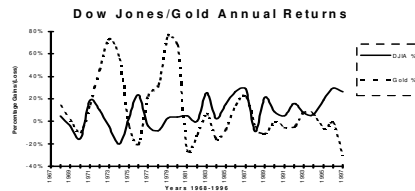




Gold

Energy & Tech Stocks



Weekly Hotline Message (Now in our 38th Year) Feb. 8, 2019

New Coverage

Ely Gold Royalties Inc.



Business: Project Generator/Royalty holdings of precious metals projects in Nevada.

Trades Toronto:	ELY
US OTC:	ELYGF
Shares Outstanding:	93,105,474
Cash:	~2.5 million
Price 2/8/19:	US\$0.117
Market Cap:	US\$10.9 million
Estimated float *:	54%
Fully Diluted Shares:	108,030,474
Progress Rating:	A2
Telephone:	604-488-1104
Website:	www.elygoldinc.com

* Shares believed to be held off the market: Management 11%; Long-term wealthy shareholders 25%; Exploration Capital Partners (Sprott) holds 10%.

This is a very easy and straightforward story to tell. Not only does the company have 77 Nevada properties in play but it is already enjoying one royalty and expects a second royalty to start kicking in by June of this year. Without any other revenues, these two properties are expected to generate \$1.25 million this year, which will cover all corporate overhead and SG&A. But that's chump change compared to what I expect this company will earn, as it has royalties on several advanced-stage projects in the hands of solid companies.

Of the 74 properties in play, here is a breakdown of their various stages:

- 27 deeded royalties
- 21 projects optioned to third parties
- 26 available properties
- Anticipated royalty revenues in 2019: \$1.25 million from a 1% royalty from the Fenelon Project in northern Quebec and a 0.75% royalty on the Isabella Claims in Nevada.

The company also has a strong database, which is the key to property transactions, and the database continues to generate new properties and district consolidations. Also impressive to me are some of the



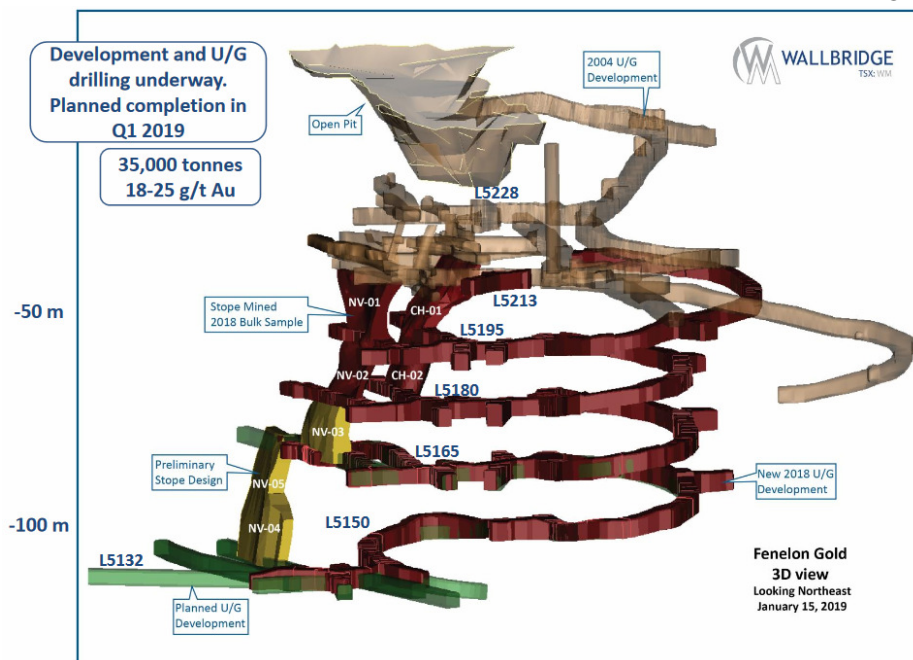
well-known mining company partners that working on various projects in Ely's portfolio, such as **Barrick**, **Coeur Mining** (two projects), **Hochschild Mining** (four projects), and **Gold Resource Corp.** (four projects).

