

MARKET STATISTICS

Exchange / Symbol	TSXV: VLC
Price:	CAD \$0.49
Market Cap (\$mm):	\$55.8
Shares Outstanding (mm):	115.0
Float (%):	37%
Volume (3 month avg.):	59,975
52 week Range:	\$0.20-\$0.58
Industry:	Mining

CONDENSED BALANCE SHEET

(CAD \$mm, except per share data)

Balance Sheet Date:	3/31/2020
Cash:	\$7.13
Cash/Share:	\$0.05
Debt:	\$4.1
Equity (Book Value):	\$15.1
Equity/Share:	\$0.11

CONDENSED INCOME STATEMENTS

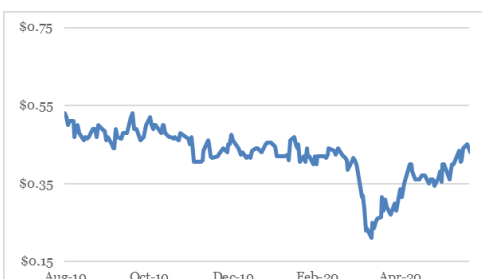
(USD \$mm, except per share data)

FY - 12/31	Revenue	Net Income	EBITDA	EPS
FY18	\$0.0	\$(2.4)	\$(1.6)	\$(0.04)
FY19	\$0.0	\$(2.6)	\$(2.3)	\$(0.03)
FY20E	\$0.0	\$(2.6)	\$(2.6)	\$(0.02)

LARGEST SHAREHOLDERS

Artemis Gold Inc.	25,004,587
KF Business Ventures LP	18,016,784
Stuart Mills	7,816,600
Keith Henderson	7,200,000
Daniel Marinov Inc.	6,183,333
Cruise Geoservices Ltd.	5,933,333

STOCK CHART



COMPANY DESCRIPTION

Velocity Minerals Ltd. (TSXV: VLC) is a precious metals exploration and development company with current operations in Bulgaria. The Company is currently developing its five projects through their “Hub & Spoke” development strategy, in which envision open pit mining of satellite deposits and processing through a central plant. The Company’s most advanced project is the Rozino Gold Project located within the Tintyava Property approximately 350KM Southeast of the Capital, Sofia. The Company’s portfolio also consists of options to earn interests in the Obichnik, Makedontsi, Sedefche, and Iglika Gold Projects. Velocity Minerals was incorporated in 2000 and is headquartered in Vancouver, Canada. The current management team took over the Company in a reverse takeover following the acquisition of the Rozino Project in July 2017.

SUMMARY

- Velocity Minerals is a gold exploration and developments company focused on their exploration assets in Bulgaria. The Company has multiple advanced gold projects with near surface deposits within a gold deposit that has been under-explored.
- The Company will be implementing their “Hub & Spoke” development strategy to increase all of their project’s economic prospects. Their strategy consists of using open pits at each of their “satellite” locations and trucking concentrate to a central processing plant that is already in place. The “Hub & Spoke” model has been successfully implemented by St. Barbara in Canada.
- The Rozino Gold Project is Velocity’s flagship project where a preliminary economic assessment has shown an inferred mineral resource estimate of 573,000 oz of gold. The Preliminary economic assessment also resulted in an after-tax NPV of \$129M, which assumed \$1,250 gold prices.
- The Central processing plant Velocity intends to use has been operating since 2011 and is certified under the International Cyanide Management Code (ICMI). The processing plant has been operated by their Bulgarian partner Gorubso-Kardzhali AD and is the only Company in Bulgaria to secure a CIL operating permit.
- All of Velocity’s projects have positive common features including all-in-sustaining-costs in the range of \$550-\$650/oz, low initial capital expenditures, low strip to deposit ratio, and proven resource expansion at the existing deposits.
- The Company is well capitalized with \$7.1M in cash and equivalents as of March 31, 2020 after raising approximately \$5.6M in February 2020. The Company currently burns approximately \$750,000/month, so their cash position should be sufficient to fund them until the results of their prefeasibility study at Rozino in Q3 2020.
- The Company’s management team and board include mining industry professionals with experience in Europe, Africa, Australia, and the Americas as employees of major mining companies as well as founders and senior executives of public companies.
- The country of Bulgaria is politically stable and is served by modern European infrastructure of paved roads. Mining royalties are comparable to countries like Canada, Peru and Chile and the country also boasts a low corporate tax rate of 10%.
- Based on our DCF of VLC, we arrive at a valuation range of ~CAD\$0.59-\$0.90, with a midpoint of ~\$0.73; see page 7 for further details.

BUSINESS OVERVIEW

Velocity Minerals is a precious metals exploration and development company based out of Vancouver, Canada that is focused on developing their existing assets in Bulgaria. The Company is hoping to implement their “Hub & Spoke” approach for their 5 existing projects. The Company’s 5 main assets consist of their flagship Rozino Gold Project as well as the Obichnik, Makedontsi, Sedefche and the most recent Iglika Gold Projects.

