

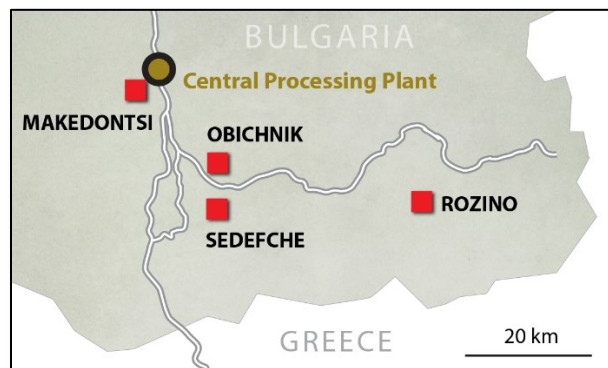
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## Velocity Enters into Option to Acquire 70% Interest in the Sedefche Gold Project, Southeast Bulgaria

**Vancouver, British Columbia** – Velocity Minerals Ltd. (TSXV: VLC, OTCQB: VLCJF, Frankfurt: VMSP) (“Velocity” or the “Company”) announces that it has entered into a definitive option agreement (the “Option Agreement”) with Bulgarian partner, Gorubso-Kardzhali A.D. (“Gorubso”), whereby Velocity has been granted the exclusive right to acquire a 70% interest (the “Option”) in the Sedefche gold deposit (“Sedefche” or the “Project”) located in southeast Bulgaria. The Company considers Sedefche to be an advanced-stage gold deposit and the Project has a fully permitted near-surface historical Bulgarian registered gold resource. The deposit remains open for expansion.

The Option can be exercised by Velocity completing 5,000m of drilling on the Project and drilling is expected to commence immediately. Located within trucking distance of Gorubso’s operational gold processing plant the deposit fits well with the Company’s hub ‘n’ spoke development model.



**Figure 1: Location of Sedefche relative to the operating processing plant, the Rozino joint venture project and other option properties in southeast Bulgaria.**

“Within our hub ‘n’ spoke development model, Sedefche is the fourth project for Velocity and one of three option agreements signed with our partner Gorubso this year,” stated Keith Henderson, Velocity’s President and CEO. “As a project fully permitted for mining, Sedefche is more advanced than our other properties. During the course of our drill program, we will be evaluating the feasibility of mining at Sedefche, while our larger projects such as Rozino continue to move forward towards feasibility and mine permitting.”

### **Sedefche Gold Project**

The Sedefche deposit is located in southeast Bulgaria, approximately 39 km by road from the gold processing plant, located in Kardzhali. The Project has been explored through 45 surface exploration trenches, 41 exploratory shafts and pits, 122 drill holes of diamond drilling, 3 mega trenches with 86 vertical channel samples, and a metallurgical bulk sample excavated and processed at Gorubso’s gold

processing plant. The Project has been advanced through feasibility and environmental permitting in Bulgaria, resulting in the issuance of a mining concession.

### Historical Estimates

The Historical Bulgarian Resources at Sedefche were calculated by Gorubso using the Bulgarian classification scheme, based on manual sectional polygonal methods of resource estimation. Bulgarian resource categories 111 and 211 at Sedefche are considered by Velocity to be broadly equivalent to Indicated and Inferred Resources, respectively, mineral resources categories under CIM Definition Standards on Mineral Resources and Mineral Reserves, as adopted by National Instrument 43-101 (“**NI 43-101**”). Resources were submitted to and accepted by the Bulgarian government, Dragiev, H, 2006, “Momchil Prospecting License, Report at the ‘Zvezdel - Pcheloyad Ore Field’, Geological Report with Resource And Reserve Recalculation of ‘Au-Ag Ores’ at the Sedefche Deposit”.

**Table 1: Bulgarian Historical Resources for Sedefche, calculated by Gorubso using the Bulgarian classification system.**

Cut-off Grade (g/t gold)	Tonnes (Mt)	Gold Grade (g/t gold)	Silver Grade (g/t silver)	Contained Gold (‘000 ounces gold)	Contained Silver (‘000 ounces silver)	Bulgarian Resource Category
0.8	1.2	2.0	68	76.0	2,649	111
0.5	0.7	0.8	39	18.2	856	211

The Company cautions that it is not treating the Historical Bulgarian Resources as current mineral resources and/or mineral reserves and that a qualified person has not done sufficient work to classify the Historical Bulgarian Resources as current mineral resources and/or mineral reserves. To upgrade the Historical Bulgarian Resources to a current NI 43-101 mineral resource and/or mineral reserve estimate, the model and estimation will have to be reviewed and repeated by a "qualified person", and the Project will need to be at least partially re-drilled with updated sampling procedures put in place. The Historical Bulgarian Resources are included in this news release because they are considered relevant by the Company, as they (i) confirm the presence of significant gold mineralization on the Project which has not been fully delineated; and (ii) provides information as to the potential size and nature of the immediate exploration targets within the Project. Readers should regard the Historical Bulgarian Resources as conceptual in nature as to quantity and grade and that it is uncertain if further exploration will result in the targets on the Project being delineated as a current mineral resources and/or mineral reserves.

