COPPER FLAT MINE

PROGRESSIVE FINANCIAL ASSURANCE PLAN

Document No.	NMCC-FIN-FA-005, Rev 3 — Issued for NMMMD
Date	25 October 2026
Permittee	New Mexico Copper Corporation (NMCC) — MORP Permit SI027RN (Amended)
Prepared for	New Mexico Mining and Minerals Division (NMMMD); New Mexico Environment Department (NMED), which holds the closure and post-closure financial assurance jointly with NMMMD; Bureau of Land Management, Las Cruces District (reclamation financial assurance for the federal-land portion under 43 CFR 3809.552, from Tranche 2)
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Cost basis	Tranche 1 (permit issuance): $5,728,244 — the NMED-approved Existing Conditions Closure Plan SRCE (June 2025 addendum), presented as the first increment of the mine's financial assurance in NMCC's Tranche 1 calculation (r1, 25 October 2026; r0 provided to NMMMD 22 October 2026). Life of mine: SRCE September 2026 calculation (2026 CF SRCE r0, provided to NMMMD October 2026) — $68,218,847 (2026 dollars)
Regulatory basis	19.10.12.1201, .1202.A(2), .1205, .1206 and .1210 NMAC; 19.10.6.603.G and .605 NMAC; 20.6.2.3107 NMAC; 43 CFR §3809.552–.556; MORP SI027RN §5.1
Supporting documents	ECCP and Financial Assurance Proposal with SRCE (Dec 2024) and Addendum rA (18 Jun 2025); NMED acceptances of 3 Sep 2025 (ECCP) and 19 Mar 2026 (LOC instrument); Copper Flat FA Tranche 1 r1 (25 Oct 2026; r0 provided to NMMMD 22 Oct 2026) with its SRCE workbook and WSP existing-conditions closure designs; 2026 CF SRCE r0 workbook, provided to NMMMD 8 Oct 2026, and the 2026 Financial Assurance Calculation report (September 2026) with Exhibits 1–8, transmitted with this plan; Mine Reclamation & Closure Plan (WSP, Nov 2025); DST & Pond LOM Plans (WSP Rev 0); PHC Update (DBS&A, 2025); Professional Engineer certification of the September 2026 calculation (to accompany the workbook); companion detailed plan NMCC-FIN-FA-007 Rev 1 (Progressive Financial Assurance Plan — Liability Build-up, Three-Year Review Cycle and Posting Schedule) and its workbook NMCC-FIN-FA-007_PLFA_Liability_Model_RevE.xlsx, which carry the account-by-account liability build-up behind the schedule in Section 4

1. PURPOSE

This plan sets out New Mexico Copper Corporation's proposed financial assurance program for the Copper Flat Mine: the reclamation cost basis, the schedule on which financial assurance will be posted as disturbance is created, the method by which the required amount is recalculated on a defined cycle, the credit mechanism for reclamation completed and verified during operations, and the instruments that will secure the obligation from permit issuance through the end of post-closure monitoring. The plan is designed so that the financial assurance held by the State is at all times sufficient for a third-party contractor to complete all remaining reclamation of the disturbance actually in place, with a contingency margin, per 19.10.12.1205.B NMAC and 43 CFR 3809.552(a).

2. RECLAMATION COST BASIS

Two SRCE calculations underlie the plan. Tranche 1, at permit issuance, is the Existing Conditions Closure Plan (ECCP) calculation — the cost of closing the site as it stands today, accepted by NMED and secured by the $5.7M letter of credit. The life-of-mine basis is NMCC's September 2026 financial assurance calculation (2026 CF SRCE r0), prepared in the Standardized Reclamation Cost Estimator (SRCE 2.0) format and reflecting the approved reclamation and closure plan for the dry-stack tailings (DSTSF) configuration.

Tranche 1 basis — ECCP SRCE. The ECCP calculation (SRCE format; NMCC ECCP and Financial Assurance Proposal, December 2024, as updated by the Addendum of 18 June 2025 in response to NMED's requests) totals $5,728,244: direct $4,582,595 and indirect $1,145,649 (25%). It covers the historic waste rock stockpiles, the historic tailing facility, the plant site, stormwater erosion control, monitoring well closure, and 100-year post-closure monitoring and maintenance of the existing site. NMED accepted the ECCP on 3 September 2025 and the letter of credit as the instrument on 19 March 2026, and on 20 October 2026 reviewed the revised form of the letter of credit without comment; issuance follows the issuing bank's final review. NMCC's Tranche 1 calculation (Copper Flat FA Tranche 1 r1, 25 October 2026, with its SRCE workbook and WSP's closure designs; r0 provided to NMMMD on 22 October 2026) presents that scope as the first increment of the mine's financial assurance, reproduces the approved figure account by account, and is offered to NMMMD as the Tranche 1 liability under this plan.