The Company’s current management team acquired the Rozino Project before conducting a reverse takeover for the Velocity in July 2017. The privately funded Company entered into an agreement where the Company had the right to acquire a 70% interest in the Tintyava prospecting and exploration license (Rozino) if they delivered Gorubso a preliminary economic assessment (PEA). Up until that point, Gorubso had owned 100% of the asset. On October 2018, Velocity earned their 70% interest in the property by delivering the PEA to Gorubso.

Between signing the initial agreement in July 2017 and delivering the PEA to Gorubso in October 2018, Gorubso and Velocity entered into an agreement in February 2018 which formed an exploration and mining alliance. The new agreement covered the existing and planned future projects within an area of 10,400Km. The agreement outlined several items in detail including

- Alliance Objectives: Provides an option/JV mechanism by which Gorubso and Velocity can partner to maximize value for both partners
- Access to Processing Plant: Gorubso’s processing plant will be made available to all Velocity’s projects as necessary
- Advanced Exploration Projects: The Company has since signed option agreements for three additional properties

Exhibit 1: Velocity Minerals Operations



Source: Company Reports

After both Company’s created the exploration and mining alliance, it gave Velocity the opportunity to earn 70% interests in three additional projects. Each of the projects are expected possess similar attributes to the Rozino project such as low all-in

sustaining costs (AISC), low initial capex, and proximity to the central processing plant.

On March 5, 2019, Velocity entered into an agreement with Gorubso in which Velocity can earn a 70% interest in the Obichnik project by delivering key data to Gorubso including a 43-101 mineral estimate and an environmental assessment report. Velocity has begun work on the project and has currently completed 4,400M of drilling in 2019 and 3,700M of drilling in 1H 2020 with an additional 4,000M planned contingent upon success. The ultimate goal in 2020 is to establish the 43-101 resource estimate and conduct and environmental impact study.

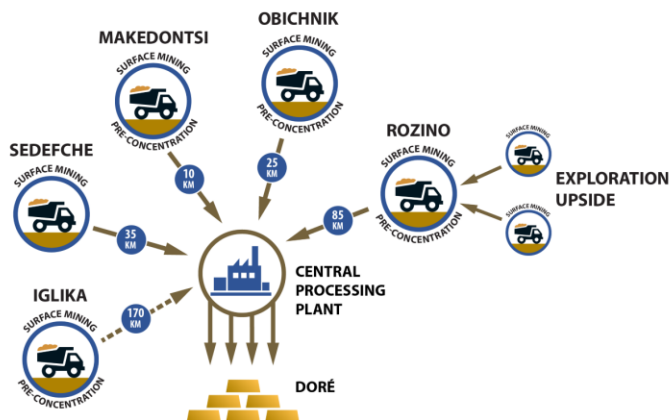
Similar to the Obichnik Project, Velocity can also earn a 70% interest in the Makedontsi Projects by delivering data such as a 43-101 report and an environmental assessment report. The Company is planning additional mapping and target generation in Q3 2020 and is hoping to establish 43-101 resource estimate and an environmental assessment report by year end.

Velocity can also earn a 70% interest in the Sedefche Project by drilling 5,000m. Unlike the Obichnik and Makedontsi Projects, Sedefche is fully permitted and comes with a mine design plan completed by Gorubso. Although smaller than the Rozino Project, Sedefche could be the first shovel ready project for Velocity Minerals depending on the results of the 43-101 resource estimate and other metallurgical assessments expected in 2020.

Lastly, the Company has recently executed an agreement with Balkan Mineral Development for an exclusive option to acquire 100% interest in the Iglika gold-copper property. In order to acquire the property, the Company will need to incur exploration expenditure of \$460,000 by December 31, 2020 followed by additional exploration expenditures of \$765,000 by December 31, 2021. Alternatively, the Company could purchase 100% interest of the property for \$340,000 until December 2021 or for \$750,000 until December 31, 2022.

One of the central pillars of Velocity Mineral’s business plan is the ability to use Gorubso-Kardzhali’s existing central processing plant. Gorubso is currently the only company in Bulgaria to secure a CIL operating permit and has been operating the processing plant since 2011. This processing plant is essential to Velocity’s hub and spoke model as it allows the Company to use open pit mining of satellite deposits and then trucking of concentrate to the plant.

Exhibit 2: Hub and Spoke Development Strategy



Source: Company Reports

Velocity's management team and board have extensive experience and local knowledge mining in a foreign jurisdiction. The management team and board have experience spanning Europe, Africa, Australia, and the Americas as employees of major mining companies and founders of junior to mid-size mining companies. In addition, the Company's management has a longstanding relationship with Gorubso and has experience in Bulgaria.

