PART 3
MINIMAL IMPACT EXPLORATION OPERATION

PERMIT APPLICATION

Accompanying instructions for this permit application are available from MMD, and on MMD webpage:

http://www.emnrd.state.nm.us/MMD/MARP/MARPApplicationandReportingForms.htm

Send 6 copies of the completed application to:

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
Director
Mining and Minerals Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505
Telephone: (505) 476-3400

Webpage: www.emnrd.state.nm.us/MMD/index.htm

CHECK OFF LIST TO DETERMINE YOUR PROJECT'S STATUS AS A MINIMAL IMPACT EXPLORATION OPERATION:

☐ Yes ☑ No My project **will exceed 1000 cubic yards of excavation**, per permit.

☐ Yes ☑ No Surface disturbances for constructed roads, drill pads and mud pits **will exceed 5 acres** total for my project.

☐ Yes ☑ No My project is located in or is expected to have a direct surface impact on wetlands, springs, perennial or intermittent streams, lakes, rivers reservoirs or riparian areas.

☐ Yes ☑ No My project is located in designated critical habitat areas as determined in accordance with the federal Endangered Species Act of 1973 or in areas determined by the Department of Game and Fish likely to result in an adverse impact on an endangered species designated in accordance with the Wildlife Conservation Act, Sections 17-2-37 through 17-2-46 NMSA 1978 or by the State Forestry Division for the Endangered Plants Act, section 75-6-1 NMSA 1978.

☐ Yes ☑ No My project is located in an area designated as Federal Wilderness Area,

Wilderness Study Area, Area of Critical Environmental Concern, or an area within the National Wild and Scenic River System.

☐ Yes ☑ No My project is located in a known cemetery or other burial ground.

☐ Yes ☑ No My project is located in an area with cultural resources listed on either the National Register of Historic Places or the State Register of Cultural Properties.

☐ Yes ☑ No My project will or is expected to have a direct impact on ground water that has a total dissolved solids concentration of less than 10,000 mg/L, except exploratory drilling intersecting ground water may be performed as a minimal impact operation.

☐ Yes ☑ No My project is expected to use or using cyanide, mercury amalgam, heap leaching or dump leaching in its operations.

☐ Yes ☑ No My project is expected to result in point or non-point source surface or subsurface releases of acid or other toxic substances from the permit area.

☐ Yes ☑ No My project requires a variance from any part of the Mining Act Rules as part of the permit application.

If you answer yes to any of the above questions, your project does not qualify as a minimal impact exploration operation.

Confidential Information

☐ Yes ☑ No Is any of the information submitted in this application considered by the applicant to be confidential in nature? If yes, please provide this information separately and marked as "confidential."

Timeline

- Exploration applications must be provided no less than 45 days prior to the anticipated date of operations desired by the applicant.
- Renewal applications shall be filed at least 30 days preceding expiration of the current permit. Permits are valid for one year.
- Approved permit is valid for one year from the date of approval.

SECTION 1 – OPERATOR INFORMATION (§304.D.1)

Project Name: Hermanas

Nearest Town To Project: Columbus, NM

Applicant Name and Contact Information (entity obligated under the Mining Act):

Name: Southern Silver Exploration Corp. (U.S.), a wholly owned subsidiary of Southe

Address: 4970 Caughlin Pkway, #207

3/19/2023

Office Phone: (775)746-3780 Cell Phone: (775)772-8746

Fax Number: Email: jkizis@renobravada.com

Name of On-Site Contact, Representative, or Consultant:

Name: Peter OByrne

Address: 550 W Plumb Ln Suite B #141

Reno, NV 89509

Office Phone: Cell Phone: (775)304-0957

Fax Number: Email: peterobyrne@targetsynthesis.com

SECTION 2 – RIGHT TO ENTER INFORMATION (§302.D.1)

A. Describe or attach copies of documents that give the applicant the right to enter the property to conduct the exploration and reclamation, include: lease agreements, access agreements, right of way agreements, surface owner agreements, and claim numbers, if applicable.

Letter of agreement between Bull Mountain Resources, LLC and Souther Silver Exploration covering the Hermanas claim group.

Attachment 6

B. List the names and addresses of surface and mineral ownership within the proposed permit area. If the mineral is federal mineral, indicate as federal mineral, but provide the name of the claim holder or lease holder.

Surface Estate Owner(s):

Name	Address	Phone #
☒ U.S. BLM	1800 Marquess St. Las Cruces, NM 88005	(575)525-4300
☐ U.S. Forest Service		
☐ State of NM		
☐ Private/Corporate Name:		
☐ Other Name:		

Lease Holder(s) of Surface Estate (if applicable):

Name	Address	Phone #

Mineral Estate Owner(s):

Name	Address	Phone #
■ Bureau of Land Management	1800 Marquess St. Las Cruces, NM 88005	(575)525-4300
☐ US Forest Service		
☐ State of NM		
■ Claim/Lease Holder	3349 S. Stallion Dr.	(928) 757-3660
Name: Bull Mountain Resource	Kingman, AZ 87508	
Claim Numbers: HERM-001 to HERM-020, HERM-022, HERM-024 to HERM-085		
☐ Claim/Lease Holder		
Name:		
Claim Numbers:		
☐ Other		
Name:		

C. Has a Cultural Resource Survey been performed on the site? ☐ Yes ■ No

If yes, please provide the author, title, date and report number, and include a copy of the survey with this application, if possible:

Attachment _____

D. Has a wildlife survey or vegetation survey been performed for the permit area?

☐ Yes ■ No If yes, please provide the author, title, date and report number, and include a copy of the survey with this application, if possible:

Attachment _____

SECTION 3 – MAPS AND PROJECT LOCATION (§302.D.2)

A. Project Location:

Township 28S Range 11W Section 21

Township 28S Range 11W Section 28

Township 28S Range 11W Section 33

List the drill hole/exploration name and the GPS coordinates for each site.

I.D. Number	Northing / Latitude	Easting / Longitude
Pad A	3528182	218606
Pad B	3528118	218519
Pad C	3527935	218628
Pad D	3527934	219745
Pad E	3526233	218640
Pad F	3526179	218712
Pad G	3526108	218778
Pad H	3525991	218909

I.D. Number	Northing / Latitude	Easting / Longitude

Coordinate system used to collect GPS data points:

- ☐ NAD83 Geographic
- ☐ NAD83 UTM Zone 13 (or 12)
- ☐ WGS 1984
- ☐ NAD27 Geographic
- ☒ NAD27 UTM Zone 13 (or 12)
- ☐ Other: _____

Attachment _____ (for listing additional boreholes)

B. Maps (see application form instructions for examples of maps to be included):

Are topographic maps included with the application that show the following items:

☒ Yes – The boundary of the proposed exploration project Permit Area

☒ Yes – The proposed exploration locations (i.e., borehole locations)

☒ Yes – Existing roads, new roads and overland travel routes

☐ Yes ☒ N/A – Areas of proposed road improvement

Attachments 2

Are maps or figures included with the application showing the approximate dimensions and locations of drill pads and other disturbances:

☒ Yes – Drill pad dimensions and constructed drill pad locations

Attachments 2 and 3

C. Provide detailed driving directions to access the site:

To access Pads A-D, travel 19.4 miles west of Columbus on route 9, and turn right onto county road C003 take the first left onto county road C002. Travel 1 mile NW taking a left onto a dirt road traveling SW after 0.2 miles turn right and follow the dirt road around to an old digging at 2.3miles. Exit the digging on the opposite side heading west. Continue west 0.25 miles and take a left at the t-junction. Follow the road south 5.5 miles to a split in the road and take the left road south east. Travel south east to the planned entrance to Pads A-D on the east side of the road.

To access Pads E-H, travel 22.7 miles west of Columbus on route 9, and turn left onto a dirt road heading south east for 0.1miles. Follow the main dirt road through the intersection heading south southeast. Turn left at 0.64miles and follow the road through the intersections heading east 1.07 miles to a t-intersection and turn left heading north. Continue north for 0.7 miles to another t-intersection and turn left heading west northwest for 0.25 miles construction will start from this point to access Pads E-H.

