February 12, 2021

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
Transmit Financial Assurance Proposal

Dear Mr. Ennis,

New Mexico Copper Corporation (NMCC) herewith transmits the Company's proposal for providing financial assurance of the reclamation plan for the Copper Flat Mine in Sierra County NM.

This proposal is comprised of three parts:

1. Adding water acquisition for the pit rapid fill and river offsets described in the June 5, 2020, settlement agreement between MMD and NMCC to Copper Flat reclamation costs
2. Net Present Value Calculation of the reclamation costs
3. Incremental Financial Assurance

Materials transmitted with this letter include a narrative description of each component of the proposal and excel spreadsheets to document the raw data used and calculations performed by NMCC.

With this transmittal, NMCC hereby requests MMD review and respond to the Company's proposal. Please contact me with any questions or additional information needs that develop during your review.

Sincerely,

J Smith

Jeff Smith, COO
New Mexico Copper Corporation

New Mexico Copper Corporation
Copper Flat Mine Proposed Financial Assurance
February 12, 2021

Proposal Outline

1. Proposed Reclamation Cost

2. Proposed NPV Calculation

3. Proposed Copper Flat Financial Assurance Schedule

NMCC Terms and Abbreviations

Term or Abbreviation	Description
Reclamation Plan	NMCC Reclamation Design and Schedule submitted to MMD with the Copper Flat PAP
SA Water	Reclamation water described in the June 5, 2020, Settlement Agreement between MMD and NMCC; includes pit rapid fill and river depletion offset
SRCE r2	August 26, 2019 Copper Flat Reclamation Cost Calculation, current $
SRCE r3	New Copper Flat Reclamation Cost Calculation = SRCE r2 + cost of SA water, current $
Guidance	MMD November 2020 Guidance for Calculating Net Present Value of Reclamation Costs

New Mexico Copper Corporation
Copper Flat Mine Proposed Financial Assurance
Add Water Acquisition Cost to Copper Flat Reclamation Plan Cost Calculation
February 12, 2021

BACKGROUND

The June 5, 2020, settlement agreement between NMCC and the Mining and Minerals Division of the NM EMNRD includes a provision to add the cost of securing water for pit rapid fill and river offsets to the costs for reclaiming and closing the Copper Flat Mine.

> *"NMCC agrees to hereafter propose, and MMD agrees to consider in due course, revision to the previously provided estimate of reclamation costs to include additional amounts sufficient to cover the conditional possibility of needing to acquire (whether by purchase, lease or transfer) valid water rights to satisfy the need for approximately 2,200 acre feet of water to accomplish the rapid fill of the pit by MMD and the 16,382 acre feet of water (plus any additional offset amounts calculated to mitigate losses incurred in delivery of the water to the point of depletion) needed to offset depletion of water from the Rio Grande/Caballo system in the event of default by NMCC"* (NMCC-MMD Settlement Agreement, Item 2).

The period for pit rapid fill is presented in the reclamation plan; the settlement agreement defines the river offset period to be the 45-year period following the end of pumping from the production wells.

> *"… offset the depletion of a cumulative amount of approximately 16,382 acre feet of water from the Rio Grande/Caballo system … for the duration of the 45-year recovery period after pumping from the production wells ceases…"* (NMCC-MMD Settlement Agreement, Item 1-d).

New Mexico Copper Corporation
Copper Flat Mine Proposed Financial Assurance
Add Water Acquisition Cost to Copper Flat Reclamation Plan Cost Calculation
February 12, 2021

Summary Change to Reclamation Cost

Years	SRCE r2	SA Water	SRCE r3	Description
1 – 13	$5,652,443	$0	$5,652,443	
14 - 15	23,254,845	507,392	23,762,237	Pit Rapid Fill
16 - 21	37,307,869	0	37,307,869	
22	59,089	1,784,738	1,843,827	River Offset
23 - 113	5,014,362	0	5,014,362	
Total	$71,288,608	$2,292,130	$73,580,738	

