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Sanchez Mine file K
Graham Co.



The Arizona Copper Company

P.O. Box 747 • Safford, AZ 85548

Dear Recent Inquirer,

Thank you for your request for more information on AZCO, and its stated goal of reaching a production rate of 100 million pounds of copper annually within five years.

Enclosed please find a corporate information brochure on AZCO, together with other timely information.

We sincerely believe that AZCO currently represents extremely attractive values for medium to long-term investors focusing on copper price and production trends. We invite your close examination of this opportunity.

We would welcome your further inquiries at our corporate offices. Please call me, or our investor relations specialist, Mr. Paul Lathigee, at 1-800-563-SXEW from anywhere in North America.

If you are interested in receiving continuing, timely and complete market information about AZCO, we would also be pleased to refer you to knowledgeable brokerage professionals in your area who can answer your questions.

Yours truly,

A.R. Harvey
Chairman

AH/bg
enclosures

CORPORATE PROFILE

AZCO MINING, INC.
P.O. Box 123
30 South Bowie Avenue
Solomon, AZ 85551

TEL: 1-800-563-7939

Alan P. Lindsay, President/CEO
Anthony R. Harvey, Chairman

TSE Symbol: AZC
(NASDAQ listing expected soon)

AZCO Mining Inc. is a U.S. Company (Delaware-registered), and is a full SEC-reporting entity with headquarters in Solomon, Arizona. The Company trades on the Toronto Stock Exchange (symbol: AZC) as a "foreign (U.S.) issuer," and plans to list its stock on NASDAQ or AMEX in the near future.

AZCO Mining Inc. is an emerging major producer of low-cost copper in North America. The Company's stated goal is to be producing at a rate of 100 million pounds of copper (or better) per year at a cash production cost of about 50¢ per pound within a time frame of five years or less, utilizing the well-established, low-cost SX-EW process. Supporting the Company's objectives is its 100% ownership of three major Southwest oxide copper projects amenable to this low-cost extraction process. This gives the Company a significant potential to become one of the world's lowest-cost major copper producers.

The three projects are: The Sanchez Mine, now ready for construction; the Piedras Verdes Project in Sonora, Mexico, now in advanced development, with over 2.5 km of continuous mineralization grading above 0.4% established to date; and the Suaqui Verde Project, also in Sonora, recently placed into joint venture development with Cambior, Inc.

The most advanced of AZCO's three copper projects is the Sanchez Mine, near Safford, Arizona, which, according to a completed bankable feasibility (Flour Daniel Wright, Davy McKee Corp.), contains a recoverable reserve of one billion pounds of copper. The Sanchez Mine is now in advanced engineering preparatory to the planned start of construction, and is expected to produce at a rate of about 56 million pounds of copper a year at an estimated cost of about 50¢ per pound over a 20-year mine life. The Sanchez has received Final Environmental Impact Statement approval, and was the first mine to be so approved in Arizona using the full EIS process.

AZCO announced in 1993 that it signed a letter agreement with Deacon Barclays de Zoete Wedd Limited, Toronto, retaining this firm as financial advisor and lead manager for the equity component of its proposed senior financing in foreign markets. And on May 18, 1993, The Company has also announced that Barclays Bank committed to a \$US 60-million debt project financing to put the Sanchez mine into production.

We invite your further interest in the Company. Please feel free to call Mr. Paul Lathigee, at the Company's Investor Relations Dept., at 1-800-563-7939 for further discussion.

INVESTMENT HIGHLIGHTS:

We have raised our ratings on the copper group. Our upgrades are as follows: Magma Copper from C-2-1-9 to C-1-1-9, Phelps Dodge from B-2-1-7 to B-1-1-7, Freeport Copper from C-2-1-8 to C-1-1-7, and Asarco from C-3-1-7 to C-2-1-7. We reiterate our C-2-1-7 ratings on Cyprus Amax Minerals and Broken Hill Proprietary.

Our reasoning behind our buy recommendations centers around three primary reasons:

- 1) Leverage to Economic Recovery - As we have pointed out in the past, we believe the copper price is driven primarily by the demand side of market balance. We have long pointed out that this recovery is demand-led and all indications are that the U.S. will repeat its strong performance through 1994. (U.S. copper consumption during 1993 was estimated up by 9-10%).
- 2) Play on improving Global Recovery - It has been the strong U.S. consumption that has held up overall demand for copper, while the other economies have struggled with recessions. In 1994, however, many now believe that Japan and Europe will begin to pull their weight. This prospect, coupled with the even stronger demand expected from emerging economies and China, adds up to a scenario, in our opinion, where there is overall strength.
- 3) Unrecognized Tightening Developing in copper market - We believe that over the course of the next year, the market balance in the refined copper market will tilt toward undersupply much more dramatically than is generally accepted. Two important factors underly this argument: 1) The smelting bottleneck continues to be underestimated in most supply/demand models, and 2) Overlooked Demand Growth Potential- while the market has focused on expected additions to mine supply over the next 3-6 years, we have argued that the recovery-based demand described above will absorb new supply of refined metal between here and there.

Another important "wild card" is Chinese consumption - with many now estimating that they will purchase as much as 400 kmt's during 1994. Should this prove to be true, we would expect to see a stronger turnaround and the market will become tighter much sooner.

This difference between our view and the consensus is reflected in our price forecasts for this year and next. The general consensus is believed to be near \$0.75 - \$0.80/lb for 1994, but we are forecasting an average this year of \$1.00/lb. We believe that this "surprise" element will fuel further rallies in the copper shares. For 1995, we are using a forecast of \$1.05/lb.

Concerns: The main one would be a downturn in the U.S. economy; also, we would be somewhat concerned should the global economic activity turn out to be weaker than expected.

Share Prices - 1994 Rally

In the view, the most significant risk is that the copper shares undergo a natural consolidation phase after their extremely strong price rally so far this year. The critical question, then, is: Is there any more room left to go? We believe that the answer is yes, for a few important reasons:

- 1) Copper price recovery still appears unreflected in the share price
- 2) Peak earnings potential still appears unreflected in the share price
- 3) "Recovery not Rally" - Share prices have basically recovered to their levels at beginning of 1993. The critical difference between this point and that at the end of 1993 is that we believe that the economy, and company earnings, will come through (disappointment led to correction in 1993.)

Based on these underlying factors, we believe that the risk of any significant correction in the copper shares is relatively low, and that any such correction would be brief in nature. In summary, we believe that the copper shares have considerable upward momentum ahead. Our peak of cycle copper price forecast is \$1.25/lb; last cycle the peak was \$1.29/lb, during 1988.

**NOTICE OF THE PRELIMINARY DECISION TO ISSUE A
MODIFICATION TO AN INDIVIDUAL AQUIFER PROTECTION PERMIT**

Pursuant to Arizona Administrative Code, Title 18, Chapter 9, Article 1, the Director of the Arizona Department of Environmental Quality (Department) intends to transfer the individual Aquifer Protection Program (APP) permit issued to the following applicant:

Public Notice No.44-97AZAP
Sanchez Copper Project Site
AZCO Mining Inc.
9780 E. Sanchez Road
Safford AZ, 85546

On or about
July 23, 1997
Eastern
Arizona
Courier

Aquifer Protection Permit No. P-102577

Responsibility for APP permit number P-102577 will be transferred to the following applicant:

Sanchez Copper Project Site
Phelps Dodge Mining Company - Safford District
P.O. Box 151
Safford, AZ 85548

Aquifer Protection Permit No. P-102577

On December 20, 1995, Phelps Dodge Mining Company (PDMC) purchased the Sanchez Copper Project from the Arizona Copper Company Mining, Inc. (AZCO) and Sanchez Mining, Inc. As part of the purchase, AZCO transferred all of its rights regarding certain permits associated with the project. This includes APP permit number P-102577, issued to AZCO by the Department on August 17, 1994. PDMC has agreed to assume AZCO obligations under this permit as of December 20, 1995.

The Sanchez Copper Project site is located on the south flank of the Gila Mountains, five miles east of the City of Safford, about 1.5 miles north of the Gila River, in Graham County, Arizona. The proposed facility is located over groundwater of the Safford Basin in Township 6 S, Range 27 E, Section 35, NE 1/4, NE 1/4 NE 1/4-Gila and Salt River Base Line and Meridian. Latitude 32° 52' 22" North and Longitude 109° 32' 45" West.