ECCP account	Amount	Basis
Waste rock stockpiles	$1,278,016	EWRSP-1, -2A/-2B, -3, -4 regrade and cover; pebble stockpile (NMED RAI 8)
Tailing storage facility	$702,720	Historic tailing facility closure
Plant site; stormwater erosion control	$1,075,308	Plant site $620,714 (post-closure entry restrictions, NMED CA 2); erosion control with ACB $454,594 (NMED RAI 3)
Well closure; mobilization; per diem; project manager	$652,092	Well closure $147,167 (NMED RAI 6); mobilization $48,710; per diem $291,600; project manager $164,615
Closure maintenance; post-closure monitoring	$874,459	Maintenance $130,901; 100-yr monitoring $743,558 (NMED RAI 4, CA 3)
Subtotal direct	**$4,582,595**	**Ten SRCE accounts**
Indirect costs (25%)	**$1,145,649**	**Engineering 3%; contingency 5%; contractor OH&P 7%; contract administration and procurement 10%**
Total ECCP financial assurance	**$5,728,244**	**Secured by the $5.7M letter of credit (NMED beneficiary; NMMMD to be added — Section 7)**

Life-of-mine basis — September 2026 SRCE. The life-of-mine calculation, which governs every posting from Tranche 2 onward, is summarised below; the SRCE workbook was provided to NMMMD on 8 October 2026, the calculation report and its Exhibits 1–8 are transmitted with this plan, and the detailed plan NMCC-FIN-FA-007 Rev 1 ties each of its accounts to the mine-plan quantity that creates the liability.

Component	Amount	Basis
Total direct cost	$51,707,185	16 SRCE accounts; quantities per MRCP (WSP Nov 2025) and DST & Pond LOM Plans
Indirect costs (32%)	$16,511,662	Engineering & design 4%; contingency 6%; contractor OH&P 10%; contract administration and procurement 12%
Total reclamation cost	**$68,218,847**	**2026 dollars; third-party contractor execution basis**

Principal direct-cost accounts: tailings storage facility $15.5M; waste rock disposal $12.5M; pits $5.6M; buildings and plant demolition $4.0M; monitoring $3.9M; construction management $2.3M; miscellaneous linear facilities $1.9M; pit rapid-fill pumping $1.5M; mobilization and demobilization $0.6M. Unit costs derive from NM 2026 prevailing labor rates (NM Workforce Solutions), current equipment rates (Blue Book Q1 2026), EIA fuel pricing, and BLS/FRED indices. The estimate is denominated in 2026 dollars and will be escalated to current-year dollars at each recalculation using the BLS employment-cost and producer-price indices applied in the September 2026 calculation (Exhibit 8). A New Mexico-licensed Professional Engineer will certify the initial calculation and each subsequent recalculation report.

3. FINANCIAL ASSURANCE METHODOLOGY

At each posting milestone and recalculation, the required financial assurance is calculated as:

REQUIRED FA = (GROSS IN-PLACE LIABILITY − LONG-TERM ACCOUNTS) × (1 − % AREA RECLAIMED AND VERIFIED) + LONG-TERM ACCOUNTS + 15% CONTINGENCY

- **Gross in-place liability** is the current-year cost, on the September 2026 SRCE basis, for a third-party contractor to reclaim the disturbance actually created as of the calculation date. Liability accrues as ground is disturbed: plant demolition liability is fixed when construction completes; waste rock and tailings liability grow with placed tonnage; pit rapid-fill obligations attach when mining advances below the water table. The long-term accounts are the 100-year water-quality monitoring, reclamation-maintenance and well-closure accounts of the SRCE with their indirects (about $6.7M at full build-out); they are held in full until NMMMD and NMED release, because acres reclaimed do not reduce them.
- **% area reclaimed and verified** is the cumulative NMMMD-verified area under the tiered standard in Section 5, divided by the 1,117 reclaimable acres (the 1,191-acre permitted disturbed area less the 74-acre pit lake, which is not reclaimed), applied to the gross liability less the long-term accounts as a tier-weighted proportional credit: areas at Tier 1 or Tier 2 count at 30% weight, and areas at Tier 3 or Tier 4 count at 100%. Only NMMMD-verified reclamation earns credit at any tier; NMCC cannot reduce the bond unilaterally.