CALCULATION

1. Cost and Schedule Model
    a. SRCE r2 cost calculation and schedule
2. Quantity
    a. Pit Rapid Fill: 2,200 AF
    b. River Offset: 16,382 AF
        i. Annual amount for 45-year period = 364 AF per year
        ii. Water delivery loss not required for purchase
3. Direct Cost
    a. Rapid Fill: Lease at $175 per AF
        i. Existing NMCC lease
    b. River Offset: Purchase and retire annual amount at $3,720 per AF
        i. Analysis of Water Rights Prices in New Mexico's Lower Rio Grande Basin, New Mexico Water Resources Research Institute, NMSU
        ii. Table 10, 2020 Projections, average of 4 scenarios
4. Schedule
    a. Rapid Fill: 2,200 AF for 2-year period beginning in reclamation plan year 14
    b. River Offset: Purchase and suspend 364 AF at year 22; purchase provides continued application for remaining term of 45-year offset period
5. Indirect Cost Factor (% x Direct Cost)
    a. 31.79% (SRCE r2 factor)

November 2010

ANALYSIS OF WATER RIGHTS PRICES IN NEW MEXICO'S LOWER RIO GRANDE BASIN

WRRI Technical Completion Report No. 356

Leeann DeMouche
Shawn Landfair
Frank A. Ward

NEW MEXICO WATER RESOURCES RESEARCH INSTITUTE
New Mexico State University
MSC 3167, Box 30001
Las Cruces, New Mexico 88003-0001
Telephone (575) 646-4337 FAX (575) 646-6418
email: nmwrri@wrri.nmsu.edu

List of Tables

Table 9: Forecast water rights price for the Lower Rio Grande Basin, New Mexico, 2010-2020, based on a 1890 priority and a quantity offered to the market of 500 acre-feet.

Year	Price	LC Water consumption	Priority year	Regional farm income	Acre-feet sold	EB Reservoir level
	Forecast	Projections				
2010	$3,366	24.2	1890	200	500	429
2011	$3,416	24.8	1890	200	500	429
2012	$3,467	25.3	1890	200	500	429
2013	$3,497	25.6	1890	200	500	429
2014	$3,517	25.8	1890	200	500	429
2015	$3,548	26.1	1890	200	500	429
2016	$3,568	26.3	1890	200	500	429
2017	$3,699	27.7	1890	200	500	429
2018	$3,770	28.5	1890	200	500	429
2019	$3,871	29.5	1890	200	500	429
2020	$3,921	30.0	1890	200	500	429

Table 10 contrasts results shown in Tables 6-9 in a compact way. It summarizes forecast price associated with all four scenarios described above. While this table presents no new information, it presents a side-by-side contrast of price impacts unique to each of the four scenarios. Scenario 2 shows the highest forecast price. Scenario 4 has the second highest. Scenario 1 is the third highest. The lowest forecast occurs under Scenario 3.

Table 10: Forecast water rights price for the Lower Rio Grande Basin, New Mexico, 2010-2020, compared under four scenarios.

Year	Price impacts			
	Scenario 1	Scenario 2	Scenario 3	Scenario 4
2010	$2,964	$3,850	$2,480	$3,366
2011	$3,015	$3,900	$2,531	$3,416
2012	$3,065	$3,951	$2,581	$3,467
2013	$3,095	$3,981	$2,612	$3,497
2014	$3,116	$4,001	$2,632	$3,517
2015	$3,146	$4,031	$2,662	$3,548
2016	$3,166	$4,052	$2,682	$3,568
2017	$3,297	$4,183	$2,813	$3,699
2918	$3,368	$4,254	$2,884	$3,770
2019	$3,469	$4,354	$2,985	$3,871
2020	$3,519	$4,405	$3,035	$3,921

Scope and Limits

This report identifies the most important predictors of water rights prices in the Lower Rio Grande of New Mexico. It also presents forecasts of those prices for the years 2010-2020. However, a forecast is not a fact. Caution is advised on the use of the forecast price of water

New Mexico Copper Corporation
Copper Flat Mine Reclamation Plan Cost
February 12, 2021

