
Southern Empire Updates Permitting Status for its Oro Cruz Project in California

Southern Empire Resources Corp. (Southern Empire; TSX-V: SMP) announces that it is reviewing a range of exploration and confirmation drilling options for its wholly-owned Oro Cruz Project located in Imperial County, California. This review follows the unexpected acceptance by the Imperial County Board of Supervisors (ICBS), at a hearing on March 19, 2024, of appeals lodged by the Quechan Tribe of the Fort Yuma Indian Reservation (the Quechan) and the Center for Biological Diversity (the CBD) opposing the previous Imperial County Planning Commission (ICPC) certification of the Mitigated Negative Declaration and approval of the Reclamation Plan for the Oro Cruz Project Exploration Plan of Operations (the Plan) on January 10, 2024. Voting results at the March 19, 2024 ICBS hearing by its members were three to one (one member recused) in support of the appeals.

As previously announced by Southern Empire on January 16, 2024, the ICPC made the following determinations regarding the Plan and the Reclamation Plan at their January 10, 2024 hearing:

1. The Oro Cruz Project will not have a significant effect on the environment.
2. A Negative Declaration was prepared for the Oro Cruz Project pursuant to the provisions of the *California Environmental Quality Act* (CEQA).
3. Mitigation measures were made a condition of the approval of the project.
4. Mitigation reporting and monitoring plans were adopted for the project.
5. A statement of Overriding Considerations was not adopted for the project.
6. Findings were made pursuant to the provisions of CEQA.

Southern Empire observes, that in ruling at the March 19, 2024 hearing, members of the ICBS did not comment on the issue the ICBS was convened to consider, specifically the merits of the Oro Cruz Project Reclamation Plan and supporting Environmental Assessment and Mitigated Negative Determination (EA/MND), which were supported in the January 10, 2024 ICPC hearing decision by a six to one vote count.

In the March 19, 2024 hearing, members of the ICBS supporting the appeals primarily cited oral statements from the misinformed public claiming a lack of government-to-government consultation between Imperial County and/or the Bureau of Land Management (BLM) and the Quechan. The assertion that required government-to-government consultation was neither offered nor occurred is not supported by the document record. The document record provides an extensive record of communication, engagement and government-to-government consultation with the Quechan, as is discussed in further detail below.

Background - United States Code of Federal Regulations Title 43, Public Lands: Interior

The United States Code of Federal Regulations Title 43, Public Lands: Interior (43 CFR) comprises the codified U.S. Federal laws and regulations regarding the management and use of public lands administered by the U.S. Department of the Interior through the BLM, including regulations regarding mining, oil and gas leasing, grazing, recreation and conservation. 43 CFR regulations, guidelines and procedures for activities and operations¹ on

federal lands ensure proper management, conservation, and utilization of public lands while considering environmental, cultural, and economic factors.

The location of a mining claim does not give the claimant an exclusive right to surface resources of the claim or site. Surface exploration, mining, and mineral processing activities involving locatable minerals on mineral claims situated on BLM-administered lands are controlled by the regulations published in 43 CFR Subparts 3715 (Use and Occupancy Under the Mining Laws) and 3809 (Surface Management). The use and occupancy of the surface resources of these public lands in association with the development of locatable mineral deposits must be approved by the appropriate BLM Field Office.

43 CFR Subpart 3809 establishes procedures and standards to ensure that mining claimants and operators prevent unnecessary or undue degradation of public lands by operations authorized by the mining laws and following such operations, that disturbed areas are reclaimed. 43 CFR Subpart 3809 also provides for maximum possible coordination with appropriate State agencies to avoid duplication and establishes bonding policies, procedures and requirements for such operations being performed. In California, reclamation is also codified pursuant to the State of California's *Surface Mining and Reclamation Act (SMARA)*, of which review and approval may be administered by the subject county.

For exploration activities under 43 CFR Subpart 3809 that are not deemed casual use, which may use mechanized equipment or explosives and may cause the disturbance of public lands, operators are required to either submit a "Notice" or a "Plan of Operations".