Ely has also been able to consolidate properties and, as a result, gain royalties on a number of Nevada properties, including the following: Mina Gold, Isabella, County Line, Weepah, Tonapah, and Gold Bar. The Isabella Project is being developed by NYSE-traded Gold Resource Corp. and the first royalties are expected to start flowing toward Ely by June of this year. The Gold Bar Project is being developed by one of our current recommendations—namely, Fremont Gold, as discussed in this issue.

With the very large portfolio of companies owned by Ely, it is of course impossible to begin to talk about all of them. But let me point out some of the more advanced projects, beginning with two that are expected to start generating cash flow to Ely this year.

Fenelon Gold Mine, Northern Quebec – While most all of the company's focus is on Nevada, last year management purchased a 1% royalty from Balmoral Resources for \$500,000 in cash plus 1 million common shares issued at a deemed value of \$0.10 per share. The underground mine currently has a small high-grade resource but with mineralization open at depth, exploration will be ongoing as mining proceeds. At present, commercial operating permits are being applied for but the company does have permission for bulk mining of some 35,000 tonnes grading between 18 and 25 g/t gold. Expectations are that some 26,000 ounces of gold will be produced from this bulk mining. A 1% royalty would amount to 260 ounces of gold, which at \$1,300 would be worth approximately US\$338,000. At current exchange rates, that mounts to around C\$450,000, thus returning most of the initial cash investment to acquire this royalty.

> 5.00 g/t Au		Tonnes (t)	Au (g/t)	Contained Au (oz)
Measured (M) and Indicated (I)	Measured (In-situ)	27,000	13.94	12,100
	Measured (broken)	3,100	6.14	600
	Indicated	61,000	12.89	25,300
	Total M+I	91,100	12.97	38,000
Inferred	In-situ	6,500	9.15	1,900



Admittedly, a small-scale mining operation like this may not excite many investors, but as a starter asset, with a high probability of high-grade mineralization extending to depth, this project could provide long-term cash flows that repay the initial investment many times over.

The Fenelon Gold Mine Project is being advanced by Wallbridge Mining, another company that Eric Sprott has a position in. It trades in the U.S. under the symbol WLBMF. It is headed by Marz Kord, a Mining Engineer with over 30 years of experience in the mining industry, spanning a career over which Mr. Kord has held progressively more responsible roles in both operations and management. During the early part of his career with Falconbridge, Mr. Kord was involved in mining operations in both Sudbury and Timmins.

In 2017 and since acquisition, Wallbridge has completed 33 drill holes totalling 6,348 metres in three surface exploration drilling campaigns at Fenelon (see [Wallbridge Press Release dated December 13, 2017](#)). Results from this initial year's exploration drilling program exceeded expectations and resulted in an expanded exploration target for the area near existing infrastructure and above 150 metres depth. In 2017, some of the high-grade intersections were:

- 141.16 g/t over 7.06 meters
- 311.08 g/t over 3.06 meters

- 260.44 g/t over 7.02 meters
- 80.42 g/t over 4.73 meters

In 2018 with 18,000 meters drilled, 10,000 of which was from surface and 8,000 from underground, the following high-grade intersections were reported.

- 144.96 g/t over 1.77 meters
- 262.18 g/t over 0.97 meters
- 137.63 g/t over 4.1 meters
- 611.00 g/t over 0.4 meters

Very little drilling has been carried out below 150 meters and the mineralization remains open to depth and along strike. In addition, drill intersections along the 4-kilometer strike length of the mineralized structure demonstrate potential for new discoveries on the broader property. Wallbridge is immediately targeting 250,000 to 400,000 high-grade ounces at depth. It looks to me as if Ely Gold could receive a very quick payback of its capital and then enjoy a long life of royalties for its shareholders.

Isabella Pearl 0.75% NSR – The Isabella Pearl Gold Project is located in south-central Nevada's Walker Lane Mineral Belt in Mineral County, Nevada. The property covers 494 mining claims comprising 3,642 hectares (9,000 acres), of which 58 claims encompass the Isabella Pearl deposit and planned mine area.

