

# Ely Gold Royalties Open Letter to Shareholders

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Register for our Town Hall Meeting - Friday, June 25 at 11AM EDT  
[https://www.bigmarker.com/ftmig1/Ely-Gold-Royalties-June-Town-Hall?utm\\_bmc\\_source=ELY](https://www.bigmarker.com/ftmig1/Ely-Gold-Royalties-June-Town-Hall?utm_bmc_source=ELY)

Vancouver, June 25, 2021 - [Ely Gold Royalties Inc.](#) (TSXV: ELY) (OTCQX: ELYGF) ("Ely Gold" or the "Company").

Ely Gold Shareholders,

On June 21, 2021 we announced the business combination of Ely Gold Royalties and Gold Royalty Corp. (NYSE American: GROY). The transaction values Ely Gold at approximately \$295 million and ranks as one of the most significant royalty mergers in recent years. This also represents an exciting chapter in the growth of Ely Gold. I would like to provide some background on the genesis of the deal as well as address some questions regarding the announcement.

First, Ely Gold shareholders don't need to do anything immediately regarding the transaction. You will have a few weeks to fully understand your options and decide on how you want your Ely Gold shares treated in the transaction. We will be posting more information on our website (<https://elygoldinc.com/>) and we have established a hotline where you or your broker can call and ask questions by calling 1 (833) 261-9730.

The Record Date for voting at the Ely Gold shareholder meeting to consider the transaction is July 14, 2021. Holders of record on that date will have the right to vote their shares at the special general meeting ("Meeting") scheduled for August 17, 2021.

Ely Gold shareholders will have the choice to tender their shares for either "all cash" at CAN\$1.46 per share or "all Gold Royalty stock" at a ratio of .2450 per Ely Gold share. However, there is a maximum amount of cash that can be distributed and that is CAN\$84,000,000 and there is a maximum amount of Gold Royalty shares that can be distributed and that is 41,455,194. The deadline for shareholders to make an election as between the Gold Royalty stock and the cash option is 4:30 p.m. on August 12, 2021.

Ely Gold, in cooperation with Gold Royalty, is preparing a Management Information Circular to be mailed to Ely Gold shareholders in mid-July, together with proxies/voting instruction forms to allow shareholders to vote on the transaction. To proceed, the transaction must receive a special majority of at least 2/3rds of the votes cast at the Ely Gold shareholder meeting.

We can't predict, at this time, what all shareholders will choose but, consider these ratios:

- if between 16-28% of shareholders choose the "all cash" option, everyone will receive "all cash" and "all stock" as requested;
- If less than 16% of shareholders choose "all cash", those that choose "all cash" will receive all cash. Those that choose "all stock" will receive mostly stock and an increasing amount of cash (as the percentage drops);
- If greater than 28% of shareholders choose "all cash", those that choose "all cash" will receive less cash and an increasing amount of stock (as the percentage increases). Those that choose "all stock" will receive all stock (less the minimum \$.0001/per share); and
- Also important is that at 16% or less "all cash", Gold Royalty will only be paying out \$46.8MM in cash leaving \$37.2MM in the treasury.

Again, no action is needed at this time. The hotline is open now for questions and once you receive your documents with instructions we will be here to help. You will have ample time to make your election.

To track the implied current value of the "all stock" option, multiply the price of GROY times 0.2450. This would equate to the price of ELYGF on the OTCQX. Because GROY only trades in US Dollars, to compare the price of ELY.V you must multiply the price of GROY by 0.2450, and then by approximately 1.245 (the approximate current Canadian-US dollar exchange rate).

The transaction has been structured with the Gold Royalty stock/cash option to ensure that Gold Royalty, with its management and its NYSE listing, will be considered as the surviving entity resulting from the business combination. At the transaction valuation, had Gold Royalty agreed to acquire Ely Gold in an all-stock transaction, Ely Gold shareholders would end up owning over 50% of the combined entity.

I have always strived to be an accessible CEO. My direct office line and e-mail address is on every press release, and I continue to speak with Ely Gold shareholders daily. We will continue to host regular townhall meetings to answer shareholders' questions during this process.

I want to make it clear that this transaction is not a "take-over" or a "sell-out". Jerry Baughman and I will both be joining the new Gold Royalty as consultants, and I will also join the board of directors. Jerry and I will continue to generate and purchase royalties for the Nevada portfolio through our Nevada connections. The key difference is that now we will have the capital to participate in larger deals that could be more accretive to shareholder value. In Nevada, it will be business as usual and the combined company will have two talented groups focused on royalty origination and acquisition.