Reclamation Cost Adjusted for SA Water, Current $

Reclamation Plan Year	SRCE r2 Direct & Indirect	SA Water Direct	SA Water Indirect	SRCE r3 Direct & Indirect	Note
Sum	$71,288,608	$1,739,229	$552,901	$73,580,738	
1	$606,466	$0	$0	$606,466	
2	$2,217,824	$0	$0	$2,217,824	
3	$0	$0	$0	$0	
4	$40,255	$0	$0	$40,255	
5	$0	$0	$0	$0	
6	$0	$0	$0	$0	
7	$18,925	$0	$0	$18,925	
8	$0	$0	$0	$0	
9	$68,451	$0	$0	$68,451	
10	$61,787	$0	$0	$61,787	
11	$61,787	$0	$0	$61,787	
12	$932,616	$0	$0	$932,616	
13	$1,644,332	$0	$0	$1,644,332	
14	$15,971,120	$192,500	$61,196	$16,224,816	pit rapid fill
15	$7,283,725	$192,500	$61,196	$7,537,421	pit rapid fill
16	$8,426,359	$0	$0	$8,426,359	
17	$14,789,659	$0	$0	$14,789,659	
18	$4,834,129	$0	$0	$4,834,129	
19	$7,022,435	$0	$0	$7,022,435	
20	$2,115,447	$0	$0	$2,115,447	
21	$119,840	$0	$0	$119,840	
22	$59,089	$1,354,229	$430,509	$1,843,827	river offset
23	$488,546	$0	$0	$488,546	
24	$59,089	$0	$0	$59,089	
25	$485,252	$0	$0	$485,252	
26	$59,089	$0	$0	$59,089	
27	$59,089	$0	$0	$59,089	
28	$69,633	$0	$0	$69,633	
29	$88,540	$0	$0	$88,540	
30	$275,039	$0	$0	$275,039	
31	$54,983	$0	$0	$54,983	
32	$54,983	$0	$0	$54,983	
33	$58,278	$0	$0	$58,278	
34	$34,939	$0	$0	$34,939	
35	$34,939	$0	$0	$34,939	
36	$34,939	$0	$0	$34,939	
37	$34,939	$0	$0	$34,939	
38	$135,642	$0	$0	$135,642	
39	$254,689	$0	$0	$254,689	
40	$34,939	$0	$0	$34,939	
41	$34,939	$0	$0	$34,939	
42	$34,939	$0	$0	$34,939	

New Mexico Copper Corporation
Copper Flat Mine Reclamation Plan Cost
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Reclamation Cost Adjusted for SA Water, Current $

Reclamation Plan Year	SRCE r2 Direct & Indirect	SA Water Direct	SA Water Indirect	SRCE r3 Direct & Indirect	Note
43	$38,234	$0	$0	$38,234	
44	$34,939	$0	$0	$34,939	
45	$34,939	$0	$0	$34,939	
46	$34,939	$0	$0	$34,939	
47	$34,939	$0	$0	$34,939	
48	$34,939	$0	$0	$34,939	
49	$34,939	$0	$0	$34,939	
50	$34,939	$0	$0	$34,939	
51	$34,939	$0	$0	$34,939	
52	$34,939	$0	$0	$34,939	
53	$38,234	$0	$0	$38,234	
54	$34,939	$0	$0	$34,939	
55	$34,939	$0	$0	$34,939	
56	$34,939	$0	$0	$34,939	
57	$34,939	$0	$0	$34,939	
58	$34,939	$0	$0	$34,939	
59	$34,939	$0	$0	$34,939	
60	$34,939	$0	$0	$34,939	
61	$34,939	$0	$0	$34,939	
62	$34,939	$0	$0	$34,939	
63	$72,840	$0	$0	$72,840	
64	$34,939	$0	$0	$34,939	
65	$34,939	$0	$0	$34,939	
66	$34,939	$0	$0	$34,939	
67	$34,939	$0	$0	$34,939	
68	$34,939	$0	$0	$34,939	
69	$34,939	$0	$0	$34,939	
70	$34,939	$0	$0	$34,939	
71	$34,939	$0	$0	$34,939	
72	$34,939	$0	$0	$34,939	
73	$38,234	$0	$0	$38,234	
74	$34,939	$0	$0	$34,939	
75	$34,939	$0	$0	$34,939	
76	$34,939	$0	$0	$34,939	
77	$34,939	$0	$0	$34,939	
78	$34,939	$0	$0	$34,939	
79	$34,939	$0	$0	$34,939	
80	$34,939	$0	$0	$34,939	
81	$34,939	$0	$0	$34,939	
82	$34,939	$0	$0	$34,939	
83	$38,234	$0	$0	$38,234	
84	$34,939	$0	$0	$34,939	
85	$34,939	$0	$0	$34,939	

New Mexico Copper Corporation
Copper Flat Mine Reclamation Plan Cost
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Reclamation Cost Adjusted for SA Water, Current $

