FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: **Ni**

Number of Outstanding Listed Securities: **94,870,968**

Date: **March 6, 2018**

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 2018 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.**

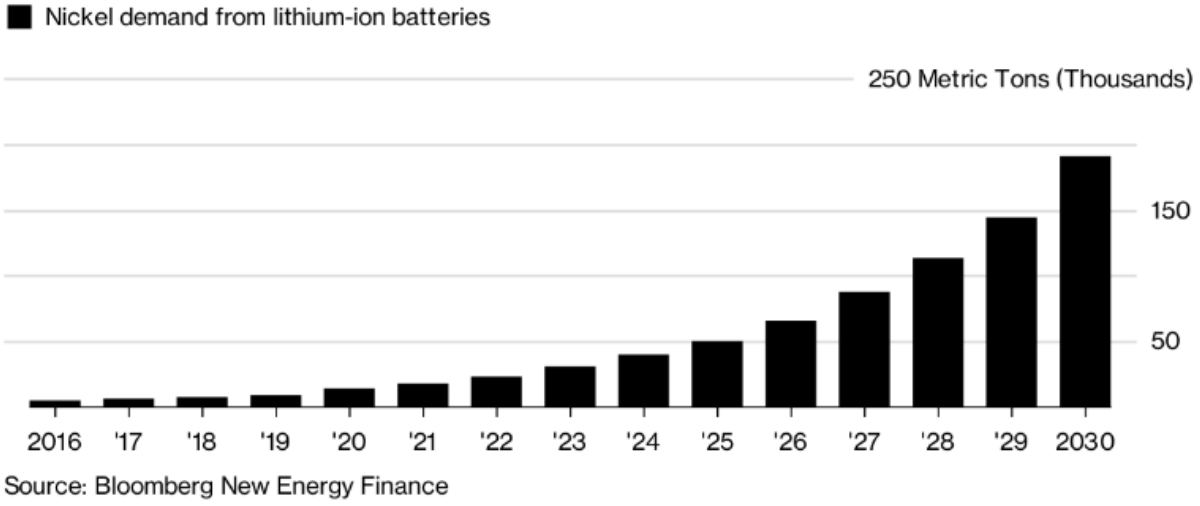
16. Provide details of any changes in directors, officers or committee members. **N/A.**

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

Victory Nickel is a unique minerals company. Unique in that it has one of Canada's largest undeveloped permitted sulphide nickel resources at its Minago project in Manitoba. Unique in that all of the resources at its three nickel projects are sulphide nickel giving it one of the largest sulphide nickel inventories in Canada. Unique in that at Minago frac sand is a significant co-product of nickel production. And unique in that both of its major resources – nickel and frac sand – play crucial roles in the energy market.

While frac sand has for decades been known as a key component in improving overall economics in the oil and gas industry, nickel's presence as an Energy Metal is just now coming to prominence with the acceleration of worldwide demand for electric vehicles.

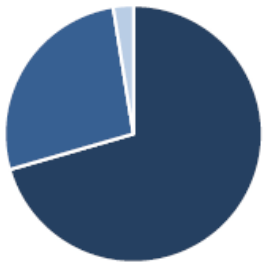
According to Bloomberg, demand for nickel is forecast to increase dramatically through 2030 (see graph below), driven in large part by rising sales of electric vehicles and the fact that electric vehicle batteries typically contain more nickel than they do lithium, the price of which has more than doubled in the past 18 months.



UBS concurs, estimating that in a world using only electric vehicles, the increase in sulphide nickel demand relative to today's global market would be 118%. UBS goes on to point out that as electric vehicle technology continues to improve, so too will demand for high grade nickel. Today's nickel-manganese-cobalt ("NMC") cathodes used in electric vehicles use a 1:1:1 ratio between nickel, manganese and cobalt. By 2021 this materials mix is expected to be optimized at 8:1:1.

In its report "*Nickel – A Class of its Own*" published on November 7, 2017, Canaccord Genuity agrees, forecasting that in the 2020s battery demand for nickel will rise ~6.5x times and comprise ~14% of nickel demand in 2025.