This transaction was a joint effort of both companies, not an unsolicited take-over by Gold Royalty. In the past couple of years, we have seen the emergence of several new junior royalty companies and, as a consequence, the royalty business has gotten much more competitive. The prices being paid for royalties today exceeds the value that the market currently places on Ely Gold's assets. Purchasing royalties at current prices has the effect of diluting the value of our current holdings, in most cases, for lower quality assets. Given these competitive market conditions, Ely Gold's board of directors elected to start a process to explore strategic alternatives in December 2020. We engaged Laurentian Bank and ran a process to explore potential M&A alternatives. We looked at acquiring smaller companies and being acquired by larger ones. We signed several NDA's and worked through various scenarios. After this process ran its course, we decided that Gold Royalty would be the best merger partner with whom to create a combined entity with a growth profile that we believe will benefit all shareholders.

Gold Royalty was formed last year as a spin-off from GoldMining Inc. (TSX:GOLD) that owns the asset properties underlying the majority of Gold Royalty's interests. In March of this year, GROY completed a very successful IPO, which was so successful, that they had to increase the financing twice from \$30MM to \$90MM due to demand. The Management Team at Gold Royalty is very seasoned: CEO David Garofalo was the former CEO of Goldcorp and led the largest merger in gold mining history when Goldcorp was sold to Newmont. Ian Telfer started Wheaton Precious Metals when he was Chairman of Goldcorp. He serves as Chairman of the Gold Royalty Advisory Board. Top to bottom, this is a very capable, experienced, and respected team in mining industry circles. While Gold Royalty's assets are longer-term, relative to Ely Gold's, they are very well-endowed with gold and copper resources. Their key assets are now being advanced and developed. Alastair Still, former VP of Development at Newmont, (also Goldcorp, Kinross, Placer Dome, Agnico Eagle) joined GoldMining Inc. as CEO in March 2021. He has already updated two resource estimates since taking over and announced additional work. Alastair is also VP Technical Services at GROY.

The hidden story with this transaction is the coming consolidation in the royalty space. There are too many junior royalty companies and not enough good royalty deals to go around. In addition, the majors are competing for smaller transactions due to reduced deal flow. Ely Gold has chosen to partner with a company that is complimentary to us on every level to create a platform to compete in this coming consolidation.

For all of the reasons stated above, I respectfully ask for all shareholders to give this transaction their thoughtful consideration. In this regard, I urge you to review all of Ely Gold's public disclosures regarding the transaction, including the Ely Gold Management Information and the Arrangement Agreement. As they become available, Ely Gold's disclosures will be available under its issuer profile on SEDAR at <https://www.sedar.com/>

And please tune in Friday, June 25 at 11AM EDT for our Town Hall Meeting:  
[https://www.bigmarker.com/ftmig1/Ely-Gold-Royalties-June-Town-Hall?utm\\_bmcr\\_source=ELY](https://www.bigmarker.com/ftmig1/Ely-Gold-Royalties-June-Town-Hall?utm_bmcr_source=ELY)

Faithfully,

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

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About Ely Gold Royalties Inc. [Ely Gold Royalties Inc.](#) is a Nevada focused gold royalty company. Its current portfolio includes royalties at Jerritt Canyon, Goldstrike and Marigold, three of Nevada's largest gold mines, as well as the Fenelon mine in Quebec, operated by Wallbridge Mining. The Company continues to actively seek opportunities to purchase producing or near-term producing royalties. Ely Gold also generates 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 strategy of organically creating royalties and its gold focus, Ely Gold offers shareholders a favorable leverage to gold prices and low-cost access to long-term gold royalties in safe mining jurisdictions.

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.

Forward Looking Cautions: This press release contains certain "forward-looking statements" within the meaning of Canadian securities legislation, including, but not limited to, statements regarding completion of the Ely Gold - Gold Royalty business combination, the effect of the respective share prices of Ely Gold and Gold Royalty, and the Canada-US dollar exchange rate on the transaction valuation, the outcomes that would result from the elections made by Ely Gold shareholders as between the cash option and the Gold Royalty share option, and the requirement for Ely Gold special majority shareholder approval for the transaction. 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, fluctuations in the respective share prices of the two companies, the failure of a sufficient number of Ely Gold shareholders to pass a special resolution required to approve the transaction, and unforeseen numbers of Ely Gold shareholders choosing the all-cash option over Gold Royalty shares. 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 accepts responsibility for the adequacy or accuracy of this release.

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