



**NEW
MEXICO
COPPER
CORPORATION**

**NEW MEXICO LEGISLATURE
ECONOMIC AND RURAL DEVELOPMENT COMMITTEE
July 13, 2016**

The Copper Flat Mine | Sierra County New Mexico



themacresourcesgroup.com

COPPER FLAT PROJECT

INTRODUCTION



- ✦ New Mexico Copper Corporation's Copper Flat Project is an open pit copper mining project in Sierra County, New Mexico. The Project is 4 miles northeast of Hillsboro and 20 miles southwest of Truth or Consequences.
- ✦ Mining in the Copper Flat area dates to 1877. Remnants of underground lode and surface placer mining from the late-1800s is found in the project area and the project land position is anchored by several patented mining claims.
- ✦ The Project is based on a copper-molybdenum-gold-silver porphyry deposit. The mineable reserve:
 - 670,000,000 lbs copper;
 - 20,000,000 lbs molybdenum;
 - 300,000 oz gold;
 - 7,200,000 oz silver.
- ✦ A large open pit copper mine was constructed at Copper Flat in 1982. That mine shutdown due to economic recession in 1983. The New Mexico Copper Project is similar to the 1980 operation and incorporates much of the infrastructure that was left in place.
- ✦ New Mexico Copper Corporation is engaged in restarting and operating the mine; a project feasibility study has been completed and current activities are focused on permitting at the federal and state levels.

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PROJECT OWNERSHIP



- ✦ New Mexico Copper Corporation (NMCC) owns the project assets and is responsible for project permits and required operating activities. NMCC was organized as a New Mexico Domestic Profit Corporation in 2010 to acquire and develop the Copper Flat Mine. NMCC is headquartered in Albuquerque, NM.
- ✦ NMCC is a wholly-owned subsidiary of THEMAC Resources Group Ltd. (THEMAC), a Canadian-listed (TSXV:MAC) natural resource company. THEMAC acquired 100% of NMCC and the project assets in May 2011.
- ✦ The majority shareholder (85%) of THEMAC Resources is the Tulla Group Pty (Tulla), the Australian-owned investment group of the Maloney family based in Sydney, Australia. Tulla has a number of other mining and natural resources investments in addition to THEMAC such as Norseman Gold; Australia's longest continuously running gold production and exploration company; and Altona Mining Ltd, an Australian based copper miner.
- ✦ Tulla is fully funding the Copper Flat Project. To date, Tulla has invested \$55 million in the project and is fully committed to ensuring the success of the Project.

COPPER FLAT PROJECT

STRONG PROJECT FUNDAMENTALS



Location in Established Mining Region with Supporting Infrastructure

Well-Defined Resource:
670 million lbs Copper
300,000 oz Gold
7.2 million oz Silver