ROZINO GOLD PROJECT

The Company's Rozino Gold Project is their most advanced asset to date. The project is located within the 160km² Tintyava Property, which is approximately 350 kilometers southeast of the capital of Bulgaria, Sofia.

In July 2017, Velocity entered into an option agreement with Gorubso in which Velocity could earn a 70% interest in the mine after delivering a preliminary economic assessment under National Instrument 43-101. The PEA was delivered to Gorubso in October 2018 and the change in control was recorded as an asset acquisition.

The Rozino Gold Project is a near surface, low sulphidation epithermal gold deposit. The exploration of the Tintyava Property began in the 1980's by GeoService Engineering before being resumed by Hereward in 2001. Hereward completed three phases of drilling between 2004 and 2007 totaling 7,995M. The PEA estimates are based on drilling information available from both Velocity and Hereward Ventures and shows mineral resources of 573,000 oz of gold at a grade of 1.37 g/t gold at a 0.6 g/t cut off grade. Additionally, comparisons of gold grades from Hereward and Velocity have shown similar average grades, which support the general reliability of the data.

Exhibit 3: Rozino Inferred Mineral Resource Estimate

Effective date of estimates: 10 th September 2018			
Cut-off (Au g/t)	Tonnes (Mt)	Grade (Au g/t)	Metal (Au koz)
0.2	50	0.59	948
0.3	31	0.80	797
0.4	22	0.98	693
0.5	17	1.17	639
0.6	13	1.37	573
0.7	9.7	1.57	490
0.8	7.8	1.78	446
0.9	6.4	1.98	407
1.0	5.4	2.18	378
1.2	4.0	2.56	329
1.5	2.8	3.07	276

Source: Company Reports

The Rozino Gold Project is proposed to be a conventional open pit and leaching process that will provide a cost-effective way to extract the gold. The Process for treating the Rozino sulphide mineralization is flotation to produce a gold bearing sulphide concentrate. From there, the sulphide concentrate will be trucked directly to the carbon-in-leach plant (CIL Plant) located in Kardzhali which is 85km by road from Rozino. This open pit mining operation is considered relatively low risk from a technical mining operations standpoint.

The 2018 PEA showed strong economics of the project with an after-tax NPV of \$129 million with an IRR of 33%. The total estimated cost of the project was approximately \$96.6 million and an all-in sustaining cost (AISC) of \$543 per ounce of gold. The proposed mine could produce roughly 65,000 ounces annually and would have a life of mine of 461,000 oz leading to a roughly 7-year current mine life.

Exhibit 4: Summary of Economic Results

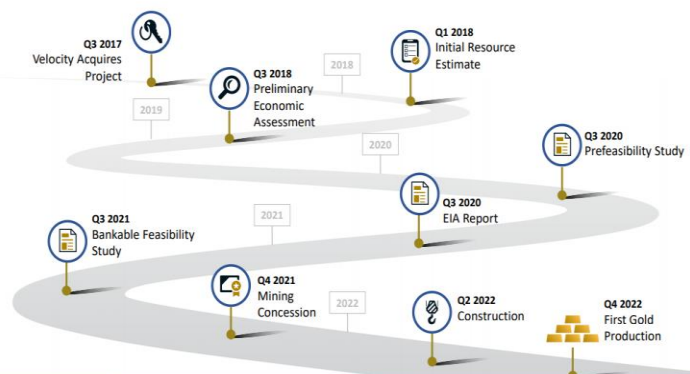
Summary of economic results	Units	
Pre-tax		
NPV @ 0%	US\$M	168.2
	C\$M	224.3
NPV @ 5%	US\$M	108.6
	C\$M	144.8
IRR	%	35.1%
Payback (Project Start)	years	4.2
Payback (Production Start)	years	2.2
After-tax		
NPV @ 0%	US\$M	151.4
	C\$M	201.8
NPV @ 5%	US\$M	96.9
	C\$M	129.2
IRR	%	33.1%
Payback (Project Start)	years	4.3
Payback (Production Start)	years	2.3
ROCE	EBIT/CE	3.3

Source: Company Reports

To date, the Company has drilled 23,000m and has budgeted an additional 9,000m for the remainder of 2020. The Company's additional 2020 objectives are to advance the Rozino deposit through prefeasibility and permitting as well as drill new exploration targets. The current prefeasibility study and Environmental Impact Assessment is anticipated to be finished in

Q3 2020 with a bankable feasibility study finishing in Q3 2021. The Company is anticipating first gold production by 2022 at the Rozino Project.

