

Velocity Commences Underground Drilling at Chala Gold Mine, Southeast Bulgaria

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VANCOUVER, British Columbia, June 27, 2018 (GLOBE NEWSWIRE) -- [Velocity Minerals Ltd.](#) (TSX-V:VLC) ("Velocity" or the "Company") announces that it has initiated underground drilling at the operating Chala Gold Mine ("Chala" or the "Chala Mine"). A total of 45 diamond drill holes have been planned for more than 5,000m of underground drilling from 8 drill positions (Figure 1) (the "Drill Program"). The drilling is being initiated by Velocity in connection with the successful negotiation and settlement of the terms of a property option agreement and joint venture agreement to be entered into between a wholly-owned Bulgarian subsidiary of Velocity and Velocity's Bulgarian partner Gorubso Kardzhali A.D. ("Gorubso"), whereby Velocity will be granted the option to acquire a 50% interest in the Chala Mine.

Plan Map of the Chala Mine showing hydrothermally altered zones which host gold mineralization, drill target zones, and a selection of planned underground drill holes. Mined stopes are projected to surface, and all other underground development is omitted for clarity.

Schematic drill section showing existing mining stopes & stope sampling to level 530 RL and the approximate position of drill hole fans with respect to Target Zone 8

3D View of the Chala Gold Mine Exploration Model, viewing northeast. Development in blue, with stope sampling shown in red. Vein wireframes are represented in transparent colours.

Chala Underground Exploration Potential

The Chala Mine is an underground gold mine exploiting high-grade epithermal gold-bearing veins. Since being acquired by Gorubso, the mine has been producing gold for approximately 11 years, with run-of-mine material trucked 40km to Gorubso's CIL processing plant. Gold recoveries at the plant are in excess of 95% and gold dore is produced for sale to a Bulgarian smelter.

Velocity believes that mineralization could be continuous at depth (Figure 2), below the levels of current mine development, and the current underground exploration drilling program is aimed at defining a mineral resource of sufficient size to justify future capital investment for further development and expansion of the Chala Mine. If the Company is successful in defining a new resource at Chala, changes in mining methods and increased mechanization could be justified thereby substantially increasing production and lowering unit costs.

"Working together with our partner Gorubso at Chala, we have begun underground drilling and are excited at the prospect of defining new resources that can extend the life of the mine and build on the work that Gorubso has completed through mine development to date," stated Keith Henderson, Velocity's President & CEO. "We believe there is a good opportunity at Chala to discover resources and increase rates of production and the current drill program will allow us to begin to quantify that opportunity."

Planned Underground Drilling

Drilling will begin at Zone 8 West and is focused on identifying depth extensions to the previously mined Vein

8. Targets have been generated following digital capture and interpretation of extensive paper-based mine production records. A total of 45 underground drill holes will test depth and strike extensions to 6 priority target areas. Access for underground drilling has been created by Gorubso through rehabilitation of old mine workings and new exploration development, which has been crucial in allowing Velocity to access priority drill targets.

3D Mine Model Developed

Over the past year, Velocity has completed extensive due diligence and resource targeting at the Chala Mine and has identified multiple high-priority targets adjacent to or below existing mine infrastructure. Velocity has digitally captured all available paper datasets at Chala, including 20,798m of surface trenching, 55 historical surface drill holes, all existing underground development and production stopes including details of underground sampling within 31,664m of exploration and mine development plus face sampling of 657 mining stopes. The resulting data set allowed Velocity to build a comprehensive 3D geological model (Figure 3), which was then used to generate priority drill targets.

Chala Mine Agreement

Velocity has settled the terms by which it will be granted the option (the "Option") to acquire a 50% interest in the Chala Mine. The agreed terms provide that Velocity, through its wholly-owned Bulgarian subsidiary, will be granted the option by Gorubso to acquire a 50% legal and beneficial interest in the Chala Mine (and the associated mining concession) by incurring CAD 1 million in aggregate exploration expenditures over an 18-month period, of which CAD 500,000 must be incurred within 12 months. Upon the exercise in full of the Option, Velocity will have the option to form a joint venture with Gorubso for the further exploration, continued development and operation of the Chala Mine or receive a 5% gross smelter returns royalty on the gross value of all metals contained in an inferred mineral resource, discovered, directly or indirectly, as a result of Velocity's exploration efforts at the Chala Mine.