AZCO and the Sanchez Mining Co. are currently authorized to construct and operate an open pit mine, truck wash facility, a metallurgical quality control and quality assurance laboratory and copper heap leaching facility according to the Aquifer Protection Program (APP) permit issued by the Arizona Department of Environmental Quality (ADEQ), APP Section. This authorization will be transferred to Phelps Dodge as the new owners of the Sanchez Copper Project.

The permit and related materials are available for public review Monday through Friday 8:00 a.m. to 5:00 p.m. at the Arizona Department of Environmental Quality, Plan Review and Permits Section, 3033 N. Central Avenue, 5th Floor, Phoenix, AZ 85012.

Persons may submit comments or request a public hearing on the proposed action, in writing, to:

Shirin Tolle
APP Mining Unit
Arizona Department of Environmental Quality
3033 N. Central Ave.
Phoenix AZ, 85012

within thirty (30) days from the date of this notice. Public hearing request must include the reason for such a request.



NEWS RELEASE

9780 East Sanchez Road, Safford, Arizona 85546
Corporate Information: 1-800-563-SXEW

Contact: Alan P. Lindsay, Chairman and Chief Executive Officer,
Anthony Harvey, Vice Chairman and Executive Vice President
Paul Lathigee, Vice President Investor Relations

AMEX/TSE:AZC
December 12, 1995

AZCO MINING INC. ANNOUNCES RESULTS OF RECONVENED ANNUAL GENERAL AND SPECIAL SHAREHOLDERS MEETING HELD DECEMBER 12, 1995

Vancouver, British Columbia, December 12, 1995 -- AZCO Mining Inc. announced today the results of its reconvened Annual General and Special Shareholders Meeting held in Vancouver, British Columbia, on December 12, 1995. At the meeting, shareholders of the Company approved and authorized the Company's proposed sale of its Sanchez Project and a 70% interest in its Piedras Verdes Project to Phelps Dodge Corporation for US \$40 million (approximately C\$55 million) in cash. In addition, on completion of a bankable feasibility study, Phelps Dodge has agreed to use all reasonable efforts to procure debt financing for up to 60% of the estimated project cost assuming the operator recommends and the Piedras Verdes board authorizes proceeding to development. AZCO will be responsible for 30% of the remaining 40% equity portion. AZCO's expenditure commitment at the Piedras Verdes until feasibility will be limited to US \$3 million excluding any acquisition of land or royalties on the project.

The restructuring of AZCO's portfolio as a result of the transaction provides the company with a solid core asset base with a 30% interest in Piedras Verdes, a strong operating and joint venture partner in Phelps Dodge and the financing flexibility to pursue other acquisition opportunities. The transaction also provides AZCO with many intangible benefits including reduced financing risks and cash management flexibility. AZCO continues to retain its 100% interest in the Suaqui Verde Copper project in Sonora, Mexico.

AZCO estimates that the Piedras Verdes deposit has a copper inventory of 1.28 billion pounds contained in 154 million tons grading 0.41% copper, although this material does not represent proven or probable reserves at this time. AZCO believes that this material is amenable to low-cost processing by solvent extraction-electrowinning (SX-EW). The inventory does not include primary sulfide copper mineralization.

(continued)

Phelps Dodge and AZCO are committed to fast-track the pre-feasibility work on the Piedras Verdes project including further drilling designed to increase reserves and reserve confidence levels.

To summarize, after the closing of the transaction, AZCO will have:

- 30% joint venture interest in the Piedras Verdes deposit with approximately 400 million pounds of copper mineralization to AZCO's account.
- Spending on the Piedras Verdes limited to US\$3 million until feasibility.
- A strong joint venture partner in Phelps Dodge who will arrange the debt financing portion for the Piedras Verdes project if the property proceeds to development.
- An agreed timetable to move the project towards feasibility.
- 100% interest in the Suaqui Verde copper project in Sonora, Mexico.

The Company intends to proceed with the closing of its proposed sale to Phelps Dodge Corporation as soon as conveniently possible and by year end.

On behalf of the Board of Directors of AZCO Mining, Inc.,



Alan P. Lindsay
Chairman and Chief Executive Officer

THIS NEWS RELEASE HAS BEEN PREPARED BY MANAGEMENT OF THE COMPANY WHO TAKES FULL RESPONSIBILITY FOR ITS CONTENTS. THE AMERICAN STOCK EXCHANGE AND THE TORONTO STOCK EXCHANGE NEITHER APPROVE NOR DISAPPROVE THE CONTENTS OF THIS NEWS RELEASE.

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ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Fife Symington, Governor

Russell F. Rhoades, Director

NOTICE OF THE PRELIMINARY DECISION TO ISSUE A MODIFICATION TO AN INDIVIDUAL AQUIFER PROTECTION PERMIT

Pursuant to Arizona Administrative Code, Title 18, Chapter 9, Article 1, the Director of the Arizona Department of Environmental Quality (Department) intends to transfer the individual Aquifer Protection Program (APP) permit issued to the following applicant:

Public Notice No. 3-96AZAP

On or about January 17, 1996

Sanchez Copper Project Site
 AZCO Mining Inc.
 9780 E. Sanchez Road
 Safford AZ, 85546
 Aquifer Protection Permit No. P-102577

Responsibility for APP permit number P-102577 will be transferred to the following applicant:

Sanchez Copper Project Site
 Phelps Dodge Mining Company - Safford District
 P.O. Box 151
 Safford, AZ 85548
 Aquifer Protection Permit No. P-102577

On December 20, 1995, Phelps Dodge Mining Company (PDMC) purchased the Sanchez Copper Project from the Arizona Copper Company Mining, Inc. (AZCO) and Sanchez Mining, Inc. As part of the purchase, AZCO transferred all of its rights regarding certain permits associated with the project. This includes APP permit number P-102577, issued to AZCO by the Department on August 17, 1994. PDMC has agreed to assume AZCO obligations under this permit as of December 20, 1995.

The Sanchez Copper Project site is located on the south flank of the Gila Mountains, five miles east of the City of Safford, about 1.5 miles north of the Gila River, in Graham County, Arizona. The proposed facility is located over groundwater of the Safford Basin in Township 6 S, Range 27 E, Section 35, NE 1/4, NE 1/4 NE 1/4-Gila and Salt River Base Line and Meridian. Latitude 32° 52' 22" North and Longitude 109° 32' 45" West.

AZCO and the Sanchez Mining Co. are currently authorized to construct and operate an open pit mine, truck wash facility, a metallurgical quality control and quality assurance laboratory and copper heap leaching facility according to the Aquifer Protection Program (APP) permit

issued by the Arizona Department of Environmental Quality (ADEQ), APP Section. This authorization will be transferred to Phelps Dodge as the new owners of the Sanchez Copper Project.

The permit and related materials are available for public review Monday through Friday 8:00 a.m. to 5:00 p.m. at the Arizona Department of Environmental Quality, Aquifer Protection Program Section, 3033 N. Central Avenue, 4th Floor, Phoenix, AZ 85012.

Persons may submit comments or request a public hearing on the proposed action, in writing, to: Shirin Tolle, APP Mining Unit, Arizona Department of Environmental Quality, 3033 N. Central Avenue, Phoenix AZ, 85012 within thirty (30) days from the date of this notice. Public hearing request must include the reason for such a request.



The Arizona Copper Company

NEWS RELEASE

P.O. Box 747 • Safford • AZ 85548
Corporate Information: 1-800-563-SXEW

Contact: Alan P. Lindsay, Chairman of the Board & Chief Executive Officer
or Anthony R. Harvey, Vice Chairman and Executive Vice President

AMEX:AZC
TSE:AZC

July 11, 1994

AZCO ANNOUNCES EQUIPMENT FINANCING AND RECEIVES AIR QUALITY PERMIT FROM ARIZONA AGENCY

AZCO Mining Inc. (AMEX, TSE:AZC) signed a Letter of Understanding with Caterpillar Financial Services Corporation on July 7, 1994, with regard to leasing up to \$12 million of mining equipment for the Sanchez Project located near Safford, Arizona. The agreement provides for interest rates to be fixed for the 60-month lease term. On July 1, 1994, Arnold Machinery Company offered to finance 100% of the rental/purchase of Hitachi hydraulic mining shovels and Euclid mining trucks, up to \$15 million. These leasing commitments by Caterpillar and Arnold are significant steps to equip the project and will help secure the remaining financing required to commence construction at the Sanchez.

The Company also announced that the Arizona Department of Environmental Quality issued on June 21, 1994, the Air Quality Permit for the Sanchez Project. This is a key event for the project and concludes an extensive two-year process to obtain this permit.