Exhibit 5: Pathway to Production



Source: Company Reports

In addition to the current Rozino Project, Velocity has been focused on developing two additional exploration zones within 4km of the Rozino site. The Rozino South Zone is a brand-new discovered zone where initial results have yielded a grade of 1.18 g/t gold at 6.15m and 5.23 g/t at 1.3m. The Rozino South Zone is located roughly 800m south of the existing deposit. The Company is currently drilling follow up holes. The Kazak Target provides additional exploration upside with soil anomalies coincident with mineralized outcrop. The Company is currently mapping and trenching in order to prioritize drill targets with drilling expected to commence in Q3 2020. The Company believes additional exploration zones could follow these zones.

OBICHNIK GOLD PROJECT

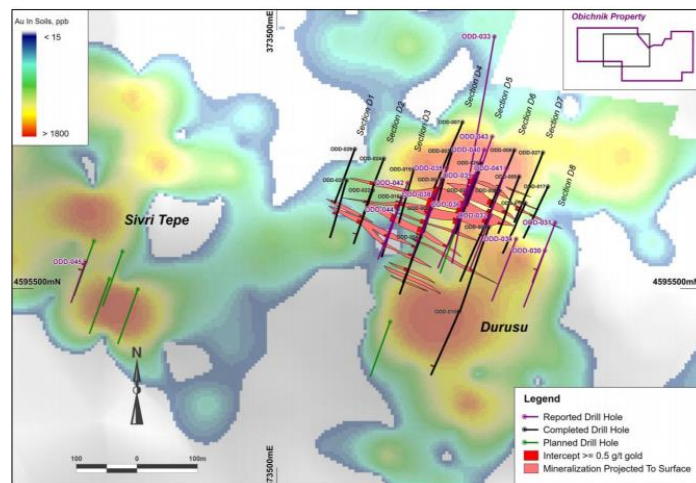
The Obichnik Gold Project is located in the municipality of Momchilgrad in Southeast Bulgaria approximately 310km from Sofia. On June 10, 2019, Velocity entered into an option agreement in which Velocity could earn a 70% interest in the project by delivering certain data and reports. In order to obtain the 70% ownership, Velocity will need to deliver a 43-101 mineral estimate as well as an environment assessment report.

The Obichnik deposit has the potential for two styles of mineralization. The first is a near surface gold deposit akin to Rozino. The Second is an intrusive related bulk tonnage potential. The historical estimates were calculated by Gorubso at 1.5g/t gold for total of 46,000 oz of gold. This estimate is based on approximately 32 drill holes and 137 trenches completed by GeoEngineering and Gorubso. However, the Obichnik deposit has had little modern, significant exploration carried out and thus is considered underexplored. The Company anticipates this resource to grow considerably after being properly explored.

In 2019, Velocity completed soil geochemistry, ground magnetic surveys and 4,400m of successful drilling. Additionally, the Company has continued 3,700m of drilling in 1H 2020 and is working on deep-penetrating geophysics in Q2 and Q3. An additional 4,000m of drilling is contingent upon positive results from the geophysical data. Velocity's 2020 objective is to establish the 43-101 resource estimate and complete the

environmental assessment report which would grant them the 70% ownership in the project.

Exhibit 7: Obichnik Gold Project



Source: Company Reports

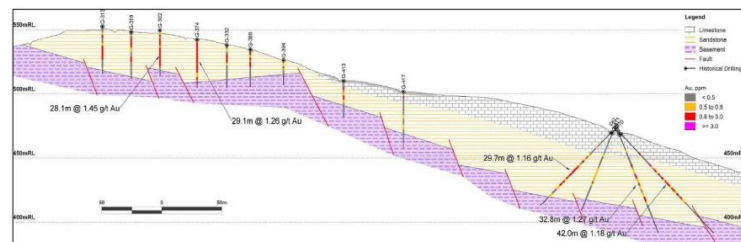
If the Obichnik Project is ultimately deemed economically viable, it would provide another spoke in the hub and spoke model. The Obichnik deposit is located roughly 25km from the central processing plant and has pre established roads.

MAKEDONTSI GOLD PROJECT

The Makedontsi Gold Project is located approximately 280 km east-southeast of Sofia. On May 28, 2019, Velocity entered into an agreement whereby they could earn a 70% interest in the project by delivering a mineral resource estimate prepared under 43-101 and an environmental assessment.

Similar to the Rozino Project, the Makedontsi Gold Project is a near surface, low sulphidation epithermal gold deposit. In certain areas the mineralization is outcropping locally, but elsewhere the deposits are covered by a thin veneer of limestone.

Exhibit 8: Makedontsi Planned Drilling



Source: Company Reports

Previous estimates at Makedontsi by Gorubso have shown approximately 210,000 oz of gold. This estimate was reported to the Ministry of Energy in Bulgaria based on 250 drill holes and 5,000m of trenching. However, this project has had little modern exploration carried out so significant drilling will be required. However, due to the unexplored nature of the project, significant upside potential exists.

Velocity has begun exploration at the Makedontsi Gold Project including a surface geophysics which were completed in 2019. The Company is targeting additional mapping and target generating for Q3 2020. If the geophysical data collection, mapping and target generation are successful, Velocity has budgeted for 2,500m of drilling.

