	26.6	0	26.6
Mine Infrastructure	35.6	0	35.6
Mobile Equipment	107.0	0	107.0
Ore Processing Facilities	146.7	0	146.7
Non-Process Buildings	19.1	0	19.1
Total Direct Costs	438.9	3.3	442.2
Indirect Costs	91.4	0	91.4
Owner’s Costs	12.8	0	12.8
Contingency	49.9	0	49.9
Total Overhead Costs	154.1	0	154.1
Total Capital Costs	593.0	3.3	596.3

Operating Costs

The operating costs for the open pit operation are estimated at \$3.57 per tonne of material mined. Average life-of-mine operating costs per pound of nickel, net of by-product credits, is estimated at \$2.12 (US\$1.94), and \$6.95 (US\$6.34) before by-product credits.

Minago Sulphide Nickel Project – Projected Operating Costs		
	Per Pound of Nickel	Per Tonne of Ore
Mining	\$2.45	\$15.43
Milling	1.57	9.90
Infrastructure	0.25	1.58
General and Administrative	0.69	4.33
Concentrate Transportation, Smelting and Refining	1.99	12.54
Cost Before By-product Credits*	6.95	43.78
By-product Credits	4.83	30.41
Costs Net of By-product Credits	\$2.12 (US\$1.94)	\$13.37

The following table summarizes life-of-mine projected operating costs:

Minago Sulphide Nickel Project – Projected Operating Costs	
By Cost Centre:	\$ millions
G&A	109.1
Surface Facilities	39.9
Frac Sand Plant	73.3
Ore Processing	249.3
Open Pit Mining	388.1
Total	859.7

Minago Sulphide Nickel Project – Projected Operating Costs	
For All Cost Centres	\$ millions
Salaries & Wages	199.5
Maintenance Supplies	162.3
Consumables	173.9
Fuel	109.3
Power	70.9
Service Contracts	143.8
Total	859.7

Frac Sand

Frac sand is a significant contributor to the positive economics at Minago. The marketable frac sand resource of 11.2 million tonnes represents a 182% increase in tonnage compared with the November 2006 PEA which considered only 4 million tonnes of sand to be within frac sand specifications. This current figure of marketable frac sand reflects the optimized pit shell used in the DFS.

As part of the DFS, Outotec produced a feasibility-level design for a frac sand plant complete with capital and operating costs to produce 1,140,000 tonnes of frac sand annually.

Summary Project Schedule

Activity Start Quarter	2010	2011	2012	2013	2014 and Beyond
Road Construction	Q1				
EIS Submission	Q1				
Permitting	Q2				
Early Works	Q3	Q1			
Substation Installation	Q4	Q1			
Pit Dewatering Wells	Q3	Q1			
Dredging Overburden		Q2			
Mine Development			Q1	Q1	
Frac Sand Plant Construction and Commissioning			Q2	Q1	
Frac Sand Production				Q1	
Ore Processing Plant Construction and Commissioning			Q1	Q1	
Nickel Production					Q1
Heavy Equipment Maintenance Shop		Q1			
Tailings and Waste Rock Management Facility Construction			Q2	Q1	
Procurement of a Temporary Camp for Early Works	Q4				
Permanent Camp Construction (Staged - 2011 - 2013)		Q2			

The above schedule assumes that adequate financing is available.

Funding requirements:

The Company currently has cash and liquid assets of approximately \$5.5 million. Requirements for 2010 under the DFS total approximately \$42 million. The most significant components of expenditure in 2010 are for site utilities (\$16.0 million), camp facilities (\$6.7 million) and site development (\$8.2 million). The Company is reviewing its options to finance the preparation of the site during 2010 until permitting has been completed.

Going forward, a combination of equipment leasing, equity and debt financings, off-take agreements for frac sand etc will all be considered as options to fund the project to production.

Qualified Person

The DFS was prepared by Wardrop under the supervision of Noris Belluz, P. Geo, the Independent "Qualified Person" and an employee of Wardrop. Paul Jones, Vice-President, Exploration for Victory Nickel, acts as QP under NI 43-101 for Victory Nickel. Both Mr. Belluz and Mr. Jones have

reviewed and approved the contents of this news release. A National Instrument 43-101 technical report will be filed on SEDAR as soon as possible and in any event within 45 days from the date of this release.

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 approximately 5% of Wallbridge Mining Company Limited (TSX: WM), the third largest landholder in the Sudbury Basin.

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For further information, please visit the Company's website at www.victorynickel.ca. Should you wish to receive Company news via email, please email catarina@chfir.com and specify "Victory Nickel" in the subject line.

Forward-Looking Information: This news release 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 and costs, estimated project economics, mineral resource and mineral reserve estimates, metallurgical recoveries and the Company's exploration and development plans and objectives with respect to its Minago Project) 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 the estimates and assumptions used in the Minago DFS; uncertainties relating to the availability and costs of financing needed in the future; failure to establish estimated mineral resources or mineral reserves; 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, 2009 filed on SEDAR at 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.

Cautionary Note Concerning Resource and Reserve Estimates:

The resource and reserve figures referred to in this news release are estimates and no assurances can be given that the indicated levels of nickel or frac sand will be produced. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that the resource and reserve estimates included in this news release are well established, by their nature resource and reserve estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such estimates are inaccurate or are reduced in the future, this could have a material adverse impact on the Company.

Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that mineral resources can be upgraded to mineral reserves through continued exploration.

Due to the uncertainty that may be attached to inferred mineral resources, it cannot be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource as a result of continued exploration. Confidence in the estimate is insufficient to allow meaningful application of the technical and economic parameters to enable an evaluation of economic viability worthy of public disclosure (except in certain limited circumstances). Inferred mineral resources are excluded from estimates forming the basis of a feasibility study.