

# Gold Royalty Corp. and Ely Gold to Combine

**Gold Royalty Corp. (NYSE: GROY)**

Announced that they have entered into a definitive agreement to combine with [Ely Gold Royalties Inc.](#), pursuant to which Gold Royalty Corp. will acquire all of the issued and outstanding common shares of Ely Gold by way of a statutory plan of arrangement.

<b>Gold Royalty Corp.</b>	<b>NYSE: GROY</b>
<b>Stage</b>	<b>Royalty</b>
<b>Metals</b>	<b>Gold</b>
<b>Market Cap</b>	<b>US\$277 @ \$6.66</b>
<b>Location</b>	<b>Americas</b>

*Comment*

*This looks a good combination in my view, and perhaps a sig that we may see some consolidation in the now crowded royalty and streaming sector?*

*Gold Royalty looked to have too many early stage projects, virtually all owned by GoldMining Inc., with no production anywhere in sight, which wasn't great for a royalty and streaming company, as I'm sure you appreciate.*

*Now however, they have combined with Ely Gold, (often mentioned here in the past), who do have revenue, so combined with GRC's early stage projects, the combined portfolio has an improved balance of assets, and a very experienced management team.*

*This looks like a good move for Gold Royalty Corp. to me.*

## **Gold Royalty Corp. and Ely Gold to combine to create a leading growth and precious metals focused company, based in the Americas.**

June 21, 2021

**Vancouver, British Columbia – June 21, 2021 – Gold Royalty Corp. (“GRC”) (NYSE American: GROY) and Ely Gold Royalties Inc. (“Ely Gold”) (TSX.V: ELY)** are pleased to announce that they have entered into a definitive agreement (the “**Agreement**”), dated June 21, 2021, pursuant to which GRC will acquire all of the issued and outstanding common shares of Ely Gold (the “**Ely Shares**”) by way of a statutory plan of arrangement (the “**Arrangement**”) under the *Business Corporations Act* (British Columbia).

Under the terms of the Agreement, which was negotiated at arms-length, each holder of Ely Shares will have the option to receive consideration per Ely Share of either: (i) C\$1.46 in

cash, or (ii) 0.2450 of a GRC common share (“**GRC Share**”), subject to pro-ration based on a maximum aggregate cash consideration of C\$84 million and a maximum aggregate number of GRC Shares issued of approximately 41.5 million.

The share exchange ratio implies a mix of C\$0.42 in cash plus 0.1742 of a GRC Share per Ely Share on a fully diluted, in-the-money, and fully pro-rated basis (assuming the maximum aggregate cash consideration of C\$84 million).

Such consideration represents a premium of approximately 42%<sup>1</sup> to Ely Gold shareholders based on the 30-day volume weighted average price of the GRC Shares and Ely Shares ending on June 18, 2021.

At closing, assuming maximum aggregate cash consideration of C\$84 million, existing GRC and Ely Gold shareholders will own approximately 55% and 45%, respectively, of GRC after giving effect to the Arrangement (“**New GRC**”) on a fully diluted, in-the-money, and fully-prorated basis.

## Transaction Highlights

- ***Creation of a Leading Growth and Americas-Focused Precious Metals Royalty Company*** – the transaction creates a new, sizable Americas-focused royalty company with a peer-leading resource endowment and a robust development pipeline, including nearly 100 royalties on various production, near-production, development and exploration assets.
- ***Clear Path to Share Price Re-Rate*** – New GRC will have increased scale, diversification and growth, which may catalyze a significant share price re-rating benefiting all shareholders of New GRC.
- ***Enhanced Balance Sheet & Access to Capital*** – New GRC will have approximately US\$33 million in cash (pro forma

as at June 18, 2021, assuming maximum aggregate cash consideration is elected and the exercise of all outstanding in-the-money securities), greater access to equity and debt capital markets and the critical mass to drive significant growth through acquisitions.

- **Enhanced Capital Markets Profile** – New GRC will continue to be listed on the NYSE American and is expected to have increased trading liquidity and attract greater support from institutional investors.
- **Experienced Management Team** – New GRC will have a highly credible and established management team with 275+ years of combined experience and a proven track record of creating value and sourcing accretive deals.