SEDEFCHIE PROJECT

The Sedefche deposit is located roughly 39km from the processing plant. On October 7, 2019, Velocity entered into an agreement with Gorubso to earn a 70% interest in the project by completing 5,000m of drilling. Additionally, if Velocity has not reached a decision after completing 5,000m of drilling, they have the option to extend the drilling program.

The near surface epithermal gold deposit already has a permitted mine design plan completed by Gorubso. To date, more than 5,800m of drilling has been completed including 4,000 in 1H 2020. The Company is currently completing due diligence activities.

In 2020, the Company's plan is to establish a 43-101 resource estimate as well as make a decision on whether to exercise their option to acquire a 70% interest in the property.

IGLIKA PROJECT

In July 2020, Velocity Minerals announced that it had executed an agreement with Balkan Mineral Development (BMD) for an exclusive option to acquire 100% of the Igluka gold-copper property. The Project is in the westernmost portion of the Tethyan belt that crosses Bulgaria. Velocity will have the right to acquire 100% interest in Igluka by making a cash payment of \$49,000, which has already been paid, and incurring exploration expenditures of \$460,000 and \$765,000 by December 31, 2020 and December 31, 2021, respectively. In this scenario, BMD will retain a 2.0% smelter royalty capped at \$6.7M, which can be purchased back for \$750,000 for 1.0% and \$1.5M for an additional 0.5%. Alternatively, Velocity can purchase 100% interest in Igluka for \$340,000 until December 31, 2021 or \$750,000 until December 31, 2022. If the purchase option is exercised, BMD would retain a 0.5% royalty.

The Igluka Project is an under-explored property in a highly prospective precious metals mineral belt with potential for both epithermal gold and porphyry copper deposits. The Project would fit into the Company's hub and spoke model although Igluka would be the furthest project from the plant.

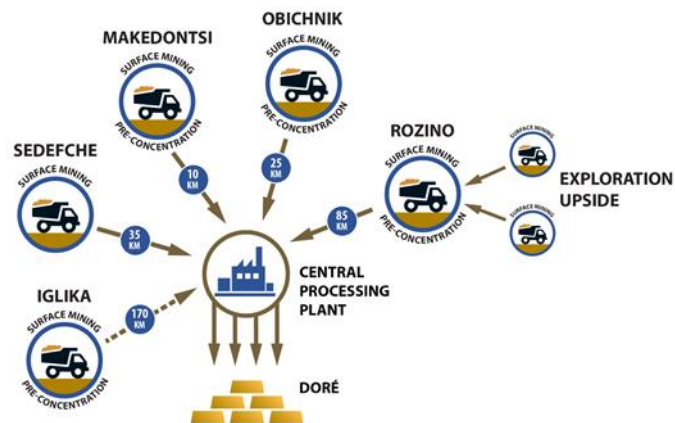
Velocity will begin targeting epithermal gold systems with surface exploration and drill testing at several different target areas on the property. Additionally, Geophysical surveys will be undertaken on the copper porphyry to determine the best way to proceed.

HUB AND SPOKE MODEL

Velocity Minerals is planning to use a "hub & spoke" development strategy in order to keep costs low and speed up the timeline to gold production. The model, which has been used successfully in Canada by St. Barabara Mining (ASX: SBM), involves having multiple projects producing gold concentrates which are then trucked to a central processing plant for production. The Company envisions being able to run multiple of their open pit mines

simultaneously then trucking this concentrate from these satellite deposits to an existing processing plant.

Exhibit 9: Hub and Spoke Model



Source: Company Reports

The February 2018 mining agreement between Gorubso and Velocity not only set out options for Velocity to earn interests in several projects, but also laid out the ability of Velocity to use Gorubso's current CIL processing plant. The use of an existing facility greatly reduces Velocity's project risk, capital risk, as well as increases time savings. Gorubso has been operating this plant since 2011 and is the only company in Bulgaria to secure a CIL operating permit. This strategic relationship and access to the plant should allow VLC to keep their initial capex low and is part of the reason AISC should be kept relatively low at USD\$550-650/oz.