### Sedefche Option Terms

The Option to earn a 70% interest in Sedefche is subject to the completion by the Company of 5,000m of drilling prior to March 31, 2020 (the “**Initial Drilling**”). If Velocity has not reached a decision to exercise the Option on completion of the Initial Drilling, Velocity can extend the expiry of the Option by completing an additional drill program (the “**Additional Drilling**”), provided that the Additional Drilling must be completed within 12 months from the effective date of the Option Agreement.

If Velocity elects not to exercise the Option, it will be entitled to a 1% Net Smelter Returns (“**NSR**”) royalty on any gold and silver mined from the Project in excess of that set out in the historical geological resources and reserves registered with the Bulgarian Ministry of Energy as of July 6, 2016 (the “**Historical Bulgarian Resources**”), that are identified or estimated as a result of the Initial Drilling and, if applicable, the Additional Drilling at the Project. Subject to Velocity's acceptance, half of the 1% NSR royalty (being 0.5%) can be purchased from Velocity by Gorubso for US\$1,000,000.

### Joint Venture Structure

Upon the exercise of the Option, Velocity will be deemed to have entered into a joint venture with Gorubso (the “**Joint Venture**”), at which time a joint venture company (“**JVCo**”) will be established. Given the advanced, fully permitted nature of the Project, Velocity will be required to make the following payments upon the exercise of the Option:

- On entering into the Joint Venture, Velocity will be required to pay a fee of US\$800,000 to Gorubso, payable in common shares in the capital of Velocity (the “**Velocity Shares**”) at a deemed value per Velocity Share equal to the market price of the Velocity Shares on the TSX Venture Exchange (the “**TSXV**”) on the date of incorporation of JVCo. Upon the production of the first doré from ore extracted from the Project, a second US\$800,000 will be payable to Gorubso in Velocity Shares at a deemed value per Velocity Share equal to the market price of the Velocity Shares on the TSXV on the date of the initial doré production.
- Upon the formation of the Joint Venture, Gorubso will be deemed to have been granted a 2% NSR royalty on products from the Project, which will be limited to the Historical Bulgarian Resources. Velocity, with Gorubso’s approval, will have the ability to purchase 50% (being 1%) of the NSR royalty for US\$2,000,000.
- During the term of the Option a joint operational steering committee will be formed for overseeing the mine site preparation activities conducted by Gorubso at the Project, which committee will include two Velocity nominees. Gorubso may opt to continue mine site preparation during the term of the Option at its expense, provided that upon Velocity’s exercise of the Option and the formation of the Joint Venture, Velocity will be responsible for covering 70% of up to BGN 500,000 in site preparation costs incurred by Gorubso.

If Velocity elects to abandon its interest in the Joint Venture following the formation of the Joint Venture and the acquisition of a 70% interest therein, Velocity will be entitled to a 1% NSR royalty on (i) all gold and silver mined from the Project in excess of that set out in the Bulgarian Historical Estimate that is identified or estimated as a result of the Initial Drilling and, if applicable, the Additional Drilling, at the Project or (ii) all mineral resources and reserves discovered at the Project, if two years have passed from the formation of the Joint Venture and if Velocity completes BGN 2,000,000 in aggregate expenditures on the Project prior to termination.

### 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 NI 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 southeastern Bulgaria. Velocity’s strategy is to develop a low-cost centralized hub ‘n’ spoke development model whereby multiple projects within this emerging gold district produce gold concentrates for trucking to a central processing plant for production of doré. The Company envisions staged open pit mining of satellite deposits and processing in a 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 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

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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 future exploration, testing and Initial Drilling and, if applicable, the Additional Drilling carried out at the Project, the exercise of the Option, the entry into of the Joint Venture and any payments in connection with same 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. In making the forward-looking statements in this news release, the Company has applied several material assumptions, including without limitation, that market fundamentals will result in sustained gold demand and prices, the receipt of any necessary permits, licenses and regulatory approvals in connection with the future development of the Company's Bulgarian projects, the availability of financing on suitable terms for the development, construction and continued operation of the Company's projects, and the Company's ability to comply with environmental, health and safety laws. 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 Sedefche and the Company's projects generally, including the geological mapping, prospecting and sampling programs for the projects, the fact that the Company's interest in Sedefche is only an option and there is no guarantee that such interest, if earned, will be certain, actual results of exploration activities, including the Initial Drilling and, if applicable, the Additional Drilling, 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 ability of the Company to obtain access to the CIL Plant and to have ore from the Project (and the Company's other projects) processed at the CIL Plant on profitable terms, 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 TSXV), 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](http://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.

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