PROGRESSIVE FINANCIAL ASSURANCE PLAN

Liability Build-up from the Mine Plan, Three-Year Review Cycle and Posting Schedule

Copper Flat Mine · MORP Permit SI027RN (Amended) · BLM Case File NMNM 125986 · New Mexico Copper Corporation · Sierra County, New Mexico

Document control	
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Prepared for	New Mexico Mining and Minerals Division (NMMMD), for review and comment, and for circulation to the New Mexico Environment Department and the Bureau of Land Management, Las Cruces District (43 CFR 3809.552) as the Division determines under 19.10.6.605 NMAC
Prepared by	Stephen Crosby, Senior VP Project Development, New Mexico Copper Corporation (NMCC)
Status	Rev 1 — issued for NMMMD. NMCC-FIN-FA-005 Rev 3 (the summary plan) carries the same cost basis, credit rules and posting schedule as this plan; the instrument structure is addressed only in outline (Section 11) and is to be settled separately.
Cost basis	2026 Financial Assurance Calculation for the Dry Stack Tailings Closure Plan (September 2026; SRCE 2.0 workbook 2026 CF SRCE r0.xlsm): direct $51,707,185; indirect $16,511,662; total $68,218,847 in 2026 dollars. Tranche 1: Copper Flat FA Tranche 1 r1 (25 October 2026; r0 provided to NMMMD 22 October 2026; SRCE workbook 'SRCE_2.0_Copper Flat DST Plan FA Tranche 1 r0'), $5,728,244, the first increment under this plan, reproducing the NMED-approved Existing Conditions Closure Plan calculation
Mine plan basis	Mine Operation and Reclamation Plan Update 2025, Rev 2 (22 June 2026): Table 2 disturbed area (1,191 ac), Table 3 production schedule, Table 4 build-out and reclamation sequence; Master Project Reference schedule (NTP 31 Dec 2027; first ore 28 Feb 2030)
Regulatory basis	Mining Act rules 19.10.12.1201, .1202.A(2), .1205, .1206 and .1210 NMAC; 19.10.6.605 NMAC (agency comment); 20.6.7.33.H NMAC; 43 CFR 3809.552–3809.556

1. Purpose and How to Read This Plan

This plan explains how New Mexico Copper Corporation proposes to calculate, post, review, and adjust financial assurance for the Copper Flat Mine—from permit issuance and construction through twelve years of operations, post-operation reclamation, and 100 years of post-closure monitoring. It is intended for the three agencies that hold or review the assurance: NMMMD under the Mining Act, NMED under the Water Quality Act, and BLM for the federal-land portion under 43 CFR 3809. NMCC requests each agency's review and comments on the proposed method and schedule. The choice of instrument—surety, letter of credit, trust, or a combination—is reserved for a later step so the agencies can first agree on how much assurance must be held and when.

The plan follows a single principle drawn from 19.10.12.1205.B NMAC and 43 CFR 3809.552(a): throughout the mine life, the assurance held must be sufficient for the State or BLM to hire a third-party contractor to reclaim the disturbance then in place. It applies this principle in three steps. First, it uses the $68,218,847 full life-of-mine reclamation cost from the September 2026 SRCE calculation provided to NMMMD (Section 3). Second, it links each of the sixteen SRCE cost accounts to the physical activity that creates the liability—such as waste rock placed, dry-stack footprint lined, pit acreage opened, or buildings constructed—and scales each account using the MORP quantities and sequence. The liability at any date is therefore the sum of the scaled account costs for facilities then in place (Sections 4 and 5). Third, the assurance is posted before the corresponding liability arises and is recalculated every three years by a New Mexico-licensed professional engineer, with credit allowed only for agency-verified reclamation (Sections 6 to 8). All figures are traceable to the companion workbook, which contains the SRCE direct costs, MORP drivers, and formulas.

The plan is an incremental financial assurance schedule of the kind 19.10.12.1202.A(2) NMAC allows: financial assurance provided for specific increments of reclamation within the permit area, with the increments and their amounts specified in detail. Section 12 proposes the permit conditions that would carry it, and Section 13 cross-references the NMED and BLM requirements to the part of the plan that meets each.

The provisions below are quoted or paraphrased from the current rules; the companion register in Section 12 maps them to the plan.

2.1 Mining Act — 19.10.12 NMAC

- **Basis of the amount (19.10.12.1201.A, .1205.A–B).** The proposal 'shall be based upon estimates for a third-party contractor to complete reclamation work'; the estimate must include at a minimum contract administration, mobilization, demobilization, engineering redesign, profit and overhead, procurement, plan management and contingencies, with no salvage credit; and the amount must be 'sufficient to assure the completion of the reclamation plan or closeout plan if the work has to be performed by the state of New Mexico or a contractor with the state in the event of forfeiture.' The SRCE r0 calculation is built on exactly this basis (Section 3).
- **Incremental financial assurance (19.10.12.1202.A(2)).** Financial assurance 'may be provided and approved to guarantee specific increments of reclamation within the permit area provided the sum of incremental financial assurance equals or exceeds the total amount required'; the area and amount for each increment 'shall be specified in detail'; an incremental schedule and the assurance for the first increment are provided up front; additional assurance is filed 'before mining, exploration or reclamation operations on succeeding increments are initiated'; increments are identified on a map and sized for efficient reclamation should the Director have to perform it. This plan is an incremental schedule under that subsection: Section 7 specifies each increment, its amount and the disturbance it covers.
- **Adjustment and scheduled review (19.10.12.1206.A, .D).** The amount 'shall be adjusted by the director from time-to-time as the area requiring financial assurance is increased or decreased or when the future reclamation or closeout costs change. The director may specify periodic times or set a schedule for re-evaluating and adjusting the financial assurance amount', and must review the assurance whenever the permit is revised or modified. The three-year cycle in Section 6 is offered as that schedule.
- **Reduction and release (19.10.12.1206.C, .1210).** A permittee may request reduction on evidence that circumstances reduce the State's cost; revisions of the cost estimate 'are not considered financial assurance release' and so do not require the public-notice release procedure. Release of assurance for completed reclamation follows 19.10.12.1210 (application, inspection, notice to NMED, OSE and the land-management agency, hearing on objection, Director's decision). The credit mechanism in Section 8 reduces the required amount at a recalculation under 1206; it does not release any instrument, and the revegetation portion stays in place for the twelve-year period of 19.10.12.1204.A.
- **Agency comment (19.10.6.605 NMAC).** NMMMD requests comments on a financial assurance proposal from NMED and BLM, as it did on NMCC's 2018 proposal (MMD letters of 15 August 2018 to NMED and BLM, 60-day comment period). This plan is submitted for that process.

