

# Ely Gold Royalties Announces Sale of Gold Canyon Option to McEwen Mining

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Gold Canyon Property Includes 26 Unpatented Mining Claims of a Past Operating Gold Mine That Produced 41,000 Ounces

Vancouver, August 20, 2019 - [Ely Gold Royalties Inc.](#) (TSXV: ELY) (OTCQB: ELYGF) ("Ely Gold") is pleased to announce that it has granted its consent for Fremont Gold Corp. (TSXV: FRE) ("Fremont") to sell its option to acquire a 100% interest in the Gold Canyon Claims, located in Eureka County, Nevada (the "Option Agreement") to McEwen Mining Inc. (NYSE: MUX) (TSX: MUX) ("McEwen"). The purchase price paid to Fremont for the Option Agreement, was 300,000 McEwen shares. Ely Gold did not receive any compensation for consenting to the sale.

The Gold Canyon Claims are located within McEwen's Gold Bar Mining Complex on the Battle Mountain-Eureka Trend. McEwen achieved commercial production at Gold Bar on May 23, 2019 (see news release, May 23, 2019). The property was previously operated by Atlas Gold Mining Corp from 1986 to 1994. The Gold Canyon Claims are located only 900 meters northwest of the Gold Ridge ore body and on trend with the larger Gold Pick ore body. Gold Pick and Gold Ridge contain the majority of the reserves at Gold Bar. (Refer to Form 43-101 F1 Technical Report Feasibility Study Eureka County, Nevada filed on Gold Bar, March 30, 2018 available on SEDAR and at [www.mcewenmining.com](http://www.mcewenmining.com))

Trey Wasser, Ely Gold's President & CEO commented, "We are pleased to see our exciting Gold Canyon property in the hands of McEwen Mining. This adds to our portfolio of properties and royalties that are "in and around" producing mines that are owned by the high-quality operators of those mines. We wish to thank Fremont for advancing the project and congratulate them on a successful transaction with McEwen."

Limited modern exploration at Gold Canyon includes (1) a very positive sampling and metallurgical testing program conducted by Ely Gold in 2016 (see Ely Gold press release dated August 8, 2016); (2) a five-hole RC drill campaign completed by Fremont in late May 2018 (see Fremont press release dated July 25, 2018). Highlights of that program included Hole GCR-3 which intersected 2 separate mineralized horizons: 16.8m @ 1.9 g/t Au from surface and 6.1m @ 1.8 g/t Au from 51.8m to 57.9m. Hole GCR-2 which intersected 18.3m @ 1.1g/t Au, including 9.2m @ 1.7 g/t Au just beyond the northeast end of the Gold Canyon pit. This hole demonstrated that mineralization continues to the northeast beyond the historical production; (3) a geochemical sampling program, by Fremont in 2018, that identified additional drill targets at Gold Canyon, (see Fremont press release dated December 18, 2018).

Figure 1

To view an enhanced version of Figure 1, please visit:  
[https://orders.newsfilecorp.com/files/4181/47055\\_2fd870077441a9c8\\_001full.jpg](https://orders.newsfilecorp.com/files/4181/47055_2fd870077441a9c8_001full.jpg)

The Option

Under the amended terms of the Option, McEwen may acquire a 100% interest in the Gold Canyon Claims by making the following payments to Ely Gold:

- \$112,500 on or before December 29, 2019;
- \$112,500 on or before December 29, 2020;
- \$112,500 on or before December 29, 2021; and

- \$300,000 on or before December 29, 2022 (the "Final Option Payment").

McEwen may terminate the Option Agreement at any time without further liability for future Option payments. In addition to the payments, McEwen must pay advance royalty payments of \$25,000.00 on each anniversary of the Final Option Payment.

There are no work commitments or additional expenditures required other than McEwen's obligation to maintain the claim maintenance fees. If the Option is exercised by McEwen, Ely Gold will retain a 2% net smelter returns royalty ("NSR") on the Gold Canyon Claims. McEwen will maintain the right to buy-down 1% of the NSR for an aggregate purchase price of \$3,000,000. As a condition of the McEwen purchase, Ely Gold has waived the area of interest provision in the Option Agreement. The Option Agreement was originally executed with Fremont on December 29, 2017 (see press release dated January 16, 2018).

About Ely Gold Royalties Inc. [Ely Gold Royalties Inc.](#) is a Vancouver-based, emerging royalty company with over 70 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 generate royalties, if the option is 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 agreements. 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 agreements, 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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Caution: This press release contains certain "forward-looking statements" within the meaning of Canadian securities legislation, including statements regarding the timing of the Purchase Option, the required Exchange acceptance of the presently proposed transactions, the future exercise of options on the Company's properties, the ability of the Company to generate and acquire new royalty interests, the Company's prospects for future revenue generation, management's assessment of the risks associated with the Company's business and stated plans for further near-term exploration and development of the Company's properties. 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 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 and extraction operations, the risk that its partners will encounter unanticipated geological factors, or the possibility that they may not be able to secure permitting and other governmental clearances, necessary to carry out their stated plans for the Company's properties, the Company's inability to secure the required Exchange acceptance required for the Purchase Option, 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 effect.

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