The Sanchez contains a reserve of 1.1 billion pounds of recoverable copper, and is expected to produce an average 56 million pounds of high-purity cathode copper per year at a projected cash operating cost of 53 cents per pound. The Company plans to start Sanchez construction by or before the fourth quarter of 1994.

In other corporate developments, construction of a new office building on the Sanchez property was started in May 1994 and is scheduled for completion in early August 1994. This building has an area of 6,500 square feet and will accommodate the long-term project staff. Recent personnel changes were also announced:

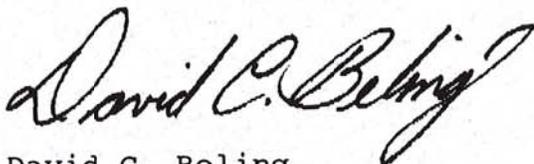
Mr. Gary Miller has been appointed the Director of Construction. Mr. Miller has consulted with AZCO since January 1993 and has nearly 40 years heavy construction experience, including construction manager of Hycroft Resources' Crofoot Mine and AMAX Gold's Sleeper and Wind Mountain projects.

Mr. Ryan Modesto joined the Company on June 20, 1994, as Controller of the Sanchez Project. Mr. Modesto earned a B.Sc. in Accounting from the University of Utah in 1977 and has 17 years accounting and controlling experience in the mining industry. For the six years prior to joining AZCO, Mr. Modesto was the Controller for Corona Gold's Santa Fe project in Nevada.

(continued)

Mr. Paul Dusenbury joined the Company on June 27, 1994, as Senior Environmental Engineer. Mr. Dusenbury earned a B.Sc. in Fish and Wildlife Management from the Montana State University. Prior to joining AZCO, Mr. Dusenbury was the Sr. Environmental Engineer for Round Mountain Gold Corporation in Nevada.

On behalf of the Board of Directors of AZCO Mining Inc.



David C. Beling
President and Chief Operating Officer

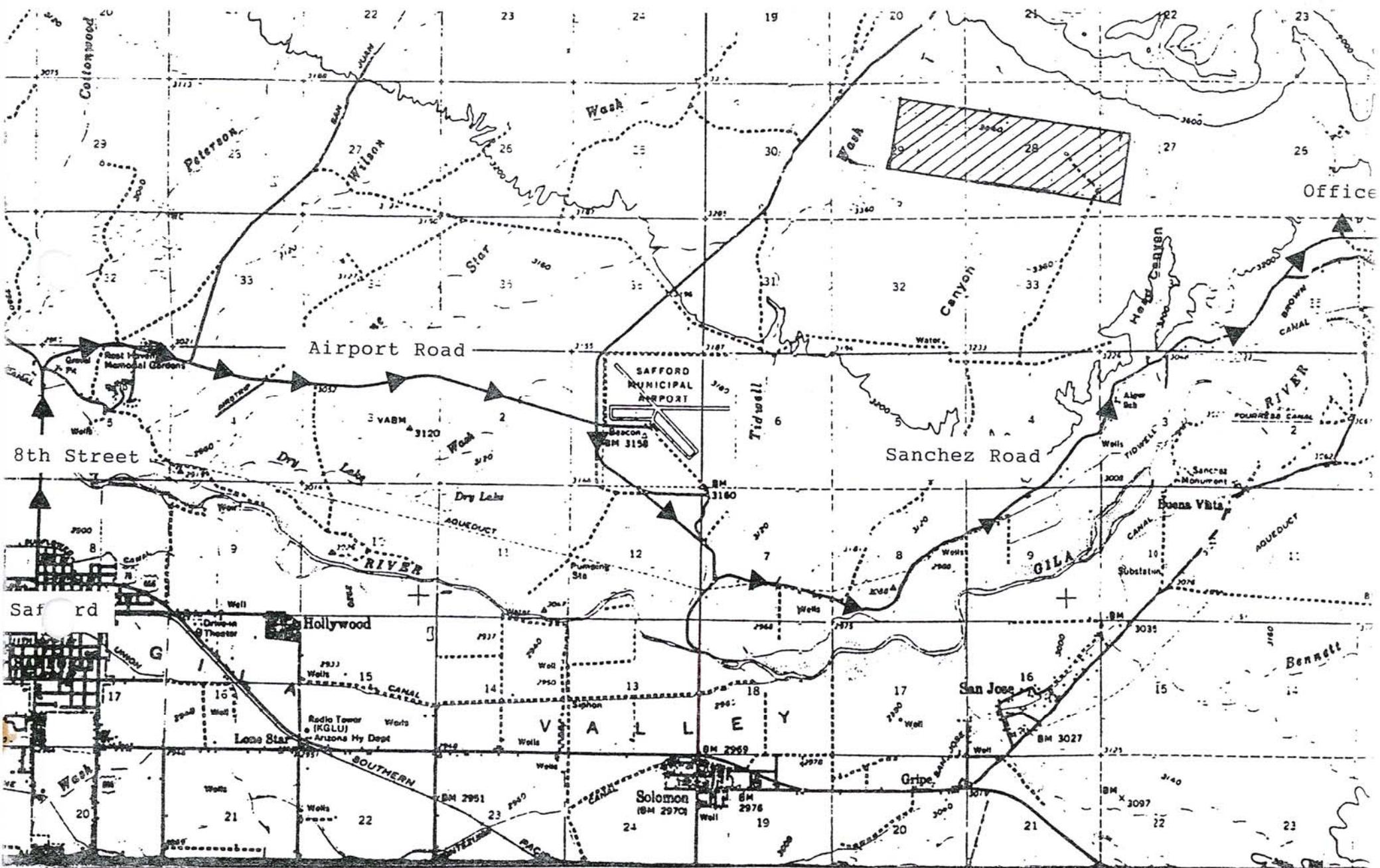
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FOR FURTHER INFORMATION ON AZCO PLEASE CONTACT

North America - Alan Lindsay/Anthony R. Harvey
TEL: (1) 800-563-SXEW (7939)

Europe - Andrew Malim
(44) 71 924 2266



SANCHER (4)

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

SUMMARY SHEET

PROPOSED OPERATING PERMIT No. 091168P0-99

AZCO Mining Inc. has submitted an air permit application to start a heap leach copper mining operation called the Sanchez Copper Project near Safford, Arizona. The mine will be located at SE $\frac{1}{4}$, Section 26, T6S, R27E in Graham County, Arizona, which is between the Safford airport and Bonita Creek.

PLANT OPERATION

The mine will consist of an open pit, waste dumps, maintenance areas, crushing circuit, ore transportation system, heap leach pads, leach collection system, SX-EW circuit, and support facilities. At the peak production rate, the mine will move 12 million tons of ore per year and 20 million tons of waste per year. The mine, crushing circuit, and leaching operation will operate 24 hours per day, 365 days per year. Within the open pit, the rock will be drilled and blasted. The broken rock will then be loaded in mine dump trucks and transported out of the pit. The waste rock will go to the waste dumps that are located outside the pit, while the ore will go to the crushing circuit. The crushing circuit reduces the ore size, and will consist of a jaw crusher, two (2) secondary crushers, vibrating grizzly, primary screen, secondary screen, two (2) stockpiles and various conveyor belts and bins. The crushed rock is conveyed to the heap leach pad where a weak sulfuric acid solution is percolated through the heap. The acid solution will dissolve the copper and remove it from the heap. The copper solution is collected at the base of the heap and pumped to the solvent extraction - electrowinning (SX-EW) plant. Within the SX-EW plant, the copper is removed from the weak acid solution, concentrated and then plated out as pure copper.

DISCHARGES INTO THE AIR (EMISSIONS)

The primary air emission from the mine will be dust or PM-10. Within the open pit, the dust will be controlled by using water trucks. At the crushing plant, dust will be controlled and/or contained with spray bars, water fogging systems and dust covers. The sulfuric acid mist from the electrowinning cells in the tankhouse will be controlled by placing beads on top of the cells. The boiler will emit the normal combustion products.

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**SANCHEZ COPPER PROJECT - COPPER MINE
QUESTIONS AND ANSWERS**

APRIL 20, 1994

**Arizona Department of Environmental Quality
3033 N. Central Avenue
Phoenix, Arizona 85012
(602) 207-2300
Toll Free in Arizona 800-234-5677
Automated Information Line (602) 207-4300**

Sanchez Copper Project

FACTS ON THE SANCHEZ COPPER PROJECT MINE

WHAT IS THE SANCHEZ COPPER PROJECT?