Reclamation Plan Year	SRCE r2 Direct & Indirect	SA Water Direct	SA Water Indirect	SRCE r3 Direct & Indirect	Note
86	$34,939	$0	$0	$34,939	
87	$59,001	$0	$0	$59,001	
88	$34,939	$0	$0	$34,939	
89	$34,939	$0	$0	$34,939	
90	$34,939	$0	$0	$34,939	
91	$34,939	$0	$0	$34,939	
92	$34,939	$0	$0	$34,939	
93	$48,778	$0	$0	$48,778	
94	$34,939	$0	$0	$34,939	
95	$34,939	$0	$0	$34,939	
96	$34,939	$0	$0	$34,939	
97	$34,939	$0	$0	$34,939	
98	$34,939	$0	$0	$34,939	
99	$34,939	$0	$0	$34,939	
100	$92,225	$0	$0	$92,225	
101	$34,939	$0	$0	$34,939	
102	$34,939	$0	$0	$34,939	
103	$34,939	$0	$0	$34,939	
104	$34,939	$0	$0	$34,939	
105	$34,939	$0	$0	$34,939	
106	$34,939	$0	$0	$34,939	
107	$34,939	$0	$0	$34,939	
108	$34,939	$0	$0	$34,939	
109	$34,939	$0	$0	$34,939	
110	$34,939	$0	$0	$34,939	
111	$34,939	$0	$0	$34,939	
112	$34,939	$0	$0	$34,939	
113	$34,939	$0	$0	$34,939	

New Mexico Copper Corporation
Copper Flat Mine Proposed Financial Assurance
Net Present Value Calculation
February 12, 2021

Calculation Guidance

- 19.10.12.1205.C (1) NMAC
- New Mexico Energy, Minerals and Natural Resources Department Mining and Minerals Division, *Guidance for Calculating Net Present Value of Reclamation Costs*, November 2020

Reclamation Plan

- NMCC Copper Flat Mine Reclamation Plan ("Plan") and schedule submitted to the MMD as part of NMCC's Permit Application Package for a New Mine Permit for the Copper Flat Mine

Plan Eligibility

- The Plan schedule meets the threshold requirement outlined in 19.10.12.1205.C NMAC

Cost Basis

- NMCC Copper Flat SRCE r3 cost calculation
  - SRCE r2 plus acquisition cost of water for pit rapid fill and water for river offsets as described in the June 5, 2020, Settlement Agreement between the NM MMD and NMCC
    - Water acquisition cost includes indirect cost at SRCE r2 rate

Cost Escalation Rate

- CPI-U, all US (Series ID: CUUR0000SA0), not seasonally adjusted (Guidance, page 2)
  - Geometric mean of year over year change in annual average

Short-Term Discount Rate

- Bloomberg Barclays US Government/Credit (Guidance, page 5 ¶3)
  - Geometric mean of the index annual return for period ending December 31 of each year
- The short-term discount rate is applied to years 1 through 20 of the Plan, which coincides with reclamation earthwork (Guidance, page 1 and page 5 ¶3)

Long-Term Discount Rate

- Bloomberg Barclays US Aggregate Bond Index (Guidance, page 5 ¶3)
  - Geometric mean of the index annual return for period ending December 31 of each year
  - The long-term discount rate is applied to years 21 through the end of the NPV schedule

New Mexico Copper Corporation
Copper Flat Mine Proposed Financial Assurance
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Lookback Period for Escalation and Discount Rates

- 40 years, 1980 – 2020 (inclusive) (Guidance, page 5)

  The 40-year lookback period is justified by the 100+ year reclamation schedule. Multiple economic cycles will occur during the 100-year reclamation and monitoring period. The longer window for the lookback period provides an improved forecast of economic cycles that will be experienced in the future

- Same start, end, duration applied to all factors (Guidance, page 5)

NPV Schedule

- The NPV calculation begins with year 1 of the Copper Flat Reclamation Plan (Guidance, Section 2.0 ¶1)
- The NPV calculation ends with year 100 of the Copper Flat reclamation plan schedule Guidance, page 4 ¶3)

NPV Calculation Alternative 2

- The Copper Flat Calculation employs the Real Discount Rate option (Guidance, page 6)

NPV inputs	
Mean Escalation Rate, CPI-U	2.90%
Mean Short Term Discount Rate, BBgBarc US Govt/Credit	7.66%
Mean Long Term Discount Rate, BBgBarc US Agg Bond	7.63%
Short Term Real Discount Rate	4.76%
Long Term Real Discount Rate	4.73%

$$NPV = \frac{C}{(1+D)^Y}$$

Reclamation Plan Activity	NPV Year (Y)	Real Discount Rate (D)	Current Cost (C)	Net Present Value (NPV)
			Total Net Present Value:	**$34,405,500**