- **15% contingency** is applied to the net amount, in addition to the 6% contingency inside the SRCE indirect loading, and is never less than $5M. The State therefore holds more than the calculated third-party cost of the in-place disturbance at every point in the mine life.

4. PHASED POSTING AND REVIEW SCHEDULE

Financial assurance is posted in tranches timed to the creation of liability, then recalculated every three years by PE-certified report. Amounts below are NMCC's calculated schedule on the September 2026 SRCE basis in 2026 dollars; each posting and review amount is confirmed by the PE certification current at that date.

Milestone	Timing	Gross in-place liability	Weighted credit	FA posted / held
Tranche 1 — permit issuance	Q4 2026	$5.73M (ECCP SRCE)	—	$5.7M (ECCP LOC)
Tranche 2 — before Notice to Proceed	Dec 2027	$24.4M (end-2028)	0%	$29M
Tranche 3 — before construction year 2	Dec 2028	$34.2M (end-2029)	1% projected	$39M
Tranche 4 — first ore (Review 0)	Q1 2030	$34.2M	1%	$55M
Review 1 — operations year 3	Q4 2032	$49.8M	4%	$70M
Review 2 — operations year 6	Q4 2035	$64.2M	6%	$72M (peak)
Review 3 — operations year 9	Q4 2038	$68.2M	9%	$72M
Review 4 — end of operations	Q4 2041	$68.2M	17%	$67M
Review 5 — closure execution	Q4 2044	$68.2M	44%	$47M
Review 6 — post-closure transition	Q4 2047	$68.2M	91%	$17M
Post-closure instrument	At Review 6 (2047)	Long-term accounts $6.7M	—	≈ $8M (LOC, post-closure term)

Tranche 1 — $5.7M at permit issuance, on the ECCP SRCE. The $5.7M letter of credit secures the full, NMED-accepted cost of closing the site as it exists today ($5,728,244, Section 2). No new-project disturbance exists at authorization, so the ECCP liability is the whole of the in-place liability at that date. NMCC proposes that NMMMD recognize the ECCP calculation and this instrument as the Tranche 1 financial assurance satisfying the condition precedent to permit issuance; the same instrument serves NMED, and NMCC proposes that NMMMD be added as a beneficiary so that it serves both State agencies. BLM, which holds the reclamation assurance for the federal-land portion under 43 CFR 3809.552, has advised that it has no mechanism to take assurance for pre-existing disturbance it did not authorize, and joins at Tranche 2 (Section 8). At Tranche 2 the ECCP liability is absorbed into the life-of-mine calculation — the historic stockpiles and tailing are reclaimed or incorporated under the operating plan — and the $5.7M is carried into the $29M cumulative posting rather than released.

Tranche 2 — $29M before Notice to Proceed. Posted no later than 30 days before NTP (31 December 2027), covering the liability created in the first construction year — plant-site grading and half the building demolition cost, DSTSF Stage 1 lined with its channels, the TSF pond and SW-A, the first growth-media stockpile, the conveyor and pipelines, and the monitoring and mobilization obligations that attach once the first facility exists: gross $24.4M plus the $5M contingency floor. Supported by a PE letter filed with the NTP notification. The $5.7M ECCP instrument is carried into this amount.

Tranche 3 — $39M before construction year 2. Posted by December 2028, covering the end-of-construction position — pit pre-production stripping, the first lifts of WRSP-1/2/3, the remaining plant and infrastructure, SW-B and SW-C: gross $34.2M, less the projected Tier 1 credit on the 36 acres of existing stockpiles closed during start-up under NMCC's commitment to NMED, plus contingency. Construction increments are posted annually, as 43 CFR 3809.553(b) asks for partial guarantees.

Tranche 4 — $55M at first ore (Q1 2030; Review 0). The first PE-certified recalculation on the as-built site. The required amount at that date is $39.0M; the posting is carried to the Review 1 projection ($55.4M) so that the three operating years to 2032, in which waste placement reaches about half of life-of-mine and DSTSF Stage 2 is lined, are covered in advance.

Three-year reviews thereafter. Reviews run every three years from permit issuance, decoupled from the five-year MORP renewal cycle so that financial assurance recalculation does not trigger permit re-issuance. Each review re-prices the in-place liability in current-year dollars, applies tier-weighted verified reclamation credit, and adjusts the posted instruments accordingly — upward while disturbance is still being created, downward as verified reclamation retires liability. Each posting is the greater of the amount required at the review and the amount projected for the next review, so the instrument never falls behind the disturbance between reviews; because of that and the contingency, the postings at the 2035 and 2038 reviews, about $72M, exceed the $68.2M life-of-mine calculation, and they are the only postings that do. From the end of operations the verified credit brings the amount down to about $47M at the 2044 review and $17M at

2047, with the long-term accounts held in full until release. Weighted credit percentages shown are NMCC's projection of the reclamation sequence permitted in MORP Table 4, not its accelerated target; actual credit at each review is whatever NMMMD has verified at that date.

