



**VELOCITY**  
MINERALS LTD.

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# ESG REPORT

2023



# OUR COMMITMENT TO EXPLORE SUSTAINABLY

Velocity is dedicated to exploring and working responsibly in our communities and natural environment.

We incorporate environmental, social and governance matters into our day to day exploration and development activities in Bulgaria. This report presents some highlights of this work. Further information is available on the company's website.

## ENVIRONMENTAL

Responsibility to create a healthier environment

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## SOCIAL

Working with our people,  
working with our community

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Looking after our people,  
community and business

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# MESSAGE FROM THE CEO

I am excited to share Velocity's fourth annual Environmental, Social, and Governance (ESG) Report. This document showcases the impactful work we have completed and provides insights into our key activities. For additional information, please visit our website.

In 2023, we made significant strides in advancing our portfolio of gold and copper-gold assets in Bulgaria. As our Company has advanced, we have implemented policies and a governance framework that reflect our growing responsibilities within the communities we serve. Our leadership team is dedicated to maintaining strong ethical standards and working closely with all stakeholders to ensure our asset development aligns with local interests.

Our commitment to environmental stewardship was unwavering throughout the year. We participated in World Cleanup Day for the third consecutive year, collaborating with local and national stakeholders in three regions of Bulgaria.

Our community engagement efforts included a variety of ongoing and new projects. We continued to provide scholarships to students at the University of Mining and Geology in Sofia. Additionally, we curated and funded the ongoing "Treasure of the Earth" exhibition to educate the community about natural resources.

A standout event was our participation in the 10th anniversary of the Culinary Heritage of Thrace Festival on September 1st and 2nd, 2023. This festival celebrated traditional food, livelihood, and crafts, featuring local producers' specialties. Highlights included traditional customs, songs, and dances from the Ivaylovgrad region and visiting groups, the presentation of the book 'Some Thoughts About the Bulgarian Female Ethnic Costume,' and culinary delights prepared by chefs from France, Greece, and Turkey. The event also included entertainment for both children and adults, such as circus performances and other surprises, with a jury awarding prizes for the best-presented foods.

We value feedback on our activities and look forward to hearing from shareholders and stakeholders about the initiatives detailed in this report.

Keith Henderson  
President & CEO

## Leading Exploration and Community Engagement in Europe

Velocity Minerals is a leading company listed on the TSX Venture Exchange, specializing in the exploration of mineral deposits across Europe. With a strong focus on Bulgaria, our team has made significant strides in advancing various exploration assets, most notably the flagship Rozino gold deposit. This deposit has evolved from grassroots exploration to a positive prefeasibility study and is now in the early permitting stages, managed by our subsidiary, Tintyava Exploration.

Our extensive experience in the field is complemented by our commitment to engaging with local communities and municipalities. We understand that exploration work can be unfamiliar to local stakeholders, and thus, we prioritize transparent and robust relationships. The support we have received from the communities around Rozino reflects our dedication to ethical standards and collaborative efforts, ensuring our asset development aligns with local interests.







# ENVIRONMENTAL

We prioritize minimizing the environmental impact of our exploration efforts.

Simultaneously, we dedicate ourselves to safeguarding biodiversity and promoting initiatives that enhance environmental health.

## ACCOMPLISHMENTS IN 2023



Recycled over 6150kg of plastic, paper and aluminium waste



Third Consecutive Year of Participation in Earth Day and World Cleanup Day



Maintained ISO 14001:2015 certification – Environmental Management Systems



## PARTICIPATING IN WORLD CLEANUP DAY

Velocity participated in World Cleanup Day for the third consecutive year in September 2023. The Velocity Minerals team contributed to the national campaign in various exploration areas:

**Ivaylovgrad Group:** Collaborated with the Ivaylovgrad Municipality to clean the Pensioner’s Water Fountain area, collecting waste, cutting grass, and clearing brush.

