

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Michelle Lujan Grisham**  
Governor

**Sarah Cottrell Propst**  
Cabinet Secretary

**Todd E. Leahy, JD, PhD**  
Deputy Cabinet Secretary

**Jerry Schoeppner PG, Director**  
Mining and Minerals Division



August 9, 2022

Mr. Galen McNamara  
Summa Silver Corp.  
918-1030 West Georgia Street  
Vancouver, BC V6E 2Y3

Dear Mr. McNamara:

Attached is the permit renewal for the Summa Silver Mogollon Exploration Project, Catron County, New Mexico, Permit Number CA027EM. This permit renewal is valid until September 8, 2023.

Mining and Minerals Division considers *Mexican Spotted Owl Survey Protocol, U.S. Fish and Wildlife Service, 2022 (updated 3/15/22)* a best management practice consistent with 19.10.3 NMAC. As a best management practice, this U.S. Fish and Wildlife Service protocol recommends 2-years of owl surveys. Currently, Summa Silver is completing the 1-year survey. Mining and Minerals Division will consider the results of future and/or on-going Mexican spotted owl surveys, in consultation with the Department of Game and Fish pursuant to 19.10.3.302.G NMAC, for future determination of eligibility to conduct exploration activities during Mexican spotted owl breeding and fledgling-dependency periods.

Should you have any questions, please contact me at (505) 372-8634, or via email at: [david.ennis@state.nm.us](mailto:david.ennis@state.nm.us).

Sincerely,

David J. ("DJ") Ennis, P.G.  
Permit Lead  
Mining Act Reclamation Program

Enc.: Permit Renewal, CA027EM-R1

State of New Mexico  
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August 5, 2022

Galen McNamara  
Summa Silver Corp.  
918-1030 West Georgia Street  
Vancouver, BC V6E 2Y3

**RE: Exploration Permit Renewal Approval  
Summa Silver Mogollon Exploration Project, Permit No. CA027EM-R1  
Summa Silver Corp., Catron County, New Mexico**

Dear Mr. McNamara:

The New Mexico Mining and Minerals Division (“MMD”) received a written request from Summa Silver Corporation (“Summa”) to renew Permit Number CA027EM (“Permit”) for the Summa Silver Mogollon Exploration project located in Catron County, New Mexico.

The permit renewal application consists of:

- Letter dated July 14, 2022, from Summa requesting an extension (renewal) of permit number CA027EM. This letter:
  - summarizes the extent of work completed by Summa and the timeline in which that work was completed.
  - confirms that no changes to the amount of proposed disturbance will occur within the permit and reaffirms Summa’s commitment to perform work in compliance with the Permit.
- Email dated July 19, 2022, from Summa requesting approval of the use of two different drilling products. This email:
  - confirms that Summa does not wish to make any changes to the language in the Permit.
- Letter dated August 2, 2022, from Summa clarifying the permit renewal request related to the Mexican Spotted Owl (“MSO”). This letter:
  - states that Summa has completed the first-year survey of a two-year survey for MSOs.

Mr. Galen McNamara  
Summa Silver Corp.

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- confirms that no exploration drilling will be conducted before September 1, 2022, and will again cease exploration drilling activities on March 1, 2023, prior to the beginning of the 2023 MSO breeding and fledgling-dependency period.
- confirms that a second year of MSO surveying will be conducted during the 2023 MSO breeding and fledgling-dependency period.
- states that a future request to conduct drilling during the 2023 breeding season may occur once the second MSO survey results are received and demonstrate that no MSO nests or roosts were observed within the survey area of interest.

This letter acknowledges the renewal of the Permit. The permit number designated for the renewal is CA027EM-R1. Summa is authorized to conduct mineral exploration and reclamation operations only on those lands specifically designated and authorized as the permit area as described in the Permit and renewal.

**Findings of Fact:**

1. The application for renewal is complete and demonstrates that there will be no changes to the scope of work or financial assurance instruments or amount, and will meet the requirements of reclamation, as identified in 19.10.4.405.C of the New Mexico Mining Act Rules (“the Rules”).
2. The Permittee has paid the permit application fee in the amount of \$500.00, as determined by Part 2 of the Rules.
3. The Permittee has no outstanding violations of the New Mexico Mining Act (“the Act”) or the Rules.
4. The Permittee has provided an approved financial assurance instrument in the form of a Standby Letter of Credit No. BMT0655124OS, issued by Bank of Montreal, 250 Yonge St., 11<sup>th</sup> Floor, Toronto, ON M5B 2L7, on August 13, 2021, in the amount of \$153,800.00. This instrument remains valid and presently in effect in the required amount.
5. The Permittee has acknowledged that there has been no change in the amount of proposed disturbance within the proposed permit area or any changes to the amount of disturbance as described in the Permit.
6. The Permittee has provided, as part of the permit application package, a signed statement indicating that Permittee agrees to comply with the reclamation requirements of the permit, Part 3 of the Rules, and the Act and allows the Director to enter the permit area, without delay, for the purpose of conducting inspections during exploration and reclamation.

