

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Erin Taylor
Acting Cabinet Secretary

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Deputy Cabinet Secretary

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Deputy Director
Mining and Minerals Division



March 17, 2026

Richard Kern
Bonaventure Nevada Inc.
5560 Rue St Tropez
Reno NV 89511

RE: Notice of Non-Compliance, Use of Unapproved Road outside of Permit Area for Sugarloaf Exploration, Permit No. GR092EM

Mr. Kern,

The New Mexico Mining and Minerals Division (MMD) performed an inspection of your exploration operation, Permit No. GR092EM, on March 12, 2026. During that inspection it was disclosed that Bonaventure altered their access plans to Drill Pad 11 due to the terrain. Bonaventure drillers showed USFS and MMD staff the new route, which followed a closed ridgetop road from Drill Pad 4 to Drill Pad 11. USFS was able to perform an Archeology review prior to the use of the road, but MMD was not notified of the changes. The road footprint was not a part of the Permit Area therefore Bonaventure is out of compliance with the MMD Permit. Section 3 of Permit No. GR092EM states that operations are allowed **only within the designated Permit Area and only at locations identified in the PAP.**

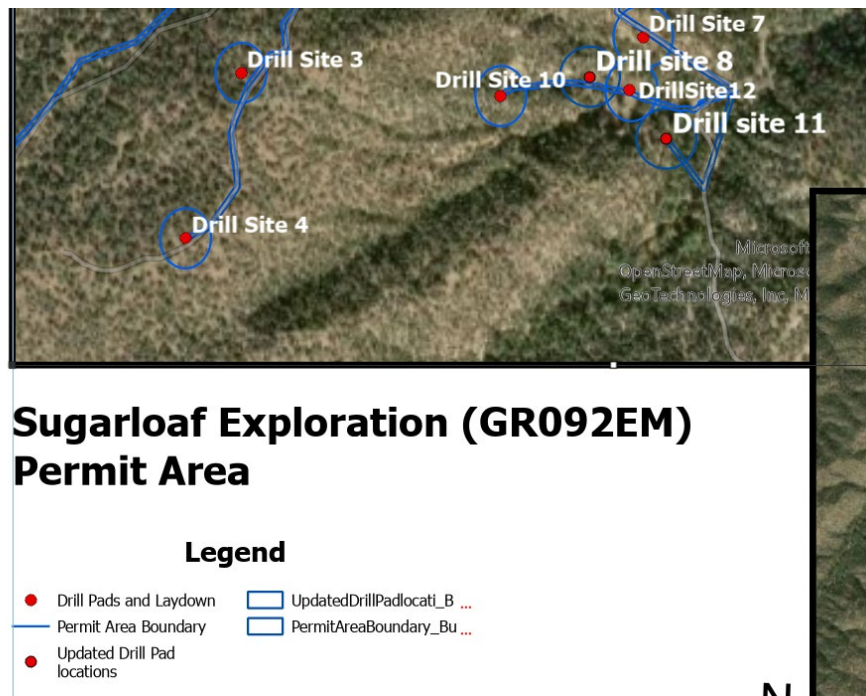


Figure 1 Section of Permit Map delineating the Permit area boundaries as those marked in blue, no road between drill site 4 to 11.

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Figure 2 Purple Line marking tracks of unauthorized road

Use of unapproved access routes is concerning because:

1. Additional disturbance could cause the project to exceed the 5-acre minimal-impact threshold.
2. MMD could not evaluate site-specific conditions prior to disturbance.

MMD's technical review process, which includes site inspections, is designed specifically to identify and resolve access issues before a permit is issued. Access concerns for Drill Pad 11 were raised during technical review by both MMD and NM Department of Wildlife. MMD's Technical Comment #1 (Agency comment letter dated March 25, 2024) expressly noted safety and feasibility issues with the originally proposed access and requested design revisions or additional detail on how safe access would be achieved.

It is the operator's responsibility to ensure that proposed access routes are feasible and that all exploration activities follow the approved Permit. Any change that may affect disturbance, safety, or location must be reviewed and approved by MMD **before** implementation. MMD is available at any time to discuss permit requirements or proposed modifications, but it is ultimately the operator's obligation to be aware of Permit conditions and the approved permit boundary to seek that guidance proactively.

MMD will require that Sugarloaf provide an accurate report of total ground disturbance via a ".shp" file and map within the Termination Report.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Rynas', written in a cursive style.

Samantha Rynas, Permit Lead

cc: David (DJ) Ennis, Program Manager, MARP/MMD
Clint Chisler, Reclamation Specialist Supervisor, MARP/MMD
Mine File (GR092EM)