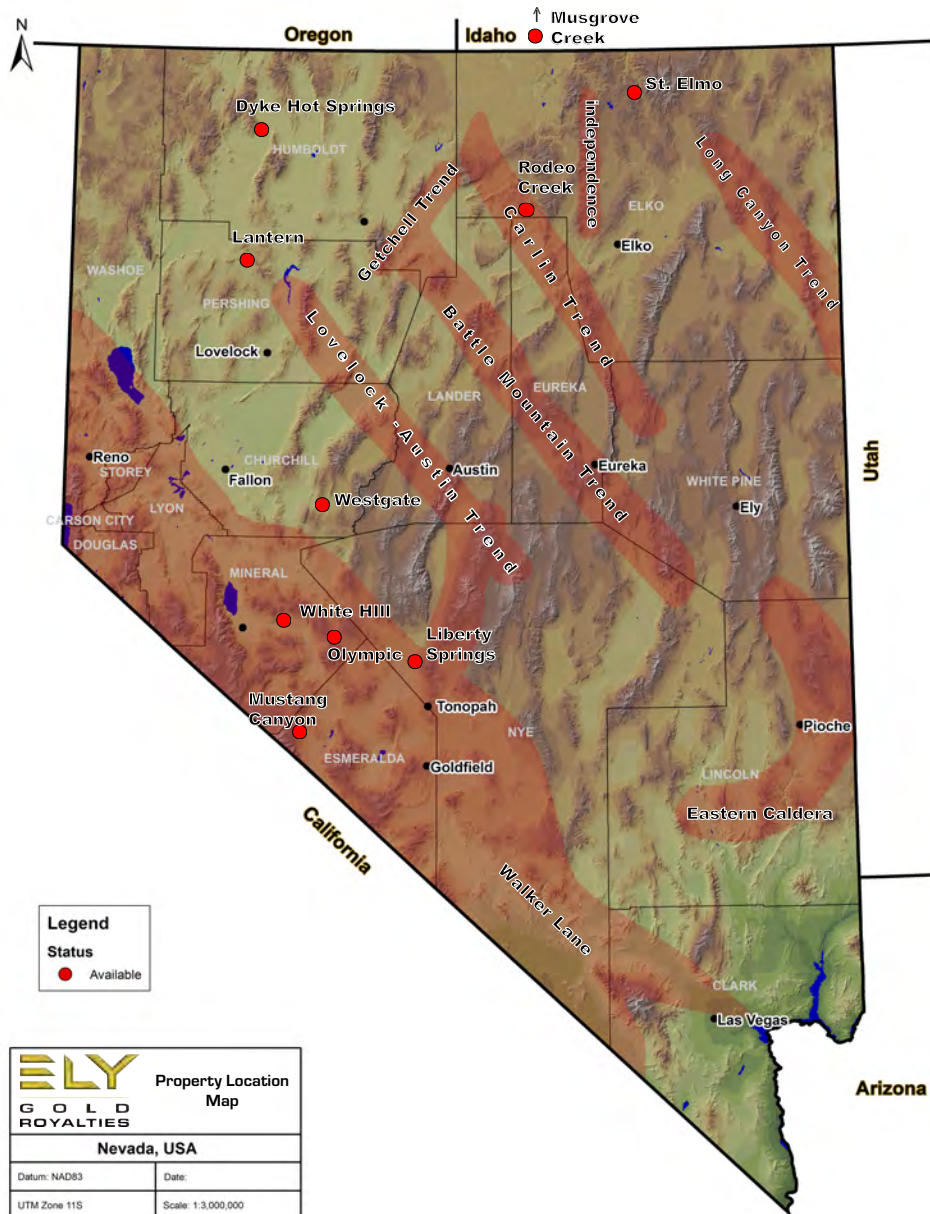




Developing Royalty Assets in North America

AN EMERGING ROYALTY COMPANY

NEVADA SELECT ROYALTY -AVAILABLE PROPERTIES (August 2019)



NEVADA

CHURCHILL COUNTY

● WESTGATE PROPERTY HIGHLIGHTS (AU,AG):

Location: Churchill Co., T16N, R35E, Westgate Mining District . Elevation: 4,600'.

Geology/Description: Nevada Select Royalty has acquired the rights to approximately 2,400 acres of unpatented lode claims in the Westgate Mining District of Nevada, at the southern end of the Clan Alpine Range. The center of the property is transected by US Highway 50 about 45 miles east of Fallon and just west of its intersection with State Route 361 at Middle Gate Station. Two linear zones of acid-sulfate alteration with associated silicification and quartz veining tran-

sect the property. The northern claim group is defined by northwest-trending (310° and 340°) linear zones of gold-bearing silicification and quartz veining while the southern claim group is dominated by a nearly east-west trending ridge of the same. These zones range from 50 to 500 meters in width over strike lengths up to 1 kilometer.

The northern area was heavily prospected in 1905 when the district was established, but despite the digging of numerous pits and shallow shafts, no production was reported. Modern day sampling of pits, dumps and outcrops has produced gold assays ranging from trace to 0.15 oz per ton and silver up to eight ounces per ton. Only one drill padhas been seen in the north, near the most prominent historic shaft.

