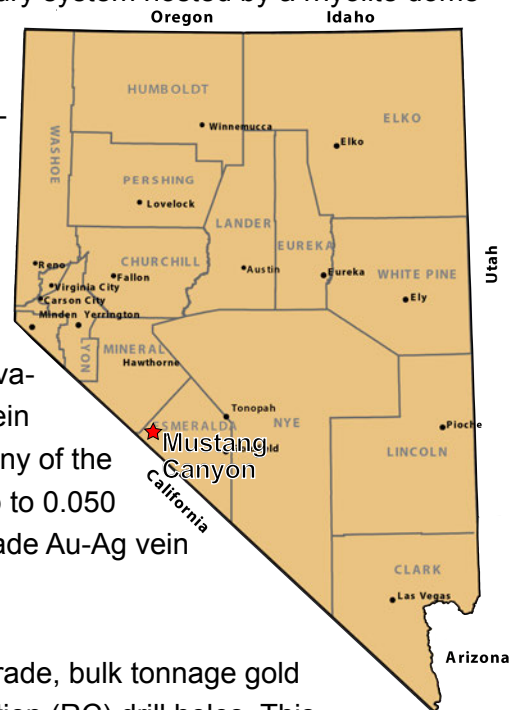


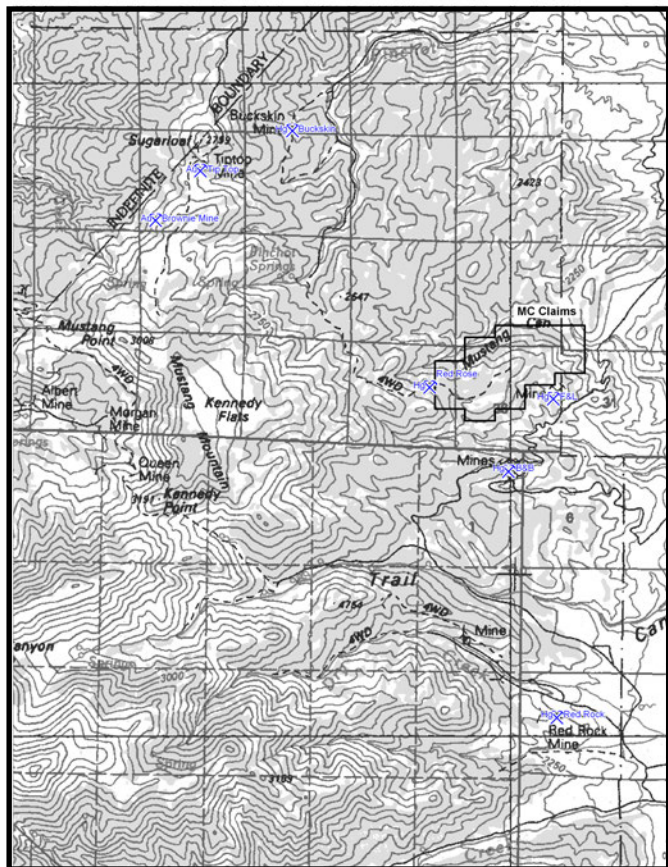
## MUSTANG CANYON PROJECT, ESMERALDA COUNTY, NEVADA

**Nevada Select Royalties, Inc.** Ely Gold & Minerals, through its subsidiary, Nevada Select Royalty, Inc. (NSR), owns a 100% interest in 27 highly prospective, primarily unencumbered precious metals properties in Nevada. For more information on NSR properties please visit our website [www.elygoldinc.com](http://www.elygoldinc.com).

**Property Overview:** Ely Gold's Mustang Canyon Project (Au-Ag) is located along the northeast flank of the White Mountains in southwestern Esmeralda County, Nevada. The property comprises 27 unpatented "MC" lode claims (~558 acres), located on US Forest Service land by the Company in 2016; the claims have no underlying royalties. Geologically, 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 (Fig. 1). 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.



**Exploration History:** Mustang Canyon was systematically explored for a low grade, bulk tonnage gold deposit in the 1980s by US Steel and BHP, including 15 shallow reverse circulation (RC) drill holes. This drilling roughly defined gold mineralization in the range of about 5-10 million tons with an average grade of approximately 0.01 ounces gold per ton (opt Au) in the Stallion Zone. Phelps Dodge (1995-1999) and Romarco Minerals (2000) subsequently reevaluated the prospect with aggressive outcrop sampling programs that verified the extensive distribution of significant gold and silver values, and associated epithermal pathfinder elements arsenic, antimony and mercury, over the entire property and especially within well defined zones near structures. Phelps Dodge attempted a deeper RC drill test of the Stallion Zone in 1996-97 but lost or abandoned all holes before target depths were reached due to difficult drilling conditions. Romarco intended to test those same targets with a core drill, but never carried out any drilling on the property. Ely located their claims in 2016.