**Bojurishte Group:** Fully cleaned the storage facility in Bojurishte, collecting and hauling household and construction waste from the Zlatusha site.

**Elhovo Group:** Cleaned locations where refugees had built temporary camps and left waste.



# RECYCLING INITIATIVE IN IVAYLOVGRAD

Since 2021, we have been separately collecting plastic bottles, bottle tops, paper, and aluminum cans. To optimize and facilitate transportation, we purchased a baling press. We then partnered with the Ivaylovgrad Municipality, designing and donating three plastic bottle collection bins and three heart-shaped bottle top collection receptacles, placed in public locations.



ISO 14001:2015 CERTIFICATION ENVIRONMENTAL MANAGEMENT SYSTEMS

ISO 14001:2015 is an international standard developed by the International Organization for Standardization (ISO). It specifies the requirements for an environmental management system that an organization can use to enhance its environmental performance. ISO 14001:2015 is intended for use by an organization seeking to manage its environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability.



## RECYCLED OVER 6,150KG OF WASTE

In 2023, we successfully collected 2,000 kg of plastic, 4,000 kg of paper, and 150 kg of aluminum cans for recycling. The growing number of participants highlights the initiative's increasing impact and success.

Over the past two years, the residents of Ivaylovgrad have gathered over 3,000 kg of plastic annually, which has been recycled into new sidewalk tiles for various municipalities. Additionally, the campaign has provided crucial financial support for a child in need of medical care.



6,150kg

of plastic and paper recycled in 2023:  
2022: 5,560kg  
2021: 4,170kg  
2020: 230kg



## AWARD-WINNING HONEY PRODUCTION

In 2023, our apiaries produced 150 kg of award-winning honey, showcasing our commitment to sustainable practices and environmental stewardship. This high-quality honey exemplifies the positive outcomes of our eco-friendly initiatives.

The success of our honey production highlights our dedication to biodiversity and the integration of sustainable agriculture into our environmental goals. This achievement reflects our efforts to promote healthy ecosystems and contribute to the local community.







## DRILLING PREPARATION AND ENVIRONMENTAL CONSIDERATIONS

Velocity Minerals emphasizes meticulous planning and environmental protection in all drilling operations.

**Drilling Preparation:** Key steps include terrain leveling, stable machinery positioning, and excavating two settling ponds (1x1x1.5 meters each). Additional tasks involve defining access roads, assessing geological goals, identifying temporary topsoil storage, and designating pond locations.

**Environmental Impact Mitigation:** Post-drilling reclamation restores land using machinery and earth-moving equipment, minimizing hazards from settling ponds, deforestation, and erosion. Manual adjustments, like leveling terrain and constructing wire-mesh revetments, are sometimes necessary.

**Restoration Phase:** Revegetation is achieved through biological reclamation with grass sowing and reforestation, following approved restoration designs.

**Technology:** Restoration involves soil preparation, planting patterns, selecting suitable seasons and species, and ongoing care. Completed projects are inspected based on Rehabilitation Design and Technological Plans.

**Rehabilitation in Numbers:** In March 2023, biological reclamation was completed on 79 drilling pads at Rozino, planting 3,500 Durmast oak (*Quercus petraea*) seedlings on 0.5 hectares as per the government-approved plan.

## INVESTMENT IN RECLAMATION

**\$23,000 BGN**  
 total investment in 2023  
 Rozino: \$9,300 for reclamation  
 Iglika: \$13,500 for reclamation



## EMISSIONS FROM EXPLORATION ACTIVITIES

We are committed to reducing Green House Gas (GHG) emissions from exploration activities.



**0.0367 CO<sub>2</sub>e**

equivalent per hour (t/h) in 2023  
 2022: 0.0357  
 2021: 0.0437  
 2020: 0.0672

## PROTECTING BIODIVERSITY

We restore land impacted by exploration drilling through comprehensive rehabilitation efforts. This process includes mechanical recontouring and the implementation of measures to prevent soil erosion caused by surface water run-off. Biological reclamation focuses on reestablishing native grass and tree cover. The rehabilitation activities originally scheduled for 2022 were deferred to 2023 due to insufficient rainfall.



