

# Ely Gold Royalties Announces Closing of the Purchase of Jerritt Canyon NSR

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## Jerritt Canyon Mine Began Operations in 1981 with over 8M Ounces of Gold Produced

Vancouver, May 13, 2020 - [Ely Gold Royalties Inc.](#) (TSXV: ELY) (OTCQX: ELGYF) (FRA: A2JSL0) ("Ely Gold" or the "Company") is pleased to announce that it has completed the Purchase Agreement (the "Transaction") of a 0.5% net smelter returns royalty on the Jerritt Canyon Mine (the "JC Royalty"), located in Elko Nevada announced February 4, 2020.

With the closing of the Transaction with Eric Sprott ("Sprott"), Ely Gold has now purchased its third producing royalty. Sprott originally acquired the JC Royalty from Veris Gold USA Inc. in 2014, pursuant to an April 9, 2014 agreement concerning the Jerritt Canyon Mine wherein Veris was obligated to convey and grant the JC Royalty to Sprott. In addition to the JC Royalty, Ely Gold also holds a per ton royalty interest on the Jerritt Canyon processing facilities, acquired in a private transaction in 2019 (refer to press release dated May 23, 2019) and a 0.75% producing royalty on the Isabella Pearl Mine in Mineral County, Nevada operated by Gold Resource Corp. (refer to press release dated May 2, 2019)

In consideration for the JC 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 "Purchase Shares") to 2176423 Ontario Ltd., a company controlled by Sprott. In connection with its assistance with the Transaction, Ely Gold 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 the Purchase Shares issued in the Transaction, including warrant shares, will be subject to a four-month hold period pursuant to applicable TSX Venture Exchange ("TSXV") policies and applicable securities laws.

Trey Wasser, President & CEO commented, "Jerritt Canyon is a great producing asset and includes some of the best exploration ground in Nevada. The JC Royalty payments began to accrue in February which, when received, will be almost a full year of royalty payments for 2020. We also expect to see significant upside in the production profile at Jerritt Canyon".

## Corporate Update

At the Company's Annual and Special General Meeting, held May 6, 2020, shareholders approved the creation of a new Control Person (as that term is described in the policies of the TSXV) that being 2176423 Ontario Ltd., a company controlled by Sprott. In connection with a Loan Agreement dated November 29, 2019, as defined in the Information Circular (sent to shareholders of record on April 6, 2020), the Company issued to Sprott 16,216,215 non-transferable loan bonus warrants (the "Bonus Warrants"). Each Bonus Warrant is exercisable to purchase one common share of the Company at an exercise price of \$0.37 per Bonus Warrant Share. After giving effect to the purchase of the Purchase Shares and the Bonus Warrants, Sprott will beneficially own and control 23,121,594 Ely Gold common Shares and 19,023,942 Bonus Warrants, representing approximately 29.9% of the outstanding shares on a non-diluted basis and 24.3% on a fully diluted basis.

## 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 Nevada focused gold royalty company. Its current portfolio includes royalties at some of Nevada's largest gold mines, including Jerritt Canyon, Goldstrike and Marigold as well as the Fenelon property in Quebec, operated by Wallbridge Mining. Ely Gold's royalty portfolio includes several advanced projects that are scheduled for production by 2023. The Company continues to actively seek opportunities to purchase producing or near-term producing royalties. Ely Gold is also generating development royalties through property sales on projects that are located at or near producing mines. Management believes that due to the Company's ability to locate and purchase third-party royalties, its successful strategy of organically creating royalties and its gold focus, Ely Gold offers shareholders a low-risk leverage to gold prices and low-cost access to long-term gold royalties.

On Behalf of the Board of Directors  
Signed "Trey Wasser"  
Trey Wasser, President & CEO

For further information, please contact:

Trey Wasser, President & CEO  
trey@elygoldinc.com  
972-803-3087

Joanne Jobin, Investor Relations Officer  
jjobin@elygoldinc.com  
647 964 0292

**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 JC 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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