2.2 New Mexico Environment Department — Water Quality Act and the Copper Mine Rule

- **Joint financial assurance.** NMED holds financial assurance for the closure and post-closure water-quality obligations of the mine jointly with NMMMD (20.6.2.3107 NMAC). The plan treats NMED as a party to every recalculation and posting; the post-closure obligations are carried in the Monitoring, Reclamation Maintenance and Wells accounts.
- **Existing conditions.** NMED accepted NMCC's Existing Conditions Closure Plan and its $5,728,244 calculation on 3 September 2025 and has reviewed the letter of credit that secures it. That amount is Tranche 1 of this plan and is carried into the operating-mine assurance rather than released (Section 7.1).
- **Post-closure monitoring.** NMED requires a minimum of 100 years of post-closure water-quality monitoring. That obligation is carried in full in the Monitoring account ($3,865,851 direct) from construction start (Section 4).
- **20.6.7.33.H NMAC.** The closure water management plan must give 'sufficient detail to estimate capital and operating costs to provide the basis for financial assurance for these activities.' The seepage-pond, pit rapid-fill and post-closure monitoring costs in the SRCE are the costed form of NMCC's Post-Operations Water Management Plan (March 2026).

2.3 Federal lands — 43 CFR 3809

- **3809.552(a)–(b).** The financial guarantee 'must cover the estimated cost as if BLM were to contract with a third party to reclaim your operations according to the reclamation plan', including interim stabilization and

maintenance while contracts are let; 'BLM will periodically review the estimated cost of reclamation … and require increased coverage, if necessary.'

- **3809.553.** BLM may authorize a guarantee 'covering a part of your operations' provided operations do not go beyond what the partial guarantee covers and it covers all reclamation costs within the incremental area; 'BLM will review the amount and terms of the financial guarantee for each increment of your operations at least annually.' The construction-period increments in Section 7 are posted annually for this reason; from first ore the three-year PE-certified recalculation, with the annual progress report of Section 6.3, is offered as BLM's periodic review.
- **3809.554.** The estimate must be made 'as if BLM were hiring a third-party contractor to perform reclamation … after you have vacated the project area' and must include BLM's contract-administration cost; the SRCE indirects carry contract administration at 11.93 per cent of direct (Section 3.3).
- **3809.555.** Acceptable instruments (surety, cash, irrevocable letter of credit, certificates of deposit, trust-held securities, insurance) — see Section 11.

BLM's position on Tranche 1 (19 March 2026): BLM has no legal mechanism to take financial assurance for the pre-existing disturbance covered by the ECCP, which it would authorize under the existing EIS and decision record if triggered; BLM's participation therefore begins with the first disturbance authorized under the Plan of Operations amendment (Tranche 2).

3. Reclamation Cost Basis — the September 2026 SRCE Calculation

3.1 What the calculation covers

The 2026 Financial Assurance Calculation for the Dry Stack Tailings Closure Plan (J. Smith, P.E., September 2026) was prepared in the Standardized Reclamation Cost Estimator version 2.0 — the BLM / State of Nevada / SRK tool that NMCC also used for its 2019 estimate and that NMMMD, NMED and BLM reviewed together in 2018–2019. It covers reclamation and closure of every mine unit in the amended MORP, contractor mobilization and demobilization, engineering, procurement, contractor profit and overhead, contract administration, contingency, twelve years of reclamation-performance monitoring and 100 years of post-closure water-quality monitoring and maintenance. It assumes all work is done by third-party contractors at 2026 New Mexico Type H prevailing wages, with Q1 2026 Blue Book equipment rates, EIA January 2026 diesel ($3.15/gal delivered), Caterpillar Performance Handbook productivities, and quotes for revegetation (Drake Industries), articulated concrete block (Contech) and well plugging (escalated 2024 quote). Amounts are 2026 dollars, undiscounted, with no salvage credit. The SRCE workbook was provided to NMMMD on 8 October 2026, and the Tranche 1 calculation with WSP's existing-conditions closure designs on 22 October 2026; the life-of-mine calculation report and its Exhibits 1–8 are transmitted with this plan.

3.2 The sixteen accounts

Table 1. SRCE r0 direct cost by account, and the physical driver this plan uses for each

SRCE account	Direct ($)	Liability driver (Section 4)
Waste rock stockpiles — of which existing EWRSP-1, -2A, -2B, -3, -4 ($2,933,506); new WRSP-1, -2, -3 ($9,136,213); site disturbance carried in the account ($429,101)	12,498,820	Existing: in place at issuance. New: cumulative waste tons placed ÷ 44.68 Mst. Site disturbance: construction years 1–2
Tailings storage facility (DSTSF): stack regrading, 36-in cover, revegetation; stormwater channels and dissipaters; ACB armor, slope armor, exposed-liner demolition	15,468,903	Cumulative DSTSF stage footprint constructed ÷ 487 ac (CST Phases 1–5)
Open pit: perimeter channel PC-1, ACB armoring, pit-area reclamation, perimeter fence, signs	5,589,661	Cumulative pit disturbance ÷ 165 ac
Pit rapid fill: three years of well-field pumping	1,493,148	Pit below the water table — 25% per year 2031–2034 (planning assumption)
Buildings, foundations, tanks, process-equipment demolition, mill decontamination, property fence	3,958,805	50% in construction year 1, 100% at mechanical completion (2029)
Roads	87,348	Construction years 1–2
Impoundments: SW-A, SW-B, SW-C, DSTSF seepage pond, PC-04	753,013	Construction years 1–2

SRCE account	Direct ($)	Liability driver (Section 4)
Yards and plant-area disturbance, plant channels, land-bridge excavations	1,336,490	Construction years 1–2
Monitoring wells: plugging and abandonment of 55 wells; repairs over 100 years	328,489	80% at issuance (existing network); 100% by first ore
Waste disposal: used oils and fluids, hazardous and solid waste	116,259	From first operations
Miscellaneous linear facilities: tailings conveyor, pipelines, on-site powerline	1,940,723	Construction years 1–2
Monitoring: 100-year groundwater and surface-water sampling and analysis; 12-year reclamation performance; reporting	3,865,851	100% from construction start
Reclamation maintenance: cover repair (5%) and reseeding (10%)	866,143	Proportional to waste rock and DSTSF liability in place
Mobilization / demobilization	644,762	100% from construction start
Construction management of active reclamation	2,331,441	4.72% of all other direct liability in place (SRCE ratio)
Riprap supply	427,329	Proportional to waste rock, DSTSF and pit liability in place
Subtotal direct	**51,707,185**	
Indirects — engineering 4%; contingency 6%; contractor OH&P 10%; contract administration and procurement 11.93%	16,511,662	Applied to direct liability in place at every date (31.93%)
Total reclamation cost, 2026 dollars	**68,218,847**	

Source: 2026 Financial Assurance Calculation Table 1 and the SRCE workbook 'Acct Codes' and 'FA Schedule' sheets. The waste rock split between existing and new stockpiles, and the composition of each account, are itemised on the Basis sheet of the companion workbook from the SRCE line items.

