



THE STATE OF NEVADA
PERMIT TO APPROPRIATE WATER

Name of Permittee: HYCROFT RESOURCES & DEVELOPMENT, INC
Source: UNDERGROUND
Basin: BLACK ROCK DESERT
Manner of Use: MINING AND MILLING
Period of Use: JANUARY 1ST THROUGH DECEMBER 31ST
Priority Date: 12/23/2011

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 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. 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.

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 81224, 81225, 81226, 81227, 81228, 81279, 81408 and 81409 shall not exceed 10,854 acre-feet annually.

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.

(Continued on Page 2)

The amount of water to be appropriated shall be limited to the amount which can be applied to beneficial use, **and not to exceed 5.41 cubic feet per second or 3890.0 acre-feet annually.**

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

April 25 2013

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

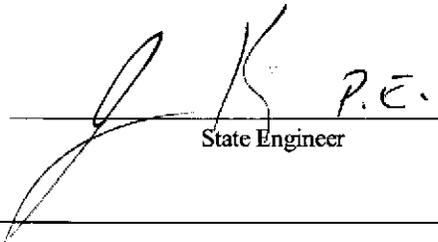
April 25 2017

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 25th day of April, A.D. 2012



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 DEC 23 2011

Returned to applicant for correction _____

Corrected Application filed _____ Map filed JUL 15 1987 under 51112

The applicant Hycroft Resources & Development, Inc.
9790 Gateway Drive, Suite 200 of Reno
Street Address or P.O. Box City or Town

Nevada 89521 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.)
May 23, 1985 State of Nevada

*2430 GPM =
5.419 CFS*

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 2430 gpm (3890 acre-feet/year) (total div rate of 6800 gpm between two wells)
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
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 _____

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 CIVIL ENGINEERING

28-463

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.)

See attached map.

NE1/4, NE1/4, Sect. 31, T35N, R29E MDB&M (unsurveyed), or at a point from which the southeast corner of Sect. 31, T35N, R29E bears South 9degrees 39' 43" East, 5,097 feet (previously filed under Permit 51112).

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

See attached map.

Sects. 1-4, 9-12, T34N, R29E

Sects. 12-14, 23-27, 34-36, T35N, R29E

Sects. 1-36, T35N, R30E

Sects. 2-11, T34N, R30E

MDB&M (unsurveyed)

(Previously filed under ~~60234~~ 81224)

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 well, pump, storage ponds, and pipeline. The pumps in each well, the pipeline and boosters will be upgraded to allow for increased diversion.

9. Estimated cost of works: Distribution system upgrade \$2.5M (including two well pumps plus dist system)

10. Estimated time required to construct works: Upgrade construction proposed between April 2012 - July 2012
(If the well is complete, describe works.)

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

This well is presently operating under Permit #51112. Due to an expansion of mining activities, additional water is required. Please see attached description of proposed expansion at Hycroft Mine.

13. Miscellaneous remarks:

molly.reeves@alliednevada.com

E-mail Address

775.789.0146

Phone No.

Ext.

Molly Reeves, Hydrogeologist

Type or print name clearly

Molly Reeves

Signature, applicant or agent

Allied Nevada Gold Corp.

