

# Ely Gold Acquires Jerritt Canyon Production Royalty

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Vancouver, May 23, 2019 - [Ely Gold Royalties Inc.](#) (TSXV: ELY) (OTCQB: ELYGF) ("Ely Gold") or the ("Company") is pleased to announce that it has signed a binding letter of intent (the "Transaction") with a private individual ("the Owner") whereby Ely Gold will acquire 100% of all rights and interests to a Per Ton Royalty Interest on the Jerritt Canyon Processing Facilities (the "PTR Interest"). The Jerritt Canyon Operations, located in Elko Nevada, encompasses a number of underground operations, and are operated by Jerritt Canyon Gold LLC, a privately held company ("JCG").

In consideration of the PTR Interest, Ely Gold will pay the Owner a total cash consideration of US\$650,000 and issue 500,000 warrants. The closing of the Transaction is subject to certain conditions precedent, including approval of the Transaction by the TSX-V (the "Closing"). Closing is expected on or about June 15, 2019.

The PTR Interest was granted in an Amended License Agreement dated May 19, 2015 between former operator, Veris Gold Corp., JCG (formerly WBVG LLC) and the Owner (the "License Agreement"). Pursuant to the terms of the License Agreement, the Owner granted to JCG a perpetual license for the patent to certain proprietary scrubbing technology involved in the removal of mercury from gas that is currently being used at the Jerritt Canyon Processing Facilities. The License Agreement entitles the Owner to receive a Per Ton Royalty Payment (the "PTR Payment") based on overall throughput from mining operations at the Jerritt Canyon Processing Facilities. As a production royalty, the source of the mill feed would include any contract that JCG would enter for toll milled ore. The term of the License Agreement is for a period ending on the earlier of the expiration of the Patent or the life of the Jerritt Canyon Mine.

The PTR Payment is based on the Average Realized Gold Price ("ARGP") which is derived by dividing Total Gold Revenue during the previous month by Gold Ounces Sold during the previous month, Royalties would be calculated, in US\$, as:

1. \$0.15 per ton if the ARGP is less than or equal to \$1,300 per ounce; or
2. \$0.225 per ton if the ARGP is greater than \$1,300 but less than or equal to \$1,600 per ounce; or
3. \$0.30 per ton if the ARGP is greater than \$1,600 but less than or equal to \$2,000 per ounce; or
4. \$0.40 per ton if the ARGP is greater than \$2,000 per ounce.

Since mining began at Jerritt Canyon, more than eight million ounces of gold have been produced. Gold was first discovered at Jerritt Canyon in 1972, with the first gold poured in 1981. Underground operations began in 1993. The mineral processing operation at Jerritt Canyon is one of only three gold processing plants in Nevada that uses roasting in its treatment of refractory ores. Jerritt Canyon is designed to process highly refractory gold ores up to 4,000 TPD and has processed in excess of 1.1 million tons in 2017 and 1.2 million tons in 2018. (1)

Under the terms of the Transaction, Ely Gold will make the following payments to the Owner:

1. US\$300,000 cash at Closing;
2. 500,000 warrants at Closing;

and Deferred Payments as follows;

1. US\$150,000 cash on the 1<sup>st</sup> anniversary of Closing;
2. US\$150,000 cash on the 2<sup>nd</sup> anniversary of Closing; and
3. US\$50,000 cash on the 3<sup>rd</sup> anniversary of Closing.

The Deferred Payments will accrue simple annual interest at 5% and be secured by the PTR Interest. If

production or PTR Payments cease at the Facility for two (2) consecutive months or greater, Deferred Payments will be delayed by an amount equal to the time the production is halted. The warrants will be priced at C\$0.18 and have a term of three years.

Trey Wasser, Ely Gold's President and CEO, commented, "The acquisition of the producing royalty at Jerritt Canyon is another significant asset for the Ely Gold Portfolio. The pricing structure of this Per Ton Royalty offers excellent leverage to gold prices, similar to a traditional net smelter royalty. The Jerritt Canyon Facility is one of only three roasters capable of processing refractory ore, which is very common in Nevada. The current owners have made significant improvements to the facilities, increased the resources and extended the mine life."

Stephen Kenwood, P. Geo, is a director of the Company and a Qualified Person as defined by NI 43-101. Mr. Kenwood has reviewed and approved the technical information in this press release. The Company does not intend to file a technical report supporting disclosure with respect to acquisition of this royalty interest.

(1) Source: Jerritt Canyon Gold LLC

About Ely [Gold Royalties Corp.](#) Inc.

[Ely Gold Royalties Inc.](#) is a Vancouver-based, emerging royalty company with development assets focused in Nevada and Quebec. Its current portfolio includes 33 Deeded Royalties and 20 properties optioned to third parties. Ely Gold's royalty portfolio includes producing royalties, fully-permitted mines and development projects that are at or near producing mines. The Company is actively seeking opportunities to purchase existing third-party royalties for its portfolio and all the Company's Option Properties are expected to produce royalties, if exercised. The royalty and option portfolios are currently generating significant revenue. Ely Gold is well positioned with its current portfolio of over 20 available properties to generate additional operating revenue through option and sale transactions. The Company has a proven track record of maximizing the value of its properties through claim consolidation and advancement using its extensive, proprietary data base. All portfolio properties are sold or optioned on a 100% basis, while the Company retains royalty interests. Management believes that due to the Company's ability to generate third-party royalty transactions, its successful strategy of organically creating royalties, its equity portfolio and its current low valuation, Ely Gold offers shareholders a low-risk leverage to the current price of gold and low-cost access to long-term mineral royalties.

On Behalf of the Board of Directors

Signed "Trey Wasser"  
Trey Wasser, President & CEO

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Forward-looking Statement Caution

This press release contains certain "forward-looking statements" within the meaning of Canadian securities legislation, including statements regarding the Company's acquisition of the Jerritt Canyon Per Ton Royalty relating to the Jerritt Canyon Mine Property, the Company is not aware of any stated plans for further near-term exploration and development of the Jerritt Canyon Property, and the Company's outlook for the expected performance of its royalty and option portfolios. Although the Company believes that such

statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are statements that are not historical facts; they are generally, but not always, identified by the words "expects," "plans," "anticipates," "believes," "intends," "estimates," "projects," "aims," "potential," "goal," "objective," "prospective," and similar expressions, or that events or conditions "will," "would," "may," "can," "could" or "should" occur, or are those statements, which, by their nature, refer to future events. The Company cautions that Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made and they involve a number of risks and uncertainties. Consequently, there can be no assurances that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Except to the extent required by applicable securities laws and the policies of the TSX Venture Exchange, the Company undertakes no obligation to update these forward-looking statements if management's beliefs, estimates or opinions, or other factors, should change. Factors that could cause future results to differ materially from those anticipated in these forward-looking statements include the risk of accidents and other risks associated with mineral exploration, development, extraction and processing operations, the risk that Jerritt Canyon will encounter unanticipated production factors, or the possibility that the operators may not be able to secure permitting and other governmental clearances, necessary to carry out its stated plans for the Jerritt Canyon Property, the risk of unknown contract defects that could impair the Company's inability to enforce the Jerritt Canyon Per Ton Royalty, and the risk of political uncertainties and regulatory or legal disputes or changes in the jurisdictions where the Company carries on its business that might interfere with the Company's business and prospects. The reader is urged to refer to the Company's reports, publicly available through the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com) for a more complete discussion of such risk factors and their potential effects.

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