An operator must submit a Notice for non-casual use exploration activities covering 5 acres or less and the removal of bulk samples of less than 1,000 tons of presumed ore for testing.

A Plan of Operations is required for any exploration that would disturb more than 5 acres, involve bulk sampling of 1,000 tons or more of presumed ore for testing, and for any operations greater than casual use in special status areas including those lands in the California Desert Conservation Area (CDCA) designated by the CDCA plan as "controlled" or "limited" use areas and/or designated Areas of Critical Environmental Concern (ACEC). A plan of operations is typically required for operations on mill sites. Plans are filed with, and subject to approval by the appropriate BLM Field Office.

Background – The Oro Cruz Plan of Operations

The Oro Cruz Project is on public lands administered and managed by the BLM, which are located in the southwest corner of the 184,000-acre Picacho ACEC, an area designated to include important biological habitats, indigenous peoples' cultural sites and the historic Cargo Muchacho - Tumco Mining District and, as such, the Plan was designed to comply with 43 CFR and other Federal and state laws and performance standards related to environmental protection and protection of cultural resources and to attain the stated level of protection and reclamation required by specific laws in the CDCA.

Southern Empire's subsidiary, SMP Gold Corp. (SMP Gold), proposes exploration activities (the Proposed Action) requiring up to 8.31 hectares (ha; 20.54 acres) of temporary surface disturbance that comprise drill pads, an operational staging site and access routes within an encompassing 253 ha (626 acre) Project Area, as defined in the Plan. These temporary disturbances would primarily occur on land previously mined and disturbed by the historical American Girl Mining Joint Venture operations, which concluded in 1996 as gold prices declined and

¹Operations means all functions, work, facilities, and activities on public lands in connection with prospecting, exploration, discovery and assessment work, development, extraction, and processing of mineral deposits locatable under the mining laws; reclamation of disturbed areas; and all other reasonably incident uses, whether on a mining claim or not, including the construction of roads, transmission lines, pipelines, and other means of access across public lands for support facilities.

ultimately bottomed at US \$251.70 in August of 1999.

Highlights of the Plan include:

- Establishment of up to 65 drill pads in seven drill target areas
- Reverse Circulation (RC) and/or core drilling of up to 65 drill holes
- Improvement and construction of temporary access roads
- Creation of a staging area at the Cross Mine underground portal for infrastructure required to support future underground drill programs

Although Oro Cruz Project approvals have been received from the BLM, they are being appealed by parties opposing mining in Imperial County.

Oro Cruz Project Permitting History

The Plan was submitted to the BLM on September 28, 2020.

The BLM completed their procedural review of the Plan and, effective November 16, 2021, determined it to be administratively and technically complete and consistent with U.S. federal regulations.

Under the direction and management of the BLM and the Imperial County Planning and Development Services Department (the ICPD), a team of professional environmental consultants were identified and commissioned to facilitate an environmental review. Environmental, biological, cultural, and hydrological baseline studies were completed in preparation for analysis in the permitting processes.

The BLM published a Notice of Intent in the U.S. Federal Register and distributed a related press release on March 4, 2022 to officially notify the public of the BLM's intent to complete an environmental review that will "*analyze potential impacts to the natural, cultural and recreation resources from the proposed exploration activities*" and initiate federal *National Environmental Policy Act* (NEPA) permitting processes and the NEPA-required public scoping process for the solicitation of public comments related to the preparation of the anticipated EA/MND. The 30-day public scoping period began on March 04, 2022, and 5 comments were received from the public. In addition, as required by CEQA, the ICPD formally started analysis of the Oro Cruz Project through the preparation of an Initial Study (IS).

A Reclamation Plan for compliance with SMARA was prepared and submitted to the California Division of Mine Reclamation (DMR) on June 24, 2022, and was considered to be complete subsequent to DMR's review and comments received on October 28, 2022.

The NEPA and CEQA processes were engaged concurrently to allow for effective coordination and collaboration between SMP Gold, the BLM, and the ICPD.

