



November 25, 2020

Mr. David Ennis  
Reclamation Specialist/Permit Lead  
New Mexico Energy, Minerals and Natural Resources Department Mining and Minerals Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Re: New Mexico Copper Corporation Copper Flat Mine  
New Mine Permit S1027RN  
Financial Assurance Proposal

Dear Mr. Ennis,

I am writing to let you and MMD know that New Mexico Copper Corporation (NMCC) is working to update its financial assurance proposal for the Copper Flat Mine based on progress made on NMCC's reclamation designs, calculated costs, and the June 2020 settlement agreement between MMD and NMCC.

As background relating to the calculated reclamation costs, you will recall that: (1) on July 16, 2019, NMCC responded to MMD technical comments on the NMCC calculation; (2) on August 21, 2019, MMD indicated that the reviewing agencies had no additional technical comments on the cost calculation and asked NMCC to submit the "R2" cost model, which NMCC transmitted to MMD on August 26, 2019; and (3) on December 6, 2019, NMCC and MMD completed a brief telephone meeting to clarify the organization of the "R2" cost model. It is my understanding that, to the extent of those earlier discussions (all of which pre-date the June 2020 settlement agreement), MMD has essentially approved NMCC's calculation of reclamation costs, leaving only the matter of addressing water acquisition-related costs as described in the settlement agreement.

I also wish to confirm in writing that NMCC intends to provide MMD with NPV calculations as part of its updated financial assurance proposal, as I verbally acknowledged to you during meetings in the late-December 2019 timeframe. As you may know, I participated along with other members of the New Mexico Mining Association in recent discussions of MMD's NPV Guidance Document and will be taking the recent update into account when developing the NPV calculation for the Copper Flat Mine.

My intent is to provide for MMD's consideration an updated financial assurance proposal for the Copper Flat Mine that relies on the reclamation cost calculation previously vetted with MMD, which has been modified to reflect the settlement agreement and includes a proposed

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Letter: Copper Flat Mine Financial Assurance Proposal, November 25, 2020

NPV calculation. Currently, I feel timing of my submittal is likely to occur early in the new year, shortly after the end of the holiday season. I would prefer to present the updated proposal in person; however, I feel the requirement for virtual meetings is likely to remain into 2021 and can easily convert to one of several virtual meeting formats. I will coordinate with you on the meeting date and format.

Please let me know if all this makes sense and works for you and MMD. Thanks, and I look forward to hearing from you at your convenience.

Sincerely,

A handwritten signature in black ink that reads "J. Smith". The signature is written in a cursive, slightly slanted style.

Jeff Smith, COO  
New Mexico Copper Corporation