

VELA MINERALS LTD.

NEWS RELEASE

VELA MINERALS AND ADVANCED INTERACTIVE GAMING LIMITED JOINTLY ANNOUNCE A LETTER AGREEMENT FOR A PROPOSED MERGER

July 25, 2017 - Calgary, Alberta, Canada – **Vela Minerals Ltd.** (“**TSXV:VLA**” (“**Vela**” or the “**Company**”), a BC junior mining corporation and **Advanced Interactive Gaming Ltd.** (“**AIG**”), a software gaming development company governed by the laws of the Bermuda, are pleased to announce that, on July 20, 2017, they have entered into a letter of intent for the purpose of merging their businesses (the “**LOI**”). **Advanced Interactive Gaming Ltd.** is based in Hamilton, Bermuda and has extensive experience in developing, producing, marketing and publishing games on all gaming platforms. Between them the board of directors has over 100 years of experience in the games industry. Current titles include the “**Carmageddon**” series and “**Interplanetary, Enhanced Edition**”.

Description of the Transaction

The LOI contemplates Vela acquiring all of the outstanding shares of AIG in exchange for shares of Vela. Following completion of the transaction, Vela’s core business would become the business of AIG and Vela will continue doing business as “**Advanced Interactive Gaming**” and undergo a name change in the future, operating on the TSX Venture Exchange as an industrial issuer.

The transaction is in the early stages and a number of conditions need to be met before Vela and AIG can complete a transaction, including but not limited to: entering into a definitive agreement to merge, the completion of due diligence, obtaining the necessary shareholder approvals of the AIG shareholders and acceptance of the transaction by the TSX Venture Exchange (“**TSXV**”), as well as approvals of other applicable regulatory authorities.

The LOI currently contemplates Vela entering into a definitive agreement prior to July 31, 2017, to complete a three-cornered amalgamation and share exchange or similar transaction (the “**Proposed Transaction**”). In accordance with the Proposed Transaction, Vela is expected to issue common voting shares (“**Vela Common Shares**”) and preferred voting shares (“**Preferred Shares**”) in exchange for all of the shares of AIG. Assuming that no additional shares of AIG are issued other than as contemplated under the LOI, the former AIG shareholders will own approximately 95% of the outstanding Vela shares on an as-converted basis (non-diluted) following completion of the Proposed Transaction. The Proposed Transaction is expected to be accounted for as a reverse take-over.

Management of Vela has determined that the Proposed Transaction will not require the prior approval of its shareholders as:

- (a) the Proposed Transaction is not a Related Party Transaction and no other circumstances exist which may compromise the independence of Vela or other interested parties. The transaction is an “**Arm’s Length Transaction**” as defined in TSXV Policy 5.2 there is no direct or indirect interest of any Non-Arm’s Length Parties of Vela Minerals in AIG;

- (b) Vela is currently without active operations,
- (c) Vela is not and will not be subject to a cease trade order and will not otherwise be suspended from trading on completion of the Proposed Transaction; and
- (d) shareholder approval of the Proposed Transaction is not otherwise required under applicable corporate or securities laws.

This determination is subject to confirmation by the TSXV.

In connection with the Proposed Transaction, AIG and Vela have entered into a finder's fee agreement whereby the finder group will receive, at Closing, a finder's fee equal to 5% of the securities issued in Vela prior to the Proposed Transaction for efforts made in introducing the parties and facilitating the Proposed Transaction. Douglas Design Associates Inc., the finder pursuant to such agreement, is an Arm's Length Party to Vela. The finder's fee is subject to acceptance by the TSXV.

Pursuant to the LOI, during the interim period prior to execution of a definitive agreement, Vela and AIG have agreed to deal exclusively with each other in order to pursue the Proposed Transaction. The LOI may be terminated by either party in certain circumstances, including if the definitive agreement is not executed prior to July 31, 2017.

Vela and AIG intend to seek an exemption or waiver from sponsorship. There are no guarantees an exemption or waiver will be granted by TSXV, whereupon AIG will be required to engage a sponsor.

About AIG Inc.

AIG, a private limited liability Bermuda company, was founded in 2016 following several years of planning, with a mission to bridge the gap between investors and developers, producers and publishers for the purpose of financing, developing and co-publishing video games for popular gaming platforms, targeting a gaming market currently consisting of over 100 million gaming consoles, 250 million PCs and 400 million handheld devices.

AIG fills the emerging gap between developers and publishers by positioning itself as an innovative method of flexible financing and video game publication. Management's approach is to finance and direct the project and then find the right partner for marketing each project. Many competitors seeking to finance produce and develop games lack the experience AIG has and this serves as a critical competitive advantage.

Advanced Interactive Gaming Ltd. was founded in 2016. AIG's aim is to structure creative financing solutions, which accurately reflect project risk and maximize returns for our shareholder. Advanced Interactive Gaming Ltd. tailors the most appropriate funding model for its partners – ranging from prototype finance, development funding and equity finance through to debt, invoice discounting and credit-based lending.