**3,500**

tree saplings were planted in 2023  
 2022: 0  
 2021: 1,900  
 2020: 3,500







# SOCIAL

We treat our people with respect and encourage both professional and personal growth in a safe workplace. We inspire our employees to improve themselves and identify opportunities to enhance the communities where they work, live, and play.


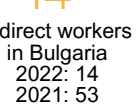
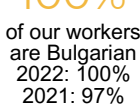


Our community contributions include supporting environmental protection through local ecological initiatives, promoting education through scholarships, and backing important municipal events and festivals in Ivaylovgrad. Our goal is to be recognized as an approachable company with high professional standards, contributing to local community development.

## TRAINING COMPLETED IN BULGARIA 2023





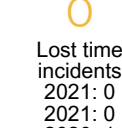
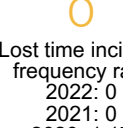
 Health and Safety	 First Aid
 Off-Road Driving	 Community Relations
 Environmental Protection	 Software



## OUR PEOPLE IN 2023

 28 workers employed 2022: 22 2021: 33 2020: 53	 14 indirect workers in Bulgaria 2022: 14 2021: 53 2020: 77	 100% of our workers are Bulgarian 2022: 100% 2021: 97% 2020: 90%
 21% of our workers are women 2022: 23% 2021: 21% 2020: 19%	 6000+ hours of training completed in Bulgaria 2022: 5,000+ 2021: 6,000+ 2020: 6,000+	

## SAFETY PERFORMANCE IN BULGARIA IN 2023

 38,202 Employee hours worked 2022: 35,421 2021: 47,368 2020: 49,036	 12,185 Contractor hours worked 2022: 5,778 2021: 41,279 2020: 71,544	 50,387 Total hours worked 2022: 41,199 2021: 88,647 2020: 120,580
 0 Non-lost time incidents 2022: 0 2021: 1 2020: 0	 0 Lost time incidents 2021: 0 2022: 0 2020: 1	 0 Lost time incident frequency rate 2022: 0 2021: 0 2020: 1.17





# EXHIBITION AT THE IVAYLOVGRAD MUNICIPAL MUSEUM OF HISTORY

In 2022, the Municipal Museum of History in Ivaylovgrad and Tintyava Exploration AD launched the "Treasures of the Earth" exhibition. Featuring precious stones and ores from around the world, including Bulgarian ores, the collection includes pieces from the Earth and People National Museum in Sofia. High tourist interest led to its extension through 2023.



ISO 45001:2018 CERTIFICATION  
OCCUPATIONAL HEALTH AND  
SAFETY MANAGEMENT SYSTEMS

ISO 45001:2018 is an international standard developed by the International Organization for Standardization (ISO). It specifies requirements for an occupational health and safety (OH&S) management system. It gives guidance for its use to enable organizations to provide safe and healthy workplaces by preventing work-related injury and ill health, as well as by proactively improving its OH&S performance.

## UNDERGRADUATE SCHOLARSHIPS

Tintyava Exploration AD provided financial support to two undergraduates for the 2022/2023 academic year, covering their first and second semester fees at St. Ivan Rilski University of Mining and Geology in Sofia. The students were selected through a competition and signed contracts for one-year scholarships.

## SUPPORT FOR HUNTING GROUPS

For the third consecutive year, the company supported the local hunting groups in the villages of Zhelezino and Gugutka. Due to a dry summer and poor feeding conditions, the company provided 2 tons of maize corn to assist the hunting groups.