At the southern end of the property, the east-west ridge saw fairly intense exploration activity, including trenching and drilling, in the late 1970s and early 1980s by Dekalb Mining and Inland Mining. Results of this work are mostly anecdotal but approximately 20 holes were drilled during this time and gold mineralization encountered was said to have continuity between holes. There are no specific resource calculations or detailed assay reports for the holes. General mention was made of assays of 0.6 oz Au/ton and 20-30 oz Ag/ton from outcrop and drill samples of banded quartz vein.

The Westgate property represents a fairly large epithermal system that contains interesting levels of gold and silver in outcrop and shallow drilling from past exploration campaigns. It is easily accessible through most of the year. Nearby Middle Gate Station provides food, lodging and fuel opportunities as well as water for drilling.

ELKO COUNTY

● ST. ELMO PROPERTY HIGHLIGHTS (AU,AG):

Location: Elko Co., T44-45N, R36E, Island Mountain Mining District. Elevation: 7,800'.

Geology/Description: The St. Elmo Gold Project is located in northeastern Nevada, 20 miles south of the Idaho border and 69 miles north of the city of Elko. It covers about 75% of the historic Island Mountain mining district on the northern flank of the northeast-trending Midas Trough metallogenic trend, one of several important epithermal gold belts in Nevada. The St. Elmo mine was likely discovered in the late 1870s after the District was established in 1869 at Rosebud Mountain. Underground mining at that time and again in the 1940s resulted in only limited production of high grade pockets on the vein. Modern exploration in the late 1980s and 1990s included surface and underground sampling as well as limited surface drilling.

Gold mineralization at the St. Elmo mine is hosted in a north to northeast-trending structural zone, 6 to 30 feet wide, containing quartz veins and hydrothermal breccias. Free gold in the quartz veins is associated with sulfide minerals and in hydrothermal breccias cemented with hematite. The St. Elmo vein textures, wall-rock alteration features and suite-of associated copper-sulfide minerals are suggestive of a high-sulfidation epithermal environment. Mapping by previous-explorers indicates this system extends north and south well beyond the St. Elmo mine itself and is probably at least 4,000 feet long.

A 795 pound bulk sample collected underground in 1990 assayed 2.36 oz Au/ton and 1.15 oz Ag/ton. A core hole drilled in 1999 intercepted 63 feet of mineralized (0.072 oz Au/ton) vein structure at depths well below the existing workings, including intercepts of 8.5 feet assaying 0.167 oz Au/ton (with 1.5 feet assaying 0.498 oz Au/ton) and 6.25 feet averaging 0.460 oz Au/ton. The St. Elmo vein and the rest of the property remain essentially unexplored by modern methods.

● **RODEO CREEK PROPERTY HIGHLIGHTS (AU,AG):**

Location: Elko Co., T37N, R49E, Bootstrap Mining District. Elevation 5,800'.

Geology/Description: The Rodeo Creek property is located in the northern portion of the prolific gold-producing Carlin Trend which hosts as many as 12 producing gold mines, on which more than 130 million ounces of gold production and inventory have been identified, including the world class Goldstrike, Meikle and Carlin mines. Ely Gold Royalties has a 100% interest in 31 claims encompassing 620 acres.

The property is adjacent to Barrick Gold Corp's on-lease mine. The Storm deposit owned and mined by Barrick Gold Corp. is located approximately 1.5 miles west of the Rodeo Creek property. The best drilling conducted by Trio Gold encountered various grades of gold ranging from 0.28 oz/t to 0.85 oz/t. Jerry Baughman states, "Rodeo Creek is strategically located in line with producing mines in the Carlin Trend and Ely Gold Royalties feels that there is an excellent chance for a discovery".

The previous owner has reported a gold result, interpreted as a "leakage" anomaly, found in the Flower Zone of 9.60 gm/T Au (0.28 oz/t) across 6 metres, including 29.1 gm/T Au (0.85 oz/t) in past drilling.

Trench results up to 0.92 gm/T Au (0.027 oz/t) along 23 metres of strike length are reported by previous operator from channel sample results across the Look Fault on the Rodeo Creek Property from work conducted in 2003.

SOLD

ESMERALDA COUNTY

● **CASTLE WEST PROPERTY HIGHLIGHTS (AU,AG,HG):**

Location: Esmeralda Co., T3N, R38-39E, Gilbert Mining District. Elevation: 6,600'.

Geology/Description: Castle West is located in the south-central Monte Cristo Range and the south end of the historic Gilbert District. The general area has been explored by numerous mining companies over the last 40 years in search of gold bearing sheeted vein mineralization similar to the world class Round Mountain mine.

The property includes three significant areas of gold mineralization within a very large area of altered Tertiary ash flow tuffs, identified by Kinross Gold in 2009-10 through geologic mapping and surface sampling (Castle, West Castle and Golden Rod). The areas were specifically defined as coherent clusters of rock samples containing greater than one gram per ton gold and strongly anomalous arsenic, antimony, mercury, bismuth and tellurium. Castle and West Castle are within large (+4000 feet in diameter) cells of advanced argillite with high angle auriferous chalcedony-calcite veins, stockworks and breccia ribs, characteristic of high temperature, low salinity, potassic, adularia-style hydrothermal systems. The Golden Rod area is a more linear, northwesterly trending zone, approximately 1/2 mile wide and 4000 feet long.