New Mexico Copper Corporation
Copper Flat Mine Reclamation Plan NPV Proposal
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Escalation and Discount Rates

Geometric Mean

Period	CPI-U	BBgBarc US Govt/Credit	BBgBarc US Agg Bond
2020 - 1981	2.90%	7.66%	7.63%

Raw Data

Period [1]	Inflation Rate	Discount Rate	
	CPI-U	BBgBarc US Govt/Credit	BBgBarc US Agg Bond
2020	258.811	8.92%	7.51%
2019	255.657	9.71%	8.72%
2018	251.107	-0.42%	0.01%
2017	245.120	4.00%	3.54%
2016	240.007	3.05%	2.65%
2015	237.017	0.15%	0.55%
2014	236.736	6.01%	5.97%
2013	232.957	-2.35%	-2.02%
2012	229.594	4.82%	4.21%
2011	224.939	8.74%	7.84%
2010	218.056	6.59%	6.54%
2009	214.537	4.52%	5.93%
2008	215.303	5.70%	5.24%
2007	207.342	7.23%	6.97%
2006	201.6	3.78%	4.33%
2005	195.3	2.37%	2.43%
2004	188.9	4.19%	4.34%
2003	184.0	4.67%	4.10%
2002	179.9	11.04%	10.26%
2001	177.1	8.50%	8.44%
2000	172.2	11.85%	11.63%
1999	166.6	-2.15%	-0.82%
1998	163.0	9.47%	8.69%
1997	160.5	9.76%	9.65%
1996	156.9	2.90%	3.63%
1995	152.4	19.24%	18.47%
1994	148.2	-3.51%	-2.92%
1993	144.5	11.03%	9.75%
1992	140.3	7.58%	7.40%
1991	136.2	16.13%	16.00%
1990	130.7	8.28%	8.96%
1989	124.0	14.23%	14.53%
1988	118.3	7.58%	7.89%
1987	113.6	2.29%	2.76%
1986	109.6	15.62%	15.26%
1985	107.6	21.30%	22.10%

New Mexico Copper Corporation
Copper Flat Mine Reclamation Plan NPV Proposal
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Escalation and Discount Rates

Raw Data

Period [1]	Inflation Rate	Discount Rate	
	CPI-U	BBgBarc US Govt/Credit	BBgBarc US Agg Bond
1984	103.9	15.02%	15.15%
1983	99.6	7.99%	8.36%
1982	96.5	31.10%	32.62%
1981	90.9	7.26%	6.25%
1980	82.4	3.06%	2.71%
1979	72.6	2.28%	1.92%
1978	65.2	1.17%	1.40%
1977	60.6	2.99%	3.03%
1976	56.9	15.58%	15.60%
1975	53.8	12.29%	
1974	49.3	0.17%	
1973	44.4	2.30%	
1972	41.8		
1971	40.5		
1970	38.8		

[1] CPI-U is 12-month average (Jan - Dec) for stated year
Discount Rates are full year return at December 31 of stated year

New Mexico Copper Corporation
Copper Flat Mine Reclamation Plan NPV Proposal
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Cash Flow and NPV Table

NPV inputs

Mean Escalation Rate, CPI-U	2.90%
Mean Short Term Discount Rate, BBgBarc US Govt/Credit	7.66%
Mean Long Term Discount Rate, BBgBarc US Agg Bond	7.63%
Short Term Real Discount Rate	4.76%
Long Term Real Discount Rate	4.73%