SECTION 4 – EXPLORATION DESCRIPTION (§302.D.3 & 4)

A. Anticipated exploration: Start Date: 10/1/2023 End Date: 9/30/2024

B. List the mineral(s)/element(s) to be explored for: Gold, Silver

C. Proposed method(s) of exploration:

☐ **Air drilling (air rotary, coring, etc.):**

_____# of holes _____Depth (ft.) _____Diameter (in.)

_____# of drill pads _____Length (ft.) 8 _____Width (ft.)

Will drill pads be graded/bladed or overland: ☐ Graded/bladed ☐ Overland

Will drill pads need some mechanical leveling (grading/blading): ☐ Yes ☐ No

Approx. Weight of Drill Rig (lbs.) 45000 Number of Axles: tracked

Total length of drill stem that can be carried on the rig: _____

Is a support pipe truck anticipated? ☐ Yes ☐ No _____Weight (lbs.)

Weight of support compressor (lbs.): _____Trailer mounted? _____

Anticipated Drilling Contractor: National License No. _____

■ **Mud/fluid drilling:**

14 # of holes Attach. 4 Depth (ft.) 4.5 Diameter (in.)

8 # of drill pads 80 Length (ft.) 80 Width (ft.)

Will drill pads be graded/bladed or overland: ■ Graded/bladed ☐ Overland

Will drill pads need some mechanical leveling (grading/blading): ■ Yes ☐ No

Will a closed loop system be used or will mud/fluid pits be used? Mud/Fluid Pits

If mud/fluid pits are proposed:

8 # of pits 16 Length (ft.) 8 Width (ft.) 6 Depth (ft.)

Anticipated excavating equipment: Rubber tire back hoe

How will excavating equipment be transported to the site (i.e., driven, low-boy, etc.):

Driven

Will mud pits be lined?: ☐ Yes ☒ No

If yes, proposed material to line the mud pits: _____

Approx. Weight of Drill Rig (lbs.) 45000 Number of Axles: tracked

Anticipated Drilling Contractor: National License No. _____

☐ **Test pits / exploratory trenches:**

_____# of pits _____Length (ft.) 80 Width (ft.) _____Depth (ft.)

Anticipated excavating equipment: _____

How will excavating equipment be transported to the site (i.e., driven, low-boy, etc.):

☐ **Other methods of exploration** (i.e., cuts, shafts, tunnels, adits, declines, blasting, etc.). Indicate method and details:

TOTAL ACREAGE TO BE DISTURBED DUE TO DRILL PADS = 1.17248 **acres**
(to convert to acres, multiply total square footage of drill pads by 0.0000229)

D. Disposal of drill cuttings

If this exploration project is for uranium or other radioactive elements/minerals, applicant agrees to perform a gamma radiation survey at each drill site prior to, and after, exploration activities. Applicant/Owner/Operator agrees to restore gamma radiation levels at each drill site to pre-exploration levels. ☐ Yes ☐ No ☒ N/A

Will excess drill cuttings be buried at each drill site location or within a single disposal pit?
☒ At each drill pad location ☐ Within a single disposal pit

If a single disposal pit is proposed, please provide the following:

Description or GPS coordinates of the proposed cuttings disposal pit location:

Dimensions of the single proposed cuttings disposal pit (length, width, and depth):

_____Length (ft.) _____Width (ft.) _____Depth (ft.)

TOTAL ACREAGE TO BE DISTURBED DUE TO DISPOSAL PIT = 0 acres
(to convert to acres, multiply total square footage of disposal pit by 0.0000229)

E. Other Supporting Equipment (check all that apply):

☒	4x4 Trucks/Vehicles	Quantity:	3
☒	Water Truck	Weight (lbs.):	45000
☐	Geophysical Truck	Weight (lbs.):	
☒	Pipe Truck (rig support)	Weight (lbs.):	45000
☐	Bulldozer	Type:	
☒	Backhoe	Type:	Tired
☐	Trackhoe	Type:	
☐	Scaper/Grader	Type:	
☒	Trailers	Quantity/Type:	1 Box Cargo Trailer
☒	Portable Toilet	Quantity:	1
☐	Other	List:	

F. Roads and Overland Travel:

List of new roads to be constructed for this exploration project:

Description of *NEW* Roads	Length (ft.)	Width (ft.)	Total Acres (length x width x 0.0000229)
From existing road to overland travel for Pads E-H	1414	20	0.647612
TOTAL ACRES DISTURBED BY NEW ROAD CONSTRUCTION :			0.647612

Describe how new roads will be constructed:

440 ft will be reopening previously reclaimed road. Using a bucket hoe, bulldozer or grader. 974 ft road will be broken with a grader/bulldozer then leveled on the side slope with an appropriate berm for safety.

List for extension or widening of existing roads:

Description of Modification to *EXISTING* Roads	Length (ft.)	Width (ft.)	Total Acres (length x width x 0.0000229)
TOTAL ACRES DISTURBED BY ROAD IMPROVEMENTS :			0

Describe how existing roads will be extended or widened:

List for routes of overland travel:

Description of *OVERLAND TRAVEL* Routes	Length (ft.)	Width (ft.)	Total Acres (length x width x 0.0000229)
Use reclaimed road from existing gravel road to Pad B	1152	12	0.3165696
From Pad B to Pad D through Pad A	4278	12	1.1755944
From Pad B to Pad C	697	12	0.1915356
From constructed road to Pad H using unused road	898	12	0.2467704
From Pad H to Pad G using unused road	592	12	0.1626816
From Pad G to Pad F	323	12	0.0887604
From Pad F to Pad E	283	12	0.0777684
TOTAL ACRES DISTURBED BY OVERLAND TRAVEL :			2.25968

G. Support Facilities

Describe (location and size) any support facility disturbances (equipment staging, equipment and material storage and/or lay down areas, vehicle parking, temporary housing and/or trailers) to be created or situated on the site during exploration operations.

Equipment staging site 60' x 25'

H. **TOTAL ACREAGE TO BE DISTURBED BY PROJECT =** 4.079772 **acres**
(include all disturbed acreage from drill pads, cuttings disposal pit, new roads, improved roads and overland travel routes)

SECTION 5 – CHEMICAL USE (§302.D.4)

A. Check any and all chemicals that will be used for this project.

☑	Drilling Mud (i.e., EZ Mud)	Type/Quantity:
☑	Diesel Fuel	Quantity:
☑	Down-hole Lubricants	Type/Quantity:
☑	Lost Circulation Materials	Type/Quantity:
☑	Oils/Grease	Quantity:
☑	Gasoline	Quantity:
☑	Hydraulic Fluid	Quantity:
☐	Ethylene Glycol	Quantity:
☑	Cement	Type/Quantity:
☑	Water	Source: Local Rancher
☑	Bentonite	Quantity:
☐	Fertilizer	Type/Quantity:
☐	Other	Type/Quantity:

B. Describe, in detail, a plan for the containment, use and disposal of all chemicals listed above:

all equipment will have plastic underneath for spill containment and absorption pads for spot maintenance.

C. Describe where equipment fueling/refueling will occur:

On site from truck bed mounted tanks using a 12v pump.

D. Describe how hazardous material spills/leaks will be handled:

Once the site of the spill is safe the source will be plugged using the best of available methods. Then using pads and absorbent material the crew will gather as much contaminated material as possible. Any spill will be reported immediately upon discovery. All contaminated soils will be removed from site and disposed of in an approved disposal facility.