Multi-ounce gold ore was produced from the Golden Rod area in the early days of the District in the early 1920s. Small scale mining by small miners continued in the 1980s. Modern exploration by companies such as Felmont Oil, A. J. C. Co., Santa Fe and Platte River Gold included drilling but always on specific targets within the larger area. Much of this information is anecdotal and specific drill results are no longer available. Felmont concentrated on the Castle Zone with 65 vertical percussion holes but data only exists from about 10 holes that were drilled on privately held claims containing the small producing mine. US Borax and FMC drilled six to ten holes in the Golden Rod zone between 1988 and 1991, but no information is currently available.

The Castle West property is an excellent volcanic-hosted gold target with high grade vein and bulk tonnage, open pit potential. The primary targets are high angle sheeted vein zones in altered rhyolitic ash flow tuffs. Previous exploration demonstrates that a significant amount of surface sampling is required to identify potential drill targets and that vertical drilling with poor results does not necessarily condemn or properly test a target. The Company has a large collection of useable surface data for the property.

SOLD

● **MUSTANG CANYON HIGHLIGHTS (AU,AG):**

Location : Esmeralda Co., T1N, R33E, Fish Lake Valley Mining District. Elevation 7200'.

Geology/Description: The project is an epithermal (low sulfidation/quartz-adularia) gold-silver-mercury system hosted by a rhyolite dome complex. Mustang Canyon is immediately adjacent to the F&L and Red Rose opalite (Hg) mines; significant gold-silver mineralization at neighboring Red Rock and Tip Top/Brownie mines is also closely associated with mercury deposits in opalized Tertiary rhyolite domes. Surface sampling of mineralized chalcedony-calcite-adularia veins by US Steel and BHP in the 1980s as well as Phelps Dodge in the 1990s reported significant gold and silver values (as high as 6.60 ppm Au and 52.0 ppm silver) within a large area of silica breccia averaging 0.3 ppm Au. Shallow RC drilling in the 1980s by the same companies demonstrated that the gold-bearing silica breccia is extensive at depth

and pervasively mineralized at those lower grade levels, but also contains higher grade vein intercepts. The higher grade veins at surface were not specifically targeted by any of the historic drilling, but where discrete veins were intersected, assaying reported up to 0.050 opt Au and 4.70 opt Ag over five feet. Ely's priority target is a large, bonanza grade Au-Ag vein deposit. These systems are typical of the Walker Lane Structural Province in southwestern Nevada, which regionally hosts the Bodie, CA gold-silver deposit (>1.5 oz Au; 7.0 M oz Ag in 1.0 MT of ore) and locally the historic Tip Top/Brownie mines and the Red Rock exploration project. Ely Gold believes the geology, geochemistry, mineralogy and style of the brecciation and veining at Mustang Canyon support an interpretive model of it being the exposed, upper level of a deeper, largely untested bonanza vein system.

Ely Gold's Mustang Canyon property contains at least three zones of extensive, structurally controlled epithermal alteration with accompanying gold and silver mineralization that also contain discrete veins with higher grades characteristic of bonanza vein ore bodies known elsewhere in the Walker Lane. The presence of higher grade gold mineralization in historic drilling on Ely's claim block that approaches the tenor of grades expected in a bonanza system, is encouraging and worthy of additional follow-up drilling.

HUMBOLDT COUNTY

● DYKE HOT SPRING PROPERTY HIGHLIGHTS (AU,AG,SB,HG):

Location: Humboldt Co., T42N, R30&31E, Dyke Mining District. Elevation: 4,200'.

Geology/Description: Nevada Select Royalty has recently acquired the Dyke Hot Spring property through staking of unpatented lode mining claims. It is located on the southeastern edge of the Pine Forest Range about 20 miles south of Denio, Nevada. The prospect encompasses gold and silver-bearing epithermal quartz veins and breccias in outcrops of altered units of the Permian Happy Creek Volcanic Sequence. Veining and breccias are associated with near vertical and low angle faults. Surface samples from outcropping vein exposures taken by Kernow Resources in the early 1990s assayed as high as 3.12 grams/tonne gold, with grab samples of gossanous vein material from old mine dumps reporting up to 0.9 ounces gold and silver per ton. Limited, sporadic drilling by exploration companies prior to Kernow demonstrated that mineralization can be followed in the outcrop areas but also continues eastward across a post-mineral range front fault under recent pediment gravels. Drilling records from those earlier explorers (summarized by Kernow) show strong mercury and silver values with moderate to strong gold in pyritic to hematitic silicification and vein quartz in andesites over widths of 20-50 feet within 200 feet of the surface. Gravity surveys associated with this drilling suggest that much of the pediment is shallow and additional geophysical surveys, especially Induced Polarization (IP) - Resistivity, should be helpful in guiding future exploration drilling. The Company believes that the Dyke property contains excellent potential for discovery of additional mineralization in outcrop and under pediment cover.