5. PROGRESSIVE RECLAMATION AND CREDIT FRAMEWORK

NMCC commits to concurrent reclamation through operations — completed DSTSF stages are covered and revegetated while later stages operate, and waste rock facility outslopes are reclaimed as final grades are reached, with a target of 240–280 acres reclaimed by operations year 12. Credit against financial assurance is earned only on NMMMD verification, under a four-tier standard:

Tier	Standard	FA credit weight	Typical timing
1	Grading and cover placement complete to MRCP specifications; verified by NMMMD field inspection (as-built survey and cover-thickness QA records)	30%	Within 1 yr of bench completion
2	Seeded and mulched; first growing season complete	30% (holds Tier 1 credit)	Year 2 after Tier 1
3	NMMMD-verified vegetation success per 19.10.6.603.G (90% cover, 90% confidence)	100%	Years 3–5 after Tier 1
4	NMMMD formal partial release letter; facility or zone fully closed	100% — full credit on zone	Years 4–6 after Tier 1

Basis for the 30% Tier 1 credit. Regrading and cover placement constitute the large majority of the per-acre direct reclamation cost on the September 2026 SRCE basis — the earthwork is the expensive part of reclamation, and once it is complete and verified against the MRCP specifications, that cost has been physically retired. A 30% credit weight is conservative relative to the cost share actually completed at Tier 1: the State continues to hold the remaining 70% of that area's liability, plus the 15% contingency, until vegetation success is confirmed at Tier 3. This protects NMMMD fully against revegetation failure or rework while recognizing verified earthwork when it is performed rather than three to five growing seasons later.

Credit reversal. If a Tier 1 or Tier 2 area is re-disturbed, or fails to progress toward vegetation success and requires cover rework, its credit is removed in the next recalculation and the posted instruments adjust upward accordingly. Tier-weighted credit therefore never leaves the State exposed to a stalled area.

All credit at every tier requires NMMMD verification — Tier 1 by field inspection of completed earthwork, Tier 3 by vegetation monitoring, Tier 4 by formal partial release. This framework follows the principle applied at the Tyrone and Chino Mines in New Mexico, where financial assurance is adjusted as closure work is completed and verified under the joint NMED–NMMMD closure/closeout program, and the progressive bonding structures accepted at comparable dry-stack projects.

6. REVIEW PROCESS AND REPORTING

- **Three-year recalculation report.** Prepared under the supervision of a NM-licensed PE: current-year gross liability, disturbance and reclamation GIS records, verified-area credit calculation, net required FA with contingency, and the resulting instrument adjustment. Draft presented to NMMMD and BLM at a joint pre-submission meeting; formal submission follows; instruments adjust within 60 days of Director approval.
- **Annual progress report.** By March 31 each year: acres reclaimed by tier with supporting GIS data and vegetation monitoring results. Informational between formal reviews; no bond adjustment.
- **Material change notification.** If unit costs escalate more than 20% in any year, or site conditions change materially, NMCC will notify NMMMD and support a mid-cycle adjustment. The Director retains authority under 19.10.12 NMAC to require additional financial assurance at any time.

7. FINANCIAL ASSURANCE INSTRUMENTS

Instrument	Application	Terms
Surety bond	Primary instrument for construction and operations; amount adjusts at each tranche and review	Investment-grade, mining-experienced surety; incremental adjustment rider
Letter of credit	Tranche 1 ($5.7M ECCP instrument); post-closure period	Tranche 1: irrevocable standby letter of credit of $5.7M in the form reviewed by NMED, NMED as beneficiary, NMMMD proposed as additional beneficiary; carried into the Tranche 2 posting, not released.

Instrument	Application	Terms
		Post-closure: $8M LOC for the post-closure monitoring and maintenance obligation — 100 years of water-quality monitoring on the SRCE basis, as NMED requires — maintained until NMMMD and NMED release
Reclamation trust fund	Supplemental instrument under 19.10.12.1203 NMAC, funded from operating cash flow during operations	Independent institutional trustee; NMMMD primary beneficiary (BLM secondary for federal lands); distributions only for reclamation expenditures verified against the approved MRCP with PE progress certification; audited annual statements to NMMMD by March 31; balance verified by trustee certificate offsets the required surety posting dollar-for-dollar, capped at 75% of the posted amount so a surety floor always remains

The trust provides the State with funded, cash-backed security that grows through the operating years and self-funds closure execution, in place of purely contingent surety capacity. Trust assets remain dedicated to reclamation until NMMMD's final release and BLM closeout; residual assets revert to NMCC only after all obligations are released.

