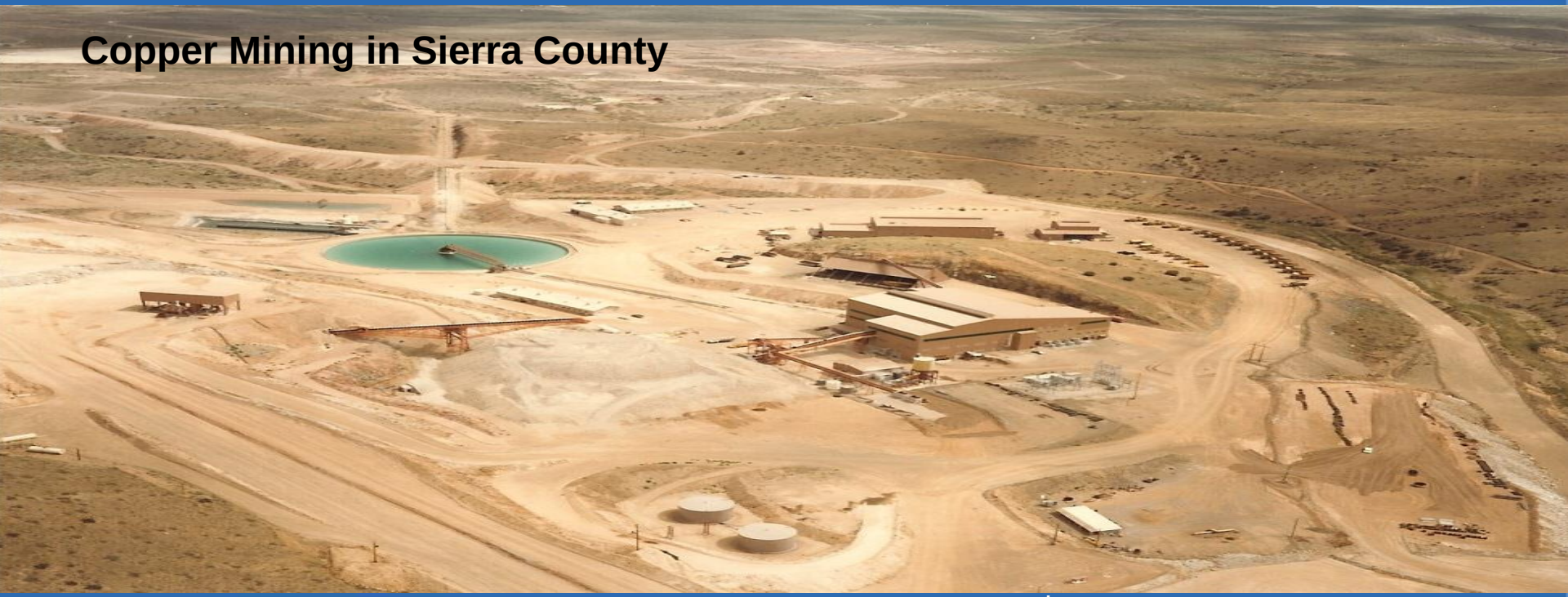
THEMAC RESOURCES

NEW MEXICO COPPER CORPORATION

NEW MEXICO LEGISLATURE
ECONOMIC AND RURAL DEVELOPMENT COMMITTEE
September 14, 2017

Copper Mining in Sierra County



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COPPER FLAT PROJECT
INTRODUCTION

- New Mexico Copper Corporation's (NMCC) Copper Flat Project is a 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 and surface mining dating to that era are found in the project area and the Copper Flat Mine is anchored by several Company owned patented mining claims.
- The Project will produce copper, molybdenum, gold, and silver. The currently defined reserve at Copper Flat contains:
  - 675,000,000 lbs copper;
  - 20,000,000 lbs molybdenum;
  - 340,000 oz gold;
  - 6,900,000 oz silver.
- An open pit copper mine and sulfide recovery plant was constructed at Copper Flat in 1982. That operation closed in 1983 due to economic recession. NMCC's project is similar to the 1982 operation and incorporates much of the mining infrastructure that was left in place.
- New Mexico Copper Corporation is actively engaged in planning the Copper Flat Mine restart and operation. A project feasibility study has been completed and activities are currently focused on permitting.

COPPER FLAT PROJECT
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 (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 cash into the project and is fully committed to ensuring the success of the Project.