**Figure 1**

(Figure 1). Geological mapping by previous explorers identified several large areas or zones of brecciation and silicification containing discrete, structurally controlled veins of quartz (chalcedony), calcite and adularia, all of which are variably mineralized with gold, silver, mercury, antimony and arsenic. The individual veins are as much as 15-20 feet wide and are intermittently exposed within an impressive zone of silica breccia more than 300 feet wide and 800-1000 feet along strike in the Stallion Zone (Figure 3). Outcrop sampling by BHP, Phelps Dodge and Romarco generated assays as high as 4.22 to 6.60 ppm Au, 52.0 to 95.0 ppm Ag, 692 ppm Sb and >100 ppm Hg from veins and breccias in the Stallion Zone.

Drilling by US Steel and BHP in the Stallion Zone tested down to depths of no greater than 475 feet and holes were often lost in areas of poor or lost circulation. The upper parts of these drill holes consistently intersected gold values averaging .01 opt and in subsequent follow-up drilling by PD, intended to test the deeper extent of the system, intersected 100 feet @ 0.01 opt Au in the upper part of one hole (the hole was lost before reaching it's target depth). Maximum values in drilling were 0.05 opt Au and 4.7 opt Ag. Figure 3 is a schematic cross section through the F&L mine and the Stallion Zone, showing previous drilling and a conceptual view of the larger mineralized dome and size and position of the higher grade veins from Romarco Minerals.

A second zone, the Filly, is located 1 mile southwest of the Stallion and contains calcite-rich, chalcedony-adularia vein clusters as much as 40-60 feet wide and 800-1000 feet along a west-northwest strike. Romarco obtained a surface

**Geology and Deposit Model:** Mustang Canyon is a low sulfidation (quartz-adularia) precious metal-bearing epithermal system hosted by a rhyolite dome complex that intrudes a regionally extensive package of andesite flows and overlying rhyolitic, tuffaceous sediments. These systems are typical of the Walker Lane Structural Province in southwestern Nevada, which regionally hosts the Bodie, CA gold-silver deposit (>1.5 M 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, as shown in **Figure 1**.

Mineralization at Mustang Canyon is hosted by a rhyolite dome exposed by erosion of tuffaceous sediments and tuffs that encompass it (**Figures 2 and 3**). Mercury was historically mined at the F&L and Red Rose mines on the eastern and western margins, respectively, of the dome in opalized tuffs/sediments with accompanying, extensive alunite-kaolinite alteration. These altered rocks contain elevated levels of arsenic, antimony and sulfur. Gold mineralization at the nearby Red Rock prospect and Tip Top/Brownie mines are also closely related to deposits of mercury that have been historically mined