Company Name

9790 Gateway Drive, Suite 200

Street Address or PO Box

Reno, Nevada 89521

City, State, ZIP Code

STATE ENGINEER
2011 DEC 23 04:11:25
RENO, NV

APPLICATION MUST BE SIGNED
BY THE APPLICANT OR AGENT

Hycroft Resources & Development Inc.
Proposed Oxide Expansion

Application for Permit to Appropriate the Public Waters of the State of Nevada

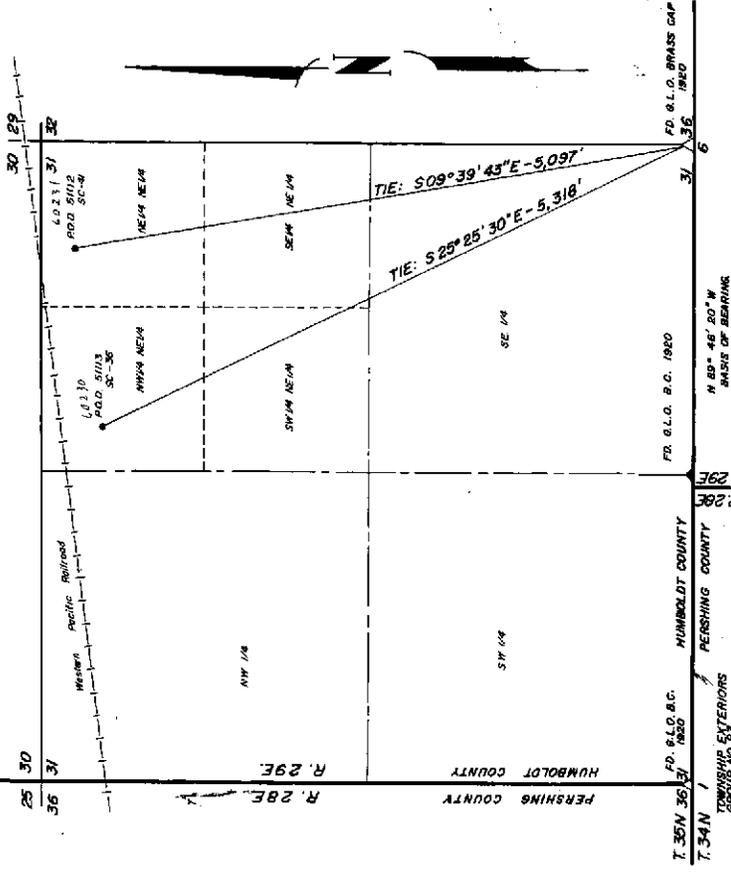
Application Item No. 12

Hycroft Mine is proposing an expansion of their mine facilities and ore production. Two heap leach facilities are proposed for the expansion: the North Brimstone and South heaps. The existing Brimstone Heap currently uses approximately 1,800 gallons per minute (gpm) make-up water (fresh water) year-round. The existing Brimstone Heap will be expanded to create the North Brimstone Heap. Construction of the North Brimstone Facility will begin upon receiving authorization to proceed from the Bureau of Land Management (BLM) and Nevada Division of Environmental Protection Bureau of Mining Regulation and Reclamation (NDEP BMRR), planned for 2012. The North Brimstone Heap leach pad is designed with a total capacity of 113 million tons. The solution collection and conveyance system will consist of a network of collection pipes, ditches and channels designed to collect overliner leach solution and transport it to the solution ponds. The solution collection pipes will be designed to flow at a maximum of 50 percent full at the anticipated maximum solution application rate of 10,000 gallons per minute (gpm). The existing Merrill Crowe plant and refinery will be expanded and the plant will be upgraded to receive up to 5,000 gpm of high pregnant solution. In addition, a new 5,000 gpm Merrill-Crowe plant will be installed at the North Brimstone Heap facility. The total maximum make-up water application rate for the proposed North Brimstone Heap facility will be 4,100 gpm, 2,300 gpm for the expanded heap, plus 1,800 gpm from the existing Brimstone portion of the heap.

Construction on the South Heap is projected to begin in 2015 with ore placement beginning in 2016. The South Heap facility will include the heap, four process ponds, and a 5,000 gpm Merrill Crowe plant. The South Heap leach pad is designed with total capacity of 236 million tons. The solution collection pipes will be designed to flow at a maximum of 50 percent full at the anticipated maximum solution application rate of 10,000 gpm. The maximum make-up water application rate for the proposed South Heap facility will be 2,700 gpm. The filtered precipitate will be trucked to the existing refinery.

Currently, Hycroft Resources and Development, Inc. (HRDI) has 2,897 AFA combined duty from two production wells (Permit Nos. 51113/60230 and 51112/60231) located several miles west of the mine site. This combined duty includes 14.83 AFA from a well (Permit No. 49533) that serves as potable supply for the mine. Upon construction, these wells were pump tested and found to have very high transmissivity rates (528,000 gallons per day per foot (gpd/ft)). These wells are currently under design for upgrade to the pumps and the distribution system to accommodate the increased make-up water demand. This upgrade project is projected to cost approximately \$2.5 million. The total make-up water demand for the expansion project is 6800 gpm. Upon upgrade of the pumps and distribution system, the two existing production wells will be capable of producing this flow. Therefore, a new appropriation is requested to make up the difference between the existing water rights (2,897 AFA or 5.2 cfs combined diversion rate) and the total demand after the proposed mine expansion (6,800 gpm or 15.1 cfs) from the two existing production wells (60230 and 60231), while maintaining the water rights associated with the potable water supply (49533).

POINTS OF DIVERSION



SEC. 31, T. 35N., R. 29E. M.D.M.

UNSURVEYED SECTION
NEVADA PROTRACTION DIAGRAM

SCALE IN FEET
1" = 800'

BASIS OF BEARINGS
Nevada Protraction Diagram
T. 34 N., R. 29 E. M.D.M. MAY 18, 1982
SOUTH LINE SECTION 31. N. N 89° 46' 20" W

PERMIT NO. 51112
PERMIT NO. 51113
S.C. 36

HYDROFIT WELL NO. SC-41

FILED
JUL 15 1987

51114 CERTIFICATE NO. 12457 ISSUED 8-20-84
51113 CERTIFICATE NO. 12467 ISSUED 9-20-84

MAP
TO ACCOMPANY APPLICATION TO APPROPRIATE WATER
FOR MINING, MILLING AND DOMESTIC PURPOSES
BY: HYDROFIT RESOURCES AND DEVELOPMENT, INC.
FROM: AN UNDERGROUND SOURCE

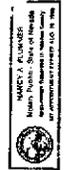
HUMBOLDT COUNTY, NEVADA
ASSOCIATED LAND SURVEYORS
500 E. WINDY DRIVE
RENO, NV 89501
PHONE NO. (702) 785-0204

STATE OF NEVADA
COUNTY OF HUMBOLDT } S.S.

I, ELMER J. PLUMMER being first duly sworn, depose and say that this map, consisting of 1 sheet, has been correctly drawn to the designated scale from field notes of a survey made by me, on the 10th day of JULY 1987, that it truly and correctly represents the proposed location and extent of the water used to divert water from UNDERGROUND sources in HUMBOLDT COUNTY, by HYDROFIT RESOURCES AND DEVELOPMENT, INC. for MINING, MILLING and DOMESTIC purposes. That the proposed points of diversion, and the location and names of all other works or streams which are crossed by or connected with said diversions are fully and correctly designated thereon.

ELMER J. PLUMMER STATE WATER RIGHT SURVEYOR
566

Subscribed and sworn to before me this 20th day of JULY, 1987
Notary Public in and for Washoe County, Nevada



7725705 77256 60291 60290 51113 51112