The [BLM's news release of November 16, 2022](#), officially notified the public that pursuant to NEPA and CEQA, the BLM and the ICPD, on behalf of the State of California, jointly issued a draft EA/MND, the purpose of which was to identify issues, analyze alternatives, and disclose any potential environmental, cultural, and recreational resource impacts associated with the Plan and disclose impact analyses and any required mitigation measures, as appropriate. The BLM also, based on the information contained in the draft EA/MND, prepared and published an unsigned Finding of No Significant Impact ("FONSI") that stated that the proposed actions identified in the draft EA/MND will not significantly affect the quality of the human environment and that an Environmental Impact Statement is not required to be prepared for the Plan. These BLM actions initiated a 30-day public review/comment period (beginning on November 16th and closing on December 16th, 2022) during which substantive comments regarding the Plan and the draft EA/MND were solicited from the public.

ICPD held an Environmental Evaluation Committee public hearing on November 17, 2022, for review of the adequacy of the CEQA analysis within the draft EA/MND.

A BLM virtual public information meeting concerning the Oro Cruz Project was held on November 30, 2022.

The BLM received 373 public comment letters during the comment period ending on December 16, 2022. Public comments received did not result in substantive revisions to the EA/MND. Only after public review and commentary regarding the draft EA/MND and the unsigned FONSI did the BLM make a final decision regarding the authorization of the exploration activities proposed in the Plan. Documentation concerning the Oro Cruz Project, including all public comments and responses is available on the [BLM National NEPA Register](#).

During the period of stakeholder and community consultation, the Oro Cruz Project was reviewed by the California Department of Parks and Recreation, Office of Historic Preservation. On June 28, 2023, the BLM El Centro Field Office received a letter from the State Historic Preservation Officer (SHPO) confirming no objections to the BLM's finding of no adverse effects to historic properties,

The BLM's August 31, 2023, Press Release announced BLM approval of the Plan and the Decision Record, the signed FONSI, the EA/MND and other associated documents were posted online for public review on September 1, 2023.

The ICPC, as the lead agency for permitting related CEQA, held a hearing on September 13, 2023 to make determinations concerning the Oro Cruz Project pursuant to CEQA including, but not limited to, the adoption of the EA/MND by finding that the Oro Cruz Exploration Plan of Operations would not have a significant effect on the environment (as recommended at the Environmental Evaluation Committee (EEC) hearing of November 17, 2022) and approve resolutions adopting the EA/MND and the Reclamation Plan. The ICPC hearing was adjourned to a later date after the ICPC requested additional consultation between the BLM and the Quechan.

On September 29, 2023, the Quechan requested a BLM State Director review and a stay of the BLM's September 1, 2023, Decision Record and Finding of No Significant Impact.

On November 17, 2023, after consideration of the information provided by the Quechan, the Quechan request for review and stay was denied as the BLM State Director determined that the BLM El Centro Field Office properly complied with the *National Historic Preservation Act* (NHPA) and all relevant Department of the Interior and BLM policies on government-to-government consultation.

On December 18, 2023, the Quechan filed a Notice of Appeal and Petition to Stay the BLM's decision to authorize the Oro Cruz Project, with the Department of the Interior Board of Land Appeals (the IBLA).

The ICPC held four hearings to make determinations regarding the Oro Cruz Project, including, but not limited to, the adoption of the EA/MND, resolutions adopting the MND for the Reclamation Plan, and resolutions adopting the Reclamation Plan. The ICPC hearings of September 13, 2023, October 27, 2023, and December 13, 2023, were adjourned after the ICPC repeatedly requested additional consultation with the Quechan.

At a final hearing on January 10, 2024, and in acknowledgment that the ICPC had overstepped its authority under CEQA regulation on the issue of consultation (a component of the federal NEPA permitting process), the ICPC made the following determinations regarding the Proposed Action (the Plan) and the Reclamation Plan:

1. The Oro Cruz Project will not have a significant effect on the environment.
2. A Negative Declaration was prepared for the Oro Cruz Project pursuant to the provisions of CEQA.
3. Mitigation measures were made a condition of the approval of the project.
4. A mitigation reporting or monitoring plan was adopted for the project.

