

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: **Victory Nickel Inc. (the “Issuer”)**.

Trading Symbol: **Ni**

Number of Outstanding Listed Securities: **97,903,867**

Date: **March 30, 2020**

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer’s ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer’s business and operations over the previous month. Where the Issuer was inactive disclose this fact. **During the month of February 2020 the Issuer continued to evaluate nickel and frac sand M&A and associated funding opportunities and continued to pursue sales of frac sand to customers from its Seven Persons processing plant in Alberta (the “7P Plant”)**.
2. Provide a general overview and discussion of the activities of management. **Management continued to evaluate M&A and funding opportunities.**

Management also continued to look for ways to increase sales to customers in its existing and new markets.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law. **N/A**
4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned. **N/A**
5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship. **N/A**
6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced. **N/A**
7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship. **N/A**
8. Describe the acquisition of new customers or loss of customers. **N/A**
9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks. **N/A**
10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs. **N/A**
11. Report on any labour disputes and resolutions of those disputes if applicable. **N/A**
12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings. **N/A**
13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness. **N/A**
14. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾

(1) State aggregate proceeds and intended allocation of proceeds.

- 15. Provide details of any loans to or by Related Persons. **N/A.**
- 16. Provide details of any changes in directors, officers or committee members. **N/A**
- 17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer’s market(s) or political/regulatory trends.

Sand sales from Alberta’s 7P Plant will remain the focus, however management believes that the Company’s three sulphide nickel assets are at the heart of the longer-term value proposition for shareholders.

Minago in Manitoba is host to one of Canada’s largest undeveloped, permitted, sulphide nickel resources. Combined with Mel in Manitoba and Lac Rocher in Quebec, the three projects combine to give your company one of the country’s most significant in-situ sulphide nickel inventories.

Why is this important? Because all of the Company’s nickel assets are located in Canada, one of the world’s most secure mining jurisdictions; because the projects are superbly located relative to access to infrastructure, particularly Minago; and because demand for nickel, specifically sulphide nickel, is projected to rise dramatically over the next two decades.

Nickel’s presence as an “Energy Metal” came to prominence in 2018 with the acceleration of worldwide demand for electric vehicles (“EV”). By 2040 hundreds of millions of EV passenger cars are expected to be on the road. The blooming global need for rechargeable batteries due to growth in the EV market, driven by government focus on reducing carbon emissions, combined with evolving battery technologies that incorporate increasing amounts of nickel has led market watchers to expand their projections for global nickel demand.

EV are generally broken into three broad categories, each with increasing levels of electrification. From least to most electrification these are hybrid electric vehicles (“HEV”), plug-in hybrid electric vehicles (“PHEV”) and battery electric vehicles (“BEV”). As the level of electrification increases, so too does battery size and the amount of nickel and other battery materials required. By 2040 the expectation is nearly 75% of vehicle will ve PHEV or BEV.

This increase in battery size and usage is complimented by the battery technologies themselves. There has been a global shift toward lithium-nickel-manganese-cobalt-oxide (“NMC”) cathode chemistries, and by 2030 some expect 70% of EV to use an

NMC cathode. And there is a shift toward less cobalt-intensive battery types, meaning more nickel is used in each battery. UBS points out that today's cathodes used in EVs typically have a 1:1:1 ratio between nickel, manganese and cobalt. By 2021 this materials mix is expected to be optimized at 8:1:1. Further to this point, researcher Adamas Intelligence points to a 104% year-over-year ("YoY") increase in the amount of nickel in passenger EV batteries during February 2019, a bigger jump than both manganese and cobalt. In China alone, the YoY increase from January 2018 was 253%, with the YoY increases in Germany and the US coming in at 88% and 54% respectively.

In addition, market watchers concur that due to the quality requirements of battery producers the winners in this new demand environment will be sulphide ("Class 1") nickel producers such as Victory Nickel's projects which, unlike laterite nickel ("Class 2") deposits, have an economic advantage in the competition for EV battery market share. It is this demand that Bloomberg says accounted for a 35% increase in Class 1 nickel price on the London Metals Exchange between the end of 2018 and early August 2019. *Bloomberg New Energy Finance* forecasts that demand for nickel will multiply 16 times by 2030, and half of that is expected to go into batteries, driving nickel prices considerably higher.

This is not to discount the stainless steel and other markets using nickel. All in all, global nickel demand is expected to rise between 2018 and 2040.

Given the Company's leading position with regard to sulphide nickel resources, – Victory Nickel is well placed to take advantage of the significant market shift toward EVs and growing sulphide nickel demand in general.

Frac Sand

Frac sand is a substantial contributor to the overall economics at Minago. Victory Nickel became a player in the frac sand market in 2014, when construction and commissioning of its 7P Plant in Alberta was completed. Unfortunately, toward the end of 2014 the price of oil crashed. As a result, drill rig utilization decreased substantially. In direct response to the declining utilization, E&P companies reduced, cancelled or deferred capital programs. All of this led to an unprecedented decline in the pricing of drilling and well completions, putting downward pressure on the price of frac sand.

During this period, E&P companies looked for ways to improve their economics by reducing costs and enhancing recoveries. Measures include lengthening of both lateral and horizontal drilling, increasing the number of stages per foot and using more sand per stage. These changes have led to an increase in frac sand intensity – using more sand per well – a trend that bodes well for frac sand consumption.

According to energy market analytics company RBN Energy, a typical well in the

Texas' Permian Basin is 10,000 lateral feet (and sometimes thousands of feet longer) using about 2,500 pounds of sand per linear foot. These dynamics have led to a doubling of frac sand demand over the past three years in the US to over 100,000,000 tons per annum. In the US, demand for frac sand is predicted to grow by 10% in 2019 and 17% in 2020, according to Rystad Energy.

As part of the trend toward E&P companies looking to reduce their costs, demand for more cost-effective in-basin domestic frac sand has increased in Canada. The Company's business plan always contemplated sales of domestic frac sand from both Minago and other strategically-located Canadian frac sand deposits in addition to sales of Northern White frac sand imported from Wisconsin. As such, the Option on the Short Grass Property furthers the Company's ability to better navigate changing frac sand demand in Canada by offering both imported Northern White and an in-basin domestic alternative. Broadening its product offering will allow Victory Nickel to appeal to a wider variety of customers and better take advantage of opportunities as the frac sand market evolves.

The softness in the frac sand market over the past several years led to declining valuations of frac sand assets throughout North America. Management has been evaluating opportunities to take advantage of market changes to build its presence in the frac sand business by acquiring undervalued North American frac sand production assets that offer immediate potential to expand sales and open new markets, while at the same time being complementary to the Company's existing production activities. In addition, we remain confident that sulphide nickel demand will improve, such that not only the Minago nickel project can be developed, but that the Company's other nickel projects can be advanced as potential producers. We thank our shareholders, lenders and suppliers for their continued patience and support.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

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Dated: March 30, 2020.

Sean Stokes
Interim CEO

<i>Issuer Details</i> Name of Issuer Victory Nickel Inc.	For Month End February 29, 2020	Date of Report YY/MM/D 20/03/30
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