The proposed facility is an open pit copper mining and base metal leaching operation. If approved the facility would be permitted to operate a lined heap leach pad, a truck wash facility, a metallurgical quality control and assurance laboratory, a pregnant leaching solution (PLS) pond, recirculation pond, raffinate pond, overflow pond, process solution ditches, and run-on collection ponds for the facility waste dump locations.

The facility will mine and leach ore material that will be deposited on a composite lined impoundment covering an area of 19 million square feet (436 acres). The stacked ore will be irrigated with a dilute sulfuric acid solution to leach out the copper. The leachate solution will then be conveyed into lined ditches and discharged into lined ponds. The planned mining rate is 25 million tons per year (12 ore and 13 waste rock), during an estimated operational life of 17 years.

AZCO Mining, Inc., owner and operator of the proposed copper mine, submitted an Aquifer Protection Permit (APP) application to the Arizona Department of Environmental Quality (ADEQ) on October 13, 1994. The Department on December 30, 1993, announced a preliminary decision to issue the APP permit for the Sanchez Copper Project.

WHERE EXACTLY WOULD THE MINE BE LOCATED?

The proposed mine would be located on the south flank of the Gila Mountains, five miles east of the City of Safford, approximately 1.5 miles north of the Gila River, in Graham County, Arizona.

WHY DOES THE SANCHEZ COPPER PROJECT NEED AN AQUIFER PROTECTION PERMIT?

The Arizona Revised Statutes require that any person who owns or operates a mine leaching operation, and/or mine tailings piles and ponds must obtain an Aquifer Protection Permit from the Arizona Department of Environmental Quality.

WHAT WILL KEEP THE MINE FROM LEAKING TOXIC LIQUIDS INTO THE AQUIFER?

Under guidelines of the Arizona Department of Environmental Quality Aquifer Protection Permit Program Section, the Sanchez Copper Project has used the Best Available Demonstrated Control Technology (BADCT) to ensure the greatest degree of discharge reduction to an aquifer. To guard against leakage, ADEQ requires the proposed mine to incorporate a composite liner system for the leach pad, using plastic composed of a High Density Polyethylene (HDPE) over a 6-inch thick compacted low-permeability soil.

The process ponds (pregnant, recirculation, raffinate, and overflow) will be double-lined systems consisting of two liners, a top and bottom layer utilizing the plastic HPDE material, and separated by a leak detection/collection system.

The process solution ditches will consist of a composite liner system using plastic HDPE material over 12 inches of compacted low-permeability soil. The truck wash facility will be designed and operated with a recycle system, and the Quality Control and Assurance laboratory will discharge inorganic liquid waste only to the raffinate process pond.

WHAT OTHER MEASURES WILL BE TAKEN TO ENSURE THAT THE GROUNDWATER WILL BE PROTECTED?

Beginning 12 months prior to operation, monthly samples from groundwater monitoring wells will provide data used to measure water quality. Groundwater monitoring is a precautionary measure to record any change in water quality during operation and after the close of the facility. The permit also provides Alert Levels which serve as an early warning indicating a potential violation of either an Aquifer Water Quality Standard or any permit condition.

For additional protection, there will be vadose zone monitoring around the perimeter of the leach pad and process ponds for early detection of liquids that may leak into the soils. The vadose zone is the subsurface area above the water table.

WHAT IF WE JUST DON'T WANT A MINE HERE?

ADEQ does not have the authority to decide whether or not a mining facility can be constructed at a particular location. Under the law, ADEQ's role is to review the facility plans based on technical merits, taking into account the geology and hydrology at the site, to ascertain that the proposed facility will not cause adverse impact to groundwater quality, surface water quality, or adversely affect public health and the environment.

April 20, 1994
page 3

To influence decisions about what kinds of facilities are allowed at the proposed site, the Bureau of Land Management is responsible for the balanced management of the public lands and resources and their various values so that they are considered in a combination that will best serve the needs the American people.

The Arizona Department of Environmental Quality provides notices for public participation through comment periods and public hearings relating to the proposed permits. During these hearings and processes, citizens are entitled to express any concerns relating to the technical merits of the facility. In making a final decision, the Department may only consider those comments that address the technical requirements in state law or regulations. Our decisions must be based only on what the law says we may consider.

Upon request, ADEQ regularly provides information to citizens and elected officials regarding the parameters of the Department's authority under the law. We encourage you to become more informed and involved in ADEQ activities. We need your involvement and support to protect our environment for all of Arizona's citizens.

SANCHEZ (A) GRHAM Co

3



NEWS RELEASE

P.O. Box 747 • Safford • AZ 85548
Corporate Information: 1-800-563-SXEW

Contact: Alan P. Lindsay, Chairman of the Board & Chief Executive Officer
or Anthony R. Harvey, Vice Chairman and Executive Vice President

AMEX:AZC
TSE:AZC

May 31, 1994

AZCO MINING INC. SIGNS LIFE-OF-MINE COPPER OFFTAKE AGREEMENT WITH AIOC CORP. FOR SANCHEZ MINE PRODUCTION

AZCO Mining Inc. (AMEX:AZC;TSE:AZC) is pleased to announce it has entered into an agreement in principle for a copper offtake and marketing arrangement with AIOC Corporation, New York, a worldwide metals and commodities trading firm.

Under the agreement, AIOC will, as principal, purchase 100% of AZCO's copper production at the Company's Sanchez Mine over its twenty-year production life. The Sanchez is in southeastern Arizona, near Safford.

Under the agreement terms, AZCO will be able to obtain on-going current or near-term LME spot high-grade copper prices on a continuous delivery basis with on-going partial pre-payment and prompt settlement. As part of the agreement, AIOC will also provide a \$2-million standby letter of credit to secure on-going settlement obligations. The arrangement is triggered at the start of production, which is anticipated in the second half of 1995.

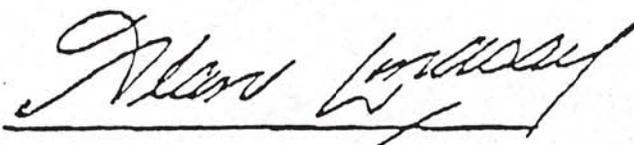
The Sanchez contains a reserve of 1.1-billion pounds of recoverable copper, and is expected to produce, at an average rate of about 56 million pounds a year, high-purity cathode copper on-site at a cash production cost of about 52¢ per pound. The Company plans to place the Sanchez into construction by or before the fourth quarter of 1994.

AIOC Corporation has sales in excess of \$US3-billion a year and operates worldwide as a trading firm in metals, minerals and other commodities. In certain commodities such as alumina, bauxite, chrome ore and steel, AIOC has a predominant position and in some cases is the market leader. With 22 offices in all major world trading areas, the firm also specializes in shipping, processing and financing of metals and other natural resources.

In May 1993, AIOC acquired 100% of Axel Johnson Resources AB, the 120-year-old Swedish-based international trading house. AIOC's agreement with AZCO supersedes previous agreements by AZCO with Axel Johnson Ore and Metals, Inc.

(continued)

On behalf of the Board of Directors of AZCO Mining Inc.

A handwritten signature in cursive script, reading "Alan P. Lindsay". The signature is written in dark ink and is positioned above a horizontal line.

Alan P. Lindsay
Chairman and Chief Executive Officer

THIS NEWS RELEASE HAS BEEN PREPARED BY MANAGEMENT OF THE COMPANY WHO TAKES FULL RESPONSIBILITY FOR ITS CONTENTS. THE AMERICAN STOCK EXCHANGE AND THE TORONTO STOCK EXCHANGE NEITHER APPROVE NOR DISAPPROVE THE CONTENTS OF THIS NEWS RELEASE.

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FOR FURTHER INFORMATION ON AZCO PLEASE CONTACT

North America - Alan Lindsay/Anthony R. Harvey
TEL: (1) 800-563-SXEW (7939)

Europe - Andrew Malim
(44) 71 924 2266

SANCHEZ (P)



NEWS RELEASE

P.O. Box 747 • Safford • AZ 85548
Corporate Information: 1-800-563-SXEW

Contact: Alan P. Lindsay, Chairman of the Board & Chief Executive Officer
or Anthony R. Harvey, Vice Chairman and Executive Vice President

AMEX:AZC
TSE:AZC

May 3, 1994

AZCO MINING COMPLETES KEY PURCHASE AGREEMENTS FOR SANCHEZ PROJECT, ANNOUNCES PERSONNEL APPOINTMENTS

AZCO Mining Inc. (AMEX, TSE:AZC) has completed key purchase agreements for electric power and for sulfuric acid in connection with the planned construction and operation of its 1.1-billion-pound SX/EW copper Sanchez Mine Project, located near Safford, Arizona.