On June 19, 2018, the Company commenced construction at Isabella Pearl and targets the first gold pour by June 19, 2019. The Isabella Pearl project contains Proven and Probable reserves estimated at 2,694,500 tonnes grading 2.22 grams per tonne, which equates to 192,600 gold ounces based on a feasibility reported dated December 31, 2017. Future production development anticipates two adjacent open pits with the Isabella pit averaging approximately 1 gram per tonne gold with mineral outcropping at the surface, and the Pearl pit averaging approximately 3.7 grams per tonne gold with a higher-grade core averaging nearly 5 grams per tonne gold. The project estimates an average 5:1 strip ratio with metallurgical tests estimating gold recoveries for crushed oxide rock of 81% and run of mine ore (ROM) of 60% using conventional heap leaching. Small amounts of silver are expected in recoveries, which would be treated as by-product credits against gold production costs.

The Isabella Pearl is being developed by NYSE-traded Gold Resource Corporation (NYSE-GORO). The acquisition cost for Ely was US\$300,000 cash. In year one it is expected to produce 20,000 to 30,000 ounces and in years 2 and 3 between

30,000 and 40,000 ounces. There are 10 Isabella Pearl claims, all of which are subject to Ely's 0.75% royalty.

Advanced Exploration Projects

Following (left) is a list of the company's royalty holdings:

Here are a couple of the more advanced royalty holdings that are being worked on now:

Castle/Blackrock Lease 2% NSR

– The Castle/Blackrock Lease was acquired for US\$500,000 for a large package of properties and royalties, including Castle/Blackrock. It also included the Eastside Project, which is the flagship of Allegiant Gold, within its 17-project portfolio. The East Side Project has a historical resource

Project Name	Interest	County	Royalty	Payment Schedule	Owner/ Operator	Type	Historic Resource
County Line	100%	Nye	2.50%	\$300,000	Gold Resource	Development	
Gold Rock	100%	White Pine	0.50%	None	Fiore Exploration	Development	43-101 Resources
Isabella	100%	Mineral	2.50%	None	Gold Resource	Development	
Mina Gold	100%	Mineral	3.00%	None	Gold Resource	Development	97,000 Oz.
Mt Hamilton	100%	White Pine	1.00%	None	Waterton Global	Development	43-101 Resources
Atlanta	100%	Lincoln	3.00%	None	Meadow Bay Gold	Exploration	
Bald Peak	100%	Mineral	3.00%	\$25,000	Radius Gold	Exploration	
Danbo	100%	Nye	3.00%	None	VR Resources	Exploration	
Fenelon	100%	Quebec	1.00%	None	Wallbridge Mining	Development	43-101 Reserves
Gilbert South	100%	Esmeralda	1.00%	None	Renaissance	Exploration	
Gold Rock Extention	100%	White Pine	2.00%	None	Fiore Gold	Exploration	
Green Springs	100%	White Pine	2.50%	\$5,000	John Cox	Exploration	Historic Resources
Gutsy	100%	Elko	0.50%	None	Eurasian Minerals	Exploration	
Hackberry	100%	Mohave	2.00%	None	Bitterroot Resources	Exploration	
Kismet	100%	White Pine	2.00%	None	Eurasian Minerals	Exploration	
Kraut	100%	Nye	3.00%	None	VR Resources	Exploration	
Mt Wilson	100%	White Pine	2.00%	None	National Treasure	Exploration	
Pilot Mountain	100%	Mineral	2.00%	\$40,000	Thor Mining	Development	Historic Resources
Quartz Mountain	100%	Lake	0.25%	None	Alamos Gold	Development	43-101 Resources
Maggie Creek	100%	Eureka	1.00%	None	Renaissance	Exploration	
New Boston	100%	Mineral	2.00%	None	VR Resources	Exploration	
Rosial	100%	Pershing	1.50%	None	Coeur Mining	Exploration	
Scossa	100%	Pershing	2.00%	None	Romios Gold	Exploration	
Silver Dyke	100%	Mineral	2.00%	None	Gold Resource	Exploration	
Troy	100%	Nye	1.00%	\$15,000	Brocade Metals	Exploration	
Turquoise	100%	Humboldt	2.00%	None	Barrick	Exploration	
Tuscarora	100%	Elko	2.00%	\$4,000	America Pacific	Exploration	

of 272,000 oz. of gold.