Existing Development
Valued at
\$55 million

Major Environmental
Baseline Studies Complete



Completed Feasibility
Level
Designs, Budget,
Production, and Project
Economics

Proven
Flowsheet & Production
Cost Profile

12 Year
Production Profile

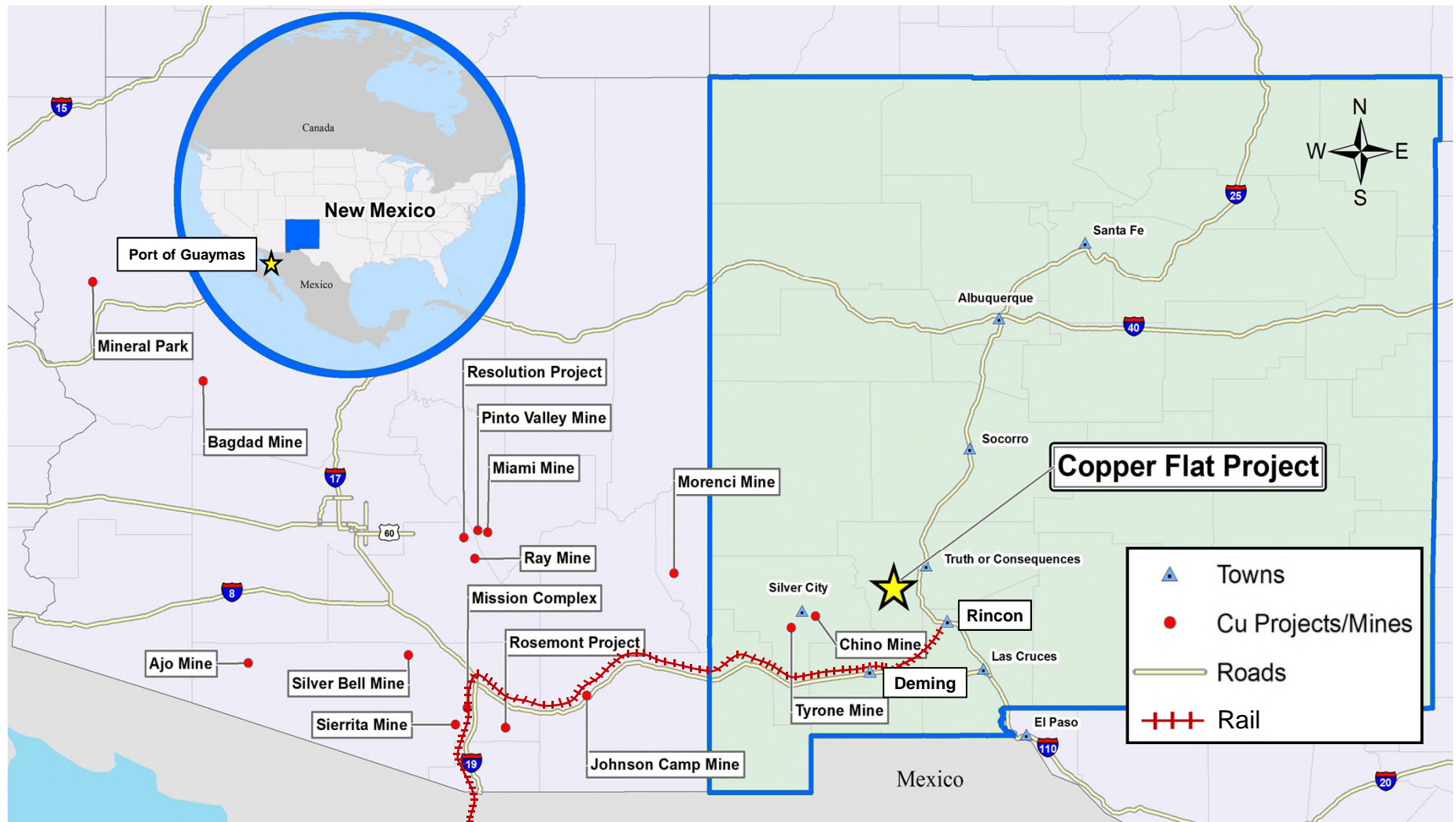
**Current Focus is Water,
EIS, State Permits.**

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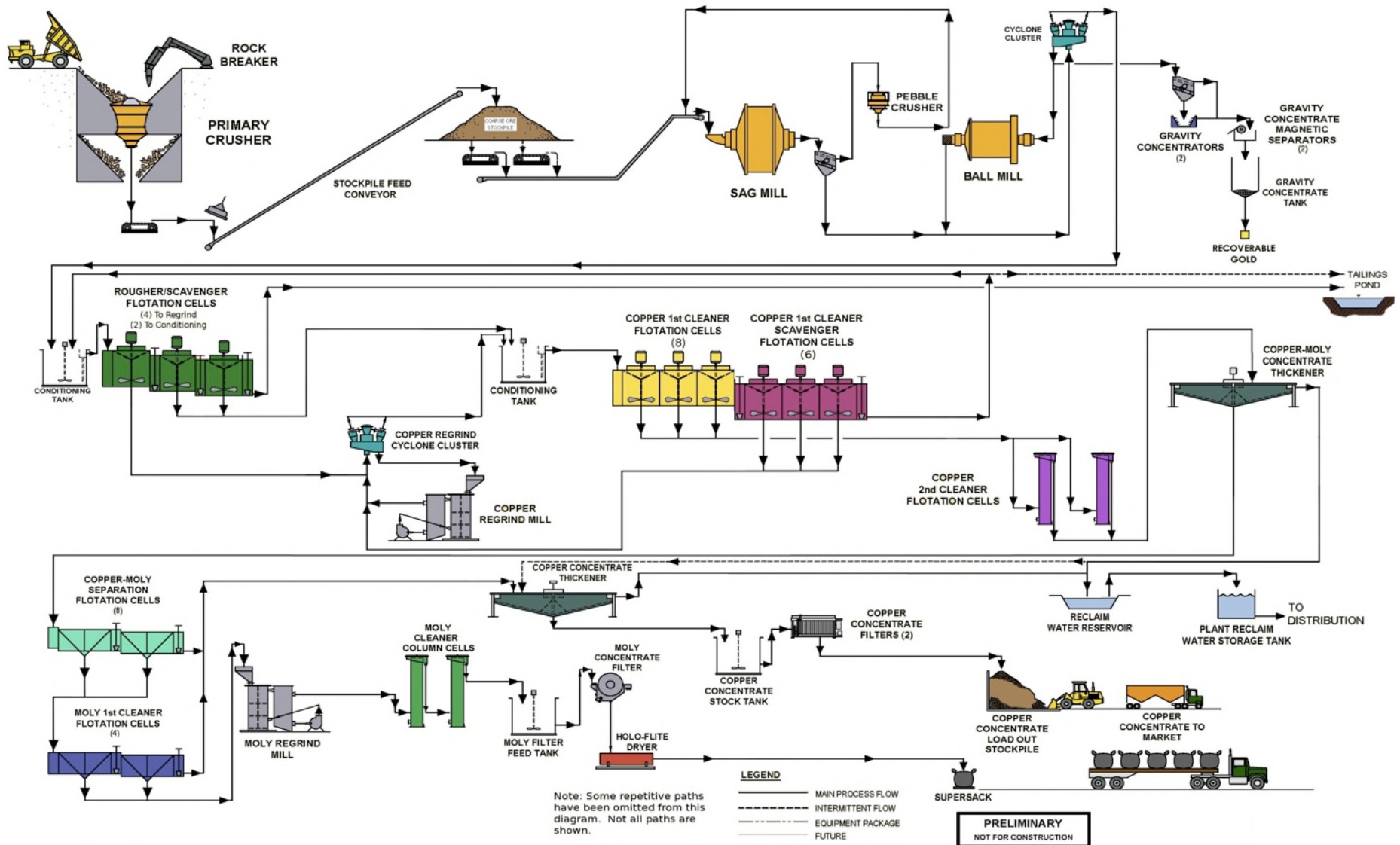
LOCATION