Shares for Services Arrangement

The Company also announces that its drilling contractor for the Drill Program, GEOPS – Balkan Drilling Services Ltd. (the "Contractor"), has agreed to complete 600m of underground drilling under a shares for services arrangement (the "Shares for Services Arrangement"), subject to acceptance for filing thereof by the TSX Venture Exchange (the "TSXV"). Under the terms of the Shares for Services Arrangement, the Contractor will invoice the Company for drilling services performed, which invoice(s) will be settled in full by the Company issuing to the Contractor fully paid and non-assessable common shares in the capital of the Company (the "Payment Shares") at a deemed issuance price equal to a 15% discount to the closing price of the Velocity common shares on the TSXV on the date that the Company issues the Payment Shares. In Canada, the Payment Shares will be subject to a hold period of four months and one day following the date of issuance.

“The collaboration and support we have received in Bulgaria has been exceptional; the drill contractors continue to show support by effectively investing in the Company’s strategy,” Mr. Henderson continued.

Qualified Person

The technical content of this release has been approved for disclosure by Stuart A. Mills, BSc, MSc, CGeol, a Qualified Person as defined by National Instrument 43-101 and the Company’s Vice President Exploration. Mr. Mills is not independent of the Company.

About Velocity Minerals Ltd.

Velocity is a gold exploration and development company focused on eastern Europe. The Company’s management and board includes mining industry professionals with combined experience spanning Europe, Asia, and the Americas as employees of major mining companies as well as founders and senior executives of junior to mid-tier public companies. The team's experience includes all aspects of mineral exploration,

resource definition, feasibility, finance, mine construction and mine operation as well as a track record in managing publicly listed companies.

About Bulgaria

Bulgaria is a member of NATO (2004) and a member of the European Union (2007). The local currency (BGN) has been tied to the Euro since 1999 (1.956 BGN/EUR). The country is served by modern European infrastructure including an extensive network of paved roads. Bulgaria boasts an exceptionally low corporate tax rate of only 10%. The country's education system is excellent with good availability of experienced mining professionals in a favourable cost environment. Foreign mining companies are successfully operating in Bulgaria. The country's mining law was established in 1999 and updated in 2011. Mining royalties are low and compare favourably with more established mining countries.

On Behalf of the Board of Directors

"Keith Henderson"
President & CEO

Keith Henderson
Phone: +1-604-484-1233
For further information, please contact: E-mail: info@velocityminerals.com
Web: www.velocityminerals.com

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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 Drill Program and the future exploration to be carried out at the Chala Mine, the ability of the Company to negotiate and enter into a definitive property option and joint venture agreement for the Chala Mine, the issuance of shares under the Shares for Services Arrangement, and the future business and operations of the Company. Often, but not always, forward looking statements can be identified by words such as "pro forma", "plans", "expects", "may", "should", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes", "potential" or variations of such words including negative variations thereof, and phrases that refer to certain actions, events or results that may, could, would, might or will occur or be taken or achieved. Forward looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by the forward-looking information. Such risks and other factors include, among others, operating and technical difficulties in connection with mineral exploration and development and mine development activities for the Company's projects, including the Chala Mine, the fact that the Company has not yet entered into a definitive property option and joint venture agreement in respect of the Chala Mine and, even once entered into, there is no guarantee that the interest in the Chala Mine, if earned, will be certain, actual results of exploration activities, including the Drill Program, estimation or realization of mineral reserves and mineral resources, timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, availability of a sufficient supply of water and other materials, requirements for additional capital to fund the Company's business plan, future prices of precious metals, changes in general economic conditions, changes in the financial markets and in the demand and market price for commodities, possible variations in ore grade or recovery rates, possible failures of plants, equipment or processes to operate as anticipated, accidents, labour disputes and other risks of the mining industry, delays in obtaining governmental and regulatory approvals (including of the TSXV in respect of the Shares for Services Arrangement), permits or financing or in the completion of development or construction activities, changes in laws, regulations and policies affecting mining operations, hedging practices, currency fluctuations, title disputes or claims limitations on insurance coverage and the timing and possible outcome of pending litigation, environmental issues and liabilities, risks related to joint venture operations, and risks related to the integration of acquisitions, as well as those factors discussed under the heading "Risk Factors" in the Company's annual management's discussion and analysis and other filings of the Company with the Canadian Securities Authorities, copies of which can be found under the Company's profile on the SEDAR website at www.sedar.com.

Readers are cautioned not to place undue reliance on forward looking information. The Company undertakes no obligation to update any of the forward-looking information in this news release or incorporated by reference herein, except as otherwise required by law.

The figures accompanying this announcement are available at

<http://www.globenewswire.com/NewsRoom/AttachmentNg/43aed104-5bb8-430d-b7a6-4b76773250a1>

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