## Gold Royalty Corp. and Ely Gold management comments

*“We are pleased to present this arrangement to the shareholders of Ely Gold and GRC.*

*“The acquisition of Ely Gold is consistent with our strategy of identifying opportunities to create shareholder value. Shareholders of New GRC will benefit through their participation in a larger, well-funded, and more diverse company that has the ability to acquire royalties in a variety of high-return projects globally.*

*“This transaction creates value for both Ely Gold and GRC shareholders – with the further potential upside through a significant value re-rating – and results in the immediate creation of a leading*

*growth and Americas-focused precious metals royalty company.”*

## **David Garofalo, CEO, President and Chairman of Gold Royalty Corp.**

*“This is a great outcome for Ely Gold shareholders.*

*“The transaction provides an immediate, compelling premium, a significant cash component, and the opportunity to continue to participate in the growth of an outstanding combined asset portfolio.*

*“This business combination provides the scale, balance sheet, access to capital and management team to drive significant growth and creates an excellent platform for further consolidation in the royalty space.*

*“I am very excited to join the New GRC board, at closing, and work with the GRC management team on the company’s next chapter.”*

**Trey Wasser, CEO, President and Director of Ely Gold.**

## **Benefits to Gold Royalty Corp. Shareholders**

- Immediate exposure to free cash flow from Ely Gold’s diversified portfolio of royalties, including four royalties at currently producing mines

- Adds a large, high-quality and strategic portfolio of North American-focused royalties
- Substantial increase in cash flow, net asset value, trading liquidity and capital markets profile
- Alignment with GRC's geographic and commodity exposures

## Benefits to Ely Shareholders

- Significant 42% premium based on the 30-day VWAP of the Ely Shares and the GRC Shares ending on June 18, 2021 and potential for continued upside participation through significant ownership of GRC Shares
- Attractive consideration with flexibility for Ely Gold shareholders to elect form of consideration in either cash or GRC Shares, subject to pro-ration
- Access to GRC's strong balance sheet and robust pipeline of development projects to support further production growth
- Robust re-rate potential due to increased scale, diversification and growth profile.

## Transaction Conditions & Timing

Ely Gold intends to call a meeting of shareholders to be held in August 2021 to seek shareholder approval for the Arrangement (the “**Ely Gold Meeting**”). Completion of the Arrangement will require:

- approval of at least 66 2/3% of the votes cast by Ely Gold shareholders at the Ely Gold Meeting, and
- approval of a simple majority of the votes cast by Ely Gold shareholders at the Ely Gold Meeting, excluding votes from certain management shareholders, as required under Multilateral Instrument 61-101.

Completion of the Arrangement is also subject to the receipt of court and stock exchange approvals, and other customary closing conditions for transactions of this nature.

The Agreement provides for, among other things, non-solicitation covenants, with “fiduciary out” provisions that allow Ely Gold to consider and accept a superior proposal, subject to a “right to match period” in favour of GRC. The Agreement also provides for a termination fee of C\$10.0 million to be paid by Ely Gold to GRC if the Agreement is terminated in certain specified circumstances. GRC is also entitled to expense reimbursement in the amount of C\$2.0 million payable if the Agreement is terminated in certain circumstances. Ely Gold is also entitled to expense reimbursement in the amount of C\$2.0 million payable if the Agreement is terminated in certain circumstances.

The directors and senior officers of Ely Gold, holding in aggregate approximately 5% of the issued and outstanding common shares of Ely Gold, have entered into voting support agreements with GRC, pursuant to which they have agreed to vote their shares in favour of the Arrangement at the Ely Gold Meeting. In addition, Eric Sprott, who indirectly beneficially owns in the aggregate approximately 22% of the issued and outstanding common shares of Ely Gold, has entered into a voting support agreement with GRC, pursuant to which he has agreed to vote his shares in favour of the Arrangement at the Ely Gold Meeting.

*The companies are working towards closing the transaction in the third quarter of 2021.*

## **Board Approval and Recommendation**

The special committee of independent directors of Ely Gold (the “**Special Committee**”) has received an opinion from Clarus

Securities Inc. that, based upon and subject to the limitations, assumptions and qualifications of and other matters considered in connection with the preparation of such opinion, the consideration to be received by Ely Gold shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Ely Gold shareholders (the **"Fairness Opinion"**).

Following its review and in consideration of, among other things, the Fairness Opinion, the Special Committee has unanimously recommended that the board of directors of Ely Gold approve the Arrangement. The Ely Gold board following the receipt and review of recommendations from the Special Committee, has unanimously approved the Agreement and the Arrangement and has determined that the Arrangement is fair to shareholders of Ely Gold and is in the best interests of Ely Gold, and recommends that holders of Ely Shares vote in favour of the Arrangement.

## **The Agreement has also been unanimously approved by the board of directors of GRC.**

The board of directors of GRC has also received an opinion from Haywood Securities Inc. that, based upon and subject to the limitations, assumptions and qualifications of and other matters considered in connection with the preparation of such opinion, the consideration to be provided by GRC to Ely Gold shareholders pursuant to the Arrangement is fair, from a financial point of view, to GRC.

[For brevity, this summary has been redacted. To read the full news release, please click HERE](#)



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