$$NPV = \frac{C}{(1+D)^Y}$$

Reclamation Plan Activity	NPV Year (Y)	Real Discount Rate (D)	Current Cost (C)	Net Present Value (NPV)
		Total Net Present Value:		**$34,405,500**
Reclamation Earthwork	1	4.76%	606,466	$578,910
Reclamation Earthwork	2	4.76%	2,217,824	$2,020,859
Reclamation Earthwork	3	4.76%	0	$0
Reclamation Earthwork	4	4.76%	40,255	$33,422
Reclamation Earthwork	5	4.76%	0	$0
Reclamation Earthwork	6	4.76%	0	$0
Reclamation Earthwork	7	4.76%	18,925	$13,667
Reclamation Earthwork	8	4.76%	0	$0
Reclamation Earthwork	9	4.76%	68,451	$45,042
Reclamation Earthwork	10	4.76%	61,787	$38,810
Reclamation Earthwork	11	4.76%	61,787	$37,046
Reclamation Earthwork	12	4.76%	932,616	$533,773
Reclamation Earthwork	13	4.76%	1,644,332	$898,355
Reclamation Earthwork	14	4.76%	16,224,816	$8,461,414
Reclamation Earthwork	15	4.76%	7,537,421	$3,752,238
Reclamation Earthwork	16	4.76%	8,426,359	$4,004,166
Reclamation Earthwork	17	4.76%	14,789,659	$6,708,645
Reclamation Earthwork	18	4.76%	4,834,129	$2,093,146
Reclamation Earthwork	19	4.76%	7,022,435	$2,902,508
Reclamation Earthwork	20	4.76%	2,115,447	$834,627
Reclamation & Closure Monitoring	21	4.73%	119,840	$45,406
Reclamation & Closure Monitoring	22	4.73%	1,843,827	$667,046
Reclamation & Closure Monitoring	23	4.73%	488,546	$168,760
Reclamation & Closure Monitoring	24	4.73%	59,089	$19,489
Reclamation & Closure Monitoring	25	4.73%	485,252	$152,823
Reclamation & Closure Monitoring	26	4.73%	59,089	$17,769
Reclamation & Closure Monitoring	27	4.73%	59,089	$16,966
Reclamation & Closure Monitoring	28	4.73%	69,633	$19,091
Reclamation & Closure Monitoring	29	4.73%	88,540	$23,178
Reclamation & Closure Monitoring	30	4.73%	275,039	$68,748
Reclamation & Closure Monitoring	31	4.73%	54,983	$13,123
Reclamation & Closure Monitoring	32	4.73%	54,983	$12,530
Reclamation & Closure Monitoring	33	4.73%	58,278	$12,681
Reclamation & Closure Monitoring	34	4.73%	34,939	$7,259

New Mexico Copper Corporation
Copper Flat Mine Reclamation Plan NPV Proposal
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Cash Flow and NPV Table

Reclamation Plan Activity	NPV Year (Y)	Real Discount Rate (D)	Current Cost (C)	Net Present Value (NPV)
Reclamation & Closure Monitoring	35	4.73%	34,939	$6,931
Reclamation & Closure Monitoring	36	4.73%	34,939	$6,618
Reclamation & Closure Monitoring	37	4.73%	34,939	$6,319
Reclamation & Closure Monitoring	38	4.73%	135,642	$23,426
Reclamation & Closure Monitoring	39	4.73%	254,689	$41,999
Reclamation & Closure Monitoring	40	4.73%	34,939	$5,501
Reclamation & Closure Monitoring	41	4.73%	34,939	$5,253
Reclamation & Closure Monitoring	42	4.73%	34,939	$5,016
Reclamation & Closure Monitoring	43	4.73%	38,234	$5,241
Reclamation & Closure Monitoring	44	4.73%	34,939	$4,573
Reclamation & Closure Monitoring	45	4.73%	34,939	$4,366
Reclamation & Closure Monitoring	46	4.73%	34,939	$4,169
Reclamation & Closure Monitoring	47	4.73%	34,939	$3,981
Reclamation & Closure Monitoring	48	4.73%	34,939	$3,801
Reclamation & Closure Monitoring	49	4.73%	34,939	$3,629
Reclamation & Closure Monitoring	50	4.73%	34,939	$3,465
Reclamation & Closure Monitoring	51	4.73%	34,939	$3,309
Reclamation & Closure Monitoring	52	4.73%	34,939	$3,159
Reclamation & Closure Monitoring	53	4.73%	38,234	$3,301
Reclamation & Closure Monitoring	54	4.73%	34,939	$2,881
Reclamation & Closure Monitoring	55	4.73%	34,939	$2,750
Reclamation & Closure Monitoring	56	4.73%	34,939	$2,626
Reclamation & Closure Monitoring	57	4.73%	34,939	$2,508
Reclamation & Closure Monitoring	58	4.73%	34,939	$2,394
Reclamation & Closure Monitoring	59	4.73%	34,939	$2,286
Reclamation & Closure Monitoring	60	4.73%	34,939	$2,183
Reclamation & Closure Monitoring	61	4.73%	34,939	$2,084
Reclamation & Closure Monitoring	62	4.73%	34,939	$1,990
Reclamation & Closure Monitoring	63	4.73%	72,840	$3,962
Reclamation & Closure Monitoring	64	4.73%	34,939	$1,815
Reclamation & Closure Monitoring	65	4.73%	34,939	$1,733
Reclamation & Closure Monitoring	66	4.73%	34,939	$1,654
Reclamation & Closure Monitoring	67	4.73%	34,939	$1,580
Reclamation & Closure Monitoring	68	4.73%	34,939	$1,508
Reclamation & Closure Monitoring	69	4.73%	34,939	$1,440
Reclamation & Closure Monitoring	70	4.73%	34,939	$1,375
Reclamation & Closure Monitoring	71	4.73%	34,939	$1,313
Reclamation & Closure Monitoring	72	4.73%	34,939	$1,254
Reclamation & Closure Monitoring	73	4.73%	38,234	$1,310
Reclamation & Closure Monitoring	74	4.73%	34,939	$1,143
Reclamation & Closure Monitoring	75	4.73%	34,939	$1,091
Reclamation & Closure Monitoring	76	4.73%	34,939	$1,042
Reclamation & Closure Monitoring	77	4.73%	34,939	$995