COPPER FLAT PROJECT
KEY HIGHLIGHTS

1
The Copper Flat Mine is a Major Project For the State of New Mexico

2
Jobs, Economic Development, & Tax Revenue for Sierra County and the State

6
Environmental Studies are Detailed and Thorough; Permitting is Moving Forward

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Copper Flat Mine

3
Project Plans Include Details For Environmental Protection & Reclamation

5
Key Infrastructure Needed for the Mine is in Place

4
Company is Committed to Community Involvement

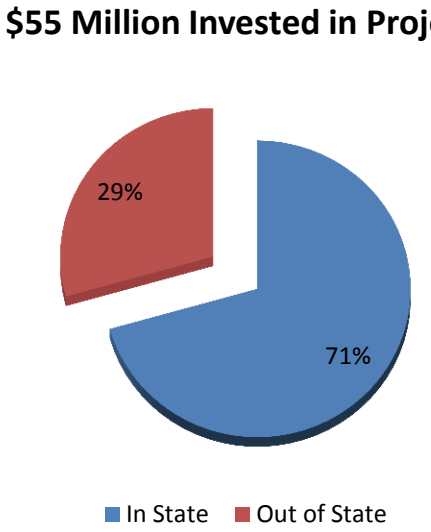
COPPER FLAT PROJECT
A MAJOR PROJECT FOR NEW MEXICO

- The Copper Flat Project is a major project in New Mexico: **$360 million** in construction and start-up costs; **1,300 jobs** in the State during construction; **270 jobs** at the mine during operation.

YEAR	COMPANY	INDUSTRY	INVESTMENT	EMPLOYEES
	Copper Flat Project	**Mining**	**$415M**[1]	**1,300**[2] **/ 270**[3]
2017	Union Pacific	Transportation	$23M	-
2016	PNM	Energy	$30M	-
2018	Facebook	Technology	$250M	1000/70
2018	Cotemar	Oil	$200M	-
2017	FedEx	Shipping	$20M	70
2016	General Mills	Food processing	$80M	150-30
2017	DoD	Research	$17M	-

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

Project Spending Totals $55 million To Date
$39 million (71%) Directed to New Mexico



Sierra County	$3.4 million
Albuquerque	12.6 million
Rest of State	22.8 million
Total NM	$38.8 million

Sierra County	Salaries; Rent; Vehicle Maintenance & Fuel; Hotel and Restaurants; Banking Services; Contractors; Power Coop; Land Payments; Property Tax
Albuquerque	Salaries; Rent; Professional, Technical, and Business Services
Rest of State	Acquisition; Taxes; Agency Fees; Professional & Technical Services

COPPER FLAT PROJECT

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.

1,337
(Direct, Indirect, Induced)
JOBS
TOTAL
STATE OF NEW MEXICO

181
(Direct, Indirect, Induced)
JOBS
SIERRA COUNTY

Economic Impact to New Mexico

$55.6 MILLION
IN LABOR INCOME

$79.6 MILLION
VALUE ADDED

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

Economic benefits from the Operations Phase

A range of diverse positions will 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 will experience a substantial economic boost as indirect jobs will develop in health care, foodservices, lodging, real estate, vehicle shops, etc

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 12 years will increase federal and state taxes.

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

* 12-Year Life of Mine

WATER CONSERVATION

- 65-75% of the water used at Copper Flat will be recycled. Examples of water conservation at Copper Flat include:
  - Actively managing water impoundments to reduce evaporation
  - Reusing process water from the tailings storage facility and concentrates
  - Using storm water runoff collected from the site
  - Using water collecting in the open pit
  - Returning grey water to the process stream

WATER QUALITY

- The Copper Flat Mine is designed as a zero discharge facility; no process solutions will be released to the environment.
- Construction and operating plans include a Storm Water Pollution Protection Plan (SWPPP) and a Spill Prevention, Control, and Countermeasure Plan (SPCC).
- All process facilities, pipelines, and impoundments will be lined and contained to prevent contact of process solutions with surface and groundwater, including placing a liner under the 500-acre tailings storage facility at a cost of $20 Million.
- Processing reagents, fuel, oils, and laboratory chemicals will be stored and protected from storm water accumulation inside containment.

AIR QUALITY

- Mechanical dust and fume collection systems are included in designs for the rock drills, rock crusher, conveyor transfer points, and other equipment that may generate dust or fumes.
- Internal combustion engines will include state of the art emission controls.
- Roads and open areas will be watered and/or treated to control airborne dust emissions.
- Disturbed areas will be revegetated to control dust when no longer required for the operation.