3.3 Indirect costs

The SRCE carries four indirect categories as percentages of direct cost: engineering, design and construction planning 4 per cent; contingency 6 per cent; contractor overhead and profit 10 per cent; and contract administration and procurement $6,170,225, which is 11.93 per cent of the direct subtotal. The combined loading is 31.93 per cent and is applied to the direct liability in place at every date, so the indirects grow with the disturbance. The contract-administration allowance is the component 43 CFR 3809.554(a) requires for BLM's cost of administering a reclamation contract and 19.10.12.1205.A requires for the State's.

3.4 Dollars, escalation and discounting

All amounts in this plan are 2026 dollars. No net present value discounting is applied: the plan does not ask for the reduction 19.10.12.1205.C would allow, and the amounts are therefore the full undiscounted third-party cost. Escalation is handled by recalculation — each three-year report re-prices the in-place liability in current-year dollars using the indices of the September 2026 calculation (BLS Employment Cost Index for natural resources, construction and maintenance; CPI-U; PPI for mining support activities; PPI for construction machinery), so the posted amount keeps pace with costs rather than relying on a fixed escalation rate. Stated for the record: the escalation rate is the published indices at each recalculation, and the discount rate is zero.

3.5 Tranche 1 — the Existing Conditions Closure Plan

At issuance no new-mining disturbance exists. The liability in place is the site as it stands — the historic stockpiles, the historic tailing facility, the plant site, the monitoring wells — and NMED has already approved the cost of closing it: $5,728,244 (direct $4,582,595; indirect $1,145,649 at 3/5/7/10 per cent), the Existing Conditions Closure Plan SRCE of June 2025, secured by a $5.7M letter of credit in the form NMED has reviewed. 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 the Tranche 1 basis of this plan. On the September 2026 life-of-mine basis the same existing-conditions items (existing stockpiles, existing wells, a share of maintenance, management and riprap) carry $3,476,000 direct, $4,586,000 with indirects — less than the ECCP figure because the ECCP prices the

historic tailing facility and plant site for closure in place, whereas the life-of-mine plan removes the historic tailing into the lined DSTSF and reclaims the plant site after demolition. The ECCP amount is therefore the larger and governs Tranche 1.

4. Liability Drivers from the Mine Plan

Liability is created when ground is disturbed or a facility is built, not when its reclamation is scheduled. The SRCE itself schedules reclamation spending (its 'FA Schedule' sheet places almost all cost in closure Years 14–18 and the monitoring in Years 14–100); this plan uses the same cost items but asks a different question — how much of each facility exists at a given date. The MORP supplies the answer.

4.1 Calendar

MORP Table 4 counts from 'Year 1 = start construction; Year 3 = start operation'. The Master Project Reference puts Notice to Proceed at 31 December 2027 and first ore at 28 February 2030, so MORP Year n is calendar year 2027 + n: construction 2028–2029; operations 2030–2041 (production Years 1–12 of Table 3, with Year 12 a partial year); end of mining and processing in Year 14 (2041); post-operation reclamation Years 14–18 (2041–2045); post-closure monitoring from Year 19 (2046) for 100 years. Permit issuance is taken as Q4 2026.

4.2 Production and disturbance sequence

Table 2. MORP Table 3 production schedule (short tons) and Table 4 build-out, by calendar year

Year	Waste rock mined	Ore processed	Facilities built or opened (MORP Table 4, acres)
2028	—	—	Plant site grading 87; DSTSF CST Phase 1 161; growth-media stockpile 1 29; mill 9; ancillary 10; storage 3; existing stockpiles and haul roads; TSF pond and SW-A
2029	110,000	—	Pit pre-production 83; WRSP-1/2/3 starts 12; haul roads 11; ancillary 19; GM stockpiles 2–3 36; SW-B, SW-C 11; ore stockpile 2; EWRSP-1/-2A/-2B graded, covered and seeded (36 ac)
2030	8,560,000	9,300,000	Pit 66; WRSP-1/2/3 51; GM stockpile 3 11
2031	6,700,000	10,800,000	WRSP-1/2/3 46; DSTSF CST Phase 2 101
2032	6,700,000	10,800,000	Pit 8; WRSP-2/3 33; DSTSF concurrent cover and seed 20
2033	6,700,000	10,800,000	Pit 8; WRSP-2/3 23; DSTSF CST Phase 3 106
2034	6,700,000	10,800,000	WRSP-2/3 20; DSTSF concurrent cover 20
2035	5,924,000	10,025,000	WRSP-3 18; DSTSF CST Phase 4 52
2036	2,491,000	9,900,000	WRSP-3 6; DSTSF concurrent cover 20; WRSP-3 concurrent grading 10
2037	718,000	9,900,000	DSTSF CST Phase 5 67 — build-out complete; WRSP-3 concurrent grading 10
2038	71,000	9,900,000	DSTSF concurrent cover 20; WRSP-3 concurrent grading 10
2039	3,000	9,900,000	DSTSF concurrent cover 20; WRSP-3 concurrent grading 10
2040	1,000	9,900,000	WRSP-2/1 concurrent grading 10
2041	4,000	1,059,000	End of mining and processing; post-operation reclamation begins (96 ac)
2042–2045	—	—	Post-operation reclamation 221 / 249 / 226 / 142 ac — pits, stockpiles, DSTSF, impoundments, plant demolition; reclamation complete 2045 (1,117 ac; 74-ac pit lake not reclaimed)
Total	**44,682,000**	**113,084,000**	**1,191 ac disturbed (Table 2)**

4.3 Driver by account

Each account is scaled by the fraction of its driver that exists at year end (Table 1, right-hand column; Drivers sheet of the workbook). Three choices deserve explanation because they set the shape of the curve.