MINERAL COUNTY

● OLYMPIC MINE PROPERTY HIGHLIGHTS (AU,AG):

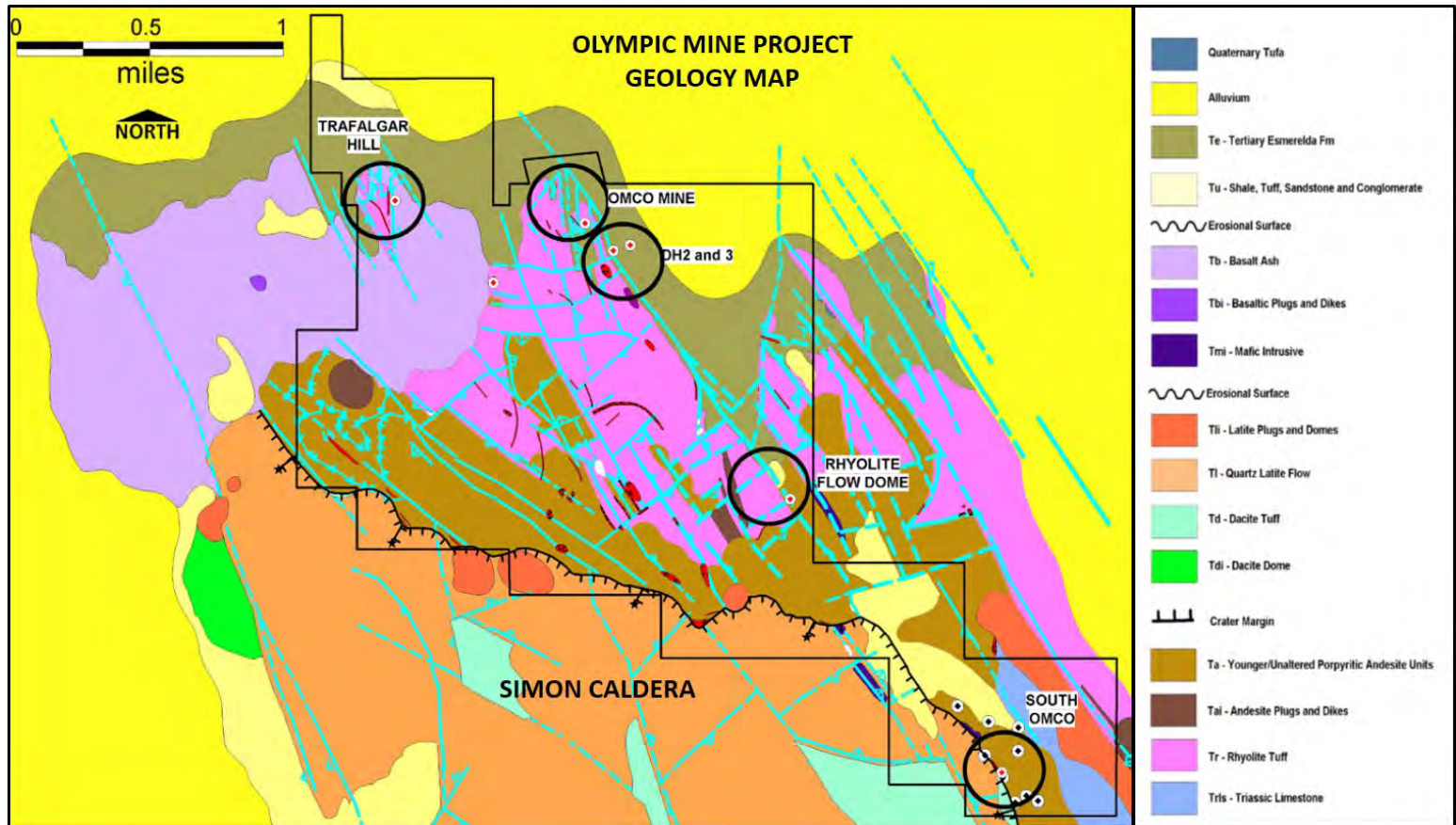
Location: Mineral Co., T9N, R37E, Bell Mining District. Elevation: 6,000'.

Geology/Description: Ely Gold's Olympic Gold Mine project is located approximately 30 kilometers southeast of Gabbs in the Cedar Mountains, Mineral County, Nevada. The project consists of 41 unpatented lode claims (~910 acres) located on BLM land with no underlying royalties. The Olympic Mine project encompasses a large volcanic-hosted epithermal precious-metal (Au-Ag) system that includes both high-grade quartz-adularia veins and disseminated/stockwork-type mineralization. Historic (1917-1942) production from the shallow underground Olympic mine totals approximately 40,000 ounces of gold, from 35,000 tonnes of ore averaging 24.9 g/t gold and 30.0 g/t silver.