WILDLIFE PROTECTION

- Areas that are potentially hazardous to wildlife will be fenced or enclosed to exclude wildlife entry.
- Solution ponds are designed to provide wildlife a means of escape.
- Fresh water stations for wildlife will be provided in areas outside of well away from the operation.

VEGETATION & SOILS

- Topsoil and growth media will be removed and stockpiled for reuse at reclamation during construction.
- Reclamation stockpiles will be constructed and vegetated to limit water and wind erosion.
- Storm water runoff will be managed and ditches designed for erosion control.
- Test plots will be established in multiple areas to test revegetation methods on native soils for future reclamation.

CULTURAL RESOURCES

- Site surveys to identify sites with potential cultural resources are complete and formal agreement regarding how these resources will be protected has been reached with BLM, State Historic Preservation Office, and Native American Groups.
- All potential sites will be fully investigated and curated by qualified experts before any disturbance activities will begin.
- Construction and mine staff will be trained in procedures to be implemented in the event a currently unidentified resource is encountered.

OUR OBJECTIVE

RECLAIM DISTURBED AREAS AND RETURN LAND TO POST-MINING LAND USES THAT MATCH EXISTING USES: GRAZING, WILDLIFE HABITAT, RECREATION.

A RECLAMATION PLAN HAS BEEN DESIGNED FOR COPPER FLAT AND SUBMITTED TO THE NEW MEXICO MINING AND MINERALS DIVISION AND THE NEW MEXICO ENVIRONMENT DEPARTMENT AS PART OF OUR APPLICATION FOR A NEW MINE PERMIT UNDER THE NEW MEXICO MINING ACT

THE CURRENT RECLAMATION ESTIMATE IS $44.1 MILLION. THE COMPANY WILL PROVIDE FINANCIAL ASSURANCE FOR RECLAMATION PRIOR TO CONSTRUCTION

KEY ASPECTS OF OUR RECLAMATION PLAN

1. Salvage topsoil and growth media during construction and operation and store for use in reclamation;
2. Remove and properly dispose of operating materials and supplies;
3. Remove surface facilities, building foundations, and equipment;
4. Establish vegetation reference areas to evaluate revegetation success;
5. Re-shape the rock stockpiles to stabilize, blend with surrounding areas, and allow seeding;
6. Cover disturbed areas with topsoil and growth media to support vegetation growth;
7. Re-seed disturbed areas with native vegetation similar to the mine area;
8. Design surfaces and storm water channels to protect from erosion;
9. Dewater, cover and revegetate the stored tailings; and
10. Seal boreholes to prevent cross contamination between aquifers.

COMMUNICATION

COMMUNITY SUPPORT

- College Scholarship Program
- Sierra Co. Food Bank
- T or C Senior Center
- Community Health Foundation
- Sierra Co. Boys and Girls Club
- Hillsboro Historical Society
- Local Rotary Fundraisers
- Property Tax
- Sierra Co. Business License

COPPER FLAT PROJECT
STRONG EDUCATIONAL RELATIONSHIPS

- To ensure Sierra County residents are qualified for positions at the mine, we have been working closely with local leaders, educational institutions, and government officials to encourage the development of training programs
- Our hiring objectives:
  - Hire local qualified residents
  - Recruit New Mexico veterans
  - Collaborate with job training programs
  - Enhance skills with on the job training
- Local & regional partners include:
  - Dona Ana Community College
  - Western New Mexico University
  - TorC Schools
  - Department of Workforce Solutions
  - Department of Veteran Services

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 nines 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


