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MINING & MINERALS DIVISION

**PERMIT MODIFICATION 23-1 TO PERMIT NO. CA027EM
SUMMA SILVER MOGOLLON
MINIMAL IMPACT EXPLORATION OPERATION**

**MINING AND MINERALS DIVISION
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT**

This Permit Modification 23-1 (“Modification 23-1”) to Permit No. CA027EM (“Permit”) is issued by the Director of the Mining and Minerals Division (“MMD”) of the New Mexico Energy, Minerals and Natural Resources Department to:

Whose correct address is: Summa Silver Corp.
918-1030 West Georgia Street
Vancouver, BC V6E 2Y3

(“Permittee”) for the Summa Silver Mogollon Project, located just west and north of the town of Mogollon in Catron County, New Mexico, as described in Section 3 of this Permit document.

This Modification 23-1 approves the addition of twenty-five (25) drill holes up to five inches in diameter and up to 2,000 feet deep to the drill holes previously approved in Permit No. CA027EM, on private land and patented mining claims leased by the Permittee, utilizing no more than six (6) additional drill pad surface disturbance areas (“drill pad sites”) to explore for silver and gold. The drill pad sites will be no greater than 50 feet wide by 50 feet long (50’W x 50’L) at each site. Drill pad sites will include an aboveground mobile storage tank for containment of drilling fluids and cuttings at each drill site. In addition to use of existing roads, the Permittee is authorized to travel on up to 1,075 feet of additional newly constructed roads, 10 feet in width, and 1,404 feet of additional improvements to existing roads, 10 feet in width.

Section 1. STATUTES AND REGULATIONS

- A. This Modification 23-1 is issued pursuant to the New Mexico Mining Act, NMSA 1978, §69-36-1, et seq. (1993, as amended through 2020).
- B. This Modification 23-1 is subject to all applicable regulations of the New Mexico Mining Act (“Act”), New Mexico Mining Act Rules (“Rules” (Parts 19.10.1 through 19.10.14 New Mexico Administrative Code (“NMAC”))) and any other regulations which are now or hereafter in force under the Act; and all such regulations are made a part of this Permit by this reference.

Section 2. PERMIT MODIFICATION PACKAGE

The minimal impact exploration Permit Modification Application Package for CA027EM dated April 20, 2023, was received by MMD and deemed administratively complete on June 9, 2023. Any correspondence subsequently submitted to MMD, by the Permittee or its representatives, can be found at MMD offices within the Division’s files, and is titled *Summa Silver Mogollon CA027EM* or

Permit Modification 23-1 to Permit No. CA027EM
Summa Silver Mogollon Exploration Project
Minimal Impact Exploration Operation
Page 2 of 11

similar.

The Modification 23-1 Permit Application Package (“23-1 PAP”) is comprised of the following documents:

- A. *Summa Silver Corporation Part 3 Minimal Impact Exploration Permit Modification and Renewal* dated April 20, 2023.
- B. *Agency Review Comments and Request for Additional Information*, issued by MMD, and dated August 9, 2023.
- C. *Re: Agency Review Comments and Request for Additional Information*, issued by Summa Silver Corp and dated September 4, 2023.
- D. *Notice of Exclusion from Minimal Impact Status*, issued by MMD and dated September 19, 2023.
- E. *Re: Notice of Exclusion from Minimal Impact Status*, issued by Summa Silver Corp and dated September 19, 2023.
- F. *Log#120612-CA027EM – Summa Silver Mogollon – Request for Additional Comment*, issued by the State of New Mexico Historic Preservation Division (“HPD”) and dated September 20, 2023.
- G. Financial Assurance in the amount of \$158,700.00 (one hundred fifty-eight thousand seven hundred dollars), in the form of Standby Letter of Credit No. BMT0655124OS, Amendment no. 1, from Bank of Montreal dated November 1, 2023.

Section 3. **PERMIT AREA**

- A. The Permittee is authorized to conduct mineral exploration and reclamation operations only on those lands that are specifically designated and authorized within the permitted area (“Permit Area”) and exploration activities shall be limited to the locations identified in the 23-1 PAP and Permit. The Permit Area is located in Township 10 South, Range 19 West, Sections 27 and 28 on private land/patented mining claims.
- B. For this Modification 23-1, the Permit Area is expanded to include:
 - a. Six (6) additional drill pad locations proposed in 23-1 PAP.
 - b. In addition to use of existing roads, the Permittee is authorized to travel on up to 1,075 feet of additional newly constructed roads, 10 feet in width, and 1,404 feet of additional improvements to existing roads, 10 feet in width.
- C. The Permittee is authorized to only disturb up to a maximum of 2.26 total acres within the

Permit Modification 23-1 to Permit No. CA027EM
Summa Silver Mogollon Exploration Project
Minimal Impact Exploration Operation
Page 3 of 11

Permit Area, pursuant to §19.10.3.302.A NMAC.