The Olympic mine project is favorably located in the central part of the Walker Lane Mineral Trend of western Nevada. The property displays similar geologic characteristics of many other major volcanic-hosted gold deposits in the Walker Lane belt (Paradise Peak-1.45M oz Au, Rawhide-3.0M oz Au, Tonopah-1.8M oz Au).

The Olympic gold mine project occupies a structurally-complex, caldera margin setting along the northeast side of the Simon collapse caldera. The oldest rocks in the mine area are limestones of the Triassic Luning Formation that are overlain by a thick sequence of Oligocene rhyolitic volcanic rocks. Oligocene volcanic rocks are overlain and intruded by younger mafic (basalt and andesite) flows, dikes, and plugs. Rhyolite to quartz-latite flows and tuff are the main host rocks at the Olympic mine. Multiple northwest-trending Walker Lane related strike-slip faults have deformed the Simon

caldera and extended the volcanic fill in an east-west direction above numerous low-angle detachment faults. The rhyolitic tuffs and younger basaltic rocks have been tilted up to 60° to the east by west-dipping listric structures in between the detachment faults. Previous surface exploration in the project area has identified five main gold-silver vein and stockwork-type targets (OMCO mine, Trafalgar Hill, DH-2 and 3, Rhyolite Dome, OMCO South) that have only been partially tested by drilling. The immediate vicinity of the Olympic mine shaft has not been adequately tested by drilling. Excellent potential exists to intersect offset, high-grade vein segments and other feeder structures near the mine shaft. Based on underground sampling of vein wallrock in the old mine workings to the 200-foot (61 m) level, potential for disseminated stockwork-type gold mineralization may be present. West-southwest of the Olympic shaft, drilling encountered a deeper +4 meter thick quartz vein in the footwall of the Contact fault. This vein has not been tested by further drilling. The Trafalgar Hill target is 1-2 kilometers west of the Olympic shaft and consists of a north-striking, east-dipping vein/vein segment and mineralized breccia zones along high-angle faults.



The Rhyolite Flow Dome target is 3 kilometers southeast of the Olympic mine and has not been tested by drilling. Hydrothermal alteration in the rhyolite dome includes intense argillic (clay) and sericite development with anomalous gold geochemistry (up to 7.0 gm/Au) in surface samples. Mineralized fault/vein structures cut and bound the dome. The conceptual target is a massive breccia or stockwork deposit at depth along the margins of the altered flow dome.

The Olympic Mine project is currently for sale or option. The Ely Gold business model offers 100% ownership terms with retained royalties not to exceed 3% net smelter returns. For full data room access, including assay results, historical reports and photos contact Jerry Baughman.

● **WHITE HILL PROPERTY HIGHLIGHTS (CU,AU,AG):**

Location: Mineral Co., T9N, R33E, Fitting Mining District. Elevation: 6,500'.

Geology/Description: This project lies in the northeastern boundary of the Walker Lane Mineral Belt. It is located in a wedge of Triassic limestones (Luning Formation) which has been intruded by a quartz monzonite stock of Cretaceous age. The skarn outcrops over a 400 x 1000 foot area. Drilling has indicated a resource of 4 million tons of 1.5% Cu indicated*. Nine 10 foot chip samples were taken along a portion of the skarn. These samples averaged 190 ppb Au, 5.6 ppm Ag, 3270 ppm Cu, 1.73% Zn and 630 ppm Mo.

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NYE COUNTY

● LIBERTY SPRINGS PROPERTY HIGHLIGHTS (AU,AG):

Location: Nye Co., T5N, R42E, San Antone Mining District. Elevation: 6,200'.

Geology/Description: Nevada Select Royalty has recently acquired the Liberty Springs property located south of the Hall mine and 8 miles north of Tonopah, Nevada. The Liberty Springs project encompasses over 2,000 acres of intensely altered and mineralized rocks including metasediments and Tertiary igneous rocks cut by a number of well developed epithermal veins.

The project area is characterized by complex geology with numerous high angle structures (NW,NE, EW) and abundant rhyolitic intrusives cutting basement metasediments and metavolcanics. The veins cutting the Liberty Springs project are classic high level epithermal quartz-carbonate veins measuring up to several tens of feet in width. These discrete veins often occupy vein zones of over 100 feet in width wherein the discrete veins make up well over 50% of the total zone volume. Stockworks of chalcedonic veining cutting silicified rhyolites occur locally. The veins, as exposed on the surface, exhibit classic high level textures including moss chalcedony, angel wing quartz after calcite, and banded chalcedony.

Breccias with quartz cemented vein fragments are evident as well. The discrete veins and more significant vein zones occur primarily within a north-northwest trending zone measuring 2 miles along strike and about ½ mile in width. Individual structures can be traced for at least 1500 feet along strike. It is likely that detailed structural analysis and mapping would prove the continuity along strike for several thousand feet along the principal vein zones. All veins sampled to date are anomalous in gold.

Pegasus drilled 19 widespread shallow reverse circulation holes across the property. Total drill footage was only 5,147 feet as most holes were less than 300 feet deep. Only 5 holes returned no significant gold with 14 of the holes returning favorable values.