Advanced Interactive Gaming Ltd. has a specialist management team incorporating expertise in development, production management, marketing, sales and distribution in the interactive entertainment industry. The company is platform agnostic and not genre specific, looking for developers with passion, skill and great marketable game ideas. AIG's goal is to ensure that both the company and the developer will reap the rewards once those great ideas are realized.

AIG has developed a proprietary risk management system using industry sales data together with in-depth production and sales channel knowledge to enable companies to assess the potential of individual projects whilst optimizing the risk/reward profile of their product portfolio. The company's outlook is based on the assumption that it takes more than financial support to make great products and games, and offers an entire

package of services to help add value to its investments, providing a true partnership in the delivery of great entertainment.

AIG's management team has been executing elements of this model for 25+ years and has released a comprehensive list of titles varying from small indie games to large IP games, with budgets ranging from \$200,000 to \$10 million.

Soon to be released titles include:

Catch & Release A light-hearted, aesthetically rich VR fishing game walking the line between engaging VR simulation and meditative free-form experience. PC (Steam VR & Oculus Home) and gamers between 6 years and 99 years. Ready for release anticipated Fall 2017.

Worbital A streamlined version of the original Interplanetary concept, employing a new art style and trading the turn-based combat of Interplanetary for a more action focused real-time approach to gameplay. Developed for PC Steam, Xbox One and PlayStation 4 and gamers between 12 and 35 years. Ready for release anticipated Q2 2018.

The Fog of War A dialogue driven cinematic adventure game set in and around the historic events of World War 1. PC Steam, Xbox One and PlayStation 4 and gamers between 16 and 99 years. Ready for release anticipated Q3 2018.

According to Newzoo (www.newzoo.com), the leading provider of market intelligence covering the global games, esports, and mobile markets, in 2017 the global games market will reach \$102.9 billion. Mobile game market share will account for 37% of sales, up 21.3% from 2015. 80% of time on the 2 billion mobile devices worldwide is spent inside apps or games. 36% of all mobile phone users play games on their smartphone. The average gamer is 35 years old and 63% of gamers play video games regularly. 73% of all gamers are adults, 41% are female, and 48% of households own at least one console.

Newzoo expects the global market to reach \$118.6 billion in 2019, with mobile gaming at \$52.5 billion.

Charles Chebry, Vela President, stated: "After reviewing and analyzing numerous proposals in various market sectors, Vela is moving forward with AIG as a premium developer and promoter of popular and innovative gaming apps. We have determined that this would be in the best interest of the company. As part of our due diligence, we explored the interactive gaming market from conception to market. We strongly believe that the financing and development platform offered by AIG is the future of gaming development. We are excited to associate ourselves with AIG who have extensive experience and existing partnerships in the international gaming market."

Jason Garber, AIG Founder and CEO, stated: "The decision to move forward with Vela Minerals Ltd. was a logical step in our process of becoming a leader in the game development and finance market. AIG as a company is aware that making an insanely great game has a lot to do with giving the development team, the development process and the flow of game design the right feeding ground for these elements to cooperate, and that this is often preceded by fundamental access to finance allowing the product and team to adopt new ideas, evaluate current ones and maximise the game's potential. The pending merger with Vela Minerals Ltd. will offer unprecedented opportunities in the field and choice of finance and create tremendous value for AIG and its shareholders to create the market leader envisioned."

Additional Financing

In addition to approximately \$500,000 of working capital that the combined entity will have at the time of closing, AIG may conduct an equity financing of up to US\$5 million by way of a private placement, which will be completed concurrently with the completion of the Proposed Transaction. Terms of such financing will be disclosed as they are determined.

There can be no assurance that the Proposed Transaction will be completed as proposed or at all. Vela and AIG will provide further disclosure by way of press releases and updates as such additional information becomes available.

The LOI currently contemplates the execution of a definitive agreement on or before July 31, 2017. Should a definitive agreement be executed, the Proposed Transaction is anticipated to close prior to the end of September, 2017.

All information contained in this news release with respect to Vela and AIG was supplied by the parties respectively for inclusion herein.

About Vela

Vela is a junior mining company with exploration interests in the Rossland area of British Columbia, Canada. A successful transaction with AIG would involve the disposition by Vela of its mining assets.

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Completion of the transaction is subject to a number of conditions, including but not limited to, TSXV acceptance. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Vela should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

Forward Looking Statements

This news release contains forward-looking statements relating to the timing and completion of the Proposed Transaction, the future operations of Vela and other statements that are not historical facts. Forward-looking statements are often identified by terms such as "will", "may", "should", "anticipate", "expects" and similar expressions. All statements other than statements of historical fact, included in this release, including, without limitation, statements regarding the Proposed Transaction and the future plans and objectives of Vela, are forward looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from Vela's expectations are risks detailed from time to time in the filings made by Vela with securities regulations.

The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of Vela. As a result, Vela cannot guarantee that the Proposed Transaction will be completed and that any forward-looking statement will materialize and the reader is cautioned not to place undue reliance on any forward-looking information. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as of the date of this news release and Vela will update or revise publicly any of the included forward-looking statements as expressly required by Canadian securities law