Section 4. **FINDINGS OF FACT**

The Permit Application Package

- A. The 23-1 PAP is complete and demonstrates that the proposed operation will meet the performance and reclamation standards and requirements of Paragraphs 1-6 of 19.10.3.302.D NMAC.

- B. The 23-1 PAP provides that the proposed operation meets the standards of a "Minimal impact mining operation," addressed in 19.10.1.7.M(2) NMAC, and in 19.10.3.302 NMAC, and does not fall within the exclusions in 19.10.1.7.M(2) NMAC. MMD and the other agencies, pursuant to 19.10.3.302.G, reviewed the minimal impact designation:
 - 1. The Director finds that the project area is not located in or expected to have a direct surface impact on wetlands, springs, perennial or intermittent streams, lakes, rivers, reservoirs or riparian areas. (§19.10.1.7.M(2)(a) NMAC);
 - 2. 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. The Director finds that the project area is not located in an area determined by the Department of Game and Fish likely to result in an adverse impact on the Mexican Spotted Owl or any other endangered species. The Director finds that the project area is not located in an area with endangered plants. (§19.10.1.M(2)(b) NMAC);
 - 3. The Director finds that the project area is not located in an area with cultural resources listed on either the National Register of Historic Places or the State Register of Cultural Properties. (§19.10.1.7.M(2)(c) NMAC);
 - 4. The Director finds that the project is not expected to have a direct impact on ground water that has a total dissolved solids concentration of less than 10,000 mg/L (§19.10.1.7.M(2)(d) NMAC);
 - 5. The Director finds that the project is not using cyanide, mercury amalgam, heap leaching or dump leaching in its operations (§19.10.1.7.M(2)(e) NMAC);
 - 6. The Director finds that the project is not located in a known cemetery or other burial ground (§19.10.1.7.M(2)(f) NMAC);
 - 7. The Director finds that the project is not located in an area designated as a Federal Wilderness Area, Wilderness Study Area, Area of Critical Environmental Concern, or an area with the National Wild and Scenic River System (§19.10.1.7.M(2)(g) NMAC);

Permit Modification 23-1 to Permit No. CA027EM
Summa Silver Mogollon Exploration Project
Minimal Impact Exploration Operation
Page 4 of 11

8. The Director finds that the project is not expected to result in point or non-point source surface or subsurface releases of acid or other toxic substances from the permit area (§19.10.1.7.M(2)(h) NMAC);
 9. The Director finds that the project does not require a variance from any element of the Rules as part of the permit application (§19.10.1.7.M(2)(i) NMAC);
 10. The Director finds that none of the characteristics set forth in Subsection M, Paragraph 2, Subparagraphs a through d of 19.10.1.7 NMAC are present therefore no waivers of concurrence are necessary (19.10.1.7.M(2)(j) NMAC);
 11. The Director finds that the project is not located in close proximity to another interrelated mining operation (19.10.1.7.M(2)(k) NMAC);
- C. The Permittee has paid the permit modification application fee of \$250 as required by 19.10.2.201.I NMAC.
- D. The proposed operation and reclamation, as described in the 23-1 PAP and this Modification 23-1, will meet the requirements of reclamation, as identified in 19.10.1.7.R(1) NMAC of the Rules. The reclamation plan, subject to the conditions in the Permit, demonstrates that the reclamation of the disturbed areas within the Permit Area will result in a condition that allows for the establishment of a self-sustaining ecosystem within the Permit Area that is appropriate for the life zone of the surrounding areas.
- E. The approved Post-Exploration Land Use is designated as wildlife habitat.
- F. The term of the Permit is governed by Subsections A, C and D of 19.10.4.405 NMAC. The permit term shall be one year from the date of the Director's signature on this Permit Modification 23-1.