Figure 1: Nickel use, 2017e



- Stainless Steel
- APFO (Alloy, Plating, Foundry, Others)
- Battery

Source: Canaccord Genuity estimates

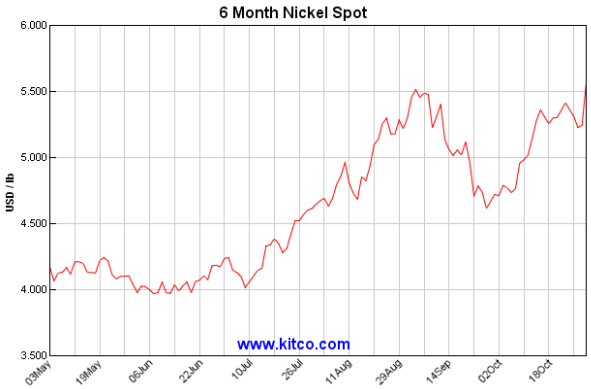
Figure 2: Nickel use, 2025e

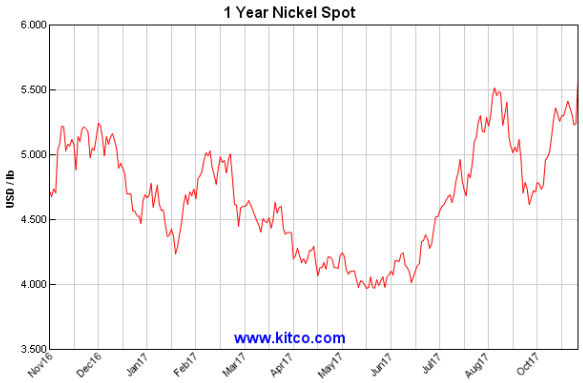
- Stainless Steel
- APFO (Alloy, Plating, Foundry, Others)
- Battery

Source: Canaccord Genuity estimates

In addition, both Canaccord and UBS concur that due to the quality requirements of battery producers the winners in this new demand environment will be sulphide nickel producers such as Victory Nickel's projects which, unlike laterite deposits, are able to compete for electric vehicle market share.

And nickel buyers are starting to take notice (see graphs below).





With one of the largest in-situ sulphide nickel resources in Canada, situated in two of the world's top ten most favourable mining jurisdictions – Manitoba and Quebec – Victory Nickel is well positioned to take advantage of this significant market shift.

The Minago FS was based on an open pit mining project with a nickel reserve of approximately 30 million tonnes to be mined over about eight years. Beneath the proposed pit exists another potential 30 million tonnes for potential future mining. Immediately to the north of the pit, the Company has identified an additional potential 30 million tonnes. The Minago project was permitted in 2011 and is shovel-ready. With the frac sand co-product credit, the C1 cost to produce a pound of nickel, is projected to be $2.20 per pound. As at December 31, 2016, the long-term forecasted price by a third party was $7.40 per pound of nickel. Using this price at an exchange rate of US$0.731:CAD$1.00 and other forecasted metal prices at December 31, 2016, the Internal Rate of Return ("IRR") of the Minago project based on the Minago FS was 19.03%. As at the date of this MD&A, the IRR is 10.82% (with no adjustments made to the frac sand market), based on current metal prices and the exchange rate, with the price per pound of nickel at $5.80. The IRR reflected in the Minago FS is 22.4% and the breakeven price of nickel is $3.80 per pound.

Frac sand contributes approximately $2.90 per pound of nickel based on the Minago FS, and therefore is a substantial contributor to the overall economics as projected in the Minago FS. Persistent weakness in worldwide nickel pricing in the early part of the decade, the resulting contraction in capital markets for nickel project financing, an estimated $500 million capital cost to build a nickel mine at Minago and a robust market for frac sand led the Company to evaluate alternatives to generate cash flow and also to prove the value of the frac sand co-product at Minago.

Frac Sand

In 2012, the Company announced its intention to enter the frac sand business with a plan that was certainly considered very aggressive and a vision at best. That vision became a reality in 2014 when the Company completed construction and commissioning of its 7P Plant in Alberta.