- **Dry-stack tailings — by lined footprint, not by tonnage.** The DSTSF account ($15.5M) is recognised when each stage's foundation is lined and its stormwater channels built, in the proportions of MORP Table 4 (161, 101, 106, 52 and 67 acres in 2028, 2031, 2033, 2035 and 2037). A lined stage is a facility the State would have to close whether it holds one lift or fifteen; the cover and channel quantities depend on the final footprint rather than on how much tailing is inside. This is the conservative reading. The 487 acres is the MORP Table 4 footprint of the five CST phases, which includes the perimeter channels, berms and the seepage pond area; the lined area itself

is about 411 acres of stack plus the 13.4-acre pond, and the two figures measure different things. The alternative — accrual by tailings tonnage placed — gives a lower liability in the early years and is shown as a sensitivity in Section 9; NMCC asks the agencies which basis they prefer.

- **Waste rock — by tons placed.** The new-stockpile cost ($9.1M) grows with cumulative waste tons from Table 3: 19 per cent by end-2030, 49 per cent by 2032, 91 per cent by 2035, 99.8 per cent by 2037. Cover area and channel length follow the stockpile outslopes, which advance with tonnage.
- **Plant, infrastructure and obligations fixed at construction.** Buildings, tanks and equipment demolition ($4.0M), the conveyor and pipelines ($1.9M), impoundments, yards and roads are recognised 40–70 per cent in the first construction year and in full at mechanical completion. The 100-year monitoring obligation ($3.9M), mobilization ($0.6M) and the post-closure maintenance and management allowances are recognised from construction start, because any reclamation contract let after that date would carry them.

5. In-Place Liability by Year

Table 3 gives the result at each review year; the workbook carries every year 2026–2047. The gross figure is the third-party cost, with the SRCE indirects, of reclaiming what exists at that date — before any credit for reclamation performed.

Table 3. Direct and gross in-place liability at year end, 2026 dollars ($ million)

Account	2028	2029	2032	2035	2038	2041	2044	2047
Waste rock — existing	2.93	2.93	2.93	2.93	2.93	2.93	2.93	2.93
Waste rock — new WRSP-1/2/3	0.00	0.02	4.51	8.46	9.13	9.14	9.14	9.14
Site disturbance (WRD account)	0.26	0.43	0.43	0.43	0.43	0.43	0.43	0.43
DSTSF	5.11	5.11	8.32	13.34	15.47	15.47	15.47	15.47
Open pit	0.00	2.81	5.32	5.59	5.59	5.59	5.59	5.59
Pit rapid fill	0.00	0.00	0.75	1.49	1.49	1.49	1.49	1.49
Buildings and demolition	1.98	3.96	3.96	3.96	3.96	3.96	3.96	3.96
Linear facilities	0.78	1.94	1.94	1.94	1.94	1.94	1.94	1.94
Impoundments	0.45	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Yards	0.94	1.34	1.34	1.34	1.34	1.34	1.34	1.34
Roads	0.05	0.09	0.09	0.09	0.09	0.09	0.09	0.09
Wells	0.26	0.33	0.33	0.33	0.33	0.33	0.33	0.33
Waste disposal	0.00	0.12	0.12	0.12	0.12	0.12	0.12	0.12
Monitoring (100-yr)	3.87	3.87	3.87	3.87	3.87	3.87	3.87	3.87
Reclamation maintenance	0.26	0.26	0.50	0.78	0.87	0.87	0.87	0.87
Mobilization	0.64	0.64	0.64	0.64	0.64	0.64	0.64	0.64
Construction management	0.83	1.17	1.70	2.19	2.33	2.33	2.33	2.33
Riprap supply	0.11	0.14	0.27	0.39	0.43	0.43	0.43	0.43
Direct liability in place	**18.47**	**25.92**	**37.77**	**48.65**	**51.71**	**51.71**	**51.71**	**51.71**
Indirects at 31.93%	5.90	8.28	12.06	15.53	16.51	16.51	16.51	16.51
Gross in-place liability	**24.37**	**34.19**	**49.84**	**64.18**	**68.22**	**68.22**	**68.22**	**68.22**
Share of full life-of-mine cost	36%	50%	73%	94%	100%	100%	100%	100%

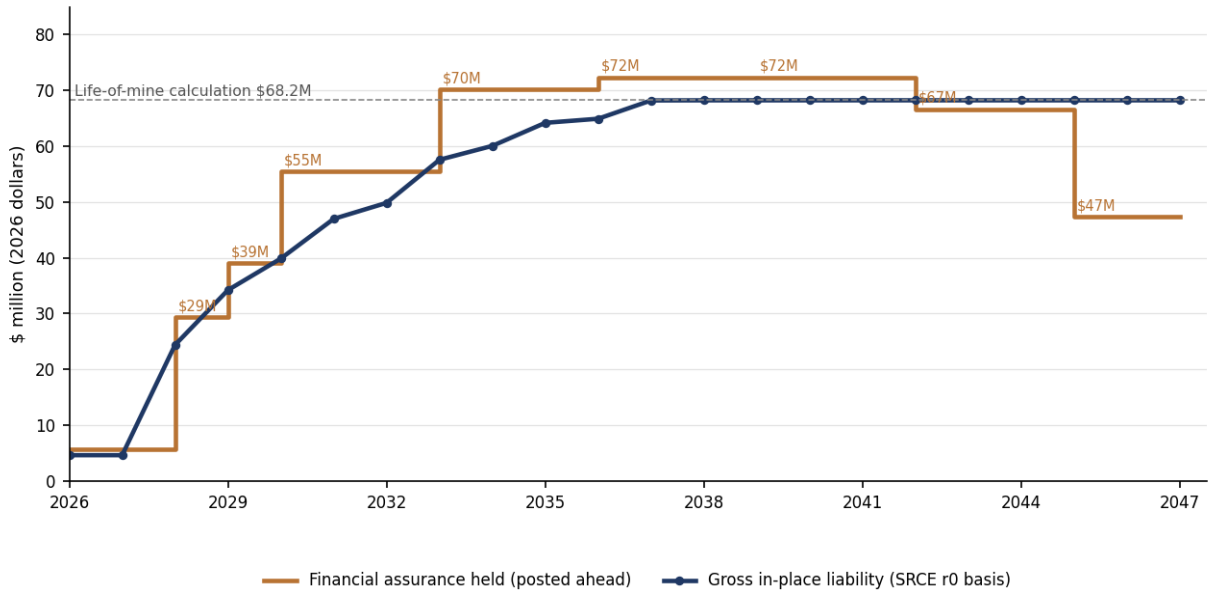


Figure 1. Gross in-place liability (navy) and financial assurance held (copper), 2026–2047, 2026 dollars. Assurance is posted ahead of the liability it covers and is reduced only at a review on verified reclamation.