Exhibit 10: Central Processing Plant



Source: Company Reports

INDUSTRY OVERVIEW

Macro-economic trends have been favorable for gold thus far in 2020 with the asset appreciating 21% year to date. Many individuals and institutions purchase gold in order to hedge against inflation as well as declines and volatility in the U.S. stock market. While in the short term these commodities are not effective hedges, there are studies that confirm gold does provide an effective hedge to inflation over the long term. Moreover, gold

has also provided an effective hedge to European and U.S. stocks during extreme volatility and crises such as the COVID-19 virus. According to Hillier et al gold, platinum, and silver all have some hedging potential, particularly during times of abnormal volatility. In addition to the financial implications of owning gold and silver, both are used in items such as coins and jewelry, which provides some store of value

Exhibit 11: Gold Day Close Price Trailing 3 Years



Source: Capital IQ

In 2018, the largest gold producing countries were China (400 tonnes), Australia (312 tonnes), Russia (282 tonnes), and the United States (253 tonnes). According to Statista, global gold production has risen each year since 2008, when global production totaled 2,280 metric tonnes to 2019 when production totaled approximately 3,300 metric tonnes. In comparison, Bulgaria only produced 9.5 tonnes in 2017. However, Bulgaria has adopted a national strategy for developing the mining industry in 2015. The Country has been de-risked over the last two decades as evidenced by a report on the economic freedom in 2017 by the Fraser Institute, which noted that Bulgaria had one of the largest gains in economic freedom from 2000 to 2015.

Mining currently represents about 5% of Bulgaria's GDP and is governed by the 1999 Subsurface Resource Act and the Concessions Act of 2006. The country also requires that miners pay a royalty between 0.5% and 4.0% on the value of metals mined. Bulgaria also boasts a favorable corporate tax rate of 10% and has access to modern infrastructure and skilled labor.

RISKS

As with any investment, there are certain risks associated with Velocity's operations as well as with the surrounding economic and regulatory environments common to the mining industry and operating in a foreign country.

- Even if Velocity Minerals harvests a significant amount of resources from the ground, there is no guarantee that a profitable market will exist for those resources. Precious metals are subject to significant price movements in a short period of time.
- The Company has no history of net income, dividends, or cash flow and there can be no assurance that the Company will be profitable going forward. In the case that the Company cannot create enough revenue to sustain on-going business activities, Velocity's only source of financing will be through the sale of existing securities, high cost borrowing, or sale of its mineral properties.
- Mineral Reserves and grades are estimates only. There are many uncertainties in estimating mineral quantities of mineral reserves that may cause actual results and quantities to differ from those estimated. In the event that these resources are less bountiful than anticipated, the mine life and cash flow could be severely reduced.
- The Company intends to take their projects to the production stage, however, this will require additional permits and licenses from governmental authorities. The Company currently believes that they have or have applied for all the necessary licenses to carry out its exploration and production plans but may require additional licenses as projects progress.
- The Company operates in Bulgaria and maintains its accounts in Canadian and U.S. dollars as well as Bulgarian Lev. Some of the Company's commitments and expenditures are denominated in U.S. dollars making the Company subject to currency fluctuations. Such fluctuations may materially affect the financial position of the company. The Company engages in limited hedging activities, however, there is no guarantee these hedging activities will be sufficient to defend against prolonged currency fluctuations in the future.
- All phases of the Company's operations are subject to extensive environmental regulations. Environmental standards are evolving to require stricter standards and enforcement for non-compliance. The implementation of these standards may require additional costs to the Company which could impact profitability. Additionally, if the company is not able to follow the guidelines and laws, fines and shutdowns could negatively impact cash flows.

VALUATION

To help frame our valuation, we have created a DCF analysis of the opportunity at Rozino. Our valuation involves forecasting the net free cash flow generation from the mine over the 7-year estimated life of the project. Our cash flow projections are based on conservative assumptions supported by the Company's most recent technical report. The drivers for our model include tonnes milled, mineral grades of silver and gold, and recovery percentages over the life of the mine. We note that we have not applied any value to the additional opportunities for resource expansion or additional JV interests.

At a full production we have assumed the following:

- 1.9 million tonnes processed annually beginning in 2023
- Average Gold g/t of 1.37
- Recovery ratio of 80%
- USD per ounce of gold: \$1750
- AISC/Oz: \$550

We have applied a median discount rate of 9% to our resulting net after tax net cash flow we arrive at a range of CAD \$0.59 to \$0.90 with a mid-point at \$0.73. The chart below demonstrates sensitivity to a change in gold price from the \$1750 selected in our model.

Exhibit 13: Sensitivity Analysis

Long Term Gold Price		1650	1700	1750	1800	1850
7.0%		0.71	0.80	0.89	0.98	1.07
8.0%		0.64	0.72	0.81	0.90	0.98
9.0%		0.57	0.65	0.73	0.82	0.90
10.0%		0.51	0.59	0.67	0.74	0.82
11.0%		0.46	0.53	0.60	0.67	0.75

Source: Stonegate Capital Partners

Velocity Minerals is currently not projected to produce positive cash flows until the year 2023. Until that time, the stock will be driven by several milestones. We have listed the milestones that we believe to be the most important below:

- Q3 2020: Prefeasibility Study
- Q3 2021: Bankable Feasibility Study
- Q4 2021: Mining Concession
- Q2 2022: Construction
- Q4 2022: First Gold Production