Choosing to enter the frac sand business was not without reason. The strong market fundamentals for frac sand suggested continuing growth of the industry, and new public information combined with strong peer group valuations indicated the potential for near-term cash flow. With an entry fee of approximately $6,000,000 to build a frac sand processing facility, the risk was considered acceptable based on projected cash flows. Soon after commissioning, toward the end of 2014, the bottom fell out of the oil industry and the price of oil crashed from in excess of $100.00 per barrel to below $30.00 per barrel of oil. Except for a few short signs of recovery, the price of oil remained around the $40.00 to $50.00 level since that time until recently when it broke the $50.00 price level and has maintained a price in the mid-$50.00 range until today when the Brent Crude price increased to close to $64.00. Whether this is an indication of bottoming out with a gradual recovery is uncertain. The price decrease is similar for natural gas.

As a result of the oil and gas price drop, 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. With the oil price increasing steadily, increased fracking activity and a resulting increase in the price of frac sand is not an unreasonable expectation.

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 Credit Suisse, up to 2,000 pounds of sand per lateral foot is now being used in well completions. On average, each well completed in the US in 2017 requires nearly 4,200 tons of frac

sand. The demand for US proppant is projected to rebound to 73 million tons in 2017, 30% higher than 2014 peak consumption of 56 million tons and a 115% increase over the 34 million tons consumed in 2016, according to Credit Suisse.

Not surprisingly, increased consumption, combined with a rising North American rig count – up 35% since January 2017, has had a positive impact on frac sand pricing.

The frac sand pricing index prepared by New York based investment bank Cowen and Company was flat in the second quarter of 2017. This trend continued through July, however overall frac sand pricing has increased by 4% in September, by 9% since the start of 2017 and by 16% since the low of November 2016.

For Victory Nickel, frac sand activity picked up considerably during the second and third quarter of 2017 with increased customer requests for quotes suggesting potential for improved sales during the balance of the year. Frac sand sales and pricing have shown improvement in 2017, however demand has been for the coarser fractions. As a result the Company has drawn down its inventory of coarser frac sand and is in the process of replenishing this inventory at the 7P Plant to ensure its ability to serve customers. To accomplish this, the Company completed the refurbishment of its existing wash plant at the 7P Plant. When the 7P Plant was acquired by the Company in 2012, the facilities included a wash plant and a dry plant. Since the acquisition, the Company had processed only washed sand concentrate purchased from Wisconsin through its dry plant and had never operated its wash plant. With the wash plant now operational, the Company will able to recover approximately 20,000 tons of high-quality Northern White Wisconsin frac sand that was spilled as a natural outcome of dry sand processing and which comprises the highest margin portion of inventory.

The softness in the frac sand market over the past several years led to declining valuations of frac sand assets throughout North America. Over the course of 2016 and throughout 2017, management has been evaluating opportunities 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 market opportunities, while at the same time being complementary to the Company's existing production activities. Management has identified three potential acquisition targets since November of 2016 and is now in discussions for financing to acquire one of these facilities. This acquisition would add another 1,000,000 tons of production capacity. Discussions pertaining to the acquisition and financing of such assets is slow but ongoing and the Company will provide details at the appropriate time.

As discussed above, management is developing plans to implement strategies to take full advantage of a resurgent frac sand market. 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, Mel, Lac Rocher and Lynn Lake, can be advanced as potential producers.

The Company plans to participate in the turnaround in not only the oil and gas industry, but also the nickel industry and 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.

Dated: March 6, 2018.

Sean Stokes
VP and Corporate Secretary

Issuer Details Name of Issuer **Victory Nickel Inc.**	For Month End **February, 2018**	Date of Report YY/MM/D **18/03/06**
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City/Province/Postal Code **Toronto, Ontario M5H 2A4**	Issuer Fax No. **(416)6260890**	Issuer Telephone No. **(416)3638527**
Contact Name **Sean Stokes**	Contact Position **VP & Corporate Secretary**	Contact Telephone No. **(416)3638527**
Contact Email Address **sean.stokes@victorynickel.ca**	Web Site Address **www.victorynickel.ca**	