The liability reaches $34.2M at the end of construction, $49.8M at the first operating review, $64.2M at the second and the full $68.2M once the last DSTSF stage is lined in 2037. It then stays at the full amount until reclamation is performed and verified: the credit mechanism in Section 8, not the passage of time, brings it down.

6. The Three-Year Review Cycle

6.1 Anchor and dates

Reviews run every three years from the date of permit issuance (Q4 2026): the first recalculation falls three years from issuance, at the end of 2029, and is timed to first ore in the first quarter of 2030 (Review 0 in Table 4); the cycle continues in 2032, 2035, 2038, 2041, 2044 and 2047. The anchor is the permit date rather than first ore so that the construction period, when liability grows fastest, is inside the cycle and so that the first recalculation certifies the as-built site before operations begin. The three-year interval is chosen because it is short enough that the posted amount never lags the disturbance by more than one review (Section 7 posts ahead of the next review), long enough that each recalculation reflects a material change in the site, and consistent with BLM's periodic review under 43 CFR 3809.552(b) and its annual certification of bond adequacy. It is decoupled from the five-year MORP renewal and from the renewal cycles of NMCC's other permits, so that a recalculation does not by itself re-open any of them; NMMMD reviews the assurance in any event when a permit is revised (19.10.12.1206.D).

6.2 What each recalculation contains

Each report is prepared by or under the supervision of a New Mexico-licensed professional engineer and contains:

1. **As-built disturbance.** A survey and GIS record of every facility in place at the review date — stockpile tonnage and outslope area, DSTSF stages lined and lifts placed, pit perimeter and depth, buildings and infrastructure — compared with the MORP sequence.
2. **Re-priced unit costs.** The SRCE unit rates escalated to current-year dollars with the indices of Section 3.4, and any quote-based items (ACB, revegetation, well plugging, laboratory) re-quoted if older than three years.
3. **Gross in-place liability.** Each SRCE account re-run on the as-built quantities (not the planning fractions of Section 4), with the indirects.
4. **Verified reclamation credit.** The acres at each tier (Section 8) as verified by NMMMD inspection, with the field records.

5. **Required assurance** under the formula of Section 7, the amount to be posted ahead of the next review, and the instrument adjustments to carry it out.
6. **Variances.** Any difference between the as-built liability and the schedule in this plan, with the reason, and an updated projection to the end of mine life.

The draft report is presented to NMMMD, NMED and BLM at a joint pre-submission meeting; the formal submission follows; instruments are adjusted within 60 days of the Director's approval. NMMMD circulates the report to NMED and BLM for comment as it does a financial assurance proposal under 19.10.6.605 NMAC; NMED's determination and BLM's periodic review under 3809.552(b) are intended to be satisfied by the same report.

6.3 Between reviews

- **Annual progress report** by 31 March: disturbance created and acres reclaimed by tier during the year, with GIS data and vegetation monitoring. Informational; no adjustment, except that during construction (2028–2029) it accompanies the annual increment posting of Section 7.2.
- **Material-change notice.** If unit costs escalate more than 20 per cent in any year, if the mine plan changes so that disturbance will exceed the schedule of Table 2 by more than 10 per cent before the next review, or if site conditions change materially, NMCC notifies NMMMD within 30 days and supports a mid-cycle recalculation. The Director retains the authority of 19.10.12.1206.A to require an adjustment at any time.

6.4 Escalation, discount rate and instrument type

Because every review re-prices in current-year dollars, the plan does not depend on an assumed escalation rate. For the record: type of financial assurance — Section 11; discount rate — none applied; escalation — re-pricing at each recalculation by the published indices of Section 3.4.

7. Posting Schedule

7.1 Formula

REQUIRED FA = (GROSS IN-PLACE LIABILITY − LONG-TERM ACCOUNTS) × (1 − VERIFIED CREDIT) + LONG-TERM ACCOUNTS + CONTINGENCY, where the long-term accounts are the 100-year monitoring, reclamation-maintenance and well-closure accounts with their indirects ($6.7M at full build-out), held in full until NMMMD and NMED release because acres reclaimed do not reduce them, and the contingency is the greater of 15 per cent of the net liability and $5 million. The 15 per cent is NMCC's margin above the third-party cost; it sits on top of the 6 per cent contingency inside the SRCE indirects, so the State holds more than the calculated cost of the in-place disturbance at every date. The amount posted is the greater of the required assurance at the review and the required assurance projected at the next review, so that the instrument never falls behind the disturbance between reviews; reductions take effect only at a review, on verified reclamation.

7.2 Schedule

Table 4. Tranches and reviews — gross liability, credit, required and posted assurance, 2026 dollars

Milestone	Posting date	Gross liability at end of period covered	Long-term accounts held in full	Projected credit (verified at review)	Net liability	Required	Posted (ahead)	Covers
Tranche 1 — permit issuance	Q4 2026	$5.73M (ECCP)	—	—	$5.73M	$5.7M	$5.7M	Existing conditions
Tranche 2 — before Notice to Proceed	Dec 2027	$24.4M	$5.8M	0.0%	$24.4M	$29.4M	$29M	Construction year 1 (end-2028)
Tranche 3 — before construction year 2	Dec 2028	$34.2M	$5.9M	1.0%	$33.9M	$39.0M	$39M	End of construction (end-2029)

Milestone	Posting date	Gross liability at end of period covered	Long-term accounts held in full	Projected credit (verified at review)	Net liability	Required	Posted (ahead)	Covers
Tranche 4 — first ore (Review 0)	Q1 2030	$34.2M	$5.9M	1.0%	$33.9M	$39.0M	$55M	Through Review 1 (2032)
Review 1 — operations year 3	Q4 2032	$49.8M	$6.2M	3.8%	$48.2M	$55.4M	$70M	Through 2035
Review 2 — operations year 6	**Q4 2035**	**$64.2M**	**$6.6M**	**5.6%**	**$61.0M**	**$70.1M**	**$72M**	**Through 2038**
Review 3 — operations year 9	Q4 2038	$68.2M	$6.7M	8.7%	$62.9M	$72.3M	$72M	Through 2041
Review 4 — end of operations	Q4 2041	$68.2M	$6.7M	16.7%	$57.9M	$66.6M	$67M	Through 2044
Review 5 — closure execution	Q4 2044	$68.2M	$6.7M	43.9%	$41.2M	$47.4M	$47M	Through 2047
Review 6 — post-closure transition	Q4 2047	$68.2M	$6.7M	91.4%	$12.0M	$17.0M	$17M	Post-closure transition
Post-closure instrument	At Review 6 (Q4 2047)	$6.7M	$6.7M	—	$6.7M	$7.7M	≈ $8M	100-yr monitoring, maintenance, well closure (period from 2046)

Posted amounts are cumulative totals held, not additions. Tranche 1 is carried into Tranche 2. The construction tranches are posted before the year they cover, so their gross liability and credit are the projected position at the end of that year; credit is counted only once NMMMD has verified it at a review. Rounded to the nearest $1M; the workbook carries the unrounded figures.