BALANCE SHEET
Velocity Minerals (TSXV:VLC)
Consolidated Balance Sheets (CAD\$ 000s)
Fiscal Year: December

ASSETS	FY 2018	FY 2019	Q1 FY2020
Assets			
Cash	\$ 0.24	\$ 3.22	\$ 1.79
Receivables	0.01	0.08	1.08
Prepaid Expenses	0.04	0.04	11.25
Advances	0.29	-	
Total Current Assets	0.58	3.34	14.12
Property and Equipment	-	0.08	-
Exploration and Evaluation Assets	2.91	10.61	1.93
Total Assets	\$ 3.49	\$ 14.03	\$ 16.06
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade and Other Payables	\$ 0.31	\$0.82	\$7.52
Lease Liability	-	0.02	10.60
Total Current Liabilities	\$ 0.31	\$ 0.84	\$18.13
Long Term Liabilities			
Lease Liabilities	-	0.02	-
Convertible Debentures	-	4.00	15.52
Total Long Term Liabilities	-	4.02	15.52
Total Liabilities	\$ 0.31	\$ 4.86	\$ 33.65
Shareholders' Equity			
Share Capital	12.95	17.78	22.81
Reserves	1.61	1.70	-
Equity Component of Convertible Debenture	-	1.11	13.66
Non-controlling interest	-	2.48	-
Defecit	(11.38)	(13.92)	3.82
Total Shareholders' Equity (deficit)	\$ 3.19	\$ 9.16	\$ 40.28
Total Liabilities and Shareholders' Equity	\$ 3.49	\$ 14.03	\$ 73.93
Ratios			
Liquidity			
Current Ratio	1.9x	4.0x	0.8x
Quick Ratio	0.3x	3.3x	1.8x
Total Liabilities to Total Assets	8.8%	34.7%	209.6%

Source: Company Reports, Stonegate Capital Partners

INCOME STATEMENTS

Velocity Minerals (TSXV:VLC)

Consolidated Statements of Income (in millions \$, except per share amounts)

Fiscal Year: December

	FY 2018	FY 2019	FY 2020E
Revenues			
Total revenues	\$ -	\$ -	\$ -
Cost of Goods Sold	-	-	-
Gross Profit		-	-
Operating expenses			
Consulting	0.52	0.21	0.42
Investor Relations	0.10	0.22	0.22
Office	0.05	0.10	0.10
Professional Fees	0.28	0.47	0.57
Property Investigation	0.09	0.10	0.10
Regulatory Fees	0.04	0.10	0.12
Rent	0.02	0.03	0.03
Salaries	0.18	0.54	0.65
Share Based Payments	0.27	0.32	0.34
Travel	0.07	0.17	0.05
Total operating expenses	1.62	2.25	2.58
Operating Income	\$ (1.6)	\$ (2.3)	\$ (2.6)
	-	(0.1)	-
Impairment of Exploration and Evaluation Assets	(0.7)	-	-
Loss on Settlement of Trade Payable	(0.0)	-	-
Accretion Expense	-	(0.1)	-
Foreign Exchange	(0.1)	0.1	-
Interest Income	-	0.1	-
Interest Expense	-	(0.3)	-
Comprehensive income (loss)	(2.4)	(2.6)	(2.6)
Net Loss Attributable to Shareholders	(2.4)	(2.54)	(2.58)
Net loss Attributable to Non-Controlling	-	(0.07)	-
Basic EPS (loss)	\$ (0.04)	\$ (0.03)	\$ (0.02)
Diluted EPS (loss)	\$ (0.04)	\$ (0.03)	\$ (0.02)
Basic shares outstanding	67.3	92.3	124.6
Diluted shares outstanding	67.3	92.3	124.6
EBITDA	\$ (1.6)	\$ (2.3)	\$ (2.6)
Growth Rate Analysis Y/Y			
Total revenues	N/A	N/A	N/A
Consulting	N/A	-59.6%	100.0%
Investor Relations	N/A	121.9%	0.0%
Office	N/A	80.0%	5.0%
Total operating expenses	N/A	39.3%	14.6%
Net income	N/A	-7.6%	1.0%
EPS - fully diluted	N/A	21.5%	26.7%
Share count - fully diluted	N/A	37.2%	35.0%

Source: Company Reports, Stonegate Capital Partners estimates

IN THE NEWS

July 2020 – Velocity Minerals Ltd. announced results from 13 drill holes at the Rozino gold deposit and the Rozino South target. Mineralization is open at both areas and drilling is ongoing. At the Rozino deposit, resource expansion drilling to the south of the known deposit has intersected near-surface gold mineralization up to 200m south of the Preliminary Economic Assessment (“PEA”) design pit limits.

July 2020 – VLC announced that it has executed a letter agreement with Balkan Mineral Development OOD (the “BMD”) for an exclusive option (the “Option”) to acquire a 100% interest in the 105 km² Iglika gold-copper property (“Iglika” or the “Property”), located in southeastern Bulgaria.