New Mexico Copper Corporation
Copper Flat Mine Reclamation Plan NPV Proposal
February 12, 2021

Cash Flow and NPV Table

Reclamation Plan Activity	NPV Year (Y)	Real Discount Rate (D)	Current Cost (C)	Net Present Value (NPV)
Reclamation & Closure Monitoring	78	4.73%	34,939	$950
Reclamation & Closure Monitoring	79	4.73%	34,939	$907
Reclamation & Closure Monitoring	80	4.73%	34,939	$866
Reclamation & Closure Monitoring	81	4.73%	34,939	$827
Reclamation & Closure Monitoring	82	4.73%	34,939	$790
Reclamation & Closure Monitoring	83	4.73%	38,234	$825
Reclamation & Closure Monitoring	84	4.73%	34,939	$720
Reclamation & Closure Monitoring	85	4.73%	34,939	$687
Reclamation & Closure Monitoring	86	4.73%	34,939	$656
Reclamation & Closure Monitoring	87	4.73%	59,001	$1,058
Reclamation & Closure Monitoring	88	4.73%	34,939	$598
Reclamation & Closure Monitoring	89	4.73%	34,939	$571
Reclamation & Closure Monitoring	90	4.73%	34,939	$546
Reclamation & Closure Monitoring	91	4.73%	34,939	$521
Reclamation & Closure Monitoring	92	4.73%	34,939	$497
Reclamation & Closure Monitoring	93	4.73%	48,778	$663
Reclamation & Closure Monitoring	94	4.73%	34,939	$454
Reclamation & Closure Monitoring	95	4.73%	34,939	$433
Reclamation & Closure Monitoring	96	4.73%	34,939	$414
Reclamation & Closure Monitoring	97	4.73%	34,939	$395
Reclamation & Closure Monitoring	98	4.73%	34,939	$377
Reclamation & Closure Monitoring	99	4.73%	34,939	$360
Reclamation & Closure Monitoring	100	4.73%	92,225	$907

New Mexico Copper Corporation
Copper Flat Mine Proposed Financial Assurance
Incremental Financial Assurance
February 12, 2021

- Total FA proposed equals the sum of the NPV Calculation
- The FA schedule is broken into 3 increments as considered by 19.10.12.1202.A(2) NMAC
  - Each increment is a separate "increment of reclamation"
  - Sum of the increments equal the total proposed amount
  - The proposed schedule provides financial assurance for reclamation of an increment before disturbance activities initiated

Proposed Financial Assurance Schedule

Bond Phase	NPV Years	Description	NPV Sum	Timing
1	1 – 7	Existing disturbance & initial monitor wells	$2,646,859	Before permit issued
2	8 – 20	Balance of disturbance created by NMCC development of the mine (balance of NPV short term)	$30,309,772	Before construction starts
3	21 – end	Long term monitoring and closure (full amount of NPV long term)	$1,448,870	Before mining starts
All	Sum		$34,405,500	

- Approval of the incremental FA plan along with funding of the initial increment will satisfy 19.10.6.606.B(5) NMAC requirement that the Director finds that "financial assurance is adequate and has been provided"