Located in one of the world's most prolific copper mining regions



COPPER FLAT PROJECT PROCESSING FLOWSHEET



COPPER FLAT PROJECT

KEY INFRASTRUCTURE IN PLACE



Roads

I-25; I-10; I-40; State Highway 152; well maintained access road to mine site.

Rail

Existing lines N-S; E-W and established sidings at Hatch, Rincon, Las Cruces, Deming.

Power

12 miles of existing dedicated 115 kv power lines terminating at the mine substation

Water

4 existing production wells and 8 miles of existing freshwater pipeline to mine site

Services and Accommodations:

- ★ Hillsboro; Truth or Consequences; Hatch; Las Cruces; Deming; Silver City

Port

Guaymas is the fastest growing seaport in Mexico, located 400 miles (640 km) from the Copper Flat site



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\$54M IN EXISTING DEVELOPMENT FROM PAST OPERATION



- ✦ Nearly 2 Mt of pre-stripping exposing high grade copper sulphides ore at surface
- ✦ Concrete foundations to be utilized for major structures
- ✦ Original access, mine haul and services roads are suitable for reuse
- ✦ Conveyor tunnels for crusher discharge and course ore stockpile reclaim
- ✦ Major water diversion channel exists around the mine site
- ✦ General earthworks including mill site and mine shop grading