Right-To-Enter / Property Access Information

- G. 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 the basis on which the Permittee has a right to enter the property to conduct mining, exploration, 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.
- H. The surface and mineral estates are owned, as stated in the 23-1 PAP, by John Mack, Jr., Ann Hott, and Mary K. Parker, of 9A Cherokee Sq., Wilkes Barre, PA 18702; Allegiant Gold

Permit Modification 23-1 to Permit No. CA027EM
Summa Silver Mogollon Exploration Project
Minimal Impact Exploration Operation
Page 5 of 11

(U.S.) Ltd. of 1090 Hamilton Street, Vancouver, BC V6B 2R9; and Mogollon Enterprises Inc. of 2180 East Circulo Solaz, Tucson, AZ 85918 (“Landowners”).

- I. The Permittee has satisfactorily demonstrated its right to enter pursuant §19.10.304.D(1) NMAC.

General Information Regarding the Permittee

- J. The Permittee is not in violation of the terms of another permit issued by the Director or in violation of a substantial environmental law or substantive regulation at another mining operation, has not forfeited or had forfeited financial assurance in connection with another mining, reclamation, or exploration permit, and has not demonstrated a pattern of willful violations of the Act, the Rules or other New Mexico environmental statutes.
- K. The Permittee has signed and certified a statement, provided within the 23-1 PAP, that the Permittee agrees to comply with the requirements of the Permit, Modification 23-1, the Rules, and the Act, and allows the Director to enter the Permit Area for the purpose of conducting inspections.

MMD’s Request for Comments to the Agencies and Tribes

- L. MMD provided the cooperating agencies (the New Mexico Environment Department, the Department of Game & Fish, State Forestry Division, State Historic Preservation Office, and the Office of the State Engineer) with a copy of the 23-1 PAP pursuant to 19.10.3.302.G NMAC and requested comments from the agencies on June 9, 2023.
- M. MMD provided the 23-1 PAP to the following tribal entities and requested review and comment: Fort Sill Apache Tribe, Hopi Tribe, Mescalero Apache Tribe, Navajo Nation, Pueblo of Acoma, Pueblo of Isleta, Pueblo of Laguna, White Mountain Apache Tribe. Comments were received from the White Mountain Apache Tribe.
- N. MMD provided the Permittee with comments provided by the cooperating agencies and tribal entities on August 9, 2023.
- O. MMD requested additional comments from the State Historic Preservation Office on September 13, 2023. These comments were provided to the Permittee on September 20, 2023.

Financial Assurance

- P. The Permittee has provided an irrevocable standby letter of credit (“ILOC”) for financial assurance (“FA”), in accordance with 43 CFR 3809 and §19.10.12.1201.A NMAC in the amount of \$158,700.00 (one hundred fifty-eight thousand seven hundred dollars). FA has been provided by the Permittee in the form of ILOC No. BMTO655124OS, Amendment no.

Permit Modification 23-1 to Permit No. CA027EM
Summa Silver Mogollon Exploration Project
Minimal Impact Exploration Operation
Page 6 of 11

1, issued by Bank of Montreal, as amended on November 1, 2023.

Section 5. **COMPLIANCE REQUIREMENTS**

- A. This 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 this Permit. MMD does not, by issuing this 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.

- B. Since the Permit Area is on private land via mining claims, the expiration or termination of the Landowners' authorization to conduct mining and exploration operations on the property automatically suspends the Permittee's authority to continue mining operations by this permit issued under §19.10.3 NMAC.

- C. The Permit does not grant or create any water rights. Nor does MMD, by issuing this 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.

Section 6. **AGENCY RIGHT OF ENTRY**

- A. The Permittee shall allow the authorized representatives of the Director, without advanced notice, upon presentation of appropriate credentials, and without delay:
 - 1) To enter upon, or through, any mineral exploration or reclamation operation at any time, as provided for in 19.10.3.302.I(3) NMAC, for the purpose of conducting inspections during exploration, and reclamation, and to determine if the Permittee is in compliance with the permit requirements and conditions; and
 - 2) At reasonable times, and without delay, have access to and copies of any records associated with permitting and compliance required by the Act, 19.10 NMAC or the Permit.

- B. In the event that the Landowners terminate, or otherwise prevent or impede access to the Permit Area by authorized representatives of the Director, the Director will notify the Permittee. The Permittee shall immediately cease all mining operations within the Permit Area and shall not resume mining operations until such authorized representatives' access to the Permit Area has been restored.