E. Identify spill cleanup materials that will be kept on-site (check all that apply):

- ☒ Bentonite clay or cat litter
- ☒ Adsorbent pads, rolls, mats, socks, pillows, dikes, etc.
- ☒ Drum or barrel for containing contaminated soil/adsorbent materials
- ☐ Other/list: _____
- ☐ Other/list: _____
- ☐ Other/list: _____

F. Applicant/owner/representative agrees to immediately notify the State of New Mexico immediately of any spills of hazardous materials (see page 1 of this application for phone numbers to notify): ☒ Yes ☐ No

SECTION 6 – GROUNDWATER/SURFACE WATER INFORMATION (§302.D.5)

A. Provide an estimate of depth to ground water and the total dissolved solids (TDS) concentration.

Depth to groundwater (ft.): 131 TDS concentration (mg/L): U/K

Describe the source of this information:

Stock Well with records in the office of state engineer. Depth reported at 131ft following drilling in 1997. (Attachment 5)

B. Will dewatering activities be conducted: ☐ Yes ☒ No

If yes, please describe:

C. Is groundwater anticipated to be encountered during exploration: ☒ Yes ☐ No

If YES:

Have you completed Form WR-07 (Application for permit to drill a well with no consumptive use of water) and mailed it to the District Office of the State Engineer? ☒ Yes

Have you completed Form WD-08 (Well plugging plan of operations) and mailed it to the District Office of the State Engineer? ☐ Yes

Attachment 6 (copies of the completed WR-07 and WD-08 forms)

D. Exploration Borehole Abandonment

Dry Boreholes

☐ Dry hole abandonment (option 1): 100% bentonite pellets/chips (i.e. HOLEPLUG® manufactured by Baroid Industrial Products), dropped from surface then hydrated in place according to the manufacturer's recommendations, emplaced from total depth to within 12 feet of the original ground surface, followed by 10 feet of neat cement, followed by 2 feet of topsoil/topdressing.

☐ Dry hole abandonment (option 2): Neat cement slurry, mixed according to the manufacturer's recommendations, emplaced with a tremie pipe from total depth to within 2 feet of the original ground surface, followed by 2 feet of topsoil/topdressing.

☐ Dry hole abandonment (option 3): Cement + 6% bentonite slurry, mixed according to the manufacturer's recommendations, emplaced with a tremie pipe from total depth to within 2 feet of the original ground surface, followed by 2 feet of topsoil/topdressing.

■ Dry hole abandonment (option 4): High-density bentonite clay (≥ 20% active solids; i.e. QUIK-GROUT® manufactured by Baroid Industrial Products), mixed according to the manufacturer's recommendations, emplaced with a tremie pipe from total depth to within 12 feet of the original ground surface, followed by 10 feet of neat cement, followed by 2 feet of topsoil/topdressing.

☐ Dry hole abandonment (option 5): Other materials / describe and justify use:

Wet Boreholes

☐ Wet hole abandonment (option 1): Neat cement slurry, mixed according to the manufacturer's recommendations, emplaced with a tremie pipe from total depth to within 2 feet of the original ground surface, followed by 2 feet of topsoil/topdressing.

■ Wet hole abandonment (option 2): High-density bentonite clay (≥ 20% active solids; i.e. QUIK-GROUT® manufactured by Baroid Industrial Products), mixed according to the manufacturer's recommendations, emplaced with a tremie pipe from total depth to within 12 feet of the original ground surface, followed by 10 feet of neat cement, followed by 2 feet of topsoil/topdressing.

☐ Wet hole abandonment (option 3): Other sealing material approved by the Office of the State Engineer. Describe and include well plugging plan approval by the State Engineer:

D. Applicant agrees to contain any water produced from the exploration borehole at the drill site and acknowledges that discharge of this water to a watercourse may be a violation of the Federal Clean Water Act: ■ Yes ☐ No

E. Is any drilling proposed to occur within the channel of any perennial, intermittent, or ephemeral streams? ☐ Yes ☒ No

F. Is any drilling anticipated to occur within 100 feet of any perennial, intermittent, or ephemeral streams? ☐ Yes ☒ No

SECTION 7 – RECLAMATION & OPERATION PLAN (§302.D.6 AND 302.I.K)

A. Salvage/Preservation of Topsoil

Before any grading/blading or similar activities occur in relation to this project, operator agrees to salvage and preserve all topsoil and topdressing for use in future reclamation of this project ☒ Yes ☐ No

Describe how topsoil will be salvaged prior to initiation of exploration activities (check all that apply):

- ☐ N/A – no construction work will occur, therefore no soil salvage is needed.
- ☒ Excavated from drill pads and stored at each drill pad
- ☒ Excavated from road improvements/construction and stored adjacent to road
- ☒ Excavated from mud/fluid pits and storage at each pit
- ☐ Other, describe:

B. Erosion Control

Describe the best management practices that will be implemented to control erosion:

☐	Silt fencing	Location:
☒	Straw waddles	Location: as needed
☐	Straw bales	Location:
☒	Ditches/swales	Location: On newly constructed down hill slopes
☐	Berms/dikes/dams	Location:
☐	Sediment basins	Location:
☐	Other or N/A	Type/Location:

C. Wildlife Protection / Noxious Weed Prevention

Will the perimeter of drill pits be fenced to prevent wildlife entrapment? ☒ Yes ☐ No

Proposed pit perimeter fence material:

Construction safety fencing plastic.

Describe how the pit perimeter fencing will be installed and secured (i.e., T-posts, wooden stakes, etc.):

Using T-posts and Zip ties to connect fence to posts.

Will at least one side of the interior of the drill pits be sloped at 3:1 as a ramp for wildlife escape? ☒ Yes ☐ No

If No, will another type of constructed escape ramp be installed? Describe:

Applicant/Owner/Operator commits to pressure-washing or steam-clean all equipment prior to entering the permit area: ☒ Yes ☐ No

D. Reclamation Details

Describe in general how re-contouring or re-establishment of the surface topography will be restored:

The equipment operator will use a bucket or blade to re-countour roads matching existing slope.

Describe how the reclamation of portals, adits, drilling fluid/mud and/or waste pits, shafts, ponds, roads and other disturbances will be performed:

Following re-countering the operator will till the area leaving small wind rows in which seed will be spread using a shoulder broadcaster. The timing for seeding will be done at the BLM's recommendation

Is seeding of the reclaimed areas proposed: ☒ Yes ☐ No

If no, provide a justification as to why no revegetation is needed:

Plant mix to be used in the re-establishment of vegetation:

☐ US Forest Service specified mix applied through broadcast at their recommended rate
☒ BLM specified mix applied through broadcast at their recommended rate
☐ Other:

Plant Name	Seeding Rate (lbs./acre)

Broadcast applied or drill-seeded: ☒ Broadcast ☐ Drill-seeded

Scarification Methods (check all that apply):

- [x] Primary tillage to greater than 6-inches depth of all constructed drill pads and roads
- [ ] Secondary tillage of all constructed drill pads and roads, and/or overland travel routes
- [x] Chain drag or tire drag over seeds in areas used for overland travel
- [x] Light raking of soil over seeds in areas used for overland travel
- [ ] None
- [ ] Other/describe:

Mulch Use:

- [ ] Certified weed-free straw mulch will be placed over areas that have been tilled/disced or ripped at a rate of 2 tons per acre, and will be crimped in place
- [x] No mulch is proposed

E. Reclamation Timeline

Applicant/Owner/Operator commits to reclamation of the disturbed area as soon as possible following the completion or abandonment of the exploration operation, unless the disturbed area is included within a complete permit application for a new mining permit:

- [x] Yes
- [ ] No

Anticipated Start of Reclamation:

- [ ] 0-30 days after completion of drilling
- [x] 31-60 days after completion of drilling
- [ ] Other/specify: _____

SECTION 8 – PERMIT FEES AND FINANCIAL ASSURANCE (§302.I.2 AND 5)

A. Financial assurance must be posted with Mining and Minerals Division prior to approval of this application. The acceptable forms of financial assurance are surety bonds, letters of credit, and certificates of deposit. Provide an estimate of, and an instrument for, the proposed financial assurance required by Subpart 3.

- [x] Surety Bond
- [ ] Letter of Credit
- [ ] Cash Account / Certificate of Deposit

- [ ] Estimated amount of financial assurance: _____

Or

- [x] Applicant will provide the amount of financial assurance calculated by MMD.

B. Attach the permit fees as determined pursuant to Subpart 2. The application fee for a minimal impact exploration permit is $500.00.

