

Velocity Announces C\$9M Strategic Investment by Atlantic Gold

17.01.2019 | [GlobeNewswire](#)

NOT FOR DISTRIBUTION TO UNITED STATES NEWS WIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

VANCOUVER, Jan. 17, 2019 - [Velocity Minerals Ltd.](#) (TSXV: VLC) (“Velocity” or the “Company”) is pleased to announce that it has entered into an investment agreement, dated January 16, 2019 (the “Agreement”) with mid-tier producer [Atlantic Gold Corp.](#) (TSXV: AGB) (“Atlantic Gold”) for a C\$9.0 million strategic investment (the “Strategic Investment”). In connection with the Strategic Investment, Atlantic Gold has agreed to purchase 18,600,000 units of Velocity in a private placement at a price of C\$0.21 per unit for total gross proceeds of approximately C\$3.9 million (the “Equity Placement”). In addition, Velocity has agreed to issue and sell to Atlantic Gold approximately C\$5.1 million principal amount of secured convertible debentures of Velocity (the “Convertible Placement”). Upon closing of the Strategic Investment, Atlantic Gold will own 19.9% of the outstanding common shares of Velocity on a non-diluted basis and 39.2% on a partially-diluted basis.

“We are delighted to welcome Atlantic Gold as a strategic investor in the Company. Atlantic’s development expertise in Nova Scotia complements our exploration success in Bulgaria. Our corporate strategies are aligned, with Velocity’s development objectives mirroring Atlantic’s successful “hub and spoke” approach of satellite deposits feeding a centralized processing plant,” stated Keith Henderson, President & CEO of Velocity. “The proceeds from the financing will allow for the progression of our PEA-stage Rozino gold project toward feasibility and for exploration and resource definition of several additional projects. We believe that 2019 will be a transformative year for Velocity.”

Steven Dean, Chairman and CEO of Atlantic Gold, commented “We are pleased to enter into a strategic partnership with the Velocity management team with the shared objective of advancing its Bulgarian exploration and development assets through to feasibility stage and beyond. Through our understanding of the Bulgarian mineral properties to date, Atlantic Gold sees many of the hallmarks we recognized only 4 years ago in our Moose River Consolidated mine which has led to its successful construction, commissioning and operation with significant production growth in the near future. We look forward to completing the Strategic Investment in short order and working collaboratively with Velocity in 2019.”

Transaction Details

In connection with the Equity Placement, Atlantic Gold will acquire 18,600,000 units (the “Units”) of Velocity at a price per Unit of C\$0.21 for total gross proceeds of C\$3,906,000. Each Unit will consist of one common share of the Company and one-half of one common share purchase warrant, with each whole warrant (a “Warrant”) entitling Atlantic Gold to acquire one common share at a price of C\$0.25 per common share for a period of 36 months following the closing of the Equity Placement.

The Convertible Placement will consist of C\$5,094,000 principal amount of secured convertible debentures (the “Convertible Debentures”) issued by the Company to Atlantic Gold. The Convertible Debentures will carry an 8.5% coupon over a five year term and will be secured by general security agreement of the Company. Velocity can elect to pay any interest due in cash or shares at its sole election. Atlantic Gold can, at its option, convert the Convertible Debentures into common shares of Velocity at a conversion price of C\$0.25 per share.

In addition, pursuant to the terms of the Agreement, Atlantic Gold will be granted:

- the right to appoint one director to Velocity's Board of Directors upon the closing of the Equity Placement, and increasing to two out of five directors upon Atlantic Gold holding over 30% of the issued and outstanding shares of Velocity;
- the right to participate in any future equity issuances by Velocity in order to allow Atlantic Gold to maintain its pro rata fully-diluted ownership in Velocity;

Upon closing of the Strategic Investment, Atlantic Gold will be subject to a one-year standstill limiting it from acquiring additional common shares of Velocity. Furthermore, Atlantic Gold has agreed to vote with Velocity management and not to sell any of its Velocity securities for a one-year period.

The securities issued under the Strategic Investment will be subject to a four-month hold period from the date of closing. The closing of the Strategic Investment is subject to customary items including, among other things, acceptance from the TSX Venture Exchange and the delivery of certain closing documents.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

Shareholder Approval

Shareholder approval of the Strategic Investment was obtained through the written consent of Velocity shareholders holding an aggregate of 39,455,098 shares of the Company, representing 52.7% of the current outstanding shares of Velocity. Additionally, voting support agreements have been entered into by directors and officers of Velocity representing 36.7%.

Use of Proceeds

Proceeds from the Strategic Investment will be used to fund the advancement of the Rozino gold project (the "Rozino Project") towards feasibility and permitting, including resource expansion and definition drilling, engineering studies, and environmental monitoring and assessment. In addition, Velocity will proceed with exploration and assessment of satellite deposits where Velocity has negotiated option rights.

Advisors

Haywood Securities Inc. is acting as financial advisor to Velocity. Lotz and Company and McCarthy Tétrault LLP are acting as Canadian legal counsel to Velocity and Blake, Cassels & Graydon LLP is acting as legal counsel to Atlantic Gold.