- C. In the event that the Director's authorized representatives' access to the Permit Area is not restored by the Landowners within 60 days after the Director has given Permittee the notice

Permit Modification 23-1 to Permit No. CA027EM
Summa Silver Mogollon Exploration Project
Minimal Impact Exploration Operation
Page 7 of 11

provided for in subparagraph B of this Section 6, the Permittee shall immediately begin reclamation of the Permit Area.

Section 7. **PERMIT COVERAGE**

- A. This permit shall be binding on any person or persons conducting mining, exploration, and reclamation operations under the Permit.

Section 8. **ENVIRONMENTAL COVERAGE**

- A. The Permittee shall take all necessary steps to minimize any adverse impact to the environment or public health and safety resulting from noncompliance with any term or condition of the Permit, the Rules, or the Act.

Section 9. **COMPLIANCE WITH THE PERMIT APPLICATION PACKAGE**

- A. The Permittee shall conduct mining, exploration drilling and reclamation operations only as described in the approved 23-1 PAP and any other modifications approved by the Director, pursuant to 19.10.4.406 NMAC. The Permittee shall comply with any and all conditions that are incorporated in the Permit.
- B. Where the 23-1 PAP is ambiguous or in apparent conflict with the provisions outlined in this Permit, the language of the Permit will supersede the 23-1 PAP.

Section 10. **GENERAL OBLIGATIONS AND CONDITIONS**

Description of Project/Authorized Disturbances

- A. The Permittee is authorized to drill up to 25 additional boreholes on 6 additional new drill pads using a mud/fluid rotary drilling method with a closed loop system. Each borehole shall be a maximum of 5 inches in nominal outside diameter and up to 2,000 feet depth each. Reclamation of the disturbed areas shall be initiated as soon as possible and completed in accordance with the schedule in this Permit.
- B. The Permittee is authorized to create no more than 6 additional drill pad surface disturbance areas, no greater than 50'W X 50'L to accommodate all support equipment, including the drill rig, pipe truck and any ancillary support vehicles. Permittee shall use a closed loop system in accordance with the PAP.
- 1) All drilling related disturbances and drill pad construction related to Drill Pad 9A shall be contained within the already disturbed road prism, as to have no effect on the Fannie Hill Mine (SR 563) and the Fannie Hill Mine and Company Town Historic District (SR 1413)

Permit Modification 23-1 to Permit No. CA027EM
Summa Silver Mogollon Exploration Project
Minimal Impact Exploration Operation
Page 8 of 11

- 2) The access road to Drill Pad 4 shall be utilized as-is, with no ground-disturbing work to be performed on the road, and no travel outside the existing boundaries of the road within the bounds of site LA 181471.
- C. The Permittee is authorized to disturb no more than 2.26 acres of total cumulative disturbance within the Permit Area as defined in §19.10.3.302.A NMAC.

Borehole and /or Well Abandonment

- D. Pursuant to §19.10.3.302.L NMAC, each dry borehole shall be plugged from total depth with a column of high-density bentonite clay of sufficient composition, density, weight and viscosity to form an impermeable plug, unless another material is approved by the New Mexico Office of the State Engineer (“NMOSE”). The high-density bentonite shall be hydrated according to the manufacturer's requirements, and emplaced from the bottom upwards, to approximately 12 feet of the original ground surface. A 10-foot column of cement shall then be added to within approximately 2 feet of the ground surface. The cement shall be hydrated according to the manufacturer's requirements. The remaining hole shall be backfilled with topdressing from above the cement plug to the original ground surface. The hole shall be permanently plugged and abandoned as soon as is practical after drilling is complete. If a water-bearing stratum is encountered, the borehole shall be plugged before the drill rig is removed from the site and must satisfy the requirements of the NMOSE and the NMED for proper plugging of such holes.

If groundwater is encountered, the boreholes shall be considered wells and shall be permitted and sealed pursuant to the NMOSE's *Rules and Regulations Governing Well Driller Licensing, Construction, Repair, and Plugging of Wells*, §19.27.4 NMAC (see §19.27.4.36, *Requirements for Mine Drill Holes that Encounter Water*). An NMOSE-approved *Well Plugging Plan of Operations* shall be provided to MMD following the approval of this Permit or within 30 days after groundwater was inadvertently or unexpectedly encountered during drilling activities. The approved sealant shall comply with all applicable specifications of *ASTM D5299-99*. Because of the anticipated hard water conditions concerning the permit area, the permittee is required to use the proper plugging material appropriate for the hardness of water encountered. The Permittee shall ensure that the correct ratio of solids to water is used during the preparation of the approved sealant. Well plugging records shall be sufficiently detailed to document plugging methodology, the proper constitution of approved sealant, and an adequate volume of sealant was used to meet theoretical volumes of plugged intervals shall be provided to NMOSE and copied to MMD. Additionally, the Permittee is required to consult with OSE personnel prior to plugging wet boreholes.