Mr. Galen McNamara  
Summa Silver Corp.

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7. Pursuant to 19.10.3.302.G NMAC, the New Mexico Department of Game and Fish was consulted by MMD through a letter dated June 1, 2022, requesting comments on *Mexican Spotted Owl Survey Results* dated May 30, 2022, and a *Biological Technical Memorandum* dated May 28, 2022 (collectively “Survey Results”). The response from Game and Fish is dated June 15, 2022, and states, in part:
  - “The Department concurs that it is unlikely that the area of interest [(AOI)] contains an occupied Mexican Spotted Owl [(MSO)] nest site. However, it has been documented that [MSOs] do utilize the [AOI] to some degree and likely forage within it. While Summa Silver’s drilling operations may not be located in an area that is likely to adversely impact [MSO] pairs, noise disturbance during nighttime operations could impact how [MSOs] utilize the [AOI], or potentially preclude use, when foraging during breeding season.”
8. Pursuant to 19.10.3.302.G NMAC, the Director shall consider comments from cooperating agencies in making a determination of eligibility for minimal impact status.
9. Pursuant to the definition of “minimal impact mining operation” in 19.10.1.7.M(2)(b) NMAC, the Director finds that the project area is not located in designated critical habitat areas for the Mexican Spotted Owl or other federal endangered species.
10. Pursuant to the definition of “minimal impact mining operation” in 19.10.1.7.M(2)(b) NMAC, the Director finds:
  - The project area is not located in an area determined by Department of Game and Fish likely to result in an adverse impact on the Mexican Spotted Owl outside of the breeding and fledgling-dependency period from September 1 to February 28.

**Conditions and Obligations:**

1. No exploration drilling activities shall occur before September 1, 2022, during the current MSO breeding and fledgling-dependency period.
2. No exploration drilling activities shall be conducted during the 2023 MSO breeding and fledgling-dependency period from March 1, 2023, to August 31, 2023.
3. The Permittee shall comply with all requirements, obligations and conditions and shall conduct mining and reclamation operations at the Summa Silver Mogollon project only as described within the Permit and renewal.
4. The Permit does not grant or create any property rights. Nor does MMD, by issuing this Permit or otherwise, make any comment on the surface or mineral rights that the Permittee may or may not have in the area covered by the Permit; only that the Permittee has provided a statement of basis on which the Permittee has a right to enter the property to conduct

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Summa Silver Corp.

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August 5, 2022

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mining and reclamation. Permittee is solely responsible to take whatever steps are necessary to ensure that Permittee has property rights sufficient to support the activities contemplated by the Permit.

5. The Permit does not grant or create any water rights. Nor does MMD, by issuing the Permit or otherwise, make any comment on the water rights that the Permittee may or may not have available for use in the area covered by the Permit. Permittee is solely responsible and obligated to comply with all state and federal laws related to water rights sufficient to support the activities contemplated by the Permit.
6. Since the permit area is located on private land, the expiration, or termination, of the private landholder's authorization to conduct operations on the property automatically suspends the permittee's authority to continue mining operations on the property, although not necessarily reclamation operations required by the Permit.
7. The Permit is issued pursuant to NMSA 1978, Section 69-36-1 et. seq. and Title 19, Chapter 10 NMAC. Permittee may be required to comply with other federal, State, county or local laws or ordinances before or while undertaking the activity that is the subject of the Permit. MMD does not, by issuing the Permit or otherwise, make any comment on Permittee's compliance with such other laws. It is Permittee's sole responsibility to investigate and comply with the requirements of such other laws.
8. This permit renewal is valid until September 8, 2023, which is one year from the date of the previous expiration of the permit term [19.10.4.405.A(1) NMAC].

At the end of the project, Summa shall file a termination report based on the requirements of 19.10.4.407 NMAC. If Summa decides to continue exploration activities beyond the expiration date of this Permit renewal, Summa shall renew the permit at least 30 days before the date of expiration in accordance with 19.10.4.405.C(2) NMAC.

For additional information regarding the New Mexico Mining Act Rules, please contact David ("DJ") Ennis, of my staff, at (505) 372-8634, or via e-mail at: [david.ennis@state.nm.us](mailto:david.ennis@state.nm.us), with any questions regarding the Permit and renewal.

By Order of the Director,

  
Jerry Schoeppner, Director  
Mining and Minerals Division

cc: Holland Shepherd, Program Manager, MARP/MMD  
File No. CA027EM