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 envisions staged open pit mining of satellite deposits and processing in a central, currently operating carbon-in-leach ("CIL") plant. 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 Atlantic Gold Corporation

Atlantic Gold is a well-financed, growth-oriented gold development group with a long-term strategy to build a mid-tier gold production company focused on manageable, executable projects in mining friendly jurisdictions. Atlantic Gold is focused on growing gold production in Nova Scotia beginning with its MRC phase one open pit gold mine which declared commercial production in March 2018, and its phase two Life of Mine Expansion which will ramp up gold production to + 200,000 ounces per year (NI 43-101 Technical Report on Moose River Consolidated Phase 1 and Phase 2 Expansion, effective date 24 January, 2018). Atlantic Gold is committed to the highest standards of environmental and social responsibility and continually invests in people and technology to manage risks, maximize outcomes and returns to all stakeholders.

About Rozino

The Rozino Project is one of six exploration projects located within an Exploration and Mining Alliance with Bulgarian operating partner Gorubso-Kardzhali AD. Velocity began exploring and drilling at Rozino in August 2017 and completed a Preliminary Economic Assessment in September 2018. The PEA provides a base case assessment of developing Rozino by open pit mining and on-site crushing, milling and simple flotation to produce a 30 g/t gold concentrate. The concentrate would then be trucked 85km on existing roads to the currently operating CIL plant where saleable gold doré would be produced. Mineralization remains open for expansion. Having delivered the PEA, the Company has exercised its option for a 70% interest in the project and will move forward in joint venture with Gorubso-Kardzhali AD.

Rozino PEA

On September 17, 2018, Velocity announced the results of an independent PEA on the Rozino Project. The PEA provides a base case assessment of developing the project by open pit mining and gold recovery by a combination of on-site preconcentration in a flotation plant and further processing in an existing operating CIL Plant located in Kardzhali, 85km by road from Rozino. Saleable gold doré will be produced at Kardzhali. The PEA financial model returns an after-tax NPV_{5%} of \$129 million and an after-tax IRR of 33.1%.

Rozino Project is located within the Tintyava prospecting license, an exploration property in which Velocity had an exclusive right to acquire a 70% interest by delivering the PEA report to the underlying property owner, Gorubso Kardzhali A.D. With the delivery of the PEA in Q4 2018, Velocity is deemed to have earned a 70% interest in the Tintyava Property and to be in Joint Venture with Gorubso for the further development of the Property.

PEA¹ Highlights

- After-Tax Financials: After-tax NPV_{5%} of \$129 million and after-tax IRR of 33%
- Cash Cost: All-in sustaining cost² of US\$543 per ounce
- Annual Gold Production: Steady state³ annual production of 65,000 ounces, peak annual production of 78,000 ounces
- Capital Costs: Total estimated capital costs of \$97.6 million (includes contingency)
- Sustaining Capital: Low estimated sustaining capital of \$6.3 million
- Mining: Open pit with 0.6 g/t gold Cut-Off Grade, attractive strip ratio of 2.5 and 1.51 g/t Life of Mine gold grade
- Processing: On-site flotation producing gold bearing pyrite concentrate assaying 30 g/t and transportation to the CIL Plant (located 85 km from the Project) for processing
- ROCE: Return on capital expenditure of 3.3

(1) Base case parameters assume a gold price of US\$1,250/ounce and an exchange rate (CAD\$ to US\$) of 0.75. All amounts are reported in Canadian dollars unless otherwise specified. Financial results on 100% equity basis.

(2) All In Sustaining Cost (AISC) is defined as all cash costs related to mining and processing to final product. It includes on-mine and off-mine costs (direct and indirect). Sustaining capital costs related to continuing the business including exploration, development and equipment required to sustain production

are included. Taxes, working capital, M&A, disposals and acquisitions as well as new mine development capital costs are excluded. "AISC" is an industry financial measure that has no definition under Canadian GAAP. As a result AISC cannot be compared between companies or individual operations. (3) Steady state refers to the long-term average over time where processing throughput is maintained at nameplate capacity.

The PEA is preliminary in nature and includes Inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the PEA results will be realized. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

The PEA was prepared by CSA Global, an international mining consultancy with experience in Bulgaria, in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.

Please see news release dated September 17, 2018 for additional information regarding the PEA.

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

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

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 closing of the Strategic Investment and the conversion by Atlantic Gold of all or some of the Convertible Debentures, the use of funds from the Strategic Investment, the appointment by Atlantic Gold of a nominee or nominees to the Board of Directors of the Company, and the future business and operations of Velocity. 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 Rozino Project and the Company's projects generally, including the geological mapping, prospecting and sampling programs for the projects, the fact

that the Company's interests in the Tintyava property is only an option and there is no guarantee that the interest, if earned, will be certain, actual results of exploration activities, including the program, estimation or realization of mineral reserves and mineral resources, the timing and amount of estimated future production, costs of production, capital expenditures, the costs and timing of the development of new deposits, the 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 TSX Venture Exchange in respect of the Strategic Investment), the failure of Atlantic Gold to proceed with the Strategic Investment as a result of the inability of the Company to meet the conditions precedent to the closing of the Strategic Investment, issues arising from Atlantic Gold's due diligence or otherwise, 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.

Dieser Artikel stammt von Rohstoff-Welt.de

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/317313--Velocity-Announces-C9M-Strategic-Investment-by-Atlantic-Gold.html>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer!](#)

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2026. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).