COPPER FLAT PROJECT CONCENTRATOR FOUNDATION



COPPER FLAT PROJECT

COARSE ORE RECLAIM TUNNEL

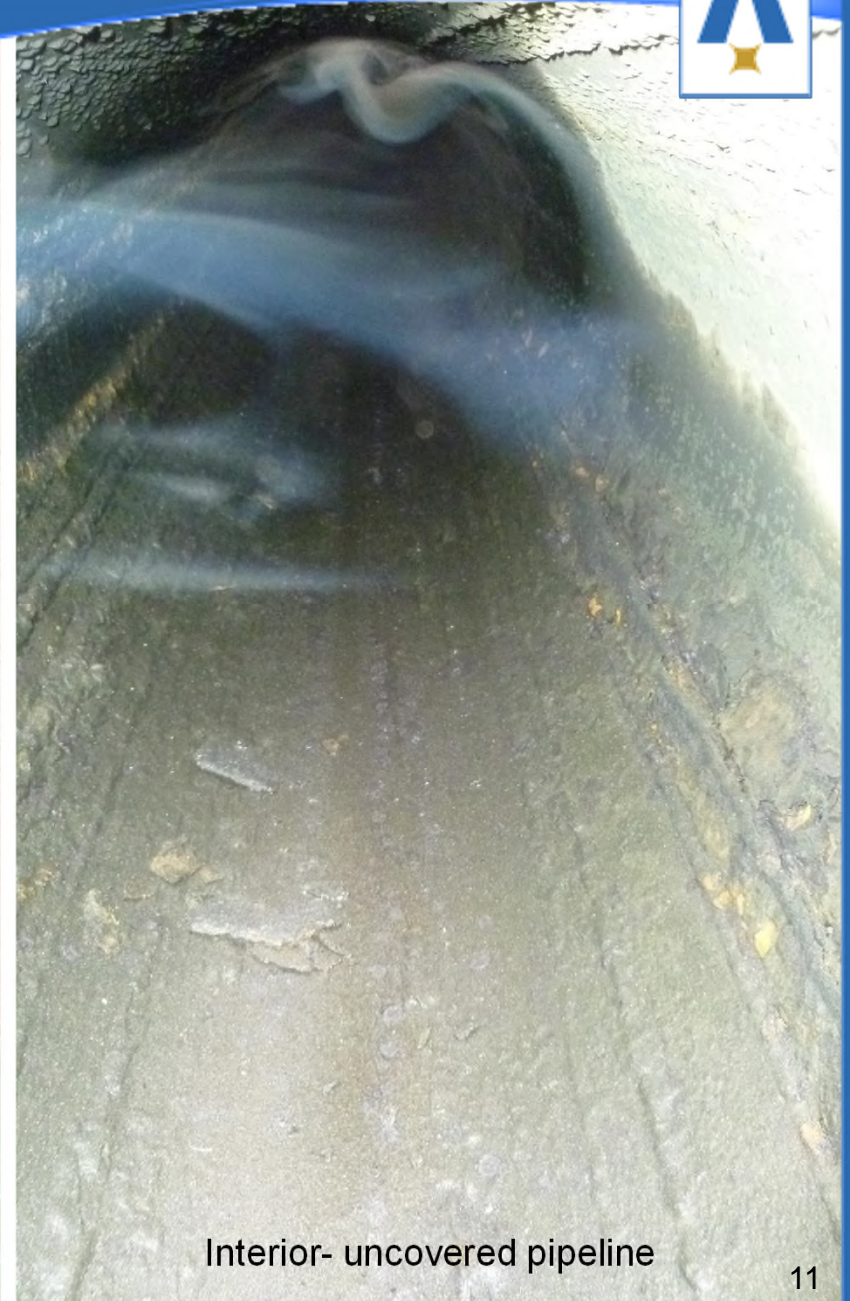


COPPER FLAT PROJECT

FRESH WATER PIPELINE



Exterior- uncovered pipeline



Interior- uncovered pipeline

COPPER FLAT PROJECT POST OPERATION RECLAMATION



Plans for reclamation are required by the New Mexico Mining and Minerals Division prior to consideration of a New Mine Permit

We will reclaim disturbed areas to federal and state requirements and return land to approved post-mining land uses

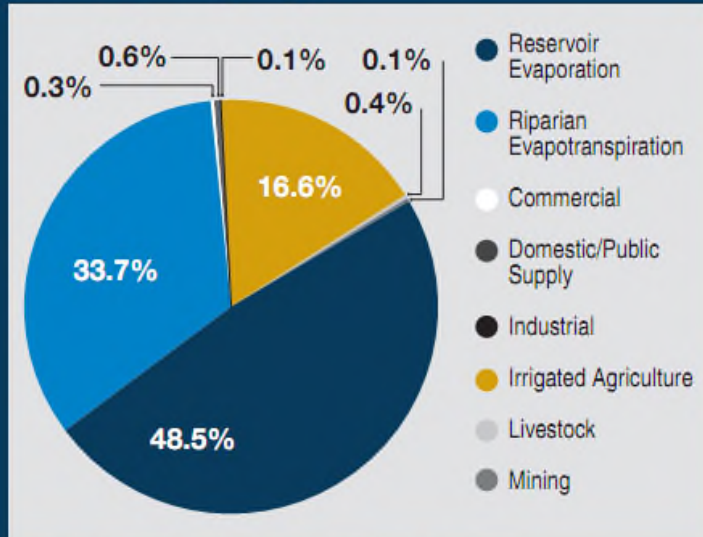
The current reclamation estimate is \$44.1 million. The Company will provide financial assurance for reclamation before construction

COPPER FLAT PROJECT

WATER USE



2000 OSE Water Use and Riparian Evapotranspiration for Socorro-Sierra Water Planning Region



Total Consumptive Use: 467,759 ac-ft



Major Water Balance Additions

- Storm Water
- Pit Dewatering
- Ore Moisture Content
- Well Supply



Major Water Balance Deductions

- Evaporation
- Water Retained by Tailings
- Water Retained by Mineral Concentrates
- Dust Control on Roads

Water Balance

Water is essential to mining. It is used for drilling rock, ore processing, dust suppression and other mine activities. THEMAC knows that water is a limited resource in New Mexico and will implement best management practices to monitor water use and employ conservation at Copper Flat. In fact, more than 70 percent of the water used at the mine will be recycled.

