

TSX-V: ELY

VANCOUVER, Dec. 7, 2016 /CNW/ - Ely Gold & Minerals Inc. ("Ely Gold" or the "Company") (TSX-V: ELY, OTC: ELYGF) is pleased to announce that it has entered into a definitive option agreement with [Colorado Resources Ltd.](#) (TSX-V: CXO) ("Colorado") through their respective wholly owned U.S subsidiaries whereby Colorado can acquire a 100% interest in the Green Springs Project, located in eastern Nevada. (the "Option") The total Option amount (if completed) is US\$3,000,000 and 2,250,000 Colorado common shares. The closing of the Option is subject to TSX-V approval and delivery of final documentation which is expected in late December (the "Closing").

The Green Springs Project consists of 193 unpatented claims held or under option by Ely Gold (the "Property") It is located in the eastern Great Basin approximately 50 miles south of Kinross 's Bald Mountain/Alligator Ridge Mine** and 35 miles west of Ely Nevada. It is a classic Carlin-style gold system that represents part of a growing number of Carlin-type systems and new discoveries located outside the main Carlin and Cortez camps in largely underexplored parts of Nevada.

From 1988- 1990 U.S Minerals Exploration Company ("USMX") mined 1.1 million tons at an average grade of 2.1 g/t gold at a 0.7 g/t Au cut-off from three shallow pits at Green Springs with heap leach recoveries estimated at >80 % recovery. Mining occurred at shallow depths (typically <30 m) from the Lower Chainman shale formation. At least three other zones were left un-mined when in 1988 USMX elected to move their mining operations. More information regarding the Property, historic data and Ely Gold's exploration results is available on the Company's website at www.elygoldinc.com.

Trey Wasser, President and CEO of Ely Gold commented on the Option, "We are very pleased to complete this transaction with Colorado. Ely Gold has worked very hard to consolidate the Green Springs district for the first time since mine production in the late 1980's. The team at Colorado are proven asset builders and we are pleased to have concluded the Option for cash and Colorado shares while retaining a significant royalty interest. This transaction will also add significantly to our current cash flow stream."

The Option

Pursuant to the terms of the Option, subject to TSX Venture Exchange ("Exchange") approval, Ely Gold has granted the exclusive option to Colorado to acquire the Company's 100% interest in and to the Green Springs Project by making the following payments and share issuances over 4 years:

- At Closing - US\$50,000 cash and the issuance of 300,000 common shares;
- Year 1 - US\$100,000 cash and the issuance of 500,000 common shares;
- Year 2 - US\$200,000 cash and the issuance of 600,000 common shares;
- Year 3 - US\$400,000 cash and the issuance of 850,000 common shares; and
- Year 4 - US\$2,250,000 cash (the "Final Option Payment"). Colorado may at its election make the Final Option Payment 50% cash and 50% common shares based on a 30 day VWAP.

There are no work commitments or additional expenditures required other than Colorado's obligation to maintain the underlying agreements and claim maintenance fees per year of approximately US\$50k. If the Final Option Payment is made Ely Gold will retain a total 1% net smelter returns royalty ("NSR") on two key claims. Ely Gold will also retain the right to buy-down 1% of the underlying royalty on these key claims for \$500,000. Ely Gold will retain a .5% NSR on 76 claims that make up the old USMX production and drilling.

Colorado will pay Ely Gold annual advance royalty payments as follows:

- US\$25,000 on the first through third anniversary dates of the Final Option Payment;
- US\$50,000 on each anniversary date of the Final Option Payment thereafter.

Stephen Kenwood, P. Geo, is director of the Company and a Qualified Person as defined by NI 43-101. Mr. Kenwood has reviewed and approved the technical information in this press release.

About Ely Gold

Ely Gold is focused on developing recurring cash flow streams through the acquisition, consolidation, enhancement, and resale of highly prospective, un-encumbered North American precious metals properties. Ely's property development efforts maximize each property's potential for acquisition, while reserving significant royalty interests. Additional information about Ely Gold is available at the Company's website, at www.elygoldinc.com

On Behalf of the Board of Directors

Signed "Trey Wasser"

Trey Wasser, President & CEO

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. This news release may contain forward-looking statements including but not limited to comments regarding the timing and content of upcoming work programs, geological interpretations, receipt of property titles, potential mineral recovery processes, etc. Forward-looking statements address future events and conditions and therefore, involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements.

SOURCE Ely Gold & Minerals Inc.

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