

TORONTO, Aug. 14, 2015 (GLOBE NEWSWIRE) -- [Victory Nickel Inc.](http://www.victorynickel.ca) ("Victory Nickel" or the "Company") (TSX:NI, www.victorynickel.ca) today reported financial results for the three- and six-month periods ended June 30, 2015. Effective October 1, 2014, the Company changed its functional currency and presentation currency to the United States dollar ("US\$" or "US dollar") from the Canadian dollar ("C\$"). All dollar amounts in this news release are in US\$, unless otherwise noted.

The Company reported a consolidated net loss of \$906,000, or \$0.02 per share, on sales revenue of \$631,000 for the three months ended June 30, 2015. During the six-month period ended June 30, 2015, the Company recorded a net loss of \$1,177,000, or \$0.02 per share on revenues of \$2,153,000. This compares with a net loss of \$693,000, or \$0.01 per share and a net loss of \$2,139,000, or \$0.04 per share, on revenues of \$1,310,000 in the first three and six month periods respectively of the prior year during which the Company was in the pre-operating stage at the 500,000 ton per year ("tpy")-capacity rated frac sand plant in Alberta (the "7P Plant").

Due to the sudden decline in the price of oil combined with the protracted spring break-up period when road restrictions are in place and therefore drilling activity is limited, demand for frac sand in the Company's target markets basically came to a full stop in the first quarter of 2015. The Company accumulated inventory of in excess of 40,000 tons of frac sand at various stages of processing and temporarily suspended production in order to draw down inventories. Sales resumed in May, 2015. During the second quarter, sales totalled 4,344 tons of frac sand.

Revenue per ton in the second quarter was \$133.74, resulting in a gross margin of \$76,000. During the three-month period ending June 30, 2014, the 7P plant was in the process of being commissioned and produced 19,408 tons of various grades of frac sand, 9,470 tons of which was sold generating revenue of \$1,310,000

"The first six months of the year have been extremely challenging on a number of fronts due to the current state of affairs in the oil & gas industry and the resulting negative pressure on frac sand demand and pricing," said Rene Galipeau, Victory Nickel's CEO. "We are now in August and the reduced demand for sand continues, however we are seeing signs of returning demand as oil service companies are looking for pricing and availability of frac sand in preparation for any increased activity. The price of oil necessary to create a resurgence of demand is yet to be understood. Major suppliers of frac sand have said that the long-term fundamental trends for sand demand remain favorable and that the price discounts are temporary."

2015 Outlook

With a significant inventory of premium-quality Northern White Wisconsin frac sand at various stages of completion at the 7P Plant, Victory Nickel is well-positioned to meet customers' needs when frac sand demand returns. The slowdown is also presenting opportunities and Victory Silica's management is actively pursuing these opportunities which should make the Company more competitive in the future.

A significant portion of staff and management salaries and director's fees currently due are being deferred or eliminated until the demand for frac sand returns. In addition, there will be no discretionary expenditures. To this end we thank our employees, many suppliers and our lenders who are showing patience.

On July 1, 2015, the Company announced that it was not able to make the quarterly interest payment due June 30, 2015 on the securities purchase and line of credit agreement (the "SPA Loan") and on approximately US\$6 million of Promissory Convertible Notes, and that it was in discussion with its lenders and other potential financiers to restructure the Company's debt and to recapitalize the Company. On July 30, 2015, the Company announced it had not repaid the amounts due under the SPA Loan. The Company continues with discussions among the holder of the SPA Loan and other potential financing sources. To date, the Company has not received acceptable expressions of interest and has not completed any debt restructuring. Without an injection of capital until the demand for frac sand returns to allow the Company to sell its inventory, the Company will not be able to meet its outstanding obligations or any new obligations as they become due. There can be no assurance that the Company will be able to restructure its debt and/or recapitalize and there is no certainty as to what steps the lenders may take in light of these defaults.

About Frac Sand

Frac sand is a proppant used in the oil and gas business as a part of the hydraulic fracturing process — a means of increasing flow to the wellhead. Frac sand must have particular characteristics including achieving certain levels of crush resistance, sphericity and roundness, and it is therefore a relatively rare commodity.

About Victory Nickel

[Victory Nickel Inc.](http://www.victorynickel.ca) is a Canadian company with four sulphide nickel deposits containing significant NI 43-101-compliant nickel resources and a significant frac sand resource at its Minago project. 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. Through a wholly-owned subsidiary, Victory Silica Ltd.,

Victory Nickel is establishing a presence in the frac sand market prior to commencing frac sand production and sales from Minago.

About Victory Silica

Victory Silica is a wholly-owned subsidiary of Victory Nickel and is charged with a phased plan to establish the Company in the frac sand market. In Phase One, the Company constructed a 500,000 tpy-rated dry processing plant and has begun processing and selling sand imported from Wisconsin. The 7P Plant is well located in an area populated with fracking companies, its potential customers, and is within only a few hours' trucking distance of major oil or gas play well sites. Phase Two, which includes the construction of a concentrator, also known as a "wet plant," in Wisconsin, is expected to reduce costs and ensure security of sand supply through the control of a frac sand mine in Wisconsin. In Phase Three, the Company intends to construct a larger frac sand plant to process and distribute both imported and domestic sand, which may potentially, but not necessarily, include sand mined as a co-product of development at the Company's Minago project. The Company has already identified a site in Manitoba for this purpose.

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

Forward-Looking Information: This news release contains certain forward-looking information. All information, other than information regarding historic fact that addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future is forward-looking information. Forward-looking information contained in this news release includes, but is not limited to, the ability of the Company to restructure its debt with the relevant lenders and the ability of the Company to pay future interest and other payments in connection with such debts. The forward-looking information contained in this news release reflects the current expectations, assumptions and/or beliefs of the Company based on information currently available to the Company. With respect to the forward-looking information contained in this news release, the Company has made assumptions regarding, among other things, the ability of the Company to restructure its debts. The forward-looking information contained in this news release is subject to a number of risks and uncertainties that may cause actual results or events to differ materially from current expectations, including an unwillingness of the Company's lenders to refinance the Company's debts on terms favourable to the Company or at all and the ability of the Company to continue selling frac sand. Additionally, if the Company is unable to restructure its debts, obtain additional financing and/or continue generating revenue through the sale of frac sand, the Company may be required to curtail activities and/or liquidate its assets or the Company's creditors may seek to seize its assets. Any forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable law, the Company disclaims any obligation to update or modify such forward-looking information, either because of new information, future events or for any other reason. 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.