



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: 07/01/2010

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 existing rights. It is understood that the amount of water herein granted is only a temporary allowance issued under the provisions of NRS 533.371 for a finite period of time. This permit will expire on December 31, 2024 and all rights herein will revert back to the source. It is also understood that this right must allow for a reasonable lowering of the static water level. This 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. A totalizing meter must be installed and maintained in the discharge pipeline near the point of diversion and accurate measurements must be kept of water placed to beneficial use. The totalizing meter must be installed before any use of water begins, or before the Proof of Completion of Work is filed. This source is located within an area designated by the State Engineer, pursuant to NRS 534.030. The State retains the right to regulate the use of the water herein granted 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 Permits 41408, 77236, 77237 and 79971, having the same place of use shall not exceed 262.84 acre-feet annually.

(Continued on Page 2)

The manner of use of water under this permit is by nature of its activity a temporary use and any application 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 resource within the groundwater basin.

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

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 0.446 cubic feet per second or 242.0 acre-feet annually.**

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

February 26, 2012

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

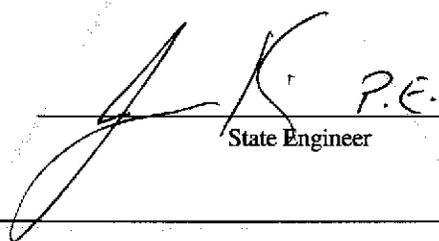
February 26, 2013

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

N/A

IN TESTIMONY WHEREOF, I, JASON KING, P.E.,

State Engineer of Nevada, have hereunto set my hand and the seal of my office, this 22nd day of March, A.D. 2011



State Engineer

Completion of work filed _____

Proof of beneficial use filed _____

Cultural map filed _____

Certificate No. _____ Issued _____

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	<u>JUL 01 2010</u>
Returned to applicant for correction	_____
Corrected Application filed	Map filed <u>JUL 10 1990</u> under <u>55044</u>

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 the
State and ZIP Code
 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 change to Ely Gold and Minerals Inc. on July 4, 2008.

1. The source of water is underground
Name of the stream, lake, underground, spring or other sources.
2. The amount of water applied for is 0.4456 cfs (200 gpm)
One second foot equals 448.83 gallons per minute.
 - (a) If stored in a reservoir give the number of acre-feet _____
3. The water is to be used for Mining and milling
Irrigation, power, mining, commercial, domestic or other use. Must be limited 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 _____

10-154
WP

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 NE 1/4 of the SE 1/4 of Section 8, T.16N., R.57E., M.D.M., or at a point from which the SE corner of Section 9, T.16N., R.57E., M.D.M. bears South 68°13'20" East a distance of 6226.51 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 1 and end about December 31 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 a pump and motor, etc.)

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

9. Estimated cost of works: \$100,000

10. Estimated time required to construct works: Existing
(If the well is complete, 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.)

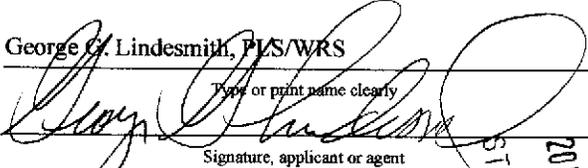
Water will be piped into trucks for use in mineral exploration processes.

13. Miscellaneous remarks:

This application is being filed to appropriate additional water from the well being utilized under Permit No. 77237.

GLindesmith@TriStateLtd.com
E-mail Address
(775) 358-9491 Ext. 115
Phone No. Ext.

APPLICATION MUST BE SIGNED
BY THE APPLICANT OR AGENT

George G. Lindesmith, PLS/WRS
Type or print name clearly

Signature, applicant or agent
Tri State Surveying Ltd.
Company Name
1925 E. Prater Way
Street Address or PO Box
Sparks, NV 89434
City, State, ZIP Code

Revised 07/09 \$300 FILING FEE AND SUPPORTING MAP MUST ACCOMPANY APPLICATION

STATE ENGINEER'S OFFICE
2010 JUL -1 PM 4:30
RECEIVED