5. A statement of Overriding Considerations was not adopted for the project.
6. Findings were made pursuant to the provisions of CEQA.

Resolutions by the ICPC adopting the EA/MND and the Reclamation Plan for the Oro Cruz Project were approved on January 10, 2024, and a Notice of Determination was issued by the Imperial County in accordance with CEQA on January 11, 2024. The Notice of Determination was subsequently appealed to the Imperial County Board of Supervisors by the Quechan and the CBD.

On January 17, 2024, the Quechan filed a Statement of Reasons with the Interior Board of Land Appeals (IBLA), Department of the Interior in the matter of its Request for a Stay and Appeal of the BLM September 1, 2023 decision authorizing SMP Gold's mineral exploration plan of operations.

On January 24, 2024, SMP Gold submitted an updated Plan incorporating the project design features, conservation management actions and mitigation measures described in the environmental analysis document.

On January 31, 2024, the BLM issued a Decision Letter giving final approval to the Plan and constituting concurrence with SMP Gold's use and occupancy of public lands as described in the Plan.

On February 2, 2024, the IBLA denied the Quechan's request for a stay, "...citing an Insufficient showing of a likelihood of success on the merits."

On March 18, 2024, the BLM filed its response to the Quechan Tribe's January 17, 2024 Statement of Reasons, requesting the IBLA "...affirm the BLM's decision to Approve the Project." Although remaining subject to the IBLA appeal process, the federal NEPA permitting process was deemed complete allowing Oro Cruz exploration drilling to start following receipt of county and state ancillary permits and the posting of reclamation bonds.

On March 19, 2024, the ICBS upheld the appeals lodged by the Quechan and the CBD, overriding the ICPC January 10th certification of the Reclamation Plan. Southern Empire and its permitting consultants are now considering the next steps to progress exploration activities at Oro Cruz.

Comments Regarding Consultation with Native American Stakeholders

The Quechan assertion that government-to-government consultation pursuant to Section 106 of the *National Historic Preservation Act* did not occur is not supported by the document record packages provided by the ICPC for the four preceding ICPC hearings and the March 19, 2024, ICBS hearing as, the latter available through the following link:

<https://www.icpds.com/assets/hearings/APP24-0001-APP24-0002-SMP-GOLD-CORP-ORO-CRUZ-BOARD-LETTER-03-19-24.pdf>

Note: The above linked ICBS hearing package totals 7,314 pages. Subsequently, page numbers cited in following discussion refer to the page(s) where referenced material can be found in the hearing package.

In the March 19, 2024 hearing package (or Attachment I of the original January 10, 2024 ICPC hearing package) the consultation and engagement process is summarized in Section 4 of the EA/MND (pages 4,546 to 4,548). Documentation of all communication, engagement and government-to-government consultation pertaining specifically to the Reclamation Plan and the EA/MND totals 464 pages beginning on page 4,842. The documents supporting consultation are well summarized in tables included SMP Gold's September 29, 2023 letter (pages 6,839 – 6,850). Also attached to the SMP Gold letter, is a copy of the Imperial County's letter, dated September 9, 2021, (Attachment 1; pages 6,851 to 6,852) notifying the Quechan that they had thirty days from receipt of the letter to request consultation. No response, or request to engage in any form with Imperial County, was received from the Quechan.

The documents described and attached to SMP Gold's September 29, 2023 letter, contrast with the information provided by the Quechan and others, which provided lengthy oral storylines but limited documentation, regarding engagement and consultation, or the lack thereof, specifically pertaining to the Oro Cruz Project. The Quechan appeal documents provided in the March 19, 2024 hearing package (pages 4,381 to 4,388) are primarily historical documents pertaining to other projects in the region with limited or no relevance to the Oro Cruz Project Reclamation Plan.