## THE TINTYAVA LITTLE WORKSHOP: A YEAR IN REVIEW



This past year, we engaged in a variety of creative activities. We made large Easter eggs from waste paper to teach children about recycling. Nature walks allowed us to observe orchids, plants, and birds like the colorful bee-eaters. We learned about local herbs, collected them for tea, and created a herbarium. The children also threaded bracelets, sewed toys, and learned decoupage and poker-work techniques. We participated in the town's culinary festival, cleaning efforts, and the Christmas charity bazaar with our crafts.



# INTERVIEW WITH KATYA SARIEVA, ECOLOGIST

**Q: What methods do you use for soil, air, and water quality monitoring during exploration?**

*Katya:* During exploration, we monitor soil, air, and water quality directly. Our geologists focus on geological mapping and geochemical sampling to assess metal quality. When we do soil sampling, we use minimal-impact methods and restore the sampled areas to their original state.

**Q: How do you ensure environmental compliance and minimize impacts?**

*Katya:* We take several preventive measures, such as training our team to protect local flora and fauna, securing drilling pads, using biodegradable materials, and preventing fuel spills. We also place warning signs and fences around work areas and ensure proper topsoil management.

**Q: What specific monitoring do you perform at the Rozino site?**

*Katya:* At Rozino, we conduct monthly monitoring of weather conditions, water levels, and water quality. We also take soil, air, and water samples, analyzed by accredited laboratories, and measure air quality in nearby villages using a mobile lab.

**Q: What have you learned from these environmental studies?**

*Katya:* Our studies provide data on the relationship between chemical elements and rock types, helping us assess the current environmental status. This data is crucial for our ongoing environmental monitoring and preparing our Environmental Impact Assessment (EIA).

**Q: What are your rehabilitation practices after drilling?**

*Katya:* After drilling, we restore the land by leveling terrain, spreading topsoil, and using biological reclamation through grass sowing and tree planting. We aim to return the area to its natural state and minimize erosion and habitat disruption.

**Q: How did you implement rehabilitation plans in 2023?**

*Katya:* In 2023, we planted 3,500 Durmast oak seedlings on 79 drilling pads. Each project is inspected by a panel to ensure compliance with our rehabilitation plans.

**Q: How much do you invest in environmental projects?**

*Katya:* In 2023, we invested BGN 23,000 in biological recultivation: BGN 9,300 for Rozino and BGN 13,500 for Iglika.

**Q: What are the results of your recycling initiative in Ivaylovgrad?**

*Katya:* We've collected 2,000 kg of plastics, 4,000 kg of paper, and 150 kg of aluminum cans. The initiative has increased community participation in recycling.

**Q: What other investments did you make in 2023?**

*Katya:* We provided scholarships to two university students, participated in World Cleanup Day, supported local hunting groups, and produced 150 kg of award-winning honey from our apiaries. Our Tintyava Little Workshop engaged the community in creative and environmental activities.



# GOVERNANCE

Our corporate governance policies set the foundation for the success of our people, community, and business.



ISO 9001:2015 CERTIFICATION  
- QUALITY MANAGEMENT  
SYSTEMS

ISO 9001:2015 is an international standard developed by the International Organization for Standardization (ISO). Organizations use ISO 9001 to consistently demonstrate their capacity to present products and services meeting client and regulatory requirements. It is the most popular ISO standard for any organization, large or small, and regardless of its area of operations, it may be certified. It lays down the Quality Management System requirements of an organization.



## CORPORATE GOVERNANCE POLICIES BOARD MANDATE

- ✓ Audit Committee Charter
- ✓ Code of Business Conduct and Ethics
- ✓ Whistleblower Policy
- ✓ Anti-Corruption Policy
- ✓ Insider Trading Policy
- ✓ Corporate Disclosure Policy
- ✓ Compensation Committee Charter
- ✓ Corporate Governance and Nomination Charter

## BOARD COMMITTEES

- Audit Committee
- Compensation Committee
- Corporate Governance and Nominating Committee
- Executive Disclosure Committee
- Technical Committee







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