- [ ] Money Order/Cashier's Check
- [x] Check

Check Number : 1035

Financial Institution: US BANK

SECTION 9 – CERTIFICATION REQUIREMENT (§302.I.3 & 4)

I certify that I have personally examined and am familiar with the information submitted herein, and based on my inquiry of those individuals responsible for obtaining the information; I believe the submitted information is true, accurate, and complete. I agree to comply with the reclamation requirements set forth in this permit application and related correspondence, the New Mexico Mining Act and the Rules. Further, I certify that I am not in violation of any other obligation under the New Mexico Mining Act or the Rules adopted pursuant to that Act and I allow the Director to enter the permit area, without delay, for the purposes of conducting inspections during exploration and reclamation.

Signature of Permittee or Authorized Agent: Peter Dyrne

Name (type or print): Consultant Agent Peter Dyrne

Title/Position: Consultant Agent

Date: 3/19/2023

Attachment 1

SouthernSilver
EXPLORATION CORP

Suite 1100, 1199 West Hastings Street
Vancouver, BC V6E 3T5
Telephone: 604-684-9384
www.southernsilverexploration.com

LETTER AGREEMENT

October 15, 2021

Bull Mountain Resources, LLC
3349 S. Stallion Dr.
Kingman, AZ 86401

Attention: Bud Hillemeyer

Dear Mr. Hillemeyer:

Re: Option to Acquire a 100% Interest in the Hermanas Claims, Luna County, New Mexico

This Letter Agreement, effective as of the date hereof (the "Effective Date"), incorporates the principal terms of a more formal agreement (the "Option Agreement") wherein Bull Mountain Resources, LLC ("Optionor") will grant Southern Silver Exploration Corp. ("Southern Silver") and its wholly-owned subsidiary Southern Silver Exploration Corp. (U.S.) ("Southern US" and together with Southern Silver, the "Optionee") the sole and exclusive right and option to acquire up to a 100% right, title and interest in and to the Hermanas claims as more particularly described at Schedule "A" hereto (the "Property").

1. This Letter Agreement is entered into on the basis of representations made jointly and severally by the Optionor as follows:

(a) the Optionor is the sole legal and beneficial owner of a 100% undivided right, title and interest in and to the Property;

(b) the Property is in good standing under the laws of the jurisdiction in which the Property is located and is free and clear of all liens, charges and encumbrances and is not subject to any right, claim or interest of any other person;

(c) the Optionor has full right, power and authority in respect of the Property to enter into this Letter Agreement and to grant the option herein contemplated and has not done anything that, nor failed to do anything where such failure, might impair the Property; and

(d) there are no outstanding agreements or options to acquire or purchase the Property or any part or parts thereof or any interest therein and no person has any royalty or other interest whatsoever in the Property.

2. Optionor and Optionee shall, in good faith and with their best efforts, work to finalize and fully execute the Option Agreement by November 30, 2021. The Option Agreement shall embody the terms of this Letter Agreement and other representations, warranties, terms and conditions generally accepted in the industry and specifically dealing with the Optionor's compliance with applicable laws and environmental matters in respect of the Property, including, without limitation, a provision whereby any interest acquired after the date hereof by either the Optionor or the Optionee in any mineral claim or property located within the "Area of Influence" as set out on Schedule "B" hereto shall form part of the definition of the Property and shall otherwise be subject to the terms of the Option Agreement.

3. Forthwith upon the execution of this agreement, the Optionee shall pay to the Optionor the sum of US$25,000 to reimburse the Optionor for the costs associated with locating and filing the new 83 "Herm" claims comprising the Property. The Optionor acknowledges that it has sent the claim notices to Luna County for recording and will file with the BLM prior to November 15, 2021 after which the Optionor shall provide to the Optionee proof of such recording.

4. The Optionor hereby gives and grants to the Optionee the exclusive option (the "Option") to acquire, free of all liens, charges, encumbrances, claims or rights of others, an undivided 100% right, title and interest in and to the Property, subject only to the NSR Royalty reserved by the Optionor under Section 6 hereof, exercisable by the Optionee making the following cash payments, by the time specified, to the Optionor:

(a) advance minimum royalty ("AMR") payment of US$17,500 upon signing the Option Agreement;

(b) AMR payment of US$15,000 on or before the first anniversary of the Effective Date;

(c) AMR payment of US$20,000 on or before the second anniversary of the Effective Date;

(d) AMR payment of US$25,000 on or before the third anniversary of the Effective Date;

(e) AMR payment of US$30,000 on or before the fourth anniversary of the Effective Date;

(f) AMR payment of US$35,000 on or before the fifth anniversary of the Effective Date; and

(g) AMR payment of US$40,000 on or before the sixth anniversary of the Effective Date.

5. The Optionee, at its sole discretion, may accelerate the schedule of AMR payments set out in Section 4 hereof and exercise the Option at any time prior to the sixth anniversary of the Effective Date. A minimum AMR payment of US$50,000 will continue to be due each year commencing on the seventh anniversary of the Effective Date.

6. As additional consideration, the Optionee acknowledges and agrees that the Optionor has reserved unto itself, and that the Optionee's interest in the Property shall, on commencement of commercial production, be subject to, a net smelter return royalty (the "NSR Royalty") in the amount of:

(a) 2% of net smelter returns on the Property as well as on any newly claim-located lands and associated mineral rights within the Area of Influence; and

(b) 0.5% of net smelter returns on lands and associated mineral rights obtained from third parties, including but not limited to split estate land, state land, third-party mining claims and private land within the Area of Influence;

provided, however, that upon cumulative AMR and production royalty payments totaling US$10,000,000, the NSR Royalty will be reduced to 1% of net smelter returns with respect to the lands under Subsection 6(a) above and will be reduced to 0% of net smelter returns with respect to the lands under Subsection 6(b) above.

7. Until the Option is exercised or this Letter Agreement or the Option Agreement is terminated, the Optionee will pay all costs associated with maintaining the Property in good standing and shall have the right to appoint an Operator on and in respect of the Property and may appoint itself as Operator, provided that the Optionor shall be entitled to reasonable access to the Property until the Option is exercised.

8. The Letter Agreement and the Option Agreement, and the Option thereunder, may be terminated upon 30 days' notice to the Optionor; provided that, if notice of termination is given after June 1st and on or before September 1st of any calendar year, the Optionee will be obligated to pay the BLM and County maintenance fees with respect to the Property for that year.

9. This Letter Agreement and the Option Agreement provide for an option only and the making of any payments or the expending of any funds by the Optionee under this Letter Agreement or the Option Agreement will not obligate the Optionee to make any further or other payments or expend any further or other funds and, notwithstanding anything else to the contrary contained in this Letter Agreement or the Option Agreement, no party shall be in default of any of the requirements under this Letter Agreement or the Option Agreement unless such default continues for a period of 30 days or more after the date of written notice to the defaulting party setting out the basis for such default.

10. No party will be liable for its failure to perform any of its obligations, or meet any requirement, under this Letter Agreement or the Option Agreement due to a cause beyond its reasonable control (an "Intervening Event") and all time limits imposed by this Letter Agreement or the Option Agreement will be extended by a period equivalent to the period of delay resulting from an Intervening Event.

11. Either party may assign its interest in this Letter Agreement and the Option Agreement.

12. This Letter Agreement and the Option Agreement shall be interpreted in accordance with the laws of the State of New Mexico, and shall enure to the benefit of and be binding upon the Optionor and the Optionee and their respective successors and permitted assigns. If any question, difference or dispute arises between the parties in respect of any matter arising under this Letter Agreement or the Option Agreement, then it will be resolved by arbitration.

13. The Optionor and the Optionee agree to execute such further and other deeds and documents, including, without limitation, the Option Agreement, and to give such further and other assurances as may be necessary to fully implement this Letter Agreement.

14. The parties may sign this Letter Agreement in one or more counterparts, each of which will be deemed an original but all of which will constitute one and the same instrument.

If the foregoing accurately sets forth your understanding of our agreement, kindly sign this Letter Agreement where indicated below, which will then form a binding agreement between us, subject only to the terms and conditions aforesaid.

Yours very truly,

SOUTHERN SILVER EXPLORATION CORP.