Water used at the Copper Flat mine will come from several sources including the Company's groundwater wells, pit dewatering, and captured storm water. Nearly 10% of fresh water requirements will be supplied from sources other than the groundwater wells.

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WATER CONSERVATION



Water Recycling

The largest source of water for recycling is reclaimed water from the tailings storage facility. Sources of recycled water at Copper Flat include:

- Reclaimed Water from Tailings Storage Facility (TSF)
- Storm Water Harvesting
- Pit Dewatering
- Return Gray Water to Process Stream
- Concentrate Dewatering



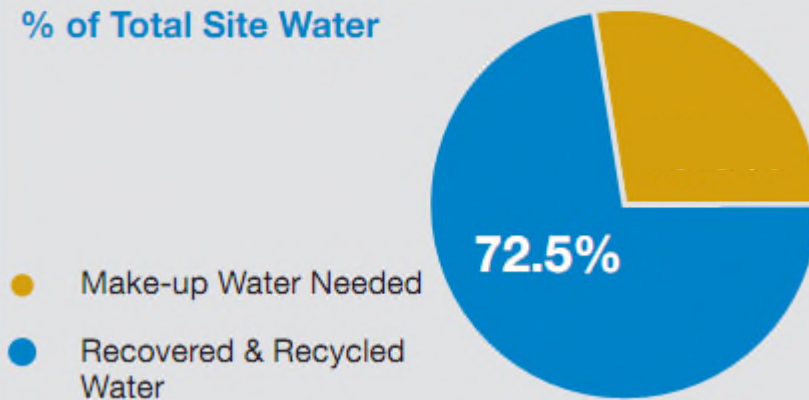
Decreasing Need

Methods we will employ to reduce water loss or decrease water demand include:

- Manage TSF to Minimize Evaporation exposed water surfaces to limit Evaporation
- Limiting Driving Surfaces
- Limiting Surface Disturbance
- Interim Reclamation
- Improved Control of Water Truck Sprays
- Using Water Efficient Fixtures

Water Quantity Recovered & Recycled

% of Total Site Water



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WATER SUPPLY & WATER RIGHTS



- ✦ New Mexico Copper has developed water use calculations for the Copper Flat Mine. Water requirements are driven primarily by the amount of ore processing that will occur. The mine will require a water supply of 6,100 acre feet per year for a 30,000 ton per day operation, the rate shown to be required for economic operation by technical studies.
- ✦ New Mexico Copper has developed a groundwater model to predict pumping impacts. NMOSE hydrologists have reviewed the groundwater model, and New Mexico Copper and NMOSE worked together to finalize a groundwater model that is acceptable to both parties.
- ✦ New Mexico Copper has secured 7,481 acre-ft/yr of declared water rights, which had been established by the 1982 mine owner. This amount is sufficient to operate the mine; however, full use of the declared water rights must be approved for the Project to proceed to production.

COPPER FLAT PROJECT

WATER SUPPLY & WATER RIGHTS



- ✦ At Copper Flat, the 1982 mine owner began beneficial use of water at the Copper Flat Mine; however beneficial use stopped when the mine was suspended in 1982. The declarations have been maintained at NMOSE and New Mexico Copper intends to continue the declared amount and purpose of the water upon the restart of mining operations at Copper Flat. New Mexico Copper believes the conditions required by Mendenhall are met by the proposed restart of Copper Flat Mine.
- ✦ In 2012, The New Mexico Office of the State Engineer (NMOSE) proposed recognition of a perfected water right amount less than what is needed to operate the mine. New Mexico Copper disagreed with the proposed offer and responded with evidence to support adjudication of an additional amount of perfected rights and to allow continued development of the original declared rights under the Mendenhall Doctrine of water rights development.

COPPER FLAT PROJECT

WATER SUPPLY & WATER RIGHTS



- ✦ New Mexico Copper and NMOSE mutually agreed in February 2014 that the District Court has exclusive jurisdiction over determination of the water rights. Subsequently the New Mexico Third Judicial District Court established an Expedited Inter Se proceeding to adjudicate New Mexico Copper's water rights against all parties in the Lower Rio Grande Adjudication. Testimony in the case concluded in June, 2016.
- ✦ In addition to discussions with NMOSE over water rights and the adjudication hearing currently in progress, New Mexico Copper is actively developing plans to offset projected impacts to the Rio Grande River and wells on neighboring properties that may result from pumping the mine wells.

