



# TEMPORARY

## THE STATE OF NEVADA

### PERMIT TO CHANGE THE PUBLIC WATERS OF THE STATE OF NEVADA HERETOFORE APPROPRIATED

**Name of Permittee:** HYCROFT RESOURCES AND DEVELOPMENT, INC  
**Source:** UNDERGROUND  
**Basin:** BLACK ROCK DESERT  
**Manner of Use:** MINING AND MILLING  
**Period of Use:** ONE YEAR FROM DATE OF ISSUANCE  
**Priority Date:** 12/23/2011

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#### 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 temporary permit to change the point of diversion and place of use of a portion of the waters of an underground source as heretofore granted under Permit 81408 is issued subject to the terms and conditions imposed in said Permit 81408 and with the understanding that no other rights on the source will be affected by the change proposed herein. This well shall be equipped with a two (2) inch opening for measuring depth to water and 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 the water begins or before the proof of completion of work is filed. If the well is flowing, a valve must be installed and maintained to prevent waste. 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 temporary 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, Temporary Permits 82283T, 82480T, and 82481T shall not exceed 10,853.9 acre-feet annually.

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

This temporary permit is issued pursuant to the provisions of NRS 533.345 Section 2 and will expire 1 year after the approval of the permit at which time all rights herein granted shall revert to the right being changed by this temporary permit.

(Continued on Page 2)

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 0.45 cubic feet per second or 26.5 acre-feet annually.**

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

N/A

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

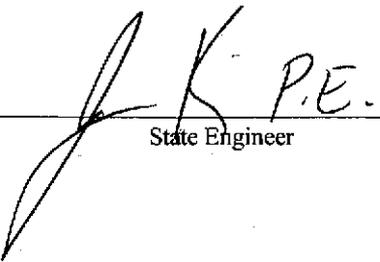
N/A

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 7th day of **February, 2013**

  
\_\_\_\_\_  
State Engineer

**APPLICATION FOR PERMISSION TO CHANGE POINT OF DIVERSION, MANNER  
OF USE AND PLACE OF USE OF THE PUBLIC WATERS  
OF THE STATE OF NEVADA HERETOFORE APPROPRIATED**

THIS SPACE FOR OFFICE USE ONLY	
Date of filing in State Engineer's Office	<u>JAN 24 2013</u>
Returned to applicant for correction	_____
Corrected application filed	Map filed <u>JAN 29 2013</u>

The applicant Hycroft Resources and Development, Inc.  
9790 Gateway Drive, Suite 200 of Reno  
Street Address or PO Box City or Town  
Nevada 89523 hereby make(s) application for permission to change the  
State and ZIP Code

- Point of diversion       Place of use       Manner of use       of a portion

of water heretofore appropriated under (Identify existing rights by Permit, Certificate, Proof or Claim Nos. If Decreed, give title of Decree and identify right in Decree.)

Permit No. 81408 (PW-2)

1. The source of water is Underground  
Name of stream, lake, underground, spring or other sources.
  
2. The amount of water to be changed 0.45 second feet, 26.5 AF  
Second feet, acre-feet. One second foot equals 448.83 gallons per minute.
  
3. The water to be used for (Mining and Milling) *REL*  
Irrigation, power, mining, commercial, etc. If for stock, state number and kind of animals. Must limit to one major use
  
4. The water heretofore used for mining and milling  
If for stock, state number and kind of animals.
  
5. The water is to be diverted 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 stated.)  
Point of Diversion is located in the NW 1/4 NW 1/4 of Section 1, T. 34 N., R. 28 E., M.D.B.&M, or at a point from which the SE Corner of Section 31, T.35N., R.29E., M.D.B.&M. bears N. 88°30'E. a distance of 7836ft from the proposed Point of Diversion. Proposed POD UTM Coordinates NAD 83: 348629.8, 4524298.1.
  
6. The existing point of diversion is located within (If point of diversion is not changed, do not answer.)  
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). *NO COMPLE REL*

7. Proposed place of use (Describe by legal subdivisions. If for irrigation, state number of acres to be irrigated.)

Water used for drilling water for drilling wells located in : All of Sections 35 and 36, T35N R28E; All of Section 31, T35N R29E; W1/2 Sect 6, T34N R29E; All of Sections 1 and 2 T34N R28E; N1/2 Sect 12, T34N R28E; NW1/4 Sect 7, T34N R29E;

8. Existing place of use (Describe by legal subdivisions. If changing place of use and/or manner of use of irrigation permit, describe acreage to be removed from irrigation.)

(Previously filed under 81228) 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)

9. Proposed use will be from Jan 1 to Dec 31 of each year.  
Month and Day Month and Day

10. Existing use permitted from Jan 1 to Dec 31 of each year.  
Month and Day Month and Day

11. Description of proposed works. (Under the provision 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, pipes and flumes or drilled well, pump and motor, etc.)

This proposed Temp POD change is for an existing 10" test well. A pipeline will be attached from this test well to supply drill water over to each of the proposed production wells.

12. Estimated cost of works \$50,000 for temporary setup of piping and pumping

13. Estimated time required to construct works 2 days for each pipeline from existing wellhead  
If well completed, describe well.

14. Estimated time required to complete the application of water to beneficial use 3 months

15. 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 POD is changing from a production well that supplies water to the mine, to a recently installed unpermitted test well to pump the test well to provide water for drilling production wells. Drill water will require approximately 200 gpm for 5-7 days per well. The water right will be returned to the production well (Permit No. 81408 (PW-2)) upon completion of drilling.

16. Miscellaneous remarks:

This was discussed in detail with Hamilton Reed. If any questions, please inquire with Hamilton as we

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2013 JAN 29 AM 10:18  
STATE ENGINEERS OFFICE

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E-mail Address  
775-789-0146  
Phone No. Ext.

Molly Reeves  
Type or print name clearly  
Molly Reeves  
Signature, applicant or agent  
Hycroft Resources & Development, Inc.  
Company Name  
9790 Gateway Drive, Suite 200  
Street Address or PO Box  
Reno, Nevada 89523  
City, State, ZIP Code

APPLICATION MUST BE SIGNED  
BY THE APPLICANT OR AGENT

# Exhibit A

**Proposed place of use:**

All of Sections 35 and 36, T35N R28E

All of Section 31, T35N R29E

W1/2 Sect 6, T34N R29E

NW1/4 Sect 7, T34N R29E

N1/2 Sect 12, T34N R28E

All of Sections 1 and 2 T34N R28E