Per: _____
Authorized Signatory

SOUTHERN SILVER EXPLORATION CORP. (US)

Per: _____
Authorized Signatory

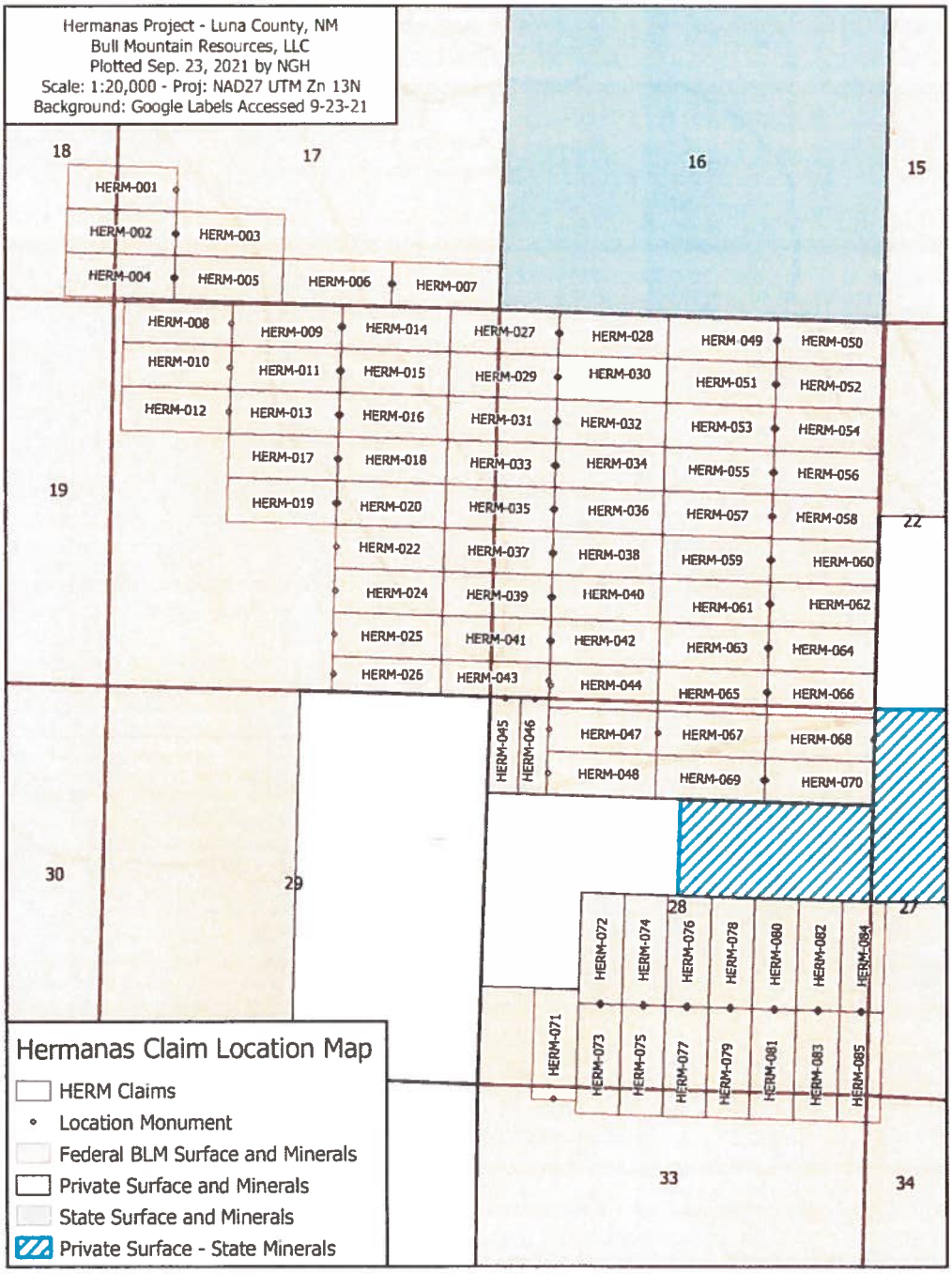
The terms of this Letter Agreement are hereby acknowledged and accepted this 15th day of October, 2021.