7.3 The tranches, one by one

Tranche 1 — $5.7M at permit issuance. The ECCP SRCE and its letter of credit (Section 3.5). NMCC asks NMMMD to recognise it as the first increment under 19.10.12.1202.A(2) and the financial assurance condition precedent to issuance; NMED holds it; BLM's participation begins at Tranche 2.

Tranche 2 — $29M before Notice to Proceed (December 2027). Covers the liability created in the first construction year: plant-site grading and half the building demolition cost, DSTSF Stage 1 (161 acres lined, with its channels), the TSF pond and SW-A, the first growth-media stockpile, the conveyor and pipelines as built, and the monitoring, mobilization, maintenance and management obligations that attach once the first facility exists. Gross $24.4M; no credit yet; contingency at the $5M floor. Supported by a PE letter certifying the construction scope, filed with the NTP notification.

Tranche 3 — $39M before construction year 2 (December 2028). Covers the end-of-construction position: pit pre-production stripping (83 acres), the first lifts of WRSP-1/2/3, the remaining plant and infrastructure, SW-B and SW-C. Gross $34.2M. NMCC has committed to NMED to close EWRSP-1 and EWRSP-2B, and to reclaim the Grayback-facing slopes of EWRSP-4, during start-up; MORP Table 4 carries that work as 36 acres (EWRSP-1, EWRSP-2B and the relocated portion of EWRSP-2A) graded, covered and seeded in 2029, and those acres earn Tier 1 credit of 1.0% once verified. Annual increments during construction follow 43 CFR 3809.553(b).

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 WRSP tonnage rises to 49 per cent of life-of-mine and DSTSF Stage 2 is lined — are covered in advance.

Review 1 — $70M (Q4 2032). Gross $49.8M; the 36 acres of existing stockpiles reach Tier 3 and the first 20 acres of DSTSF concurrent cover reach Tier 1, for a credit of 3.8%; posted to the Review 2 projection.

Review 2 — $72M (Q4 2035). Gross $64.2M with Stage 4 lined, waste placement at 91 per cent and the pit rapid-fill obligation in full; credit 5.6%; posted to the Review 3 projection — the peak of the program.

Review 3 — $72M (Q4 2038). Full build-out: gross $68.2M, credit 8.7% from DSTSF and WRSP-3 concurrent work. The posted amount at Reviews 2 and 3 exceeds the $68.2M life-of-mine calculation because of the contingency margin; those are the only postings that do.

Review 4 — $67M (Q4 2041). Mining ends; post-operation reclamation begins. Credit 16.7% as the concurrent work of 2036–2038 reaches Tier 3.

Review 5 — $47M (Q4 2044). Three of the five post-operation reclamation years complete: 696 acres at Tier 1/2 and 282 at Tier 3; credit 43.9%.

Review 6 — $17M (Q4 2047) and the post-closure instrument. Reclamation complete in 2045; by 2047, 978 acres are at Tier 3 and 142 at Tier 1/2; the remaining obligation is the 100-year monitoring, cover and revegetation maintenance, and well closure and repair — $6.7M with indirects, $7.7M with contingency — which transitions to a long-term instrument of about $8M held until NMMMD and NMED release (Section 11). Release of the earlier instruments for completed reclamation follows 19.10.12.1210.

8. Verified-Reclamation Credit

8.1 Tiers

Table 5. Verification tiers and credit weights

Tier	Standard	Credit weight	Typical timing
1	Grading and cover placement complete to the MRCP specifications (36-in cover; 3H:1V outslopes; 1–5% top surfaces), verified by NMMMD field inspection against as-built survey and cover-thickness QA records	30%	Within one year of bench or stage completion
2	Seeded and mulched; first growing season complete	30% (holds Tier 1)	Year after Tier 1
3	Vegetation success verified by NMMMD under 19.10.6.603.G NMAC (90% of reference cover at 90% confidence)	100%	Three growing seasons after Tier 1
4	NMMMD partial release letter under 19.10.12.1210; facility or zone fully closed	100% — release of the zone	Years 4–6 after Tier 1

Credit = (0.30 × Tier 1/2 acres + 1.00 × Tier 3/4 acres) ÷ 1,117 reclaimable acres, applied to the gross in-place liability less the long-term accounts (Section 7.1). The denominator is the 1,191-acre disturbed area of MORP Table 2 less the 74-acre pit lake, which is not reclaimed (MORP Table 5), so that full verified reclamation earns full credit on the reclamation accounts while the monitoring, maintenance and well accounts stay in place regardless. Only NMMMD-verified acres count; NMCC cannot reduce the amount unilaterally. The 30 per cent weight at Tier 1 is deliberately below the share of per-acre cost that regrading and cover represent (the earthwork is the expensive part — on the SRCE, growth-media placement alone is $12.0M of the $17.1M earthworks-and-revegetation subtotal), so the State continues to hold 70 per cent of a Tier 1 area's liability plus contingency until vegetation success is confirmed. If a Tier 1 or 2 area is re-disturbed or needs cover rework, its credit is removed at the next recalculation and the posted amount rises accordingly.

8.2 Base case — the MORP reclamation sequence

The credits in Table 4 use the reclamation sequence as permitted in MORP Table 4, not NMCC's internal targets: 36 acres of existing stockpiles in 2029; 20 acres of DSTSF concurrent cover in each of 2032, 2034, 2036, 2038 and 2039; 10 acres a year of WRSP-3 concurrent grading in 2036–2039 and WRSP-2/1 in 2040; and post-operation reclamation of 96, 221, 249, 226 and 142 acres in 2041–2045. Tier 3 is assumed three growing seasons after Tier 1 and only on verification. NMCC's operating target of 240–280 acres reclaimed by operations Year 12 would raise the credits at Reviews 3 and 4; it is not counted here and would earn credit only when verified.

