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Mercenary Alert: A Buying Op Now as This Gap Might Fill

A Special Alert Musing from Mickey the Mercenary Geologist

For Subscribers Only

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My previous alert on [Ely Gold Royalties \(ELY.TSXV; ELYGF.OTCQB\)](#) was two months ago when the stock was trading in the low- to mid-20 cent range ([Mercenary Musing, July 22, 2019](#)).

My premise at the time was that a re-rating was commencing as the company transitioned into a junior royalty company from its previous business model as solely a Nevada-based prospect generator.

And indeed, that predicted peer re-pricing progressed *my pronto*. ELY reached a nine-year high of 47 cents intraday 10 days later. It underwent a rapid rise from the low 20 cent range to a closing high of 41 cents and it gapped-up twice with big spikes in trading volumes. This seems to confirm heard-on-the-street rumors that algorithmic naked short positions were busted on the way up.

In predictable fashion, its recent performance lends credence to old-fashioned technical analysis as illustrated in this six-month chart provided by company personnel. Ely Gold Royalties has undergone a 50% retracement over the past month and is filling in gaps in the low 30s. The chart shows its breakout, top close, subsequent retracement, daily trading volumes, and moving averages:



Folks, realize that I am a basic fundamentals guy when it comes to picking stocks. That said, an item that stands out for me is the triple bottom at 30 cents over a mere 15 days of trading.

Let's now review Ely's recent news flow on both the property option and royalty fronts:

- On July 24, Ely Gold Royalties closed a four-year, 100% option agreement for cash and shares with Contact Gold (C.TSXV) on its Green Springs, Nevada project, retaining a 0.75 to 1.0% NSR.
- On August 20, ELY's Gold Canyon, Nevada 100% option agreement was upgraded by a transfer from junior explorer Fremont Gold (FRE.TSXV) to mid-tier gold miner McEwen Mining Inc (MUX.NYSE; MUX.TSX). Four years of option payments remain along with a 2% NSR.
- On September 9, it closed the Jerritt Canyon mill royalty deal. Details are available in my previous report and on the company's website.
- On September 16, ELY announced purchase of a 1% NSR for US\$25,000 from a third-party interest on 110 claims held by the aforementioned McEwen Mining at Gold Bar in north-central Nevada. The royalty is on claims to the north and south of current mining operations.

As always, the company staked a few areas of new ground in Nevada after the August 31 deadline for BLM claim payments. I urge you to sign up for the company's email list for news of these acquisitions during the fall.

Given all of the above, I opine that ELY is a buying opportunity in the low 30 cent range. That said, it could approach downside resistance in the low 20s, especially if the gold price were to go south.

Note that I have some open order stink bids on the stock and am hopeful they will fill and add to my position in the company. As always, I have conflicts of interest per a long position and a financial relationship with Ely Gold Royalties.

You've read my informed opinion. Now you can choose to do your own research (or not) and act (or not) according to your specific speculative stock situation.

Ciao for now,

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The [Mercenary Geologist Michael S. "Mickey" Fulp](#) is a Certified Professional Geologist with a B.Sc. in Earth Sciences with honor from the University of Tulsa, and M.Sc. in Geology from the University of New Mexico. Mickey has 40 years of experience as an exploration geologist and analyst

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Mickey worked for junior explorers, major mining companies, private companies, and investors as a consulting economic geologist for over 20 years, specializing in geological mapping, property evaluation, and business development. In addition to Mickey's professional credentials and experience, he is high-altitude proficient, and is bilingual in English and Spanish. From 2003 to 2006, he made four outcrop ore discoveries in Peru, Nevada, Chile, and British Columbia.

Mickey is well-known and highly respected throughout the mining and exploration community due to his ongoing work as an analyst, writer, and speaker.

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