BULL MOUNTAIN RESOURCES, LLC

Per: Frank L. Hilly
Authorized Signatory

Attachment 1

SCHEDULE "A": THE PROPERTY



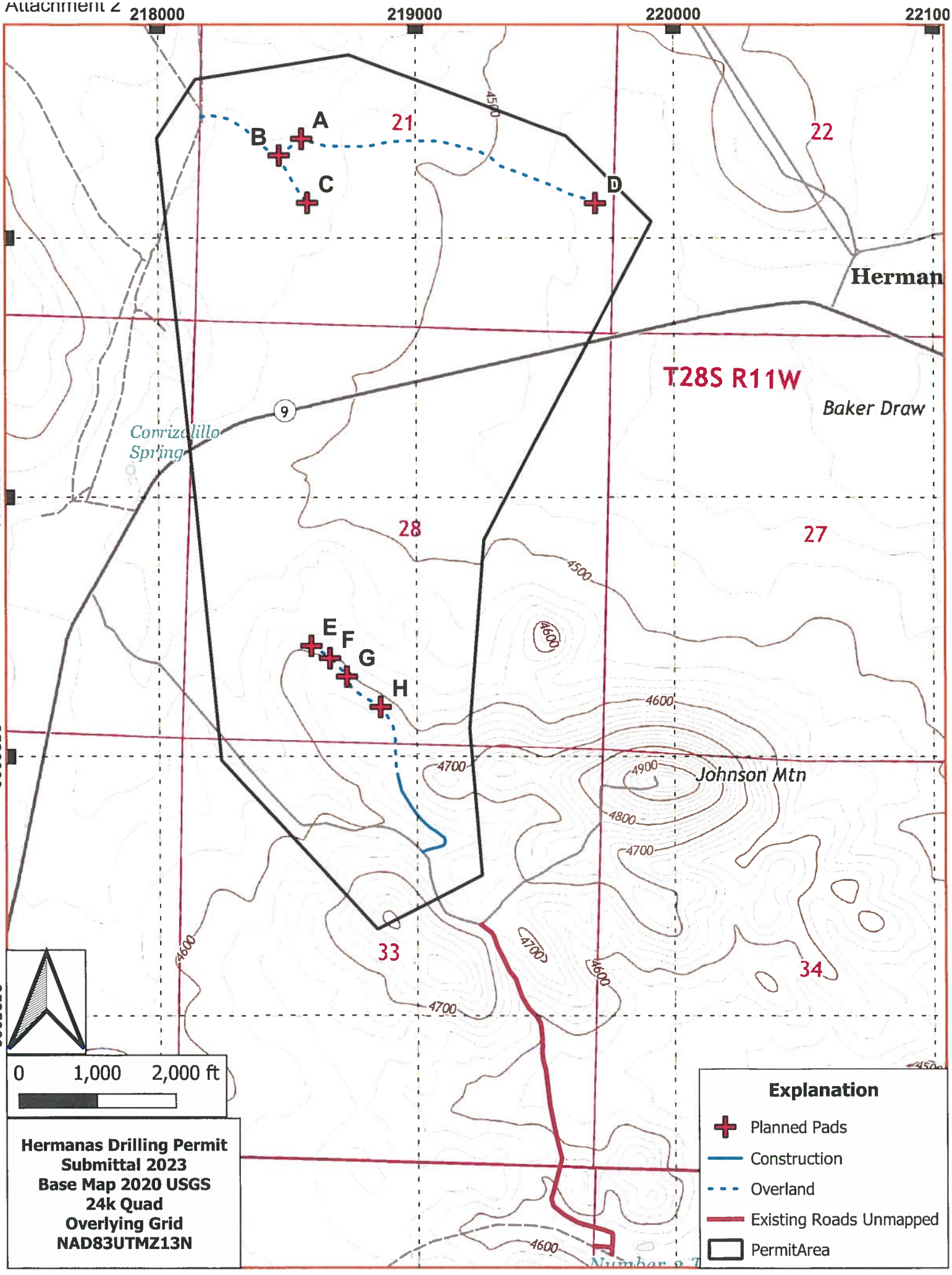
Attachment 1

SCHEDULE "B": AREA OF INFLUENCE

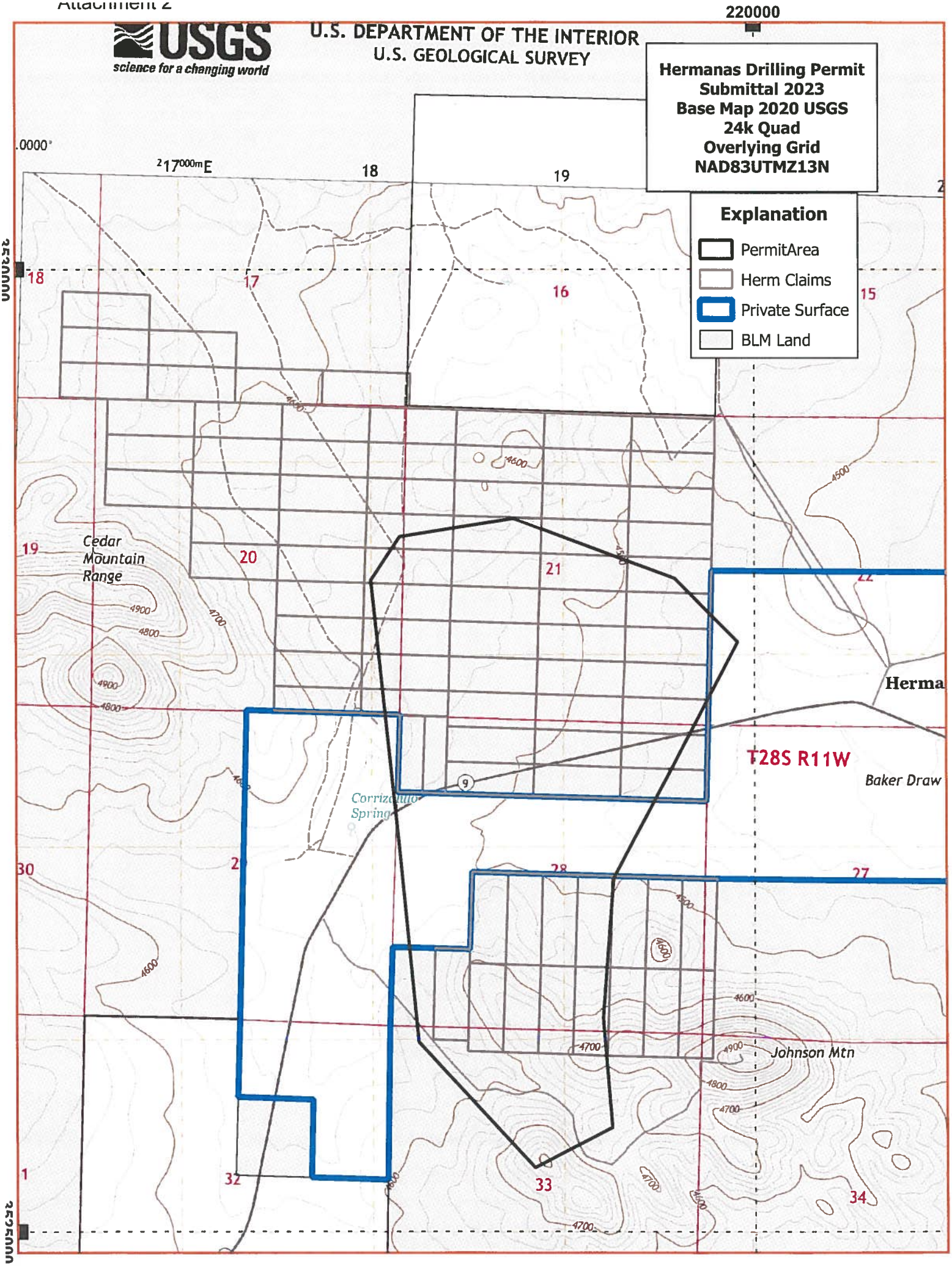
T28S, R11W, Sections 2 through 11, 14 through 23, and 26 through 35.

T28S, R12W, Sections 1, 12, 13, 24, 25, and 36.

