

December 11, 2018

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: Financial Assurance Proposal – Revision 1
Copper Flat Mine
New Mexico Copper Corporation
New Mine Permit S10227RN

Dear Mr. Ennis,

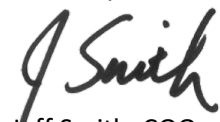
On August 9, 2018, New Mexico Copper Corporation (NMCC) submitted a proposed financial assurance (FA) for the Copper Flat mine project as required by 19.10.6.605.F NMAC and 19.10.12.1201.A NMAC. Since that time NMCC, the New Mexico Mines and Minerals Division (MMD) staff and representatives from the New Mexico Environment Department (NMED) and the US Bureau of Land Management (BLM) have been in discussions to come to an agreement on a FA amount agreeable to all parties. NMCC submits herewith, a revised proposal which reconciles and reflects comments generated during those discussions.

NMCC's revised proposal clarifies and, where appropriate, amends the FA costs to reflect resolution of the points raised and establish a final financial assurance calculation for the proposed Copper Flat Mine. The revised FA amount has been prepared by SRK Consultants (SRK) using the SRCE cost estimation model as was done for the August FA proposal. The revised proposal continues to assume all work will be completed by a third-party contractor operating under Agency oversight and other necessary estimating parameters in compliance with 19.10.12.1205 NMAC.

The revised FA cost totals \$70.6 million in direct and indirect costs (Table 1). Provided with this transmittal is an updated basis of estimate memo, the SRCE model, and backup documentation.

Upon reaching agreement on the cost estimate, NMCC is prepared to discuss a proposed form of financial assurance that conforms to 19.10.12.1203 NMAC. We look forward to finalizing the financial assurance required and received permit approval for our Copper Flat project in the very near future.

Sincerely,



Jeff Smith, COO
New Mexico Copper Corporation

Attachments:

1. Revised Copper Flat Basis of Estimate
2. Revised SRK SRCE Model with Attachments

TABLE 1
Revised Closure Cost Estimate
Summary Level Costs

Facility/Activity Type		Acct Code	Total Cost
			\$
1	WRD		12,415,506
2	Tailings Storage Facility		18,324,109
3	TSF Draindown Management		4,393,641
4	Buildings		2,155,521
5	Pits		3,742,535
6	Pit Rapid Fill		446,337
7	Roads		68,883
8	Impoundments		449,818
9	Yards		1,351,451
10	Wells		308,940
11	Waste Disposal		122,731
12	Miscellaneous Linear Facilities		254,714
13	Monitoring		3,895,257
14	Reclamation Maintenance		911,344
15	Mob/demob		649,137
16	Construction Management		3,621,192
17	Riprap Supply		454,219
		TOTALS	53,565,335
Engineering, Design and Construction Plan			2,142,613
Contingency			3,213,920
Contractor OH and Profit			5,356,534
Contract Administration			6,323,636
		TOTAL COST	70,602,038