Selected drill data includes:

LBT 3 5'-60' .018 opt including 25-30 @ .078 opt, TD 300' -90

LBT 8 290-320 .022 opt and 405-420 .014 opt, TD 420' @ -60

LBT 15 10-80' .0145 opt, TD 240' @ -71

PERSHING COUNTY

● LANTERN PROPERTY HIGHLIGHTS (AU,AG):

Location: Pershing Co., T33N, R30E, Scosa Mining District. Elevation: 5,200'

Geology/Description: Precious metal mineralization was identified on the property around 1930 with the first ore mined from quartz veins on the top of Silver Ridge in the early 1930's. Modern exploration of the district effectively commenced in the 1980s with identification of silicified gold boulders located in the western portion of the current property. The property has been explored by several companies including Homestake Mining Co. (1986), Corona Gold (1987-92), and Santa Fe Gold Corp. (1993-96).

An estimated 180 reverse circulation and rotary chip holes have been drilled on the property since 1980 on over 6 prospect areas. The majority of drilling on those prospects was completed by Santa Fe Pacific Gold Corp. Santa Fe completed a resource estimate in 1992 for the SP ridge prospect based on 64 angle and vertical reverse circulation drill holes that covered an area of approximately 2,000 feet of strike in a north-south orientation. Santa Fe estimated a total of 12,670,000 tons averaging 0.012 oz/t (0.41 g/t) Au at a 0.008 (0.27 g/t) cut-off grade. In a separate, but overlapping silver resource shell 8,450,000 tons averaging 1.15 oz/t (39.4 g/t) Ag at a 0.292 oz/t (10 g/t) Ag cut-off (Chenevey, 1992). The two overlapping resource shells combined total just over 18M tons containing an estimated 145,900 ounces of gold and 9.73M ounces of silver*.

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Several styles of mineralization are recognized at Lantern including epithermal style vein and stockwork prospects with quartz-adularia mineralization and disseminated mineralization in porous fanglomerates and calcareous sedimentary

units.

The SP Ridge and Silver Ridge prospects are structurally complex zones with several feeder structures cutting through both Mesozoic sediments and Paleozoic Auld Lang Syne group rocks. Low grade mineralization exploits favourable lithologies at each prospect.

The Gold Boulders target is a 1,600 ft (488 m) linear zone of nearly continuous quartz rubble, and several large sub angular boulders up to 3 ft (1m) wide and 5 ft (1.5 m) long. Large boulders and fragments are primarily composed of banded quartz-adularia veining, that repeatedly return +1 oz/t Au (+ 34.3 g/t) rock chip assays with representative sampling averaging >0.25 oz/t (8.6 g/t) Au by several companies in past exploration programs. Drilling on the prospect is limited and non conclusive as to the source for the boulders. The gold boulders may represent a blind target of high grade quartz-adularia veining located proximal and to the west of the exposed geochemical signature.

IDAHO

IDAHO COUNTY

OROGRANDE HIGHLIGHTS (AU,AG):

Location: Idaho Co., T27N, R8E, Orogrande Mining District. Elevation 5,400'.

Geology/Description: The Orogrande Gold Project is hosted within or at the edge of the Orogrande Shear Zone, a 40 km long north-south regional shear zone roughly at the contact between the Cretaceous Idaho Batholith and metamorphosed Proterozoic Belt-Purcell sedimentary rocks. The shear zone, or at least discrete faults associated with the shear zone, are reported to range from 100 to 200 m in width. The Orogrande Gold Project falls just on the edge of a southern portion of the shear zone. Gold mineralization in the district can be classified into two types with native (high grade) gold associated with quartz vein lodes and lenses within granodiorite, dacite or at contacts between granodiorite and metasedimentary schist and/or gneiss. The second type of gold mineralization is associated with zones of disseminated pyrite in silicified shear zones and breccias sometimes with a network or stockwork of thin veins and veinlets. This style of gold mineralization is well exhibited by Endomines operating Friday-Petsite gold mine immediately adjacent to Ely Gold Royalties Orogrande Gold Project.

Gold was first discovered in Idaho County in the Elk City - Orogrande District in 1861. There have been numerous small "rich" placers and a number of small historic hard rock mining operations in the Elk City - Orogrande District with the bulk of the total placer gold being produced between 1861 and 1872. Total placer gold production for the district is estimated at somewhere between 550,000 and 800,000 ounces. Historic lode gold production did not commence in any significant fashion until about 1902. Total historic lode gold production for the district is estimated at about 100,000 ounces of gold. A couple of small historic lode gold producers including the Homestake, Penman, Badger Shaft, Badger Summit, Gold Master, Gold Bug and Eutopia exist within the south Orogrande Shear and are adjacent to or within the boundaries of Ely Gold Royalties Property. Recent exploration conducted by Velocity personnel on the Property consists of soil sampling and geological mapping. No modern drilling has been completed at the Project area.