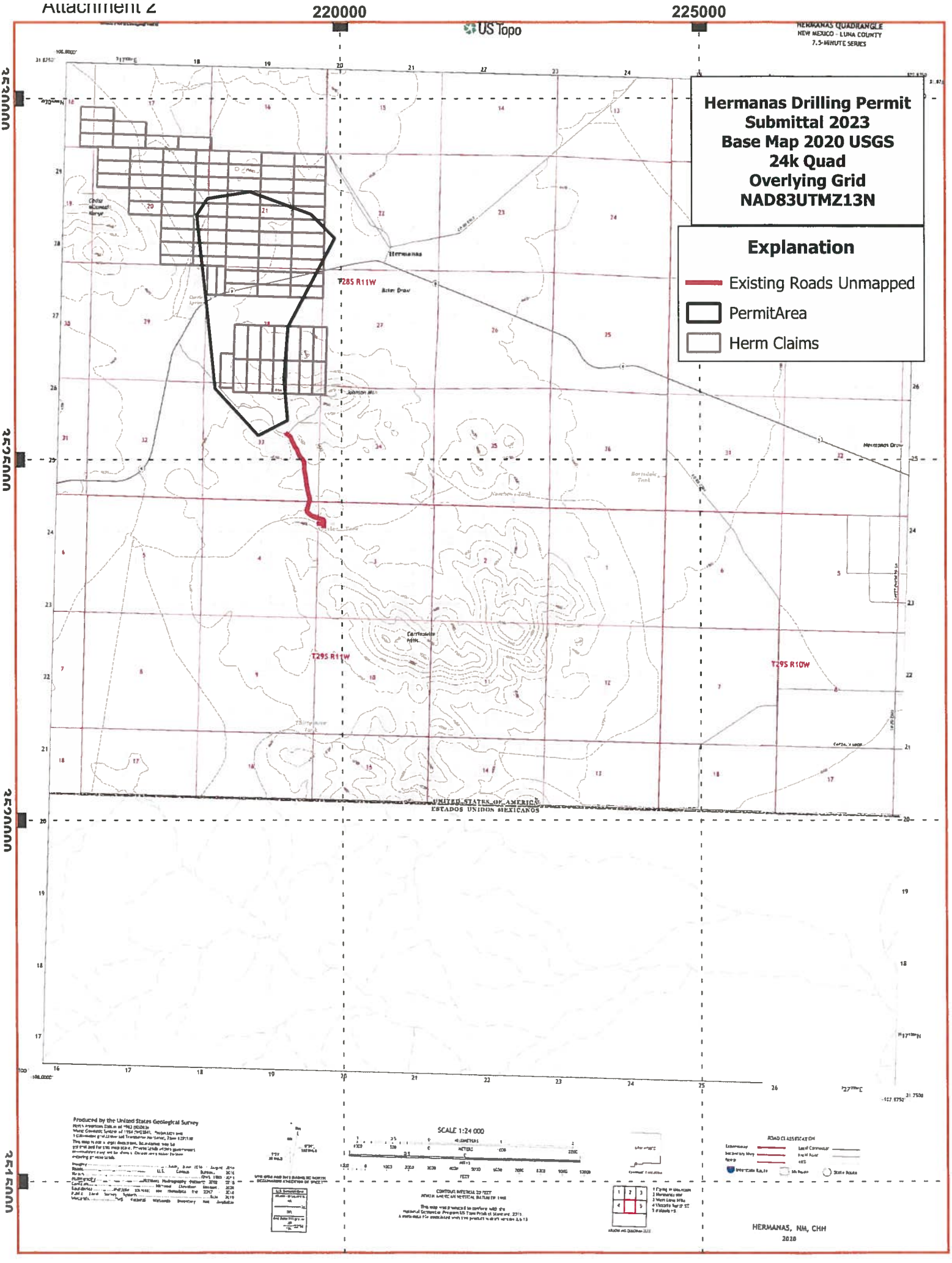
Attachment 2



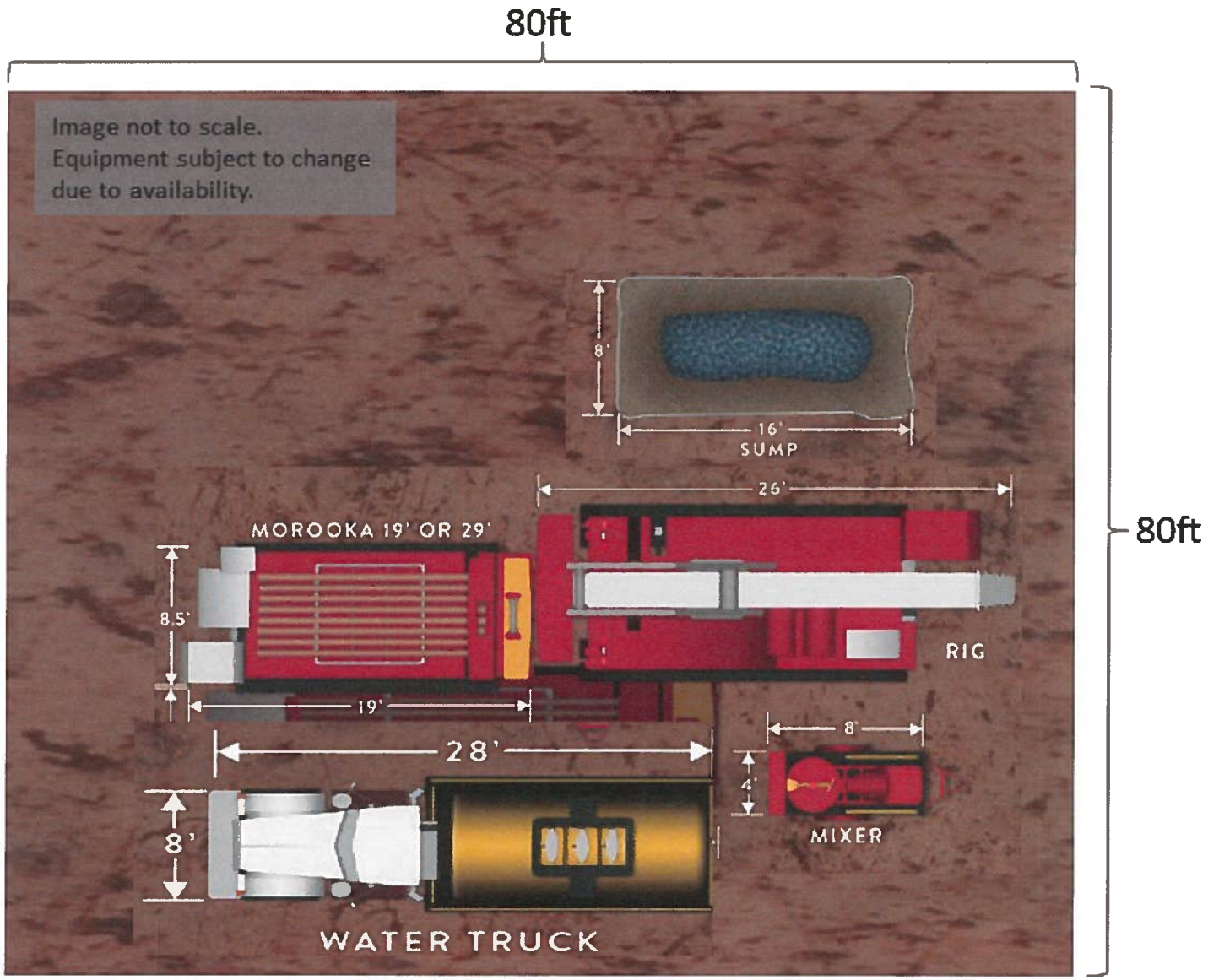
Attachment 2



Attachment 2



Attachment 3



Attachment 4

Well Number	X UTM(NAD83)m Z13N	Y UTM(NAD83)m Z13N	Planned Depth Ft	Pad
HER-001	218557	3528382	869	A
HER-002	218557	3528382	869	A
HER-003	218470	3528318	1165	B
HER-004	218470	3528318	1230	B
HER-005	218470	3528318	869	B
HER-012	218579	3528135	1230	C
HER-011	218579	3528135	1066	C
HER-009	219696	3528134	1148	D
HER-008	219696	3528134	1312	D
HER-007	218591	3526433	984	E
HER-006	218663	3526379	984	F
HER-014	218663	3526379	984	F
HER-013	218729	3526308	984	G
HER-010	218860	3526191	1066	H

New Mexico Office of the State Engineer
Point of Diversion Summary

Well Tag	POD Number	Q64	Q16	Q4	Sec	Twn	Rng	X	Y
	M 08495	3	2	1	27	28S	11W	220246	3527326*

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are smallest to largest)
(NAD83 UTM in meters)

Driller License: 806 **Driller Company:** ELBROCK DRILLING, L.L.C.

Driller Name:

Drill Start Date: 07/08/1997 **Drill Finish Date:** 07/12/1997 **Plug Date:**

Log File Date: 12/01/1997 **PCW Rcv Date:** **Source:** Shallow

Pump Type: **Pipe Discharge Size:** **Estimated Yield:** 20 GPM

Casing Size: 6.63 **Depth Well:** 195 feet **Depth Water:** 131 feet

Water Bearing Stratifications:	Top	Bottom	Description
	130	148	Shallow Alluvium/Basin Fill

Casing Perforations:	Top	Bottom
	137	177

***UTM location was derived from PLSS - see Help**

File No.

NEW MEXICO OFFICE OF THE STATE ENGINEER

WR-07 APPLICATION FOR PERMIT TO DRILL

A WELL WITH NO WATER RIGHT

(check applicable box):

For fees, see State Engineer website: http://www.ose.state.nm.us/

Purpose:	☐ Pollution Control And/Or Recovery	☐ Ground Source Heat Pump
☐ Exploratory Well*(Pump test)	☐ Construction Site/Public Works Dewatering	☒ Other(Describe):
☐ Monitoring Well	☐ Mine Dewatering	

A separate permit will be required to apply water to beneficial use regardless if use is consumptive or nonconsumptive.

*New Mexico Environment Department-Drinking Water Bureau (NMED-DWB) will be notified if a proposed exploratory well is used for public water supply.

☒ Temporary Request - Requested Start Date: 10/1/2023	Requested End Date: 10/1/2024
Plugging Plan of Operations Submitted? ☒ Yes ☐ No	

1. APPLICANT(S)

Name: Peter O'Byrne	Name: Joe Kizis
Contact or Agent: check here if Agent ☒ Contact	Contact or Agent: check here if Agent ☐
Mailing Address: 550 W Plumb ln Suite B #141	Mailing Address:
City: Reno	City:
State: Zip Code: Nevada 89509	State: Zip Code:
Phone: (775)304-0957 ☐ Home ☒ Cell Phone (Work):	Phone: ☐ Home ☐ Cell Phone (Work):
E-mail (optional): peterobyrne@targetsynthesis.com	E-mail (optional):

FOR OSE INTERNAL USE Application for Permit, Form WR-07, Rev 07/12/22

File No.:	Trn. No.:	Receipt No.:
Trans Description (optional):		
Sub-Basin:	PCW/LOG Due Date:	

2. WELL(S) Describe the well(s) applicable to this application.

Location Required: Coordinate location must be reported in NM State Plane (NAD 83), UTM (NAD 83), or Latitude/Longitude (Lat/Long - WGS84).
District II (Roswell) and District VII (Cimarron) customers, provide a PLSS location in addition to above.