Table 6. Acres by tier at each review and resulting credit (base case)

Review	Tier 1 acres in period	Cumulative Tier 1+	At Tier 3/4	At Tier 1/2	Weighted acres	Credit
2029	36	36	0	36	10.8	1.0%
2032	20	56	36	20	42.0	3.8%
2035	20	76	56	20	62.0	5.6%
2038	70	146	76	70	97.0	8.7%
2041	136	282	146	136	186.8	16.7%
2044	696	978	282	696	490.8	43.9%
2047	142	1120	978	142	1020.6	91.4%

Tier 1 acres in period = acres graded, covered and seeded in the three years ending at the review. Cumulative total of 1,120 acres reflects MORP Table 4 line items; Table 5 of the MORP gives 1,117 acres reclaimed after rounding, and 1,117 is the credit denominator, so the credit is capped at 100 percent.

9. Sensitivities

Three cases bound the schedule; all are in the workbook's Reviews sheet.

Table 7. Required assurance under alternative assumptions ($ million, 2026 dollars)

Review	Base case (Table 4, required at date)	No verified reclamation credit	DSTSF by tailings tonnage	Base case, 20% cost escalation	Base case, no contingency
Tranche 2 — before Notice to Proceed	$29M	$29M	$23M	$35M	$24M
Tranche 3 — before construction year 2	$39M	$39M	$32M	$47M	$34M
Review 1 — operations year 3	$55M	$57M	$49M	$67M	$48M
Review 2 — operations year 6	$70M	$74M	$63M	$84M	$61M
Review 3 — operations year 9	$72M	$78M	$68M	$87M	$63M
Review 4 — end of operations	$67M	$78M	$67M	$80M	$58M
Review 5 — closure execution	$47M	$78M	$47M	$57M	$41M
Review 6 — post-closure transition	$17M	$78M	$17M	$20M	$12M

- **No credit.** If no reclamation were verified before closure, the required assurance would rise to $78M at full build-out and stay there until post-operation reclamation is verified. The difference between this column and the base case is the whole value of the credit mechanism to NMCC — and the measure of what the State is being asked to recognise.
- **DSTSF by tonnage.** Accruing the DSTSF with tailings placed rather than with footprint lined lowers the early postings (Tranche 3 $32M rather than $39M; Review 1 $49M rather than $55M) and converges on the base case at full build-out. This plan proposes the footprint basis as the more defensible one and asks the agencies to confirm.
- **Escalation.** A 20 per cent cost increase at any review raises the required amount by the same proportion; the recalculation captures it. The no-contingency column shows the bare net third-party cost for comparison.

10. Agency Roles

The plan is designed so that one calculation and one report serve three agencies, each acting under its own authority:

- **NMMMD** approves the financial assurance proposal and each recalculation under 19.10.12 NMAC, sets the schedule under 19.10.12.1206.A, verifies reclamation tiers by inspection, and acts on reductions and releases. NMMMD circulates the plan and each report to NMED and BLM for comment.
- **NMED** holds the assurance jointly with NMMMD under the Water Quality Act, confirms that the closure and post-closure water-quality elements — the Post-Operations Water Management Plan, the 100-year monitoring, the seepage-pond and impoundment closures, the start-up reclamation of the existing stockpiles — are costed in each recalculation, and issues its determination. NMED's approval of the complete program before new-mining disturbance is sought in parallel with the Division's.
- **BLM** reviews the federal-land portion under 43 CFR 3809.552–3809.554 on the same SRCE basis and the same cycle, with the construction increments reviewed annually under 3809.553(b). NMCC requests that BLM accept the joint PE report as its periodic review and that the instruments for the federal-land portion be structured so that one estimate is not bonded twice (19.10.12.1205.A(3)).

NMCC proposes a joint working session on this plan after the agencies' written comments, and that the agreed method be recorded in a short memorandum among the agencies or in the permit conditions of Section 12, so that each later recalculation is a matter of applying an agreed procedure rather than reopening it.

11. Instruments — Outline

Instrument selection is a separate step and is not the subject of this submission. For completeness: 19.10.12.1203 NMAC allows cash, trusts, surety bonds, letters of credit, collateral bonds, third-party guarantees, insurance or a combination, and prohibits self-guarantee; 43 CFR 3809.555 allows surety bonds, cash, irrevocable letters of credit, certificates of deposit, trust-held securities and insurance. NMCC's working intention is a letter of credit for Tranche 1 (in the form NMED has reviewed), surety bonds with incremental riders for the construction and operating tranches, a long-term instrument of about $8M for the post-closure period, and a reclamation trust funded from operating cash flow as a supplement that offsets surety capacity on a trustee-certified balance. Each instrument will name the agencies as the rules require and will carry the adjustment mechanics of Section 7.

12. Proposed Permit Conditions

Offered for NMMMD's consideration as conditions of the amended MORP, and for NMED's consideration under the Water Quality Act.

Condition FA-1 — Financial Assurance Recalculation, Three-Year Cycle. NMCC shall, every three (3) years from the date of permit issuance and not less than ninety (90) days before each anniversary, submit to the Director a Financial Assurance Recalculation Report prepared by or under the supervision of a professional engineer licensed in New Mexico, calculating (a) the gross cost in current-year dollars for a third-party contractor to complete all remaining reclamation under the approved MRCP for the disturbance in place at the recalculation date, on the basis of the September 2026 SRCE calculation or its approved successor, including the indirect costs of that calculation; (b) a tier-weighted credit equal to [0.30 × acres verified by NMMMD as complete to Tier 1 or Tier 2 + 1.00 × acres verified as meeting the revegetation success standard of 19.10.6.603.G NMAC or released under 19.10.12.1210 NMAC] ÷ 1,117 reclaimable acres (the permitted disturbed area less the pit lake), applied to (a) less the monitoring, reclamation-maintenance and well-closure accounts, which shall be held in full until released; with credit removed for any area re-disturbed or requiring cover rework; and (c) a contingency of the greater of fifteen per cent (15%) of the net amount and five million dollars ($5,000,000). The amount to be held until the next recalculation shall be the greater of the amount so calculated and the amount projected for the next recalculation date. The report shall be provided to NMED and BLM. Instruments shall be adjusted within sixty (60) days of the Director's approval. The Director may require additional financial assurance at any time.

Condition FA-2 — Annual Progress Report and Material Change. By 31 March each year NMCC shall report disturbance created and acres reclaimed by verification tier in the preceding year, with GIS data and vegetation monitoring results. NMCC shall notify the Director within thirty (30) days if unit costs escalate more than twenty per cent (20%) in a year, if disturbance will exceed the approved sequence by more than ten per cent (10%) before the next recalculation, or if site conditions change materially, and shall support a mid-cycle recalculation.