The March 2023 Oro Cruz Project Reclamation Plan, the subject of the March 19, 2024 ICBS hearing and the associated, Oro Cruz EA/MND, a combined CEQA-NEPA document commissioned by the Bureau of Land Management and Imperial County, together total 760 pages derived from tens of thousands of person-hours of professional work detailing the collection, documentation, study, modelling, reporting and review of an exhaustive range of data, reports, papers, observations, comments and issues.

In general, the ICBS hearing package materials provided by the appellants appear to do no more than to obfuscate the Reclamation Plan (page 5,177) and the supporting EA/MND (page 4,417), the actual subjects of the March 19, 2024 appeal, than they do to provide any relevant argument in support of the appeals brought before the ICBS on March 19, 2024.

The materials provided by the appellants, the CBD and the Quechan, in support of their appeals (beginning on pages 21 and 4,395, respectively) constitute a full 60% (4,374 of 7,314 pages) of the materials presented to the ICBS. However, a significant proportion of these submitted materials, some repeatedly, have no, or very limited relevance to the Oro Cruz Project; for example, comparisons to the environmental impacts of mining projects in wet, tropical equatorial regions; an eagle study conducted for an unrelated exploration project in Goldfield, Nevada; air quality surveys in other parts of the United States, etc.

Permitting Team

Southern Empire's ongoing environmental and permitting efforts are coordinated by Del Fortner Consulting of Tucson, Arizona. Its broader environmental assessment and permitting team includes:

- Sespe Consulting, Inc., specialists on SMARA and CEQA baseline environmental analysis, permitting and reclamation plan requirements, that assist in document preparation for the CEQA analysis.
- Stantec Consulting Services Inc., an international firm that liaises directly with both the BLM and the ICPD to prepare NEPA documentation for the BLM and coordinate the CEQA environmental review process with the ICPD.
- WestLand Resources, Inc., specialists in environmental engineering, permitting and planning, have completed the Oro Cruz Project baseline environmental and cultural studies and have provided services necessary to comply with both the NEPA and CEQA permitting requirements.

Qualified Person (QP)

The scientific and technical information contained in this news release has been prepared, reviewed and approved by David Tupper, P.Geol. (British Columbia), Southern Empire's VP Exploration and a Qualified Person within the context of Canadian Securities Administrators' National Instrument 43-101; Standards of Disclosure for Mineral Projects (NI 43-101).

About Southern Empire Resources Corp.

Southern Empire is engaged in the acquisition, exploration and development of metals and minerals deposits in the American southwest and northern México and is particularly focused on those that are naturally oxidized and amenable to lower-cost metal extraction methodologies such as heap leaching. To achieve its goals,

Southern Empire has assembled a board of directors, all veterans in mine and corporate finance, exploration, permitting, development, and operations that will guide the future growth of the company.

In the Cargo Muchacho mountains of Imperial County, California, Southern Empire's wholly owned Oro Cruz Project has the potential to re-establish gold production from an oxide gold deposit located approximately 22.5 kilometres (14 miles) southeast of the operating Mesquite gold mine of Equinox Gold Corp., which has now produced more than five million ounces. At Oro Cruz, extensive historical drilling and large-scale open-pit and underground mining of the American Girl, Padre y Madre, Queen and Cross oxide gold deposits by the American Girl Mining Joint Venture (AGMJV; being MK Gold Company and Hecla Mining Company) occurred between 1987 and 1996. During that time, gold was recovered by heap leaching of lower-grade ores and milling of higher-grade ores. Following significant definition drilling and underground development, the Cross open-pit and underground mines operated successfully for only one year, producing about 61,000 ounces of gold, until AGMJV operations ceased in late 1996 as collapsing gold prices caused their entire operations to be shuttered and decommissioned. This left the Oro Cruz property with many gold exploration targets in addition to the Cross oxide gold deposit having a historical inferred resource estimate, as reported in 2011 by Lincoln Mining Corp., totalling 341,800 ounces gold based on 4,386,000 tonnes averaging 2.2 grams gold per tonne at a cut-off grade of 0.68 g/t Au (4,835,000 tons at 0.07 ounce gold per ton; please refer to the Cautionary Notice Regarding the Oro Cruz Property Historical Resource Estimate below). Although no surface facilities remain, the underground infrastructure at Oro Cruz (including a 2.4 kilometre haulage ramp, sublevels and draw points) remains in excellent condition and the open pit was abandoned just after stripping was completed prior to the start of its Stage II expansion.