All required NMOSE Permits for this project shall be obtained prior to starting the exploration project.

Permit Modification 23-1 to Permit No. CA027EM
Summa Silver Mogollon Exploration Project
Minimal Impact Exploration Operation
Page 9 of 11

Changes, Modifications, or Revisions to the Permit

- E. Any changes, modifications or amendments to the approved Permit shall be approved prior to implementation pursuant to §19.10.3.302.J and §19.10.4.406 NMAC.

Financial Assurance

- F. The Permittee shall maintain FA, after approval of this Permit, in the approved amount of \$158,700.00, using one or more approved FA instruments and until released, pursuant to Part 12 of the Rules and sufficient to cover third-party costs of reclamation of any constructed drill pads and sealing, subsurface plugging and surface reclamation of no more than five (5) boreholes at any given time.

Section 11. **CONCLUSIONS OF LAW**

- A. The Director concludes the project meets the requirements of a “Minimal Impact Mining Operation” addressed in §19.10.1.7.M(2) NMAC. The operation authorized by this Permit is eligible as a minimal impact operation, and the Permittee is authorized to operate a minimal impact exploration operation, pursuant to §19.10.1.7.M(2) NMAC and §19.10.3.302.A NMAC.
- B. The 23-1 PAP is complete, accurate and complies with the requirements of the Act and §19.10.3.302 NMAC.
- C. The Director has jurisdiction over the Permittee and the subject matter of this Permit and process.
- D. The Permittee is permitted to conduct exploration and reclamation operations within the Permit Area upon the condition that the Permittee complies with the requirements of the Rules, Act, and this Permit, and upon the submission of such termination reports and fees as may be required under §19.10.3 NMAC and §19.10.2 NMAC.

All other provisions, modifications, and revisions for exploration, mining and reclamation contained within the Summa Silver Mogollon Permit, Permit Number CA027EM, remain unchanged.

Permit Modification 23-1 to Permit No. CA027EM
Summa Silver Mogollon Exploration Project
Minimal Impact Exploration Operation
Page 10 of 11

CERTIFICATION

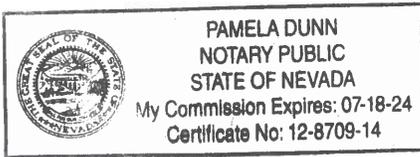
I certify that I have read, understand, and will comply with the requirements of the Permit. I further certify that I am not in violation of the Act or 19.10 NMAC. I also agree to comply with the performance and reclamation standards and requirements of the Permit, the Rules, and the Act, and allow the Director to enter the Permit Area without delay for the purpose of conducting inspections during exploration and reclamation.

Chris York - Chris York
Authorized Representative of the Permittee

VP Exploration - Summa Silver
Title

Summa Silver
Company Name
State of Nevada, County of Nye

Subscribed and sworn to before me this 7th day of November, 2023



Pamela Dunn
Notary Public

My Commission Expires

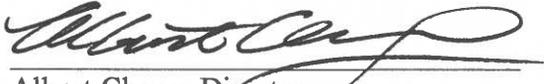
July 18th, 2024

Permit Modification 23-1 to Permit No. CA027EM
Summa Silver Mogollon Exploration Project
Minimal Impact Exploration Operation
Page 11 of 11

ORDER

NOW THEREFORE, IT IS HEREBY ORDERED that Modification 23-1 to Permit No. CA027EM, for Summa Silver Corporation to conduct exploration drilling and reclamation operations at the Summa Silver Mogollon Exploration Project in Catron County, New Mexico, is approved. The Permit may not be transferred without approval by the Director. The Permit is subject to all conditions set out in the Director's Findings of Fact, Conditions and Conclusions of Law.

By Order of the Director, Mining and Minerals Division, Energy, Minerals and Natural Resources Department, of the State of New Mexico.

By: 
Albert Chang, Director
Mining and Minerals Division
Energy, Minerals and Natural Resources Department

Date: 11/13/2023