In prior exploration, Premium/Endomines identified the adjacent Friday - Petsite Gold Zone, which has a NI 43-101 compliant pit constrained indicated mineral resource of 647,000 oz of gold and an inferred mineral resource of 590,000 oz of gold (Simpson, 2013). Ely Gold Royalties has not verified or validated this resource nor have they visited the Friday – Petsite Project. The following information on the adjacent Friday – Petsite deposit is provided simply to illustrate the potential for mineralization that could exist on Ely Gold Royalties Property. Table 1 shows significant drill intercepts that occur within close proximity to portions of the Orogrande Project area (Simpson, 2013). The gold in soils anomaly associated with the Friday – Petsite Gold Zone and provided by Simpson (2013) appears to continue onto the Orogrande Project area based upon recent sampling by Velocity. Mineralization in the Friday - Petsite Gold Zone ranges from wide low grade intervals to more narrow high grade intervals. Precious metals are associated with quartz veining and sulphides along with strongly altered shear zones.

Based upon the favorable geological setting of the Orogrande Gold-Silver Project and the results of exploration work completed to date, which includes the mapping of significant areas of hydrothermal alteration and the identification of gold mineralization on surface and in historic lode mines, the Project is considered by Ely Gold Royalties to represent an opportunity to discover a significant Gold-Silver deposit.

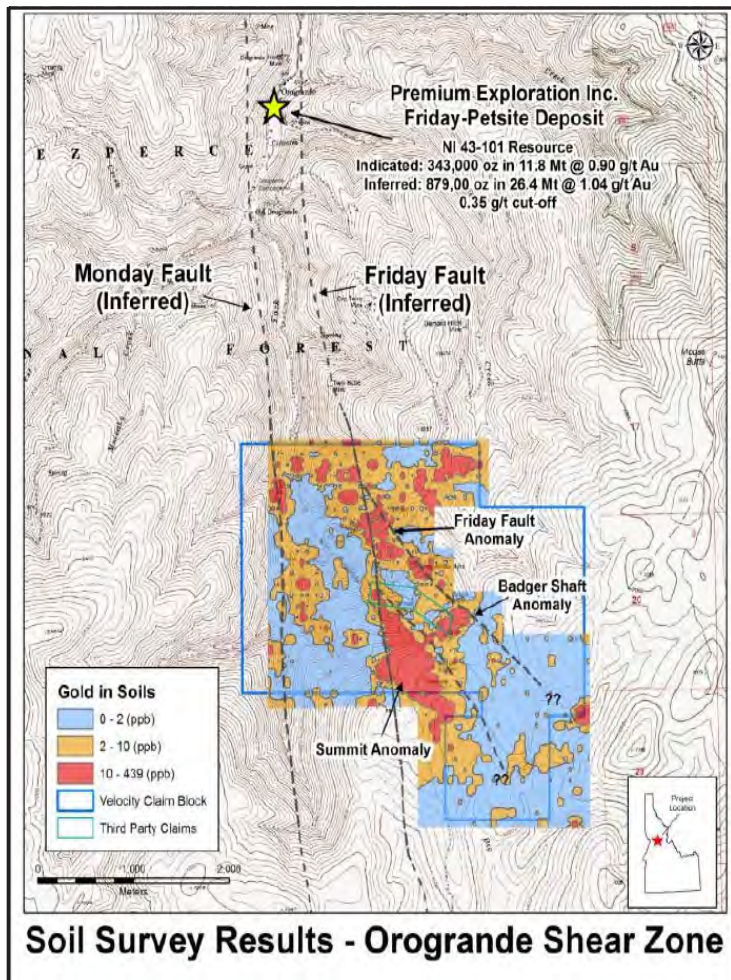


Table 1: Significant Drill Intercepts at the Friday Gold Zone

Hole ID	Depth (m)	Intercept (m)	Au (g/t)
PFR2009_1	57.0-73.50	16.50	5.47
PFR2009_10	201.80-353.80	152.00	3.28
PFR2010_2	14.60-289.60	275.00	1.84
PFR2010_2	213.40-228.30	14.90	22.18
PFR2010_3	221.00-378.90	157.90	2.23
PER2010_21	29.90-64.30	34.40	7.00

LEMHI COUNTY

MUSGROVE CREEK HIGHLIGHTS (AU,AG):

Location: Lemhi Co., T20N, R18E, Black Bird Mining District. Elevation 6,800'.

Geology/Description: The project is an epithermal (low sulfidation/quartz-adularia) gold-silver deposit. The property is one of many mineral deposits that occur within a major northeast-southwest-trending structural zone known as the Trans-Challis Fault System. These deposits include the Beartrack Mine and other historic producers to the northeast of the property, and Hecla Mining Co.'s Grouse Creek Mine and other past producers to the southwest. The dominant host rock at Musgrove is metamorphosed fine-grained sediments of the Precambrian age Apple Creek Formation. These rocks are unconformably overlain by Tertiary Challis Volcanics, both of which are locally intruded by Challis intrusive rocks. Gold mineralization at Johnny's Point is associated with quartz veining, sericitic alteration, brecciation, and structural preparation.