☐ NM State Plane (NAD83) (Feet)
☐ NM West Zone
☐ NM East Zone
☐ NM Central Zone

■ UTM (NAD83) (Meters)
☐ Zone 12N
■ Zone 13N

☐ Lat/Long (WGS84) (to the nearest 1/10th of second)

Well Number (if known):	X or Easting or Longitude:	Y or Northing or Latitude:	Provide if known: -Public Land Survey System (PLSS) (*Quarters or Halves , Section, Township, Range*) OR - Hydrographic Survey Map & Tract; OR - Lot, Block & Subdivision; OR - Land Grant Name
HER-001	218557	3528382	N1/2, NW1/4, SW1/4 S21 R28S T11W
HER-002	218557	3528382	N1/2, NW1/4, SW1/4 S21 R28S T11W
HER-003	218470	3528318	N1/2, NW1/4, SW1/4 S21 R28S T11W
HER-004	218470	3528318	N1/2, NW1/4, SW1/4 S21 R28S T11W
HER-005	218470	3528318	N1/2, NW1/4, SW1/4 S21 R28S T11W

NOTE: If more well locations need to be described, complete form WR-08 (Attachment 1 – POD Descriptions)
Additional well descriptions are attached: ■ Yes ☐ No **If yes, how many** 9

Other description relating well to common landmarks, streets, or other:

Well is on land owned by: All wells are located on BLM land

Well Information: NOTE: If more than one (1) well needs to be described, provide attachment. Attached? ■ Yes ☐ No
If yes, how many 1

Approximate depth of well (feet): See attachment for depths of all 14	Outside diameter of well casing (inches): 4.5
Driller Name: Unknown	Driller License Number: Unknown

3. ADDITIONAL STATEMENTS OR EXPLANATIONS

all wells are being drilled for no diversionary exploration purposes. See attached spreadsheet for all well locations.

FOR OSE INTERNAL USE Application for Permit, Form WR-07 Version 07/12/22

File No.:	Trn No.:

4. SPECIFIC REQUIREMENTS: The applicant must include the following, as applicable to each well type. Please check the appropriate boxes, to indicate the information has been included and/or attached to this application:

Exploratory:	**Pollution Control and/or Recovery:**	**Construction De-Watering:**	**Mine De-Watering:**
Is proposed well a future public water supply well? ☐ Yes ☒ NO If Yes, an application must be filed with NMED-DWB, concurrently. ☐ Include a description of the requested pump test if applicable.	☐ Include a plan for pollution control/recovery, that includes the following: ☐ A description of the need for the pollution control or recovery operation. ☐ The estimated maximum period of time for completion of the operation. ☐ The annual diversion amount. ☐ The annual consumptive use amount. ☐ The maximum amount of water to be diverted and injected for the duration of the operation. ☐ The method and place of discharge. ☐ The method of measurement of water produced and discharged. ☐ The source of water to be injected. ☐ The method of measurement of water injected. ☐ The characteristics of the aquifer. ☐ The method of determining the resulting annual consumptive use of water and depletion from any related stream system. ☐ Proof of any permit required from the New Mexico Environment Department. ☐ An access agreement if the applicant is not the owner of the land on which the pollution plume control or recovery well is to be located.	☐ Include a description of the proposed dewatering operation, ☐ The estimated duration of the operation, ☐ The maximum amount of water to be diverted, ☐ A description of the need for the dewatering operation, and, ☐ A description of how the diverted water will be disposed of.	☐ Include a plan for pollution control/recovery, that includes the following: ☐ A description of the need for mine dewatering. ☐ The estimated maximum period of time for completion of the operation. ☐ The source(s) of the water to be diverted. ☐ The geohydrologic characteristics of the aquifer(s). ☐ The maximum amount of water to be diverted per annum. ☐ The maximum amount of water to be diverted for the duration of the operation. ☐ The quality of the water. ☐ The method of measurement of water diverted. ☐ The recharge of water to the aquifer. ☐ Description of the estimated area of hydrologic effect of the project. ☐ The method and place of discharge. ☐ An estimation of the effects on surface water rights and underground water rights from the mine dewatering project. ☐ A description of the methods employed to estimate effects on surface water rights and underground water rights. ☐ Information on existing wells, rivers, springs, and wetlands within the area of hydrologic effect.
Monitoring ☐ The reason and duration of the monitoring is required.		**Ground Source Heat Pump:** ☐ Include a description of the geothermal heat exchange project, ☐ The number of boreholes for the completed project and required depths. ☐ The time frame for constructing the geothermal heat exchange project, and, ☐ The duration of the project. ☐ Preliminary surveys, design data, and additional information shall be included to provide all essential facts relating to the request.	

ACKNOWLEDGEMENT

I, We (name of applicant(s)), Peter OByrne
Print Name(s)

affirm that the foregoing statements are true to the best of (my, our) knowledge and belief.

Applicant Signature

Applicant Signature

ACTION OF THE STATE ENGINEER

This application is:

☐ approved ☐ partially approved ☐ denied

provided it is not exercised to the detriment of any others having existing rights, and is not contrary to the conservation of water in New Mexico nor detrimental to the public welfare and further subject to the attached conditions of approval.

Witness my hand and seal this _____ day of _____ 20 _____ , for the State Engineer,

_____, State Engineer

By: _____
Signature

_____
Print

Title: _____
Print

FOR OSE INTERNAL USE

Application for Permit, Form WR-07 Version 07/12/22

File No.:	Trn No.:

NEW MEXICO OFFICE OF THE STATE ENGINEER

ATTACHMENT 1
POINT OF DIVERSION DESCRIPTIONS

This Attachment is to be completed if more than one (1) point of diversion is described on an Application or Declaration.

a. Is this a:	**b. Information on Attachment(s):**
☐ Move-From Point of Diversion(s) ☐ Move-To Point of Diversion(s)	Number of points of diversion involved in the application: 14 Total number of pages attached to the application: 1

☐ **Surface Point of Diversion** **OR**	☒ **Well**
Name of ditch, acequia, or spring:	UK
Stream or water course:	UK
Tributary of:	UK

c. Location (Required):
Required: Move to POD location coordinate must be either New Mexico State Plane (NAD 83), UTM (NAD 83), **or** Lat/Long (WGS84)

NM State Plane (NAD83) (feet) NM West Zone ☐ NM Central Zone ☐ NM East Zone ☐	UTM (NAD83) (meters) Zone 13N ☒ Zone 12N ☐	☐ Lat/Long– (WGS84) 1/10th of second	OTHER (allowable only for move-from descriptions - see application form for format) ☒ PLSS (quarters, section, township, range) ☐ Hydrographic Survey, Map & Tract ☐ Lot, Block & Subdivision ☐ Grant
POD Number: HER-006	X or Longitude: 218663	Y or Latitude: 3526379	Other Location Description: N1/2, SE1/4, SW1/4 S28 R28S T11W
POD Number: HER-007	X or Longitude: 218591	Y or Latitude: 3526433	Other Location Description: N1/2, SE1/4, SW1/4 S28 R28S T11W
POD Number: HER-008	X or Longitude: 219696	Y or Latitude: 3528134	Other Location Description: S1/2, NE1/4, SE1/4 S21 R28S T11W
POD Number: HER-009	X or Longitude: 219696	Y or Latitude: 3528134	Other Location Description: S1/2, NE1/4, SE1/4 S21 R28S T11W
POD Number: HER-010	X or Longitude: 218860	Y or Latitude: 3526191	Other Location Description: S1/2, SE1/4, SW1/4 S28 R28S T11W
POD Number: HER-011	X or Longitude: 218579	Y or Latitude: 3528135	Other Location Description: S1/2, NE1/4, SW1/4 S21 R28S T11W
POD Number: HER-012	X or Longitude: 218579	Y or Latitude: 3528135	Other Location Description: S1/2, NE1/4, SW1/4 S21 R28S T11W
POD Number: HER-013	X or Longitude: 218729	Y or Latitude: 3526308	Other Location Description: N1/2, SE1/4, SW1/4 S28 R28S T11W
POD Number: HER-014	X or Longitude: 218663	Y or Latitude: 3526379	Other Location Description: N1/2, SE1/4, SW1/4 S28 R28S T11W

FOR OSE INTERNAL USE

Form wr-08
POD DESCRIPTIONS - ATTACHMENT 1

File Number:	Trn Number:
Trans Description (optional):	