Port of Guaymas, Mexico

COPPER FLAT PROJECT

$54M IN EXISTING DEVELOPMENT FROM PAST OPERATION

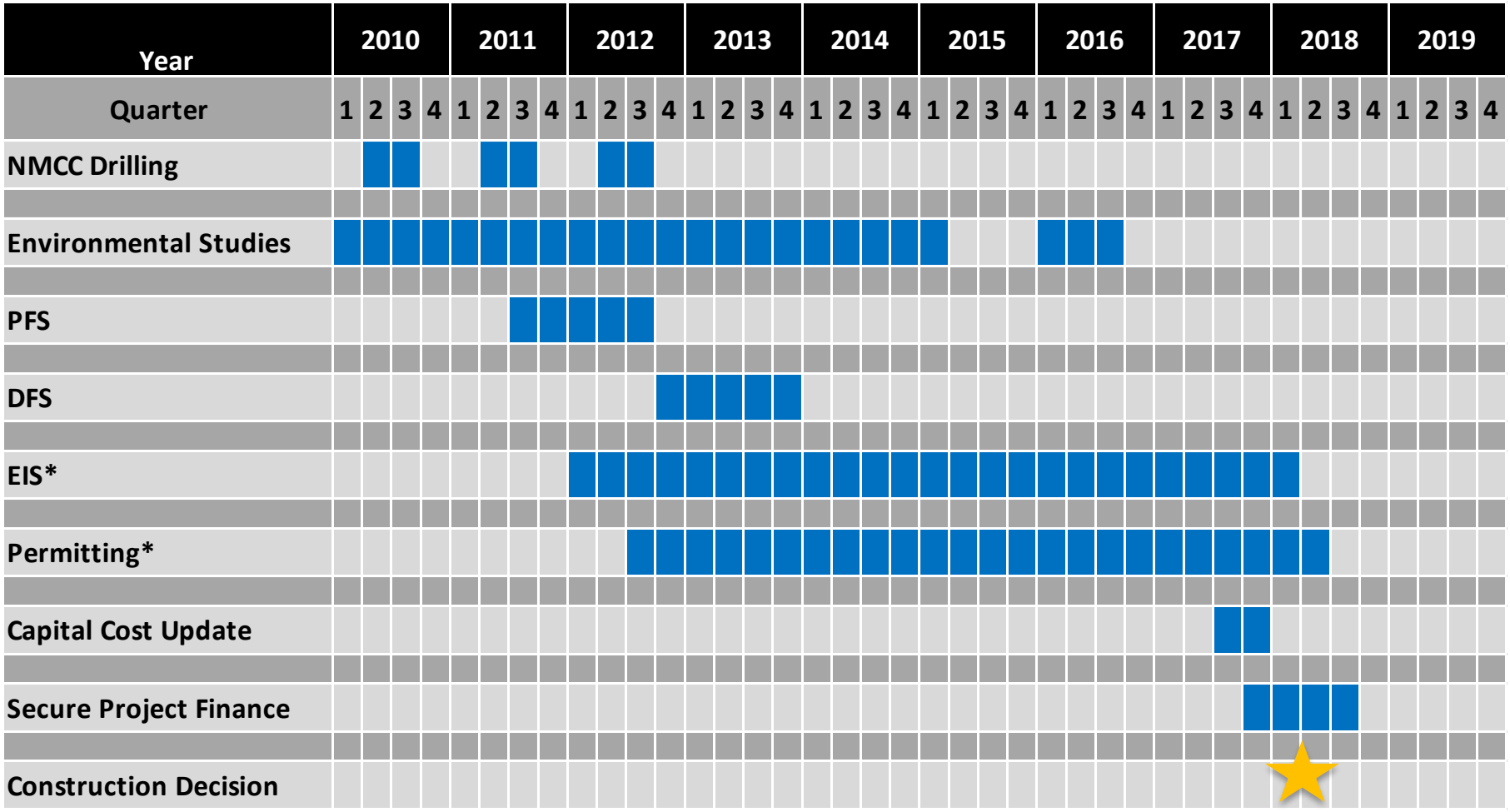
- Nearly 2 Mt of pre-stripping exposing high grade copper sulphides ore at surface
- Concrete foundations to be utilized for major structures
- Original access, mine haul and services roads are suitable for reuse
- Conveyor tunnels for crusher discharge and course ore stockpile reclaim
- Major water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

COPPER FLAT PROJECT
CURRENT ACTIVITIES

- Tasks currently in progress.
  - Determination of Water Rights
  - Federal EIS
  - State Permits:
    - Discharge Permit (NMED)
    - Mine (Reclamation) Permit (MMD)

COPPER FLAT PROJECT

PROJECT TIMELINE



*Regulatory Schedule Subject to Agency Review and Approval

COPPER FLAT PROJECT

PRESENT DAY

COPPER FLAT PROJECT

PAST…. *AND* FUTURE

Quintana – Circa 1982

WEBSITE

http://themacresourcesgroup.com

FEASIBILITY STUDY

http://themacresourcesgroup.com/copper_flat_mine/technical-reports

SOCIAL MEDIA


http://www.facebook.com/themacresourcesgroup


http://www.linkedin.com/company/themac-resources-group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