June 2020 – The Company announced that Michael Hoffman to its Board of Directors. Mike is an experienced mining executive with over 35 years of practice in the mining industry including engineering, mine operations, corporate development, contracting, consulting, projects and construction.

June 2020 – Velocity announces that it has received results from 14 additional drill holes from its Obichnik gold project (“Obichnik”), Bulgaria. Results include the first drill test of the Sivri Tepe target, located approximately 400m to the west of the established Durusu Tepe zone. The Sivri Tepe discovery highlights the potential to significantly expand the extent of, near-surface, high-grade mineralization at Obichnik.

May 2020 – CLV announced that it has received results from its ongoing discovery exploration program at the Rozino Project (“Rozino”), Bulgaria. Highlights: Expands currently defined mineralization at Rozino gold deposit – results pending for 3 drill holes and a further 5 drill holes planned. Discovers new zone of mineralization at Rozino South, grading up to 5.23 g/t gold, with multi-element geochemical signature as seen at Rozino deposit.

August 2019 – Company continues to move forward with planned work, despite COVID-19, including drilling, while putting strict protocols in place to protect employees, contractors, consultants and their families. The safety and well-being of the work force is the Company’s highest priority.

CORPORATE GOVERNANCE

Keith Henderson – President, CEO & Director – Mr. Henderson has 25 years’ global experience in the mineral exploration industry throughout Africa, Europe, and North and South America. He was educated in Europe, graduating with B.Sc. (Hons) and M.Sc. in geology and has extensive experience in multiple mineral deposit types and commodities. Keith worked with Anglo American Exploration in Europe and North America, leading a number of exploration projects and ultimately, he was appointed project manager for Anglo Coal as the company made its first entry into Canada. In 2007, Keith joined Cardero Resource Corp. as Executive Vice-President, where he played a critical role in advancing the Pampa de Pongo through a positive scoping study and ultimate sale for US\$100 million cash. He was formerly President & CEO at Dorato Resources and is currently President & CEO at Latin Metals focused on project acquisition and exploration in Argentina and Peru.

Stuart Mills – Vice President Exploration - Mr. Mills has an M.Sc. in Mineral Exploration & Mining Geology and 30 years’ experience working in minerals exploration and advanced feasibility projects. Stuart’s early career was with Anglo American, working initially as Senior Geologist in Bulgaria, Turkey, Yemen, Iran, and Ireland and he was ultimately appointed Principle Geologist Asia-Pacific, having responsibility for exploration in China, India and Australia. In Australia, Stuart was responsible for Anglo’s Myrtle zinc discovery in the Batten Trough. Later, Stuart worked with Lundin Mining as Regional Exploration Manager Africa-Eurasia where he had exploration responsibility for Lundin’s Ozernoe zinc – lead deposit in Siberia. He was later Exploration Manager with technical responsibilities on all of Red Back Mining’s projects and was part of the M&A team that sold Red Back to Kinross for \$7.2 billion. Most recently, he was country manager for Orca Gold in Sudan and managed exploration funded by the \$65M RTO of Canaco Resources, discovering Galat Sufar. Stuart has global experience having actively explored and/or reviewed projects throughout most of the world.

Daniel Marinov – Vice President Operations and Director - Daniel has 25 years of international experience in the mining and mineral exploration industry including 5 years in an underground production environment. He holds a Master of Science degree in mineral exploration from the University of Mining and Geology of Sofia, Bulgaria. He has extensive experience in precious, base metal and industrial minerals exploration having worked throughout Eastern Europe, Asia, Australia, as well as Central and South America. Daniel was most recently Vice President Exploration at Trevali Mining. In his career, Daniel has undertaken senior geological and managerial roles with Anglo American and Rio Tinto. Prior to Trevali, Daniel was the project exploration manager at Anglo’s Michiquillay porphyry copper-gold-molybdenum deposit in Peru. Daniel will serve as Executive Director in each of three subsidiary corporations in Bulgaria.

Darren Morgans – Chief Financial Officer - Mr. Morgans is a Canadian CPA, CA who has worked with Canadian and Australian publicly listed resource companies for almost 20 years. Mr. Morgans is currently the CFO of Midas Gold Corp. Prior to joining Midas Gold Corp. in 2011, he was the Controller and Secretary for Terrane Metals Corp. prior to its acquisition by Thompson Creek Metals. Mr. Morgans began his career with PwC after obtaining a Bachelor of Commerce from the University of Queensland.

Board of Directors:

Keith Henderson – Director

Mark Cruise – Director

Steven Dean – Director

Michael Hoffman – Director

Daniel Marinov – Director

IMPORTANT DISCLOSURES AND DISCLAIMERS

The following disclosures are related to Stonegate Capital Partners (SCP) research reports.

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