COPPER FLAT PROJECT

FEASIBILITY STUDY

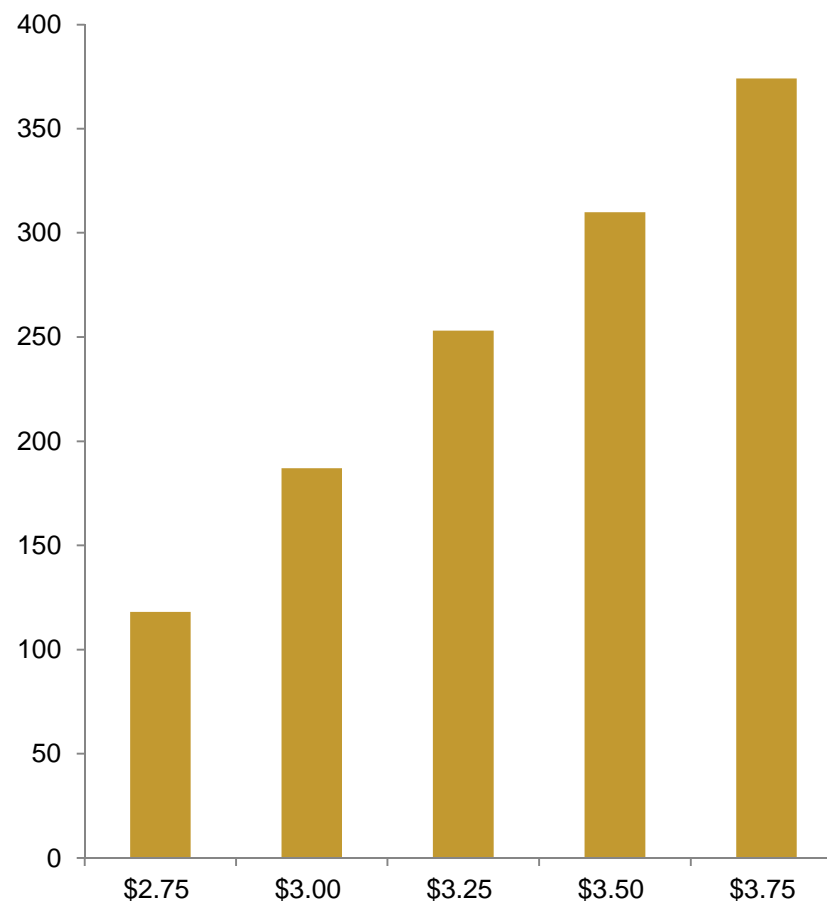


- ✦ Economic assessment provided by M3 Engineering, an industry leader in Feasibility Studies and NI 43-101's
- ✦ Resources and reserves calculated by Independent Mining Company (IMC) under the supervision of IMC President John Marek, P.E., a Qualified Person under NI 43-101
- ✦ Cost estimates for tailings storage facility and associated ponds provided by Golder Associates
- ✦ Guidance for smelting and refining costs provided by Marc Ingelbinck, former VP of Base Metals Concentrates Marketing & Trading at BHP Billiton

Economic Indicators after Taxes¹

| Copper Price (\$/lb) | NPV (\$M) | IRR (%) | Payback (years) |
|----------------------|--------------|--------------|-----------------|
| \$ 2.75 | 118.0 | 15.8% | 4.1 |
| \$ 3.00 | 187.0 | 20.0% | 3.6 |
| \$ 3.25 | 253.0 | 23.8% | 3.3 |
| \$ 3.50 | 318.6 | 27.3% | 3.0 |
| \$ 3.75 | 382.3 | 30.5% | 2.8 |

After Tax NPV at 8% Real Discount Rate (\$M)



(1) Base case price assumptions based on \$3.00/lb Copper, \$9.50/lb Moly, \$1,350/oz Gold, \$22/oz Silver; post private royalty of 3.25%

COPPER FLAT PROJECT

A MAJOR PROJECT FOR NEW MEXICO



- ✦ The Copper Flat Project is a major project in New Mexico with **\$360.5M** to be invested in CAPEX, **1,156** jobs created in the State for construction and **270** jobs created directly in operations

| YEAR | COMPANY | PRODUCT | INVESTMENT | EMPLOYEES |
|------|----------------------------------|-------------------------|-----------------------------|--|
| | Copper Flat Project | Mining | \$416M¹ | 1,156² / 270³ |
| 2012 | Union Pacific | Intermodal Facility | \$150M | - |
| 2012 | Sun Edison | Solar Energy Farm | \$40.2M | - |
| 2013 | Presbyterian Healthcare Services | Healthcare Services | \$32M | |
| 2013 | Friedman Recycling | Recycling | \$21M | 35 |
| 2013 | AGPower FPI | Biofuels processing | \$20M | 15 |
| 2012 | Western Baking | Food processing | \$15.2M and future of \$15M | 300-500 |
| 2013 | Admiral Beverage | Beverages | \$15M | 20 |
| 2012 | Lowe's | Customer Support Center | \$10M | 300 |