The Company has executed an agreement with the Arizona Electric Power Cooperative (AEPCCO) and the Graham County Electric Cooperative to supply electric power at fixed prices per Kilowatt-hour of between \$0.050 and \$0.056 for an initial term expiring on December 31, 1997. The power contract, completed in February, is subject to ratification by State and Federal regulatory agencies and may, by mutual agreement, be extended by the parties for so long as the Sanchez Project requires power. The Company has also contracted with AEPCCO to engineer, procure and construct the facilities necessary to provide primary power to the Project from their existing 230,000 volt transmission line that crosses the Sanchez property.

The Company has also contracted with Magma Metals Company to purchase approximately 140,000 tons of sulfuric acid per year for the period ending March 31, 1999. Under the Agreement, signed in March, the prices are fixed and competitive with prevailing market prices. The Company and Magma Metals have agreed to negotiate an extension of the commercial terms of the Agreement at least 180 days prior to March 31, 1999. In the event that the Company does not initiate acid delivery by June 1, 1996, the Agreement will terminate.

Electric power is estimated at 8.4 cents per pound of copper and sulfuric acid is estimated at 5.9 cents per pound of copper, of 16% and 11% respectively of total direct cash operating costs projected at 52.4 cents per pound of cathode copper.

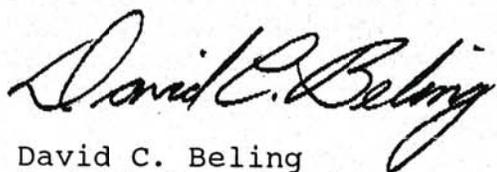
(continued)

AZCO is also pleased to announce new personnel appointments:

Thomas J. DeMull has been appointed as Process Manager of the Sanchez Project. Mr. DeMull will have prime responsibility for the development and operation of the Sanchez crushing, conveyor-stacking, heap leaching and solvent extraction-electrowinning facilities. He brings to AZCO over 18 years of professional and management experience, which include: heap leaching and hydrometallurgy at ANAMAX Mining's Twin Buttes SX-EW plant, AMAX Gold's Sleeper Mine and Kennecott Minerals' Alligator Ridge and Denton-Rawhide Mines. Mr. DeMull also served as AMAX Gold's Director of Metallurgy. Prior to joining AZCO, Mr. DeMull was the Process Superintendent of Canyon Resources Corporation's Briggs Project, a precious metals heap leach project. He earned a Master of Science Degree in Metallurgical Engineering from the Michigan Technological University in 1976.

Corporately, AZCO has promoted Mr. Paul J. Lathigee to the position of Vice President-Investor Relations. Lathigee, who joined AZCO in July 1992, brings more than 12 years of mining investment industry experience to his role with the Company, including positions as financial consultant with Merrill Lynch and Wood Gundy. Lathigee will be responsible for AZCO's investor communications and shareholder relations.

On behalf of the Board of Directors of AZCO Mining Inc.



David C. Beling
President and Chief Operating Officer

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Europe - Andrew Malim
(44) 71 924 2266

Sanchez Mine file HMC
K

AIR QUALITY CONTROL PERMIT

(As required by Title 49, Chapter 3, Article 2, Section 49-426, Arizona Revised Statutes)

This air quality control permit does not relieve applicants of responsibility for meeting all air pollution regulations

1. PERMIT TO BE ISSUED TO (Business license name of organization that is to receive permit) AZCO Mining Inc.

2. NAME (OR NAMES) OF OWNER OR PRINCIPALS DOING BUSINESS AS THE ABOVE ORGANIZATION David C. Beling, et al

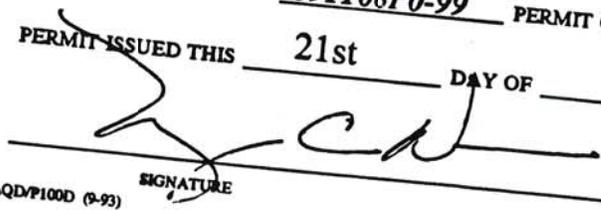
3. MAILING ADDRESS P. O. Box 747
NUMBER STREET
Safford, AZ 85548-0747-47
CITY OR COMMUNITY STATE ZIP CODE

4. ORIGINAL EQUIPMENT LOCATION/ADDRESS Sanchez Copper Project Site, 10 Miles NE of Safford
NUMBER STREET
Safford, Graham County, Arizona 85551
CITY OR COMMUNITY STATE COUNTY ZIP CODE

5. FACILITIES OR EQUIPMENT DESCRIPTION An open pit, heap leach copper mine. The mine will contain crushers, screens, conveyors, boiler, SX-EW plant, mobile equipment and other equipment associated with the mining operation

6. THIS PERMIT ISSUED SUBJECT TO THE FOLLOWING Conditions contained in Attachments "A" and "B"

7. ADEQ PERMIT NUMBER 091168P0-99 PERMIT CLASS _____ EXPIRATION DATE 06/21/99
PERMIT ISSUED THIS 21st DAY OF June, 1994


SIGNATURE

Nancy C. Wrona, Director, Air Quality Division
TITLE

ATTACHMENT "A"

General Provisions
Air Quality Control Permit No. 091168PO-99
For AZCO Mining Inc.

I. PERMIT TERM

This permit is valid for a period of five years from the date of issuance of the permit.

[A.R.S. § 49-426.F, A.A.C. R18-2-306.A.1]

II. PERMIT RENEWAL

The permittee shall submit an application for renewal of this permit at least 6 months, but not more than 18 months prior to the date of permit expiration.

[A.A.C. R18-2-304.C]

III. PERMIT REVISION AND TERMINATION

The permit may be modified, revoked, reopened, and reissued, or terminated for cause. The filing of a request by the permittee for a permit modification, revocation and reissuance, or termination, or of a notification of planned changes or anticipated noncompliance does not stay any permit condition.

[A.A.C. R18-2-306.A.8.c]

IV. PERMIT REVISION PURSUANT TO FEDERAL HAZARDOUS AIR POLLUTANT STANDARD

Any source which becomes subject to a standard promulgated by the Administrator pursuant to section 112(d) of the Act shall, within twelve months of the date on which the standard is promulgated, submit an application for a permit revision demonstrating how the source will comply with the standard.

[A.A.C. R18-2-304.C]

V. REOPENING

A. The permit shall be reopened and revised under any of the following circumstances:

1. Additional applicable requirements under the Act become applicable to a major source with a remaining permit term of three or more years. Such a reopening shall be completed not later than 18 months after promulgation of the applicable requirement. No such reopening is required if the effective date of the requirement is later than the date on which the permit is due to expire, unless the original permit or any of its terms and conditions has been extended pursuant to R18-2-322(B). Any permit revision required pursuant to this subparagraph shall comply with provisions in R18-2-322 for permit renewal and shall reset the five year permit term.
2. Additional requirements, including excess emissions requirements, become applicable to an affected source under the acid rain program. Upon approval by the Administrator, excess emissions offset plans shall be deemed to be incorporated into the Class I permit.
3. The Director or the Administrator determines that the permit contains a material mistake or that inaccurate statements were made in establishing the emissions standards or other terms or conditions of the permit.
4. The Director or the Administrator determines that the permit needs to be revised or revoked to assure compliance with the applicable requirements.

[A.A.C. R18-2-321]

VI. PERMIT SHIELD

Compliance with the conditions of this permit shall be deemed compliance with any applicable requirement as of the date of permit issuance, provided that such applicable requirements are included and expressly identified in the permit.

[A.A.C. R18-2-325]

VII. COMPLIANCE WITH PERMIT CONDITIONS

The permittee must comply with all conditions of this permit. Any permit noncompliance constitutes a violation of the Clean Air Act (Act) and is grounds for enforcement action; for permit termination, revocation and reissuance, or revision; or for denial of a permit renewal application.

[A.A.C. R18-2-306.A.8.a]

VIII. INSPECTION AND ENTRY

The permittee shall allow the Director or the authorized representative of the Director upon presentation of proper credentials to:

- A. Enter upon the permittee's premises where a source is located or emissions-related activity is conducted, or where records are required to be kept under the conditions of the permit;
- B. Have access to and copy, at reasonable times, any records that are required to be kept under the conditions of the permit;
- C. Inspect, at reasonable times, any facilities, equipment (including monitoring and air pollution control equipment), practices, or operations regulated or required under the permit;
- D. Sample or monitor, at reasonable times, substances or parameters for the purpose of assuring compliance with the permit or other applicable requirements; and
- E. Record any inspection by use of written, electronic, magnetic and photographic media.

