

# Ely Gold Royalties Announces Intent to Purchase Producing Royalty on Jerritt Canyon Mine, Elko County

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## Jerritt Canyon Mine began operations in 1981 with over 8M ounces of gold produced

Vancouver, February 4, 2020 - [Ely Gold Royalties Inc.](#) (TSXV: ELY) (OTCQB: ELYGF) ("Ely Gold" or the "Company") is pleased to announce that it entered into an agreement with Eric Sprott of Toronto, Ontario ("Sprott") dated February 3, 2020, pursuant to which Ely Gold has agreed to acquire from Sprott a 0.50% net smelter returns royalty (the "Target Royalty") on the gold producing Jerritt Canyon Mine facility, located in Elko Nevada (the "Jerritt Canyon Mine"), and currently operated by Jerritt Canyon Gold LLC, ("JCG LLC") a private Nevada limited liability company (the "Transaction"). Sprott originally acquired the Target Royalty from Veris Gold USA Inc. ("Veris") in 2014, pursuant to an April 9, 2014 agreement concerning the Jerritt Canyon Mine wherein Veris was obligated to convey and grant the Target Royalty to Sprott. Ely Gold already holds a per ton royalty interest on the Jerritt Canyon processing facilities that it acquired in a private transaction in 2019 (refer to press release dated May 23, 2019).

In consideration for the Target Royalty, Ely Gold has agreed to pay CAD\$8,000,000 to Sprott, payable by issuance of 12,698,413 Ely Gold common shares at a deemed issue price of \$0.63 per share (the "Ely Gold Shares"). In connection with its assistance with the Transaction, Ely Gold has agreed to pay a finder's fee to Medalist Capital Ltd. comprising a cash fee of 1.0% of the Transaction price, plus 300,000 Ely Gold Share purchase warrants each exercisable over a three-year term to purchase one Ely Gold Share at an exercise price of \$0.63 per share. All of the Ely Gold securities issued in the Transaction will be subject to a four-month hold period pursuant to applicable TSX Venture Exchange ("TSXV") policies and applicable securities laws.

The Transaction remains subject to certain customary commercial conditions, including Ely Gold's completion of its due diligence on the Target Royalty, settling definitive Transaction documentation, and receipt of all approvals required under TSXV policies and applicable securities laws. As part of its Transaction due diligence, Ely Gold plans to commission and file an independent updated National Instrument 43-101 technical report on the Jerritt Canyon Mine within 45 days of this news release. The last publicly available technical report on the property was filed by Veris in on July 11, 2013 ("NI-43-101 Technical Report Veris Gold Corp. Jerritt Canyon Property, Elko County, Nevada; Effective Date: December 31, 2012", See [www.sedar.com](http://www.sedar.com)).

Before giving effect to the Transaction, Sprott holds, directly and indirectly, 5,615,454 outstanding Ely Gold Shares, and warrants to purchase up to an additional 19,023,943 Ely Gold Shares at an average exercise price of \$0.36 per share. On this basis and given the current approximate issued and outstanding total of 100.3 million Ely Gold Shares, Sprott's direct and indirect holdings represent approximately 5.6% of the outstanding Ely Gold Shares on a non-diluted basis, and approximately 20.7% on a partially diluted basis. After giving effect to the Transaction, Sprott will hold approximately 16.2% of the outstanding Ely Gold Shares on a non-diluted basis, and approximately 28.3% on a partially diluted basis. However, pursuant to a pre-existing agreement (refer to press release dated November 29, 2019), unless the TSXV accepts Sprott becoming a "Control Person" (as defined under TSXV policies) of the Company, Sprott has agreed not to exercise any portion of his warrants if, as a result of such exercise, his direct and indirect holdings would exceed 19.9% of the outstanding Ely Gold voting shares. The Company plans to seek such an approval at its next annual general meeting expected to be held on or before May 2020.

## About Jerritt Canyon Mine

Gold was first discovered at the Jerritt Canyon Mine in 1972, with the first gold poured in 1981. Between 1981 and 1999, mining was conducted via open pit. Underground operations began in 1993 with the opening of the SSX-Steer Complex and Smith mine. Presently, the Jerritt Canyon Mine is operated by JCG LLC, a private mid-tier North American gold producer. Its primary assets are the permitted and operating Jerritt Canyon processing plant and associated four gold mines located 50 miles north of Elko, Nevada. According

to JCG LLC, since mining began at Jerritt Canyon, more than eight million ounces of gold have been produced. The mineral processing operation at Jerritt Canyon is designed to process highly refractory gold ores up to 4,000 tpd and the mill reported processing in excess of 1.1 million tons in 2017 and 1.2 million tons in 2018.

Gold mineralization at Jerritt Canyon occurs in both upper plate and lower plate stratigraphy. While approximately 30% of the 119 square mile land package has experienced first-pass exploration, most of the property outside the mined areas, has not been explored to date. Lower plate rocks are known to occur at Jerritt Canyon at surface, near-surface and under valley fill.

#### Qualified Person

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.

#### About Ely Gold Royalties Inc.

[Ely Gold Royalties Inc.](#) is a Vancouver-based, emerging royalty company with development assets focused in Nevada and Quebec. Its current portfolio includes 36 Deeded Royalties and 22 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 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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**FORWARD-LOOKING CAUTIONS:** This press release contains certain "forward-looking statements" within the meaning of Canadian securities legislation, including statements regarding the contemplated acquisition of the Target Royalty (as defined above) (including the requirement for certain TSX Venture Exchange approvals), significance of the forecast contribution to the Company, the Company's intention to seek a shareholder approval at its 2020 annual general meeting, its current assets, Company acquisitions of additional royalty interests. These matters are subject to certain risks and uncertainties. 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 risks that the Company may not secure the required regulatory approvals, including the acceptance of the TSX Venture Exchange, and the Company may not be able to identify suitable new royalty acquisitions, 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.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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