

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: 12/11/2012

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, 2029** and all rights herein will revert 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. 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 a quarterly basis within 15 days after the end of each calendar quarter.

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, 81409, 82274, 82355, 82356 and Temporary Permits 82283T, 82480T and 82481T shall not exceed 20,414.9 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.

A groundwater monitoring plan shall be submitted and approved by the State Engineer and shall be implemented prior to the development of water under this permit.

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 3.34 cubic feet per second or 2,050.0 acre-feet annually.

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

June 26 2014

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

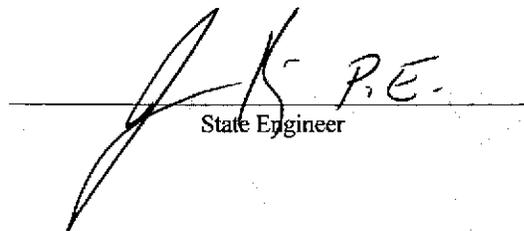
June 26 2018

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 26th day of June, 2013



State Engineer

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>DEC 11 2012</u> |
| Returned to applicant for correction | _____ |
| Corrected Application filed | _____ Map filed <u>DEC 11 2012</u> |

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

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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 2050 acre-feet/year avg annual (max div rate of 1500gpm or 3.34 cfs)see No. 11
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 _____

28-HU

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, PW-5:

NE1/4, SW1/4, Sect. 31, T35N, R29E MDB&M (unsurveyed), or at a point from which the southeast corner of Sect. 31, T35N, R29E bears south 50degrees 07' 30" East, at a distance of 3910.1 feet.

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

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

Sects. ~~12-14, 23-27, 34-36~~, T35N, R29E *OK, WAH*

Sects. 1-36, T35N, R30E

Sects. 2-11, T34N, R30E

MDB&M (unsurveyed)

(Previously filed under ~~60231~~)

MAP B1224

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.)

Production well, pump, pipeline, and header tank.

9. Estimated cost of works: Distribution system upgrade \$1M split between the two wells and distribution system

10. Estimated time required to construct works: Upgrade construction proposed between Feb and Nov 2013
(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.)

Due to an expansion of mining activities, additional water is required. Please see attached description of proposed expansion at Hycroft Mine.

13. Miscellaneous remarks:

The amount of water applied for is anticipated to be withdrawn from this application POD well or from any of the proposed and permitted wells.

molly.reeves@alliednevada.com

E-mail Address

775.789.0146

Phone No.

Ext.

APPLICATION MUST BE SIGNED
BY THE APPLICANT OR AGENT

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

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Hycroft Resources & Development Inc.

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

Application Item No. 12

Hycroft Mine is currently operating one heap leach pad and a dry open pit. Hycroft is constructing two additional heap leach facilities that were recently permitted. In addition to that construction, Hycroft Mine is proposing the Rail Spur Expansion that will include construction of a rail spur, mill, and combination heap and tailings facility. This application for new appropriation is to increase the groundwater pumping to accommodate the increased water demand associated with the proposed 130,000 ton per day mill at Hycroft Mine.

Hycroft Resources and Development, Inc. (HRDI) is permitted for 11,032 acre feet annually (AFA) combined duty from three production wells (PW-2, PW-3, and Well 1 Potable). The permitted heap leach pads and ancillary water demands total 6,800 gpm average annual, though construction of these new heaps is ongoing and thus current pumping is not yet reflective of the anticipated demand associated with our permitted operations. HRDI is proposing the Rail Spur Expansion that includes a mill that will require make-up water and a 16 year mine life. The annual average pumping estimate for the proposed mine plan is 12,870 gpm (20,592 acre feet). HRDI is purchasing existing water rights in the same hydrographic basin, where feasible, to acquire the additional make up water permits. HRDI is in the process of purchasing and changing manner of use, place of use, and point of diversion for Permit No. 65930 (Permit No. 82274). A new appropriation is requested to make up the difference between the existing and recently purchased water rights and the total demand for the proposed mine expansion. Thus, HRDI is applying for 5,464 acre feet of water for temporary mining and milling use from two new production wells in the basin west of the mine.

HRDI has been drilling test wells and conducting pump tests to confirm the availability of the water supply, and has identified viable locations for new production wells, which are the submitted points of diversion attached to the proposed applications. While these applications are for two points of diversion, it is anticipated the diversion rate will be pumped from any of the permitted and proposed production wells in the basin (PW-2, PW-3, PW-5, PW-8, PW-7). The existing production wells associated with Permit Nos. 81225/81227/81409 for PW-3 and 81279/81224/81226/81408 for PW-2 are located several miles west of the mine site in sand and gravel fan deposits, and have been pump tested and found to have very high transmissivity rates (91,000 ft²/day). The new wells were pump tested and found to also have very high transmissivity rates (43,000 ft²/day). HRDI is confident that the new production wells can sustain this proposed pumping rate for the life of the mine.

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