Gold Rock Resource – Ely has a 0.50% NSR on this project that is being developed by Fiore Gold. The project consists of a large 20,300-hectare contiguous land package on the Battle Mountain-Eureka Trend, anchored by the former Easy Junior Mine, which reportedly produced approximately 2.6 million tonnes at a grade of 0.89 grams per tonne for 74,945 gold ounces in the early 1990s. The area in and around the former Easy Junior Mine hosts a recently-released mineral resource as follows:

Category	Tonnes (000s)	Gold Grade (g/t)	Gold Grade (oz/st)	Contained Gold (oz)
Indicated	9,006,900	0.82	0.024	238,700
Inferred	7,787,500	0.72	0.021	180,900

Management believes there is an excellent chance to grow the project along strike, both north and south of the former Easy Junior open-pit mine. This is a 200-sq.-

kilometer contiguous land package on the Battle Mountain-Eureka Trend.

As noted above, the company has some 21 properties that are optioned to third parties. The options are for 100% and are purchased from Ely for cash payments and/or ongoing option requirements during the time the options are held. Following is a schedule of options held with the schedule of payments coming to the company in 2019 from the current portfolio.

Project Name	Interest	County	Metals	2019 Payment	Partner/ Operator	Historic Resources
Aphro	100%	Nye	Au,Ag	\$5,000	Orla Mining	
Castle/Black Rock	100%	Nye	Au,Ag	\$25,000	Allegiant	272,153 oz.
Cimarron	100%	Nye	Au,Ag	\$25,000	Ridgestone Mining	Historic Resources
Frost	100%	Oregon	Au,Ag	\$15,000	Paramount Gold	
Gold Bar	100%	Eureka	Au,Ag	\$112,000	Fremont Gold	170,514 oz.
Gold Canyon	100%	Eureka	Au,Ag	\$100,000	Fremont Gold	Historic Resources
Gilbert South	100%	Esmeralda	Au,Ag	\$5,000	Renaissance Exploration	
Green Springs	100%	White Pine	Au,Ag	\$50,000	Contact Gold	Historic Resources
Hog Ranch	50%	Washoe	Au,Ag	\$40,000	Hog Ranch Minerals Inc	Historic Resources
Hurricane	100%	Lander	Au,Ag	\$25,000	Fremont Gold	
Idaho State Lease	100%	Delamar	Au,Ag	\$20,000	Integra	
Moho	100%	Mineral	Au,Ag	\$25,000	Hochschild Mining	
Morgan Pass	100%	Elko	Au,Ag	\$25,000	Wright Parks	
Olympic	100%	Mineral	Au,Ag	\$20,000	Hochschild Mining	
Racey	100%	Oregon	Au,Ag	0	Aurion Resources	Historic Resources
Redlich Gold	100%	Esmeralda	Au,Ag	\$25,000	Hochschild Mining	
Rodeo Creek	100%	Elko	Au,Ag	\$50,000	Premier Gold	
Rudi	100%	Pershing	Au,Ag	\$10,000	Pershing Gold	
Stateline	100%	Utah	Au,Ag	\$25,000	Pyramid Gold	
Tonopah West	100%	Esmeralda	Au,Ag	\$100,000	Coeur Mining	
Weepah	100%	Esmeralda	Au,Ag	\$100,000	Valterra Resources	

These are options only. Ely has no interest in holding a JV interest. However, they are subject to future royalties payable to Ely and the projects are scalable, meaning that royalty payments in the future can grow as the project and production grow.

A typical option contract lasts for four years with escalating and balloon payments over that timeframe. There are no work commitments and data is held open to the public on all properties.

As noted previously, the company has an additional 26 optionable properties available for options.