Condition FA-3 — Incremental Posting. The $5.7M letter of credit calculated on the NMED-accepted Existing Conditions Closure Plan SRCE ($5,728,244), is the first increment of financial assurance under 19.10.12.1202.A(2) NMAC and satisfies the requirement at permit issuance; it shall be carried into the operating-mine assurance and not released. NMCC shall post financial assurance totalling not less than $29M (2026 dollars, as re-priced) not later than thirty (30) days before Notice to Proceed, not less than $39M before the second construction year, and not less than $55M at commencement of ore processing, each supported by a professional engineer's certification of the liability in place and projected to the next recalculation. No disturbance shall be created beyond that covered by the assurance then held.

13. Crosswalk — Where Each Requirement Is Met

Table 8. NMED (Water Quality Act and Copper Mine Rule) requirements

Requirement	What it asks	Where the plan meets it
20.6.2.3107 NMAC	Joint financial assurance with NMED and NMMMD for closure and post-closure	§6.2 joint report and determination; §10; §11 instruments name both agencies

Requirement	What it asks	Where the plan meets it
Program approval	Complete financial assurance program — cost basis, schedule, recalculation method, credit rules, instrument type, discount and escalation treatment — before new-mining disturbance	§1 program approach; §3.4 no discounting, index re-pricing; §6.4 parameters; §7 schedule; §11 type; FA-3 no disturbance beyond assurance held
Post-closure monitoring	Financial assurance to provide at least 100 years of post-closure water-quality monitoring	Monitoring account $3,865,851 in full from 2028 (§4.3); post-closure instrument §7.3
20.6.7.35 NMAC	Post-closure reporting, maintenance, contingency for deficiencies	Reclamation maintenance and well-repair accounts; §7.3 post-closure instrument held until release
Existing conditions	NMED-accepted closure of the existing site, $5,728,244 by letter of credit; carried into the overall assurance on commencement of mining	§3.5; §7.3 Tranche 1; FA-3
Start-up reclamation	EWRSP-1 and EWRSP-2B closed and the Grayback-facing slopes of EWRSP-4 reclaimed during start-up	In Tranche 1/2 scope; Tier 1 credit 2029 (§8.2)
20.6.7.33.H	Closure water management costed to an engineering level as the FA basis	SRCE accounts for pit rapid fill, impoundments, seepage pond; §2.2
20.6.7.34.F–G	Final design/CQA before closure construction; CQA report after	Tier 1 verification uses the CQA/CQC as-built and cover-thickness records (§8.1)

Table 9. BLM (43 CFR 3809) requirements

Requirement	What it asks	Where the plan meets it
3809.552(a)	Guarantee covers third-party reclamation cost incl. interim stabilization and maintenance	SRCE r0 basis (§3); maintenance, monitoring and mobilization recognised from construction start (§4.3)
3809.552(b)	Periodic BLM review and increased coverage when needed	§6 three-year PE report; annual report §6.3; FA-2 material-change notice
3809.552(c)	Long-term funding mechanism for post-mining treatment/maintenance where needed	Post-closure instrument §7.3 / §11; 100-year monitoring account
3809.553	Partial guarantee for an increment; operations not to exceed the increment; annual review of each increment	Construction increments posted annually (Tranches 2–3); FA-3 last sentence
3809.554	Estimate as if BLM hires a contractor after the operator has vacated; include BLM contract administration	SRCE third-party basis; contract administration 11.93% (§3.3)
3809.555	Acceptable instrument forms	§11
19.10.12.1205.A(3)–(4)	State FA not to duplicate federal FA; not less comprehensive than federal	§10 single estimate, coordinated instruments

14. Assumptions for Confirmation

The following are NMCC's planning assumptions in the base case and are flagged so that the agencies can comment on them directly; each is an input on the Drivers or Basis sheet of the workbook.

1. DSTSF liability recognised by lined footprint at stage construction (base case) rather than by tailings tonnage (sensitivity).
2. Pit rapid-fill obligation recognised 25 per cent a year over 2031–2034; the PE recalculation will tie it to the pit floor relative to the water table.
3. Monitoring (100-year), mobilization, maintenance and management allowances recognised in full from construction start.
4. Tier 3 reached three growing seasons after Tier 1; credit only on NMMMD verification.
5. Reclamation sequence as permitted in MORP Table 4; NMCC's accelerated concurrent-reclamation target not credited.
6. Calendar: NTP 31 December 2027; first ore 28 February 2030; end of mining 2041; reclamation complete 2045; post-closure from 2046. Review dates move with the permit date.
7. Indirect loading 31.93 per cent applied to in-place direct liability at every date; 15 per cent / $5M contingency on the net amount.

8. Credit applies to the reclamation accounts only; the monitoring, reclamation-maintenance and well accounts ($6.7M with indirects) are held in full until release. Denominator 1,117 reclaimable acres.
9. Tranche 1 at the NMED-approved $5,728,244, as reproduced by the Tranche 1 calculation (r1, 25 October 2026) and its SRCE workbook provided to NMMMD on 22 October 2026; the June 2025 ECCP output sheets, which total $5,850,744, are superseded by that workbook.

Glossary

ACB — articulated concrete block channel armoring. **CQA/CQC** — construction quality assurance / quality control. **CST** — conventional (dry) stack tailings; 'CST Phase' is the MORP term for a DSTSF construction stage. **DSTSF** — dry stack tailings storage facility (487 ac MORP footprint in five stages; about 411 ac of lined stack plus the 13.4-ac seepage pond). **ECCP** — Existing Conditions Closure Plan, accepted by NMED in September 2025. **EWRSP / WRSP** — existing / new waste rock stockpile. **FA** — financial assurance. **GM stockpile** — growth-media (cover soil) stockpile. **Gross in-place liability** — third-party cost, with indirects, of reclaiming the disturbance that exists at a date. **Long-term accounts** — the 100-year monitoring, reclamation-maintenance and well-closure accounts, held in full until release. **Indirects** — engineering, contingency, contractor overhead and profit, contract administration and procurement, as percentages of direct cost. **LOC** — irrevocable standby letter of credit. **MORP / MRCP** — Mine Operation and Reclamation Plan (SI027RN) / Mine Reclamation and Closure Plan (its Appendix E, WSP, November 2025). **MPR** — NMCC Master Project Reference (schedule of record). **NTP** — Notice to Proceed with construction. **PE** — New Mexico-licensed professional engineer. **SRCE** — Standardized Reclamation Cost Estimator, version 2.0; 'r0' is the September 2026 revision provided to NMMMD. **SW-A/B/C** — impacted stormwater impoundments. **Tier 1–4** — NMCC's reclamation verification tiers (Section 8). **Tranche** — an increment of financial assurance posted at a milestone (19.10.12.1202.A(2) NMAC).