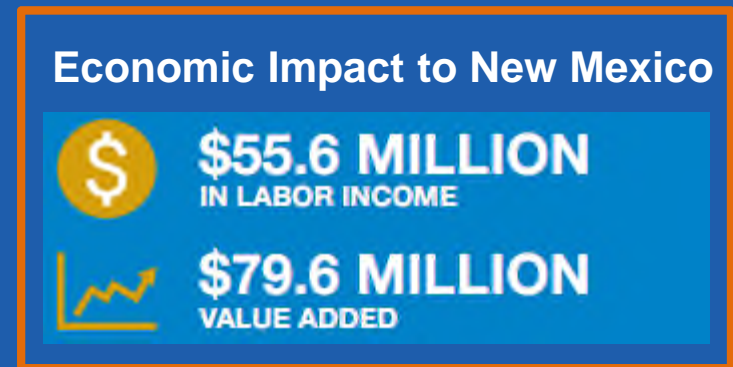
[1] Including \$55M invested by THEMAC Resources to date, [2] In construction (total jobs) [3] In operations (direct jobs)
Source: NM Partnership

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JOBS & ECONOMIC BENEFIT - CONSTRUCTION PHASE



During the construction period 1,337 jobs developed (direct, indirect, induced), \$55.6 million earned wages, and \$79.6 million added to the New Mexico economy.



Jobs and economic benefit projections prepared by
The New Mexico State University Arrowhead Center

COPPER FLAT PROJECT

JOBS NEEDED TO BE FILLED FOR THE OPERATION



Economic benefits from the Operations Phase

368~407
JOBS GENERATED



THE MINE WILL EMPLOY
270 FULL-TIME EMPLOYEES
WITH AVERAGE ANNUAL SALARIES
RANGING BETWEEN

\$35,000
to
\$60,000
+ BENEFITS

A range of diverse positions would be available at Copper Flat

- ◇ Accountant
- ◇ Assayer
- ◇ Blast Crew
- ◇ Buyer
- ◇ Concentrate Filter
- ◇ Control Room Operator
- ◇ Crusher Operator
- ◇ Data Entry & Clerical
- ◇ Diesel Mechanic
- ◇ Dozer Operator
- ◇ Driller
- ◇ Electrician
- ◇ Flotation Operator
- ◇ Grader Operator
- ◇ Haul Truck Driver
- ◇ HR Clerk
- ◇ Instrument Technician
- ◇ Laborer
- ◇ Maintenance Planner
- ◇ Moly Plant Operator
- ◇ Pipefitter
- ◇ Process Plant Mechanic
- ◇ Safety & Env. Technician
- ◇ Sampler
- ◇ Security
- ◇ Surveyor
- ◇ Tailings Operator
- ◇ Tire Crew
- ◇ Warehouse Personnel
- ◇ Welder

In addition to the direct jobs created at the mine, Sierra County should also experience a substantial economic boost from indirect jobs created in a range of industries such as health care, foodservices, lodging and real estate

COPPER FLAT PROJECT

ECONOMIC CONTRIBUTIONS – PROJECT LIFE



TAX CONTRIBUTIONS

Total Project Federal and State Taxes:

\$175 million

Total New Mexico State Taxes:

\$53 million

\$21 million

Ad Valorem, Severance,
And Resource
Excise Tax

\$15 million

In Gross Receipts Taxes

\$17 million

In Income Taxes

Note: Extending the mine life beyond 11 years will increase federal and state taxes above.