MANAGEMENT

Trey Wasser, President, CEO and Director

- President and Director of Research for Pilot Point Partners LLC
- Over 33 years of brokerage and venture capital experience, with 20 years as a corporate finance specialist with Merrill Lynch, Kidder Peabody and Paine Webber
- Specialized in equity/debt re-structuring and cash management.
- Founded Due Diligence Tours organizing analyst tours to hundreds of mining properties in North America.

Jerry W. Baughman, Director BSc, PGeo, President

- Certified Professional Geologist (CPG) with the American Institute of Professional Geologists (since 1997), a graduate of University of Nevada with degrees in geology and economic geology
- Over thirty years of experience in mineral exploration in the United States, Mexico and South America
- Based in the Reno area, has extensive experience as an independent geologist evaluating gold and silver properties.
- Former geologist and management positions with Southwestern Gold, Cambior (USA), Gryphon Gold, Frontier Gold
- A member of the Geological Society of Nevada (GSN), a member of the Nevada Petroleum Society (NPS), a member of the Society of Economic Geologist (SEG), a member of the British Columbia & Yukon Chamber of

Mines, and a member of the Prospectors and Developers Association of Canada (PDAC).

- A Qualified Person as defined by National Instrument 43-101

Scott Kelly, CFO & Corporate Secretary

- Over 12 years of senior management experience in the global mining sector
- Current CFO of Ethos Gold Corp, Sonoro Metals Corp and Marlin Gold Mining Ltd
- Held the office of VP Finance for Pediment Gold Corp until its acquisition by Argonaut Gold Inc.
- Bachelor of Commerce degree from Royal Roads University (2001).

Stephen Kenwood, BSc, PGeo, Director & Qualified Person

- B.Sc. (geology) from the University of British Columbia. Over 25 years world-wide experience in mining sector and 15 years experience managing junior exploration companies
- Former geologist with Cominco on the Snip gold mine, project geologist at Eskay Creek, and project geologist at the Petaquilla copper-gold porphyry deposit
- Currently President and a director of Majestic Gold Corp., President and a director of Remo Resource Corp., and director of two other TSX.V listed companies

Tom Wharton, Independent Director

- Over 30 years experience with start-up, development and financing of early stage mining companies
- Currently on the board of Angel Gold, DV Resources and Dolly Varden Silver

Ron K. Husband, MBA, Independent Director

- Currently Director of Sonoro Metals Corp.
- 15 years of world-wide experience
- MBA from the University of Calgary
- Chairman of the Audit & Compensation Committees

William M. Sheriff, Independent Director

- Entrepreneur and visionary with over 30 years' experience in the minerals and securities industries.
- Founder and Executive Chairman of Golden Predator Corp. Prior to founding Golden Predator Corp.
- Currently serves as Chairman of enCore Energy Corp.
- Previously served as Chairman of EMC Metals Corp., and as a Director of Western Lithium USA Inc., Uranium One Inc., Midway Gold Corp., Eurasian Minerals Inc. and Starcore International Mines Ltd..
- Holds a B.Sc degree (Geology) from Fort Lewis College, Colorado and an MSc in Mining Geology from the University of Texas-El Paso.

THE BOTTOM LINE

This company has a large number of projects, most of which are in Nevada. Its business model generates cash now through its sale of options, and its large data base allows it to generate new prospects. The one negative at the present time is that there are no really large-scale deposits yet outlined. However, with such a large number of prospective projects hosted in various area of Nevada where elephant-size deposits are known to exist, the potential for one of Ely's partners to outline something large that could allow this company to develop into something that is meaningfully large would seem to be considerable. For the time being, as noted above, the company is set to receive at least \$1.25 million in 2019, which will cover all overhead while work continues on several exploration targets. Compared to its peers, this company carries a very low valuation. I see very little downside compared to upside at a time when growth should really start to accelerate first from developing projects and longer term from the pipeline. If you find this story of interest, you may wish to view the presentation here, <https://www.youtube.com/watch?v=X9GrxQbeKV4>, made on behalf of Ely Gold at the January 2019 Metals Investor forum.

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