



THE STATE OF NEVADA

PERMIT TO APPROPRIATE WATER

Name of applicant: ELY GOLD AND MINERALS, INC.
Source: UNDERGROUND
Basin: NEWARK VALLEY
Manner of Use: MINING AND MILLING
Period of Use: January 1st to December 31st
Priority Date: 07/18/2008

APPROVAL OF STATE ENGINEER

This is to certify that I have examined the foregoing application, and do hereby grant the same, subject to the following limitations and conditions:

This permit is issued subject to all existing rights on the source. It is understood that the amount of water herein granted is only a temporary allowance and that the final water right obtained under this permit will be dependent upon the amount of water actually placed to beneficial use. It is also understood that this right must allow for a reasonable lowering of the static water level at permittee's well due to other ground water development in the area. A measuring device must be installed and measurements of water use kept. The well shall be equipped with a two (2) inch opening for measuring depth to water. If the well is flowing, a valve must be installed and maintained to prevent waste. The State retains the right to regulate the use of the water granted herein at any and all times.

The permittee shall keep monthly records of the amount of water pumped from this well and the records must be submitted to the State Engineer on an annual basis within 30 days after the end of each calendar year.

This permit does not extend the permittee the right of ingress and egress on public, private or corporate lands.

The total combined duty of water under Permit 41408, Certificate 12940 and Permits 77236 and 77237, having the same place of use, shall not exceed 20.84 acre-feet annually.

The issuance of this permit does not waive the requirements that the permit holder obtain other permits from State, Federal and local agencies.

The manner of use of water under this permit is by nature of its activity a temporary use and any applications to change the manner of use granted under this permit will be subject to additional determination and evaluation with respect to the permanent effects on existing rights and the resources within the groundwater basin.

(Continued on Page 2)

The point of diversion and place of use are as described on the submitted application to support this permit.

The amount of water to be appropriated shall be limited to the amount which can be applied to beneficial use, **and not to exceed 0.078 cubic feet per second or 11.2 acre-feet annually.**

Work must be prosecuted with reasonable diligence and proof of completion of work shall be filed on or before:

February 24, 2011

Water must be placed to beneficial use and proof of the application of water to beneficial use shall be filed on or before:

February 24, 2013

Map in support of proof of beneficial use shall be filed on or before:

N/A

IN TESTIMONY WHEREOF, I, TRACY TAYLOR, P.E.,

State Engineer of Nevada, have hereunto set my hand and the seal of my office, this 26th day of **February**, A.D. **2010**

for KD. Taylor P.E.
State Engineer

Completion of work filed _____

Proof of beneficial use filed _____

Cultural map filed _____

Certificate No. _____ Issued _____

llb

APPLICATION FOR PERMIT TO APPROPRIATE THE PUBLIC WATERS OF THE STATE OF NEVADA

THIS SPACE FOR OFFICE USE ONLY

Date of filing in State Engineer's Office JUL 18 2008

Returned to applicant for correction _____

Corrected application filed _____ Map filed JUL 10 1990 under 55044"1

The applicant Ely Gold and Minerals Inc.

Suite 3364 1055 Dunsmuir Street of Vancouver

Street Address or P.O. Box City or Town

B.C. (Canada) V7X 1L2 hereby make(s) application for permission to appropriate

State and Zip Code

the public waters of the State of Nevada, as hereinafter stated. (If applicant is a corporation, give date and place of incorporation; if a copartnership or association give names of members.)

Incorporated in Alberta, Canada, on May 10, 1996, as Ivana Ventures Inc.. Corporation name was changed to Ely Gold & Minerals Inc. on July 4, 2008.

1. The source of water is underground
Name of stream, lake, underground, spring or other sources.
2. The amount of water applied for is 0.07798 cfs (35 gpm) second feet.
One second foot equals 448.83 gallons per minute.
(a) If stored in reservoir give number of acre-feet _____
3. The water to be used for Mining and Milling
Irrigation, power, mining, commercial, domestic or other use. Must limit to one major use.
4. If use is for:
 - (a) Irrigation, state number of acres to be irrigated _____
 - (b) Stockwater, state number and kind of animals _____
 - (c) Other use (describe fully in No. 12) _____
 - (d) Power:
 - (1) Horsepower developed _____
 - (2) Point of return of water to stream _____

154-247

5. The water is to be diverted from its source at the following point: (Describe as being within a 40-acre subdivision of public survey, and by course and distance to a found section corner. If on unsurveyed land, it should be so stated.)
 within the SW1/4 of the SW1/4 of Section 15, T.16N., R.57E., M.D.M., or at a point from which the NW corner of said Section 15 bears North 08°05'27" West a distance of 4364.65 feet. Refer to the map supporting Application Nos. 55044, 55045 and 55046, filed in the office of the State Engineer on July 10, 1990.

6. Place of use: (Describe by legal subdivision. If on unsurveyed land, it should be so stated.)

Sections 3, 4, 5, 6, 7, 8, 9, 10, 15, 16, 17, 20, 21 and 22 in T.16N., R.57E., M.D.M.. Refer to the map supporting Application Nos. 55044, 55045 and 55046, filed in the office of the State Engineer on July 10, 1990.

7. Use will begin about January 1st and end about December 31st of each year.
Month and Day Month and Day

8. Description of proposed works. (Under the provisions of NRS 535.010 you may be required to submit plans and specifications of your diversion or storage works.) (State manner in which water is to be diverted, i.e. diversion structure, ditches and flumes, drilled well with pump and motor, etc.)

Existing drilled well with submersible pump & motor, pipeline and storage tank.

9. Estimated cost of works: \$100,000.00

10. Estimated time required to construct works: Existing
(If well completed, describe works.)

11. Estimated time required to complete the application of water to beneficial use: 5 (five) years

12. Provide a detailed description of the proposed project and its water usage (use attachments if necessary):
(Failure to provide a detailed description may cause a delay in processing.)

Water will be piped into trucks for use in mineral exploration processes.

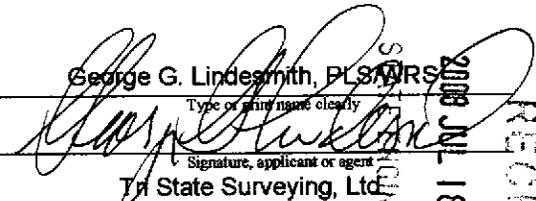
13. Miscellaneous remarks:

The water combined under this application and a similar application (being filed for Section 8 of T.16N., R.57E., M.D.M. on this same date) shall not exceed 10,000 gallons per day or 11.20 acre feet annually.

GLindesmith@TristateLtd.com
E-mail Address

775-358-9491
Phone No.

By George G. Lindesmith, PLS
Type of printing name clearly


Signature, applicant or agent

Tri State Surveying, Ltd
Company Name

1925 E. Prater Way
Street Address or P.O. Box

Sparks, NV 89434
City, State, Zip Code

RECEIVED
 2009 JUL 18 PM 3:02
 ENGINEERS OFFICE

**APPLICATION MUST BE SIGNED
 BY THE APPLICANT OR AGENT**

\$250 FILING FEE AND SUPPORTING MAP MUST ACCOMPANY APPLICATION