ECONOMIC CONTRIBUTION

\$ DURING CONSTRUCTION:

\$360 million
Total Cost

\$49 million
Total State
Spending

\$45 million
Total Sierra
County Spending

*Expenditures over 3-Year Period. Includes design period

\$ DURING OPERATIONS:

\$115 million
Average Annual Operating Expenses

\$24.3~\$30.3 million
Annual Labor Income In Sierra County

* 11-Year Life of Mine

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PROCESS GOING FORWARD

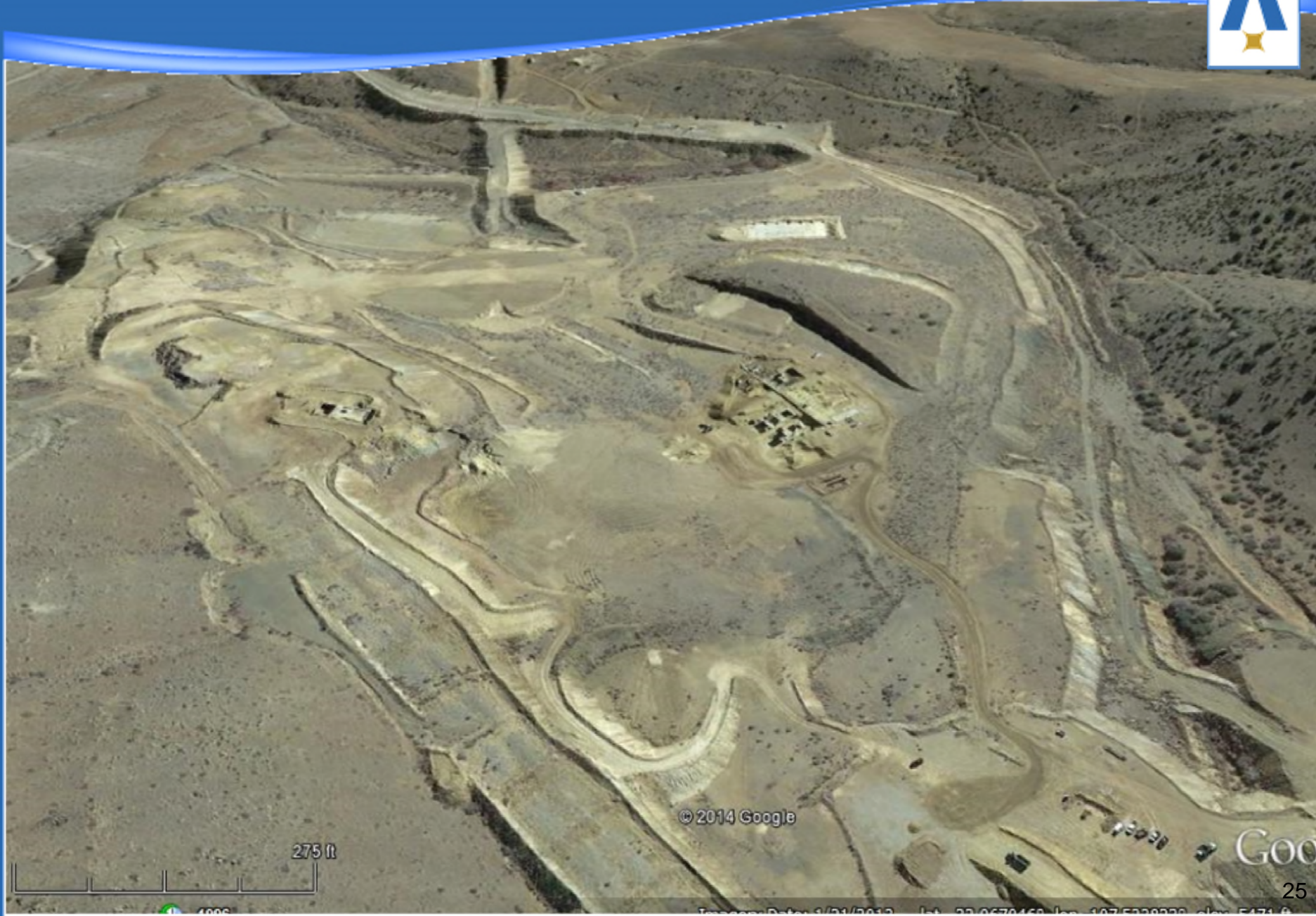


- ★ Tasks on project critical path currently in progress.
 - ✧ Determination of Water Rights
 - ✧ Federal EIS
 - ✧ State Permits:
 - ✧ Discharge Permit (NMED)
 - ✧ Mine (Reclamation) Permit (MMD)

Timely completion necessary for project success.



COPPER FLAT PROJECT PRESENT DAY



COPPER FLAT PROJECT

PAST.... AND FUTURE



Quintana – Circa 1982

COPPER FLAT PROJECT FOR ADDITIONAL INFORMATION AND RESOURCES



✦ Additional Information regarding THEMAC Resources Group
and New Mexico Copper Corp:
<http://themacresourcesgroup.com>

✦ Download the Definitive Feasibility Study, released on November 21, 2013:
http://themacresourcesgroup.com/copper_flat_mine/technical-reports



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