[A.A.C. R18-2-309.4]

IX. SEVERABILITY

The provisions of this permit are severable, if any provision of this permit is held invalid, the remainder of this Permit shall not be affected thereby.

[A.A.C. R18-2-306.A.7]

X. PERMIT FEE

Permittee shall pay fees to the Director pursuant to AAC R18-2-326.

[A.A.C. R18-2-326]

XI. OPERATIONAL FLEXIBILITY

- A. A facility with a permit may make changes without a permit revision if all of the following apply:
 1. The changes are not modifications under any provision of title I of the Act or under A.R.S. § 49-401.01(17).
 2. The changes do not exceed the emissions allowable under the permit whether expressed therein as a rate of emissions or in terms of total emissions.
 3. The changes do not violate any applicable requirements or trigger any additional applicable requirements.
 4. The changes satisfy all requirements for a minor permit revision under R18-2-319(A).
 5. The changes do not contravene federally enforceable permit terms and conditions that are monitoring (including test methods), recordkeeping, reporting, or compliance certification requirements.
- B. The substitution of an item of process or pollution control equipment for an identical or substantially similar item of process or pollution control equipment shall qualify as a change that does not require a permit revision, if it meets all of the requirements of subsections (A), (D) and (E) of this Section.
- C. For each such change under subsections A and B of this Section, a written notice by certified mail or hand delivery shall be received by the Director and, for Class I permits, the Administrator, a minimum of 7 working days in advance of the change. Notifications of changes associated with emergency conditions, such as malfunctions

necessitating the replacement of equipment, may be provided less than working days in advance of the change but must be provided as far in advance of the change, or if advance notification is not practicable, as soon after the change as possible.

- D. Each notification shall include:
1. When the proposed change will occur.
 2. A description of each such change.
 3. Any change in emissions of regulated air pollutants.
 4. The pollutants emitted subject to the emissions trade, if any.
 5. The provisions in the implementation plan that provide for the emissions trade with which the source will comply and any other information as may be required by the provisions in the implementation plan authorizing the trade.
 6. If the emissions trading provisions of the implementation plan are invoked, then the permit requirements with which the source will comply.
 7. Any permit term or condition that is no longer applicable as a result of the change.

[A.A.C. R18-2-317]

XII. EXCESS EMISSION AND DEVIATION REPORTING

- A. Emissions in excess of an applicable emission limitation contained in this a permit shall constitute a violation. For all situations that constitute an emergency as defined in R18-2-306(E), the affirmative defense and reporting requirements contained in that provision shall apply. In all other circumstances, it shall be an affirmative defense if the permittee of the source has complied with the reporting requirements of subsection (C) of this Section in a timely manner, and has demonstrated all of the following:
1. The excess emissions resulted from a sudden and unavoidable breakdown of the process or the control equipment; resulted from unavoidable conditions during startup or shutdown; resulted from unavoidable conditions during an upset of operations; or that greater or more extended excess emissions would result unless scheduled maintenance is performed;
 2. The air pollution control equipment, process equipment, or processes were at all times maintained and operated, in a manner consistent with good practice for minimizing emissions;
 3. Where repairs were required, such repairs were made in an expeditious fashion when the applicable emission limitations were being exceeded and off-shift labor and overtime were utilized where practical to insure that such repairs were made as expeditiously as possible. If offshift labor and overtime were not utilized, the permittee satisfactorily demonstrated that such measures were impractical;
 4. The amount and duration of the excess emissions (including any bypass operation) were minimized to the maximum extent practicable during periods of such emissions;
 5. All feasible steps were taken to minimize the impact of the excess emissions on potential violations of ambient air quality standards;
 6. The excess emissions were not part of a recurring pattern indicative of inadequate design, operation, or maintenance; and,
 7. During the period of excess emissions there were no measured violations of the ambient air quality standards established in A.A.C. R18-2-201 through R18-2-206 which could be attributed to the emitting source.
- B. It shall be the burden of the permittee of the source to demonstrate, through submission of the data and information required by this Section, that all reasonable and practicable measures within the permittee's control were implemented to prevent the occurrence of excess emissions.
- C. Excess emissions shall be reported as follows:
1. The permittee of any source issued a permit shall report to the Director any emissions in excess of the limits established by this permit. Such report shall be in two parts as specified below:
 - a. Notification by telephone or facsimile within 24 hours of the time when the permittee first learned of the occurrence of excess emissions including all available information from paragraph (2) of this subsection.

- b. Detailed written notification within 72 hours of the notification pursuant to subparagraph (a) of this paragraph.
2. The excess emissions report shall contain the following information:
- a. The identity of each stack or other emission point where the excess emissions occurred.
 - b. The magnitude of the excess emissions expressed in the units of the applicable emission limitation and the operating data and calculations used in determining the magnitude of the excess emissions.
 - c. The time and duration or expected duration of the excess emissions.
 - d. The identity of the equipment from which the excess emissions emanated.
 - e. The nature and cause of such emissions.
 - f. If the excess emissions were the result of a malfunction, steps taken to remedy the malfunction and the steps taken or planned to prevent the recurrence of such malfunctions.
 - g. The steps that were or are being taken to limit the excess emissions. If the source's permit contains procedures governing source operation during periods of start-up or malfunction and the excess emissions resulted from start-up or malfunction, the report shall contain a list of the steps taken to comply with the permit procedures.
- D. In the case of continuous or recurring excess emissions, the notification requirements of this Section shall be satisfied if the source provides the required notification after excess emissions are first detected and includes in such notification an estimate of the time the excess emissions will continue. Excess emissions occurring after the estimated time period or changes in the nature of the emissions as originally reported shall require additional notification pursuant to subsection (C)(1)(b) of this Section.
- E. Permittee shall report all deviations from permit requirements, including those attributable to upset conditions as defined in the permit, the probable cause of such deviations, and any corrective actions or preventive measures taken. The required report shall be submitted by certified mail, facsimile or hand delivery within 2 working days of the time when deviation occurred.

[A.A.C. R18-2-310]

XIII. EMERGENCY PROVISION

- A. An "emergency" means any situation arising from sudden and reasonably unforeseeable events beyond the control of the source, including acts of God, which situation requires immediate corrective action to restore normal operation, and that causes the source to exceed a technology-based emission limitation under the permit, due to unavoidable increases in emissions attributable to the emergency. An emergency shall not include noncompliance to the extent caused by improperly designed equipment, lack of preventative maintenance, careless or improper operation, or operator error.
- B. An emergency constitutes an affirmative defense to an action brought for noncompliance with such technology-based emission limitations if the conditions of paragraph C of this section are met.
- C. The affirmative defense of emergency shall be demonstrated through properly signed, contemporaneous operating logs, or other relevant evidence that:
 - 1. An emergency occurred and that the permittee can identify the cause(s) of the emergency;
 - 2. The permitted facility was at the time being properly operated;
 - 3. During the period of the emergency the permittee took all reasonable steps to minimize levels of emissions that exceeded the emissions standards or other requirements in the permit; and
 - 4. The permittee submitted notice of the emergency to the Director by certified mail, facsimile or hand delivery within 2 working days of the time when emission limitations were exceeded due to the emergency. This notice shall contain a description of the emergency, any steps taken to mitigate emissions, and corrective action taken.
- D. In any enforcement proceeding, the permittee seeking to establish the occurrence of an emergency has the burden of proof.
- E. This provision is in addition to any emergency or upset provision contained in any applicable requirement.

[A.A.C. R18-2-306.E]

XIV. DEFENCE IN ENFORCEMENT ACTION

Need to halt or reduce activity not a defense. It shall not be a defense for a permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit.

[A.A.C. R18-2-306.A.8.b]

XV. DUTY TO PROVIDE INFORMATION

- A. The permittee shall furnish to the Director, within a reasonable time, any information that the Director may request in writing to determine whether cause exists for modifying, revoking and reissuing, or terminating the permit or to determine compliance with the permit. Upon request, the permittee shall also furnish to the Director copies of records required to be kept by the permit or, for information claimed to be confidential, the permittee may furnish such records directly to the Administrator along with a claim of confidentiality.
- B. Any applicant who fails to submit any relevant facts or who has submitted incorrect information in a permit application shall, upon becoming aware of such failure or incorrect submittal, promptly submit such supplementary facts or corrected information. In addition, an applicant shall provide additional information as necessary to address any requirements that become applicable to the source after the date it filed a complete application but prior to release of a proposed permit.