8. FEDERAL LANDS COORDINATION

For the BLM-administered portion of the permit area, financial assurance under 43 CFR §3809.552 will be calculated on the same September 2026 SRCE basis and the same three-year cycle, with recalculation packages submitted to NMMMD and BLM simultaneously. NMCC requests joint agency review so that a single PE-certified report and a coordinated instrument structure serve both jurisdictions. BLM advised on 19 March 2026 that it has no legal mechanism to enter a financial assurance agreement for the pre-existing disturbance covered by the ECCP, and that if the ECCP were triggered it would authorize that reclamation under the existing EIS and decision record; BLM's participation in the financial assurance therefore begins at Tranche 2, when disturbance authorized under the federal plan of operations is first created.

9. PROPOSED PERMIT CONDITIONS

Condition FA-1 — Progressive Financial Assurance Recalculation, Three-Year Cycle. NMCC shall, every three (3) years from the date of permit issuance and within ninety (90) days prior to each such anniversary, submit to the Director a Financial Assurance Recalculation Report prepared by or under the supervision of a Professional Engineer licensed in the State of New Mexico. The report shall calculate the net financial assurance required as: (a) the gross cost, in current-year dollars, for a third-party contractor to complete all remaining reclamation obligations under the approved MRCP as of the recalculation date, on the basis of the September 2026 SRCE calculation or its approved successor; minus (b) a tier-weighted area credit equal to [0.30 × acres verified by NMMMD as complete to Tier 1 or Tier 2 (grading and cover placement to MRCP specifications, confirmed by field inspection) + 1.00 × acres verified as meeting revegetation success standards under 19.10.6.603.G or released under partial release letters], divided by the reclaimable area (1,117 acres: the permitted disturbed area less the pit lake) and applied proportionally to the gross cost less the monitoring, reclamation-maintenance and well-closure accounts, which shall be held in full until released, with credit removed for any area that is re-disturbed or requires cover rework; plus (c) a contingency of the greater of fifteen percent (15%) of the net amount and five million dollars ($5,000,000). The amount held until the next recalculation shall be the greater of the amount so calculated and the amount projected for the next recalculation date. Upon the Director's approval of the report, NMCC's financial assurance instruments shall be adjusted to the approved amount within sixty (60) days. The Director may require additional financial assurance at any time if site conditions materially change.

Condition FA-2 — Annual Progress Reporting. NMCC shall submit an annual reclamation progress report by March 31 of each year documenting acres reclaimed by verification tier, with supporting GIS data and vegetation monitoring results. The annual report is informational and does not trigger a bond adjustment.

Condition FA-3 — Tranche Posting. The $5.7M ECCP letter of credit, calculated on the NMED-accepted ECCP SRCE ($5,728,244), shall be deemed to satisfy the initial financial assurance requirement at permit issuance (Tranche 1), and shall be carried into the cumulative amount posted at Tranche 2. NMCC shall post financial assurance totaling not less than $29M (2026 dollars, as re-priced) no later than thirty (30) days prior to issuing Notice to Proceed for construction, not less

than $39M before the second construction year, and not less than $55M upon commencement of ore processing, each supported by a PE certification of the liability then in place and projected to the next recalculation. No disturbance shall be created beyond that covered by the assurance then held.

10. SUMMARY OF COMMITMENTS

- Post financial assurance ahead of liability at every stage — $5.7M at issuance on the ECCP SRCE, $29M before NTP, $39M before the second construction year, $55M at first ore, then PE-certified recalculation every three years with each posting carried to the next review's projection.
- Hold a 15% contingency margin (never less than $5M) above calculated third-party cost at every review point, and hold the 100-year monitoring, reclamation-maintenance and well-closure accounts in full until release.
- Reclaim concurrently — 240–280 acres targeted by operations year 12 — with credit taken only on NMMMD verification: 30% on verified completion of earthwork and cover (Tier 1), full credit only on verified vegetation success or partial release (Tiers 3–4).
- Report annually, recalculate triennially, escalate costs to current dollars at every review, and notify NMMMD of material changes between reviews.
- Maintain instruments through the full post-closure monitoring period, transitioning to a $8M letter of credit for the post-closure monitoring term (100 years of water-quality monitoring, until release).