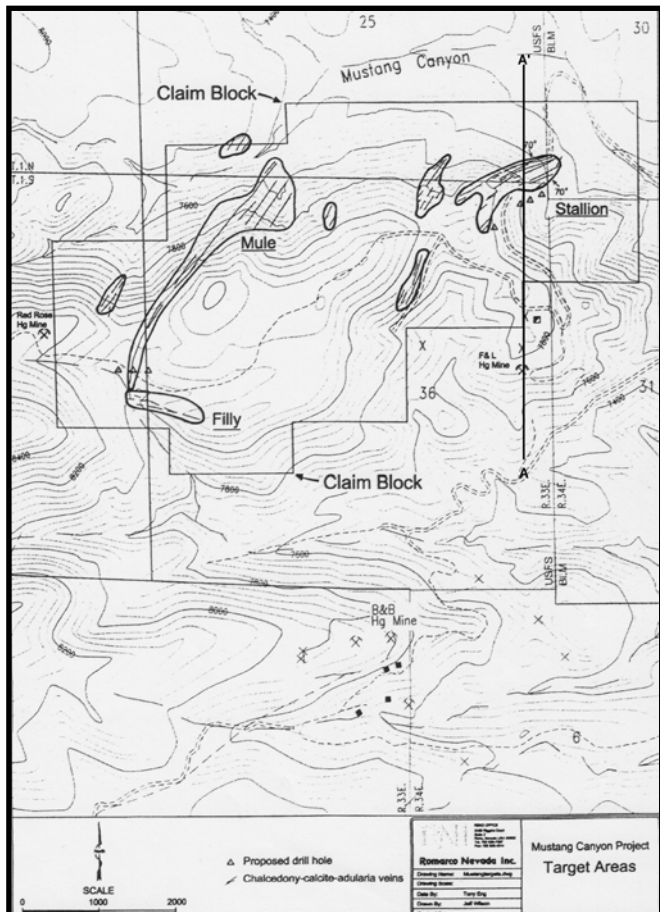


Figure 2

Some of the early drilling was also focused on the extensively altered sediments north of the F&L Mine (shown in Figure 3) and never intersected the mineralized dome exposed further to the north in the Stallion Zone. None of the high grade veins were specifically targeted by the early drilling and many were missed by the wider spaced patterns designed to test a large, bulk tonnage target.

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.

**Outlook:** 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.

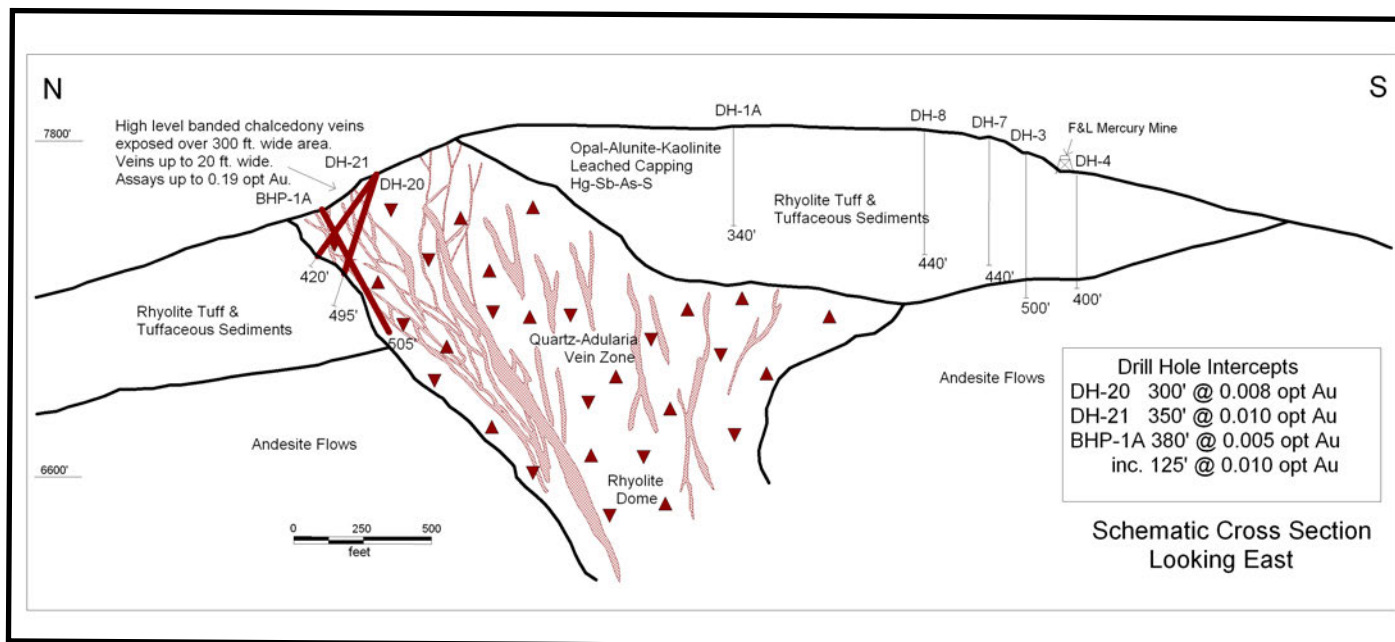


Figure 3

**Qualified Person**

Scientific and technical information contained herein has been reviewed and approved by Stephen Kenwood, P. Geo, a Director of Ely Gold & Minerals and a “qualified person” as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects (“NI 43-101”).

**MANAGEMENT****Ely Gold & Minerals Inc.**

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**COMPANY PROFILE**

Exchange:	TSXV—OTC
Symbol:	ELY—ELYGF
Issued Shares:	75,755,474
Shares Fully Diluted:	88,980,474
Current Price, 01/09/17:	C\$0.18
Market Capitalization:	C\$13,635,985

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