[A.A.C. R18-2-306.A.8.e and R18-2-304.G]

XVI. PROPERTY RIGHTS

The permit does not convey any property rights of any sort, or any exclusive privilege.

[A.A.C. R18-2-306.A.8.d]

XVII. NOTIFICATION

Any permittee subject to this permit requirement shall furnish the Director written notification as follows:

1. A notification of the date construction of a permitted facility is commenced postmarked no later than 30 days after such date. This requirement shall not apply in the case of mass produced facilities which are purchased in completed form.
2. A notification of the anticipated date of initial start-up of a permitted facility postmarked not more than 60 days nor less than 30 days prior to such date.
3. A notification of the actual date of initial start-up of a permitted facility postmarked within 15 days after such date.

[A.A.C. R18-2-901.1]

XVIII. POSTING OF PERMIT

- A. Any person who has been granted an individual or general permit shall post such permit, or a certificate of permit issuance on location where the equipment is installed in such a manner as to be clearly visible and accessible. All equipment covered by the permit shall be clearly marked with one of the following:
 1. The current permit number.
 2. A serial number or other equipment number that is also listed in the permit to identify that piece of equipment.
- B. A copy of the complete permit shall be kept on the site.

[A.A.C. R18-2-315]

XIX. COMPLIANCE CERTIFICATION

- A. Permittee shall submit a compliance certification to the Director with terms and conditions contained in this permit each year prior to the anniversary date of issuance of the permit.

The compliance certification shall include the following:

1. the identification of each . . . or condition of the permit that is the basis . . . the certification;
2. the compliance status;
3. whether compliance was continuous or intermittent;
4. the method(s) used for determining the compliance status of the source, currently and over the reporting period; and

B. A copy of all compliance certifications for Class I permits shall also be submitted to the Administrator.

[A.A.C. R18-2-309]

XX. CERTIFICATION OF TRUTH, ACCURACY AND COMPLETENESS

Any document required to be submitted by this permit, including reports, shall contain a certification by a responsible official of truth, accuracy, and completeness. This certification and any other certification required under this part shall state that, based on information and belief formed after reasonable inquiry, the statements and information in the document are true, accurate, and complete.

[A.A.C. R18-2-309]

XXI. ANNUAL EMISSIONS INVENTORY QUESTIONNAIRE

- A. Permittee shall complete and submit to the Director an annual emissions inventory questionnaire. The questionnaire is due by March 31 or ninety days after the Director makes the inventory form available each year, whichever occurs later, and shall include emission information for the previous calendar year.
- B. The questionnaire shall be on a form provided by the Director and shall include the information required by A.A.C. R18-2-327.

[A.A.C. R18-2-327]

Attachment "B"

Special Conditions

Air Quality Control Permit No. 091168P0-99

for AZCO Mining Inc.

I. Applicable Rules

AZCO Mining Inc. shall install and operate the equipment in compliance with all applicable provisions of the following rules:

- A.A.C. R18-2-101 Definitions
- A.A.C. R18-2-301 Definitions
- A.A.C. R18-2-302 Applicability; classes of permits
- A.A.C. R18-2-308 Emission standards and limitations
- A.A.C. R18-2-310 Excess emissions
- A.A.C. R18-2-311 Test methods and procedures
- A.A.C. R18-2-314 Quality assurance
- A.A.C. R18-2-315 Posting of permit
- A.A.C. R18-2-605 Roadways and streets
- A.A.C. R18-2-606 Material handling
- A.A.C. R18-2-607 Storage piles
- A.A.C. R18-2-610 Evaluation of nonpoint source emissions
- A.A.C. R18-2-721 Standards of performance for existing nonferrous metals industry sources
- A.A.C. R18-2-724 Standards of performance for fossil-fuel fired industrial and commercial equipment
- A.A.C. R18-2-730 Standards of performance for unclassified sources
- A.A.C. R18-2-802 Off-road machinery
- A.A.C. R18-2-901.39 (40 CFR 60 subpart LL) Metallic mineral processing plants

II. Emission Limits

- A. The total emissions of air contaminants from any of the sources shall not exceed the values stated on Attachment "C" entitled "Emission Sources - Maximum Allowable Emission Rates". Unless otherwise specified, the above emission limits shall be measured on a one-hour average (the average of three one-hour test runs).
- B. On and after the date of start-up, AZCO Mining Inc. shall not cause to be discharged into the atmosphere from the NSPS Subpart LL affected facility any gases which exhibit greater than 10 percent opacity as measured by EPA Method 9.
- C. On and after the date of start-up, AZCO Mining Inc. shall not cause to be discharged into the atmosphere from mobile off-road machinery any gases which exhibit greater than 40 percent opacity for a period of ten consecutive seconds.
- D. Excess emission shall be defined as:
 - 1. any 6 minute period, as measured by EPA Method 9 which exceeds an opacity of 10 percent.
 - 2. any average of three one-hour manual source test runs during which the average emissions of nitrogen oxides, sulfur dioxide or particulate exceeds the Maximum Emission Limits set for each pollutant in Attachment C.

III. Stack Sampling Facilities

For performance test purposes, sampling ports, platforms, and access shall be provided by AZCO Mining Inc on the boiler in accordance with Arizona Testing Manual for Air Pollutant Emissions.

IV. Performance Tests

- A. Within 60 days after achieving the maximum production rate of the crushing plant, but no later than 180 days after initial start-up (as defined in A.A.C.R18-2-101.92) of the crushing plant, AZCO Mining Inc. shall conduct or cause to be conducted performance tests (as required by R18-2-312) on the crushing plant. Performance tests shall be conducted for opacity. AZCO Mining Inc. shall furnish the Department a written report of such tests. All performance tests shall be conducted while operating the crushing circuit at the maximum operating capacity of the unit being tested. Upon receipt of prior written approval from the Department, AZCO Mining Inc. may conduct performance tests at less than the maximum operating capacity of the units being tested.

Performance tests on the crushing plant, boiler and SX-EW plant shall be conducted at such other times as may be specified by the Department.

- B. Performance tests for the emissions of particulate, sulfur dioxide, nitrogen oxides and opacity shall be conducted and results reported in accordance with the test methods set forth in the Arizona Testing Manual for Air Pollution Emissions and A.A.C. R18-2-312. The following or equivalent test methods shall be used:

1. Performance tests for the emission of particulate shall be conducted using EPA Method 5.
2. Performance tests for the emission of sulfur dioxide shall be conducted using EPA Method 6.
3. Performance tests for the emission of nitrogen oxides shall be conducted using EPA Method 7.
4. Performance tests for opacity shall be conducted using EPA Method 9.

A pre-test meeting shall be arranged with the Department at least 14 calendar days prior to such tests to allow time for the development of an approvable performance test plan and to arrange for an observer to be present at the test. AZCO Mining Inc. shall prepare and submit a written copy of the proposed test plan to the Department 7 calendar days prior to pre-test meeting. A written copy of Final Test Plan must be submitted to the Department prior to performance test. Such prior approval will minimize the possibility of Department's rejection of test results for procedural deficiencies. In lieu of the above mentioned test methods, equivalent methods may be used with prior approval from the Department.

- C. If the preliminary performance test results indicate an exceedance of any applicable emission limit, the permittee shall notify the Department by telephone or FAX within 24 hours and take the necessary and appropriate actions to limit the emissions to within all emission standards as prescribed by the Department. A compliance plan shall be submitted to the Department, and if approved by the Department, implemented in the time period prescribed in the plan. A second performance test shall be conducted, and should the second test demonstrate noncompliance, the permittee shall either totally shutdown operations or reduce operations to a level that assures compliance as approved by the Department.

V. Fuel Type

AZCO Mining Inc. is permitted to burn No. 2 diesel fuel, propane or natural gas in the boiler.

VI. Fuel Amount and Recordkeeping

The total amount of No. 2 diesel fuel consumed in the boiler shall not exceed 58,917 gallons per month and shall not exceed 707,000 gallons during any calendar year. AZCO Mining Inc. shall construct the boiler with the equipment necessary, and maintain such records as required, to document the above fuel use. The records shall be kept for 5 years.

VII. Fuel Analysis

The sulfur/nitrogen content of the No. 2 diesel fuel burned in the boiler shall not exceed one-half (0.5 % by weight) percent by weight as determined by the most current ASTM Method, or equivalent method approved by the Department.