Musgrove Creek is an advanced-stage exploration project for which Ely Gold Royalties controls a 100% operating interest. The project contains an "historic" resource estimate at Johnny's Point of 8 million tonnes at 1.22g/t Au at a gold cut-off of 0.8 g/t, for a total of 9,761 kg (313,822 oz) of gold at zero dilution*. Originally modeled and calculated by David Makepeace, P. Eng. of Geospectrum Engineering in 2004. This resource calculation is now considered an "historic" resource as a qualified person has not done sufficient work to classify the historical estimate as a current mineral resource or mineral reserve (the historic resource was disclosed in a report titled "Technical Report on the Musgrove Creek Gold Project, Salmon, Idaho", by W. Gruenwald and D. Makepeace, February 25, 2004. Ely Gold Royalties is not treating the historical estimate as current mineral resources or mineral reserves.

The new 43-101 report states that "The hydrothermal system at Musgrove Creek is strong and well mineralized, with significant discovery potential for economic gold deposit(s) with a silver credit".

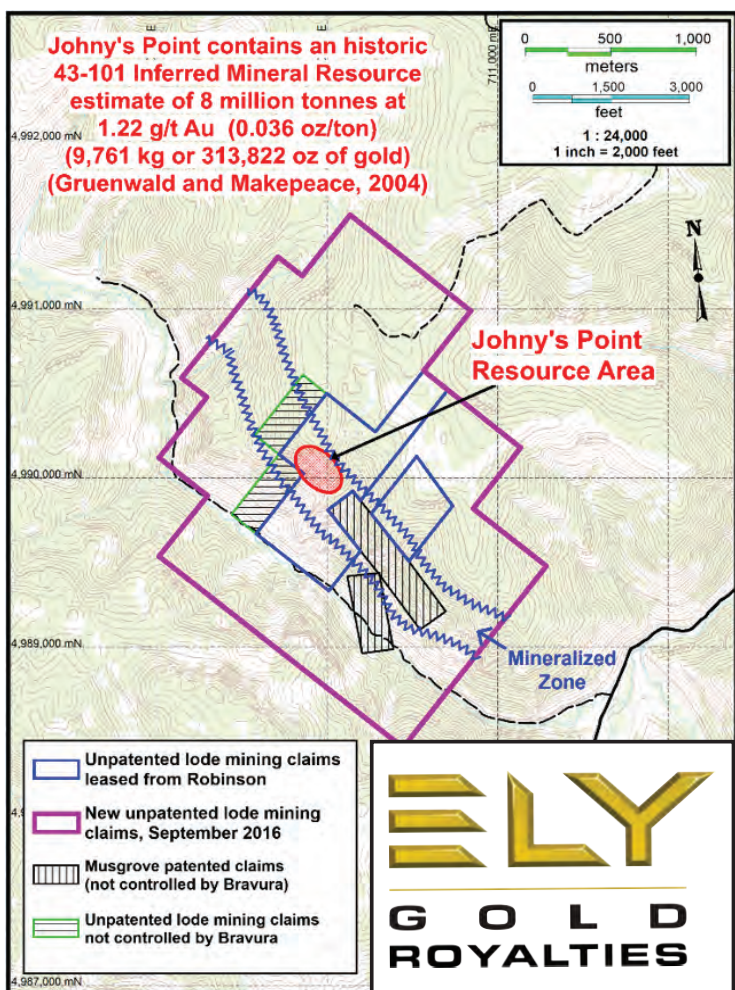
Modern exploration at Musgrove began in the mid 1980's, when geologist Ray Robinson noticed strong alteration and quartz veining along exposures north of Musgrove Creek and located a block of mining claims to cover the area. Robinson subsequently leased the claims to Atlas Minerals who conducted an extensive sampling program, and then drilled 9 holes in 1991 into what became the "Johny's Point" deposit. The following year Newmont acquired Atlas' holdings at Musgrove Creek, and drilled 27 diamond drill holes in 1993, 9 of which were drilled into the Johny's Point area. As a result of this work Newmont provided the first (historical) resource calculation for the property. At a cut-off of 0.34 g/t (0.01 oz/T) of gold, Newmont calculated 11.9 million tonnes (13.2 million tons), grading 0.89 g/t Au (0.026 oz/T), with an estimated strip ratio of 2.5:1*.

In 1996, Meridian Gold Inc. leased the property and drilled an additional 20 diamond drill holes and 3 reverse circulation holes. Nine of these targeted the Johny's Point area, and encountered mineralized intercepts of a similar width and grade to the earlier drilling. The property was subsequently returned to the owner in 1997 due to the collapse of the gold market.

In June 2003, Wave Exploration Corp. entered into a lease with Robinson, digitally compiled drill hole data, and generated a NI 43-101 compliant Technical Report (Gruenwald and Makepeace, 2004) with the mineral resource estimate noted above. During 2004, Wave drilled 2 confirmation drill holes to verify previous drill hole results, and 2 step-out drill holes to the northwest of the identified mineral resource area. Additionally, Wave completed a soil geochem grid northwest of the Johny's Point area. Wave did not complete any further work on the property and in November 30, 2005 optioned the property to Journey Resources Corp.

Additional target areas remain on the property, including the "Ludwig Basin" area west and southwest of Johny's Point, and the "Ostrander Creek" and "Just Joe" areas to the northwest.

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