Southern Empire has received a Decision Record and Finding of No Significant Impact regarding federal BLM permitting of the Oro Cruz Project and a Notice of Determination regarding the Oro Cruz Project Reclamation Plan from Imperial County Planning Commission, the lead State of California agency responsible for permitting. Southern Empire is reviewing options for confirmation and metallurgical drilling at Oro Cruz that will support a new resource estimate, and to also test the potential of waste rock and decommissioned heap leach piles to yield residual gold production.

In northern México (Sonora, Chihuahua, and Durango), Southern Empire has a leachable copper prospect and three gold projects having bulk-tonnage potential. Our Mexican projects are the:

- Suaqui Verde Copper Project, Suaqui Grande, Sonora;
- Centauro Gold Project, Escalón, Chihuahua;
- Pedro Gold Project, Mapimí, Durango; and,
- La Loma Gold Project, Nazas, Durango;

The three gold projects are located along what Southern Empire is calling the Mapimí Gold Corridor, a 150-kilometre, southeast-trending Oligocene tectonostratigraphic belt, the regional geological setting of which, together with numerous coincident geological, mineralogical and geochemical characteristics as observed at Centauro, Pedro and La Loma, strongly supports the proposition that the Mapimí Gold Corridor has significant potential to host bulk-mineable, low sulfidation epithermal and/or Carlin-style gold deposits.

For more information on Southern Empire, its people and its projects, please visit our website: www.smp.gold.

**On behalf of the Board of Directors of Southern Empire Resources Corp.,
Dale Wallster, CEO and Director**

For further information on Southern Empire please visit both www.smp.gold and [SEDAR+](https://www.sedar.com) or contact: *Lubica Keighery, (778) 889-5476, lubica@smp.gold .*

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Exchange) accepts responsibility for the adequacy or accuracy of this release.

Cautionary Notice on Forward-Looking Information and Forward-Looking Statements

Information provided in this news release may contain forward-looking information or forward-looking statements that are based on assumptions as of the date of this news release. Such information or statements reflect management's current estimates, beliefs, intentions and expectations and are not guarantees of future performance. Southern Empire cautions that all forward-looking statements are inherently uncertain and that actual performance may be affected by a number of material factors, many of which are beyond its respective control. Such factors include, among other things: risks and uncertainties relating to Southern Empire's limited operating history, the need to comply with environmental and governmental regulations, results of exploration programs on its projects and those risks and uncertainties identified in its annual and interim financial statements and management discussion and analysis. Accordingly, actual and future events, conditions and results may differ materially from the estimates, beliefs, intentions and expectations expressed or implied in the forward-looking information. Except as required under applicable securities legislation, Southern Empire undertakes no obligation to publicly update or revise forward-looking information.

Cautionary Notice Regarding the Oro Cruz Project Historical Resource Estimate

The historical mineral resource estimate outlined above is disclosed in a technical report dated April 29, 2011, prepared for Lincoln Mining Corp. by Tetra Tech, Inc. and filed on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ([SEDAR+](#)). It is termed an inferred mineral resource, which is a category set out in NI 43-101 and was based on historical reverse circulation and core drill hole sample, underground channel sample, and blasthole sample assay results and calculated using ordinary kriging to estimate gold grades in 10-foot-by-10-foot-by-five-foot blocks. Accordingly, Southern Empire considers this historical estimate reliable as well as relevant as it presents key targets for future exploration work. However, a QP has not done sufficient work to verify or classify the historical estimate as a current mineral resource and Southern Empire is not treating this historical mineral resource estimate as current mineral resources.