The amount of fuel burned and the sulfur/nitrogen content of the fuel burned shall be recorded in a permanent record and shall be available for periodic inspection by the Department.

VIII. Air Pollution Equipment

AZCO Mining Inc. shall install, continuously operate and maintain the following air pollution controls. Controls listed shall be fully operational upon start-up of the respective sources.

- A. Water trucks shall be used to control road dust within the pit and mine/plant area.

B. Dust suppression foggers shall be used to remove particulate in the crushing plant at the following locations:

1. Vibrating grizzly
2. Primary crushing (jaw crusher)
3. Primary screen
4. Secondary crushers (cone crushers)
5. Secondary screen

C. Water spray bars shall be used to remove particulate in the crushing plant at the following locations:

1. Truck dump hopper
2. Coarse ore stockpile
3. Crushed ore stockpile

D. "Beads", foam or another Department approved method shall be used to control sulfuric acid mist from the electrowinning cells in the SX-EW tankhouse.

E. Enclosed chutes, full enclosures and partial enclosures shall be used to control particulate at transfer and drop points within the crushing plant and on the overland conveyor system (excluding leach pad shuttle conveyors on the leach pad).

IX. Burning Used Oil Or Hazardous Waste

This permit does not authorize the usage of used oil, used fuel oil, hazardous waste, or hazardous waste fuel. Any such usage requires an amendment to this permit.

X. Maintenance Responsibility

Permittee is responsible for the maintenance of any and all storage piles. This responsibility will continue after mining operations have ceased at the mine. Permittee will take reasonable precautions such as chemical stabilization, wetting, or covering to prevent excessive amounts of particulate matter from becoming airborne as per A.A.C. R18-2-607, Storage Piles.

If AZCO Mining Inc. starts fine crushing and/or milling of the material, then they will have to obtain a permit revision.

XI. Zoning

For any proposed location, Permittee must comply with all local zoning requirements prior to installation/operation of any equipment.

XII. Other Conditions

A. Haul road requirements

1. All haul roads that are actively being used shall be watered at least once each work shift. Per A.A.C. R18-2-405, Roadways and Streets, AZCO may have to do additional watering during dry periods to prevent particulate matter from becoming airborne.
2. A log shall be kept of the times when the roads are watered. This log shall be retained onsite for five years.
3. If the mine has received measurable rain within 24 hours, the haul roads do not have to be watered. This condition shall be stated in the log.
4. This permit requirement does not release AZCO Mining Inc. from the opacity limitations established in Section II, Emission Limits.

B. The dust suppression systems shall operate within the following parameters:

1. Each system shall continuously monitor and permanently record the air pressure on the fogger system. The monitoring device must be certified by the manufacturer to be accurate within 2% of the full scale reading and must be calibrated on an annual basis in accordance with manufacturer's instructions.
2. The air pressure on the nozzles shall be at least 60 psi.
3. Each system shall continuously monitor and permanently record the water flow to the fogger system. The monitoring device must be certified by the manufacturer to be accurate within ± 5 percent of the design liquid flow rate and must be calibrated on at least an annual basis in accordance with manufacturer's instructions.

4. The water flow rate per nozzle shall be at least 0.5 gallons per hour for FP-2 nozzles, 1 gallon per hour for FP-4 nozzles and 2 gallons per hour for FP-5 nozzles. Equivalent nozzles can be substituted with prior Department approval.
5. Each system shall continuously monitor and permanently record the air flow to the fogger nozzles. The monitoring device must be certified by the manufacturer to be accurate within ± 5 percent of the design liquid flow rate and must be calibrated on at least an annual basis in accordance with manufacturer's instructions.

With prior Department approval, AZCO can meet the air flow monitoring requirements if a permanent line restriction is installed so that the maximum nozzle air flow rates in paragraph 6 below can not be exceeded. Possible line restrictive devices are properly operating and sized air regulators and permanent orifice plates.

6. The air flow rate per nozzle shall not be greater than 4 SCFM for FP-2 nozzles, 14 SCFM for FP-4 nozzles and 16 SCFM for FP-5 nozzles. Equivalent nozzles can be substituted with prior Department approval.
- C. The ore bin feeding the secondary crushers shall be covered.
 - D. The crushing plant production rate shall not exceed 2200 tons per hour. AZCO Mining Inc. shall keep a record or log that shows the average crusher production rate for each shift that the crusher is operated. The record or log shall be retained for a period of 5 years.
 - E. The boiler shall be no larger than 250 horsepower.
 - F. AZCO Mining Inc. shall have at least one (1) person employed at the Sanchez Mine that is a certified visible emissions evaluator.
 - G. All calibration and reporting requirements shall be documented and records maintained on site for five years. These records shall be made available to Department representatives upon request.

XIII. Compliance Plan and Compliance Certification

The permittee shall submit a copy of the compliance plan and the compliance certification as prescribed in Appendix 1 Section 16 and 17 of the Arizona Administrative Code Title 18 Chapter 2. This information must be provided to the Director no later than 180 days from the date of issuance of the permit.

ATTACHMENT C

EMISSION SOURCES – MAXIMUM ALLOWABLE EMISSION RATES

AZCO MINING INC. – PERMIT #091168P0–99

This table lists all sources of air contaminants on applicant's property emitted by the facilities covered by this permit. Emission rate shown are those derived from information submitted as part of the application for permit and are the maximum rates allowed for these facilities. Any proposed increase in emission rates may require an application for a modification of the facilities covered by this permit.

AIR CONTAMINANT EMISSION RATES*

EMISSION POINT (1)	SOURCE NAME (2)	NMHC (3)		NO _x (4)		SO ₂ (5)		PART (6)		PM ₁₀ (7)		CO (8)	
		#/HR	T/Y	#/HR	T/Y	#/HR	T/Y	#/HR	T/Y	#/HR	T/Y	#/HR	T/Y
1	Total Mine Fugitives (9)							150.42	658.9	69.41	304.0		
2	Truck Dump (9)							0.37	1.0	0.17	0.5		
3	Vibrating Grizzly (9)							4.40	12.0	3.30	9.0		
4	Jaw Crusher (9)							0.58	1.6	0.26	0.7		
5	Primary Screen (9)							2.77	7.6	2.08	5.7		
6	Main Stockpile (9)							0.31	0.8	0.14	0.4		
7	Main Stockpile, erosion							0.07	0.3	0.03	0.1		
8	Crusher Bin (9)							1.00	2.7	0.45	1.2		
9	Secondary Crusher (9)							4.45	12.1	1.78	4.9		
10	Secondary Screen (9)							3.55	9.7	2.67	7.3		
11	Secondary Stockpile (9)							0.37	1.0	0.17	0.5		
12	Secondary Stockpile, erosion							0.07	0.3	0.03	0.1		
13	All Conveyor Transfers (9)							16.95	48.9	8.31	22.7		

1. Emission point identification – either specific equipment designation or emission point number from the plot plan.
2. Specific point source name. For fugitive sources use area name or fugitive source name.
3. Non –Methane Hydrocarbons.
4. Total oxides of nitrogen.
5. Sulfur dioxide.
6. Particulate matter.
7. Particulate matter ≤ 10 microns.
8. Carbon monoxide.
9. Hourly rates do not calculate to yearly rates because of short term peak production rates.

* Emission rates are based on the following operating schedule:

Hours/days: 24 Days/year: 365 Hours/year: 8,760

AZCO
The Arizona Copper Company
P.O. Box 747 • Safford, AZ 85548

**** Memo ****

To: Joe Carter, Graham County Manager
Van Talley, Safford Mayor
Dee Jaksich, Director, Chamber of Commerce
Larry Innes, Thatcher Mayor
Mason Coggin, Director, AZ Mines & Mineral Resources
Dan Miller, Director, AMIGOS

FROM: Dave Beling

DATE: March 16, 1994

SUBJECT: Sanchez Air Quality and Aquifer Protection Permits
Public Hearing - April 20, 1994

The Arizona DEQ has scheduled a public hearing and comment period for the subject permits, as described on the attached page.

Your continuing support would be appreciated by sending in resolutions and letters from your Boards and associates, and commenting at the public meeting.

Please call me if you have any questions.

Best regards,



David C. Beling
President and
Chief Operating Officer

DCB/mf
Enclosures

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES

VERBAL INFORMATION SUMMARY (SHORT FORM)

May be Reproduced

May Be Inserted Into Mine File Or Added To "Rumor Page"

1. