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[Velocity Minerals Ltd.](#) (TSX VENTURE:VLC.H) ("Velocity") is pleased to announce that it has signed a Share Purchase and Sale Agreement (the "SPA") with 1077076 B.C. Ltd., a private British Columbia corporation ("TargetCo"), and the shareholders of TargetCo (the "Sellers"), whereby Velocity will acquire all of the outstanding shares of TargetCo in exchange for common shares (the "Payment Shares") of Velocity, at a deemed price of \$0.25 per Payment Share (the "Transaction"). On completion of the Transaction, Velocity will hold (through TargetCo) options to acquire interests in the Tintyava Property and the Ekuzya Property located in south-eastern Bulgaria.

#### About the Target

TargetCo is a private British Columbia company, which is arm's length to Velocity.

TargetCo has entered into letter agreements with "Gorubso-Kardzhali" AD ("Gorubso") which provide for the grant by Gorubso to TargetCo of: (i) an option to acquire a 50% interest in the Ekuzya Property ("Ekuzya"), and (ii) an option to acquire a 70% interest in the Tintyava Property ("Tintyava PL"), which includes the Rozino Gold Deposit ("Rozino") (Figure 1). The projects are located in southeast Bulgaria, Eastern Europe. The underlying owner of both Ekuzya and Tintyava PL is Gorubso, which is a gold producer in the region. Ekuzya is located south and adjacent to Gorubso's producing Chala Gold Mine, within Gorubso's Chala mining concession. Rozino is situated within the 163 km<sup>2</sup> area comprising the Tintyava PL.

#### Ekuzya Property

The area now comprising Ekuzya was first explored in the Soviet-era for base metals through extensive trenching and drilling. No soviet-era drill samples were analysed for gold and less than 3% of all surface and underground exploration sampling was analysed for gold. Following the collapse of the Soviet Union, the Bulgarian state explored for gold but focussed its efforts north of Ekuzya, where it drilled the Chala gold deposit defining a Soviet-style C1 + C2 resource of 1.5Mt @ 9.83g/t Au. Gorubso later purchased the Chala mining concession through a management buyout in the late 1990's and mined base metals within Ekuzya (Target Zone 5a) before switching to gold mining at Chala in 1993.

To view *Figure 1: Location of Ekuzya and Rozino Projects*, please visit the following link:  
<http://media3.marketwire.com/docs/1084911-F1.pdf>

*Velocity cautions that the historical resource at the neighbouring Chala Gold Mine is derived from private mining company records that are historical in nature and that the historical resource is located outside of Ekuzya. The historical Soviet resources are not compliant with National Instrument 43-101 and are not being treated as a mineral reserve or mineral resource by Velocity. Readers are cautioned that the Chala Gold Mine is an adjacent property and that, except as set out below, Velocity has no interest in or right to acquire any interest in the Chala Gold Mine, and that mineral deposits on adjacent or similar properties, and any production therefrom or economics with respect thereto, are not in any way indicative of mineral deposits on Velocity's properties or the potential production from, or cost or economics of, any future mining of any of Velocity's mineral properties.*

The belief of early explorers that Ekuzya was a base-metal only deposit was never systematically tested but minor sampling undertaken in the last 20 years has proven the existence of gold in the system. However, the limited information on gold was never systematically followed-up because Gorubso was fully occupied mining the adjacent Chala Gold Mine. Gold analysis available from what is now understood to be a gold-base metal system has been very encouraging. A total of three gold-bearing targets have been defined, including the formerly base-metal producing Target Zone 5a, as well as Target Zone 5 and the Ekuzyata Target. Ekuzya represents the southern half of the Chala Intermediate Sulphidation Epithermal gold deposit. Base metal and precious metal mineralisation is present as vein swarms related to an intrusion-centred hydrothermal system that is zoned both vertically and horizontally away from a porphyry Molybdenum-Gold-Copper deposit at Chuka, located 1.5km to the west.

As part of the Ekuzya option agreement with Gorubso, TargetCo has negotiated a 12-month exclusivity period, during which time TargetCo shall have an exclusive right to negotiate an interest in the Chala Gold Mine. Since purchasing the Chala mining concession Gorubso has carried out no underground or surface drilling at the deposit and all exploration and mine planning has been undertaken via underground development and stope sampling. In order to evaluate the future potential of the Chala Gold Mine, TargetCo plans to compile all historical exploration and production data related to the property.

The terms of the letter agreement for Ekuzya provide that Gorubso will grant TargetCo the sole and irrevocable right and option to acquire an undivided 50% legal and beneficial interest in the property free and clear of all liens and encumbrances in

consideration for TargetCo incurring US\$1 million in exploration expenditures over a two year period, as to US\$500,000 in the first year and US\$500,000 in the second year; provided that if after TargetCo has incurred the expenditures and there is a delay of more than 180 days in effecting the transfer of the earned interest in the property to TargetCo or if at any time prior thereto TargetCo elects not to exercise the option, then TargetCo's interest in the Property will be limited to the obligation of Gorobso to pay TargetCo a 5% gross value commission on all metals discovered on the property as a result of TargetCo's exploration activities thereon.

## Tintyava PL and Rozino Deposit

The Tintyava PL is an area comprising 163 km<sup>2</sup>. The property was acquired by Gorubso through participation in a public tender process in which Gorubso submitted the winning bid. The property includes the Rozino gold deposit, which will be the initial focus of exploration and also includes a number of earlier stage but prospective regional targets.

Rozino has been explored by the Bulgarian state and foreign investors such as Hereward Resources, Cambridge Minerals, Asia Gold and Caracal Mining. The state drilling at Rozino was vertical and as a consequence was unable to adequately define steeply dipping veins where higher grade gold is concentrated. This shortcoming was recognised by Hereward and angled holes towards the NW aimed to test these steep zones. Asia Gold recognised that most of the veins strike NW and that the deposit was drilled in the wrong orientation but they completed only 1 hole across the core of the deposit. This single test intersected 68m grading 3.15 g/t gold but Asia Gold withdrew from the project shortly thereafter.

Rozino is a Low Sulphidation Epithermal deposit characterised by sheeted quartz - adularia veins and disseminations within basal breccia-conglomerate sediment. The Ada Tepe gold deposit, located 20km west of Rozino, is hosted in the same favourable host rock. The Ada Tepe Measured and Indicated resource is reported as 2 zones; 5Mt grading 2.99g/t gold, 1.75g/t silver (using a 0.6g/t gold cut-off), and 1.9Mt grading 6.13g/t gold, 3.19g/t silver (using a 0.8g/t gold cut-off). The deposit is currently being developed by Dundee Precious Metals with a slated production in 2018.

*Readers are cautioned that Ada Tepe is an adjacent property and that Velocity has no interest in or right to acquire any interest in Ada Tepe, and that mineral deposits on adjacent or similar properties, and any production therefore or economics with respect thereto, are not in any way indicative of mineral deposits on Velocity's properties or the potential production from, or cost or economics of, any future mining of any of Velocity's mineral properties.*

The terms of the letter agreement for Tintyava PL provide that Gorubso will grant TargetCo the sole and irrevocable right and option to acquire an undivided 70% legal and beneficial interest in the property free and clear of all liens and encumbrances in consideration for TargetCo paying to Gorubso the approximate amount of \$325,000 that Gorubso shall use to pay a tender fee to the Ministry of Energy of the Republic of Bulgaria for an exploration licence for Tintyava PL. Thereafter, the option will be exercisable for a period of six years by TargetCo preparing (at its own cost) a preliminary economic assessment (the "PEA"), within the meaning of NI 43-101.

## The Proposed Transaction

Velocity proposes to acquire all of the issued and outstanding shares of TargetCo in exchange for issuing 18,000,000 Payment Shares to the Sellers. As a result, the Sellers will hold approximately 45.08% of the common shares of Velocity on closing assuming completion of the Financing referred to below.

The Transaction was negotiated at arm's length. The Transaction will constitute a reviewable transaction under the policies of the TSX Venture Exchange (the "Exchange"), and as such it will require approval of the Exchange. As no change of control will result, Velocity will not be required to seek the approval of its shareholders. As a term of the Transaction, all of the Payment Shares will be subject to escrow restrictions whereby such shares will be released over three years as to 10% on closing and an additional 15% every six months over 36 months.

## Certain Conditions to Transaction

The completion of the Transaction will be subject to the satisfaction of certain conditions, including:

- on Closing, the resignation of all current officers and directors of Velocity except for Joseph Martin, who will remain as an independent director;
- the appointment of Keith Henderson, Mark Cruise, Daniel Marinov and Gordon Doerksen as directors; and the appointment of Keith Henderson as President and Chief Executive Officer, Blaine Bailey as Chief Financial Officer and Stuart Mills as Vice President - Exploration;
- Velocity completing the Financing;
- receipt of Exchange approval of the Transaction and the Financing; and
- completion of a technical report on Ekuzya in compliance with National Instrument 43-101, to the satisfaction of Velocity.

## Change in Management

Upon completion of the Transaction, it is anticipated that the board of directors and management of Velocity will include the following:

*Keith Henderson, CEO, President & Director*

Keith has extensive experience in eastern and southern Africa focused mainly on gold exploration. He formerly held managerial and senior technical roles at Anglo American in Europe and North America. Formerly Vice President Exploration at [Cardero Resource Corp.](#), he played a critical role in the sale of the Pampa de Pongo iron deposit for \$100M cash, the \$55M acquisition of a metallurgical coal asset in Canada and the \$15M acquisition of a copper asset in Arizona. Keith has broad commodity experience including precious metals, base metals, metallurgical coal and iron ore. He was formerly CEO at Dorato Resources and is currently CEO at [Centenera Mining Corp.](#), which is focused on project acquisition and exploration in Argentina.

*Stuart Mills, Vice President - Exploration*

Stuart was formerly Senior Geologist for Anglo American in various countries including Bulgaria, Turkey, Yemen, and Iran, and Country Manager in Ireland. He was later appointed Principle Geologist Asia-Pacific for Anglo American and was responsible for Anglo's zinc discovery in NT, Australia. He was also in charge of exploration in China and India for Anglo. More recently, Stuart was Regional Exploration Manager Africa-Eurasia at Lundin Mining where he had Technical responsibility for Lundin's two largest investments (Siberia and DRC) and was Lundin's technical representative on Tenke Fungurume owner's team. As Exploration Manager with technical responsibilities in all projects at Red Back Mining he was part of the team that sold Red Back Mining to Kinross for \$7.2 billion. As Country manager for Orca Gold in Sudan, Stuart led the discovery team of the Galat Sufar gold deposit (maiden resource 28.8Mt @ 2.2 g/t Au, 0.8 g/t cut-off). He has global experience throughout Africa, Europe, Asia and South America, as well as a proven discovery track-record and extensive experience in project review and acquisition.

*Mark Cruise, Director*

Mark has previously held positions including Vice President Exploration & VP Business Development at [Cardero Resource Corp.](#), and senior roles with Anglo American in Europe and North America. He was a co-founder at International Tower Hill Mines, which peaked at \$800 million market capitalization (2010). Mark founded [Trevalli Mining Corp.](#), a zinc producer with \$450M market capitalization. He has managed development projects in Peru and Canada through discovery, resource definition, mine design, finance, and mine construction raising \$350 million through equity (70%) and debt (30%).

*Daniel Marinov, Director*

Daniel has worked in various senior geologist roles with Anglo American and Rio Tinto and has global expertise and experience with gold, base metals, iron ore, borates and uranium. He was formerly Project Manager for Michiquillay porphyry copper-gold-moly deposit in northern Peru for Anglo American. He is currently Vice President Exploration at Trevalli Mining with strong discovery track-record replacing production tonnes at both of Trevalli's mine sites. Daniel is a Bulgarian national with significant experience and expertise working around the globe including in Bulgaria and eastern Europe.

*Gordon Doerksen, Director*

Gord is a professional mining engineer with more than 25 years of operations and engineering experience in Canada, USA and Africa. Gord's engineering experience includes mine planning, project engineering and senior management at mines throughout North America and Africa, working with Konkola Copper Mines (Anglo American), Sandvik, FMC Corporation and Giant Yellowknife Mines. More recently, Gord worked at SRK Consulting (Canada) Inc. for six years where he was a Principal and led project teams in a wide variety of engineering studies, operational assistance initiatives and due diligence work globally. Since 2012, Gord has been with JDS Energy and Mining where he is Vice-President Technical Services and where he has technical oversight on engineering work and NI 43-101 reports from due diligence to scoping and feasibility.

*Blaine Bailey, CFO*

Blaine is a Certified General Accountant who has worked with numerous private and public companies over the past 20 years. Blaine brings complementary skills to the team in the areas of finance, administration and financial reporting.

**Private Placement**

In conjunction with the Transaction, Velocity will undertake, subject to the acceptance of the Exchange, a private placement of at least \$1,500,000 in gross proceeds (the "Financing") through the issuance by Velocity of at least 6,000,000 units at a price of \$0.25 per unit. Each unit will consist of one common share of Velocity and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase one common share of Velocity for a period of 12 months at the exercise

price of \$0.40 per share; provided that in the event the closing price of Velocity's common shares on the Exchange is equal to greater than \$0.60 per share for ten consecutive trading days at any time following four months after the date of closing of the Financing, Velocity may, by notice to the warrant holders reduce the remaining exercise period of the warrants to not less than 30 days following the date of such notice.

The funds will be used to undertake the initial phase of exploration work on the Ekuzya and Tintyava PL, and for general working capital purposes.

#### Other Matters

The current holders of 7,500,000 outstanding common shares of Velocity have agreed to resale restrictions on their shares whereby one-third of their shares will be released six months following closing of the Transaction, with an additional one-third released every six months thereafter over 18 months.

The current holders of the 14,000,000 outstanding share purchase warrants in the capital of Velocity have agreed to transfer such warrants to the new incoming management, as to 35% to Stuart Mills, 30% to Keith Henderson, 20% to Daniel Marinov, and 15% to Mark Cruise.

A finder's fee of \$150,000 is payable to an arm's length third party and is to be paid by the issuance of 600,000 common shares of Velocity at the deemed price of \$0.25 per share.

James Hogg, MSc MAIG, Principal Geologist for Addison Mining Services Ltd and a "qualified person" within the meaning of NI 43-101, has reviewed the scientific and technical information that forms the basis of this news release and has approved the disclosure herein. Mr. Hogg is independent of Velocity.

This news release does not constitute an offer of sale of any of the foregoing securities in the United States. None of the foregoing securities have been and will not be registered under the U.S. Securities Act of 1933, as amended (the "1933 Act") or any applicable state securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the 1933 Act) or persons in the United States absent registration or an applicable exemption from such registration requirements. This news release does not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of the foregoing securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

On behalf of the Board of Directors,

Paul A. Larkin, CEO

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION:** This news release includes certain "forward-looking statements" under applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to: the terms and conditions of the proposed Transaction; the terms and conditions of the proposed Financing and private placement; future exploration and testing carried out on Ekuzya and Tintyava PL; use of funds; and the business and operations of Velocity after the proposed transaction. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; operating and technical difficulties in connection with mineral exploration and development activities, actual results of exploration activities; lack of investor interest in the Financing; requirements for additional capital; future prices of gold and precious metals; changes in general economic conditions; accidents, delays or the failure to receive board, shareholder or regulatory approvals, including the required permits; results of current exploration and testing; changes in laws, regulations and policies affecting mining operations; title disputes; and the fact that Velocity's interest in Ekuzya and Tintyava PL is only an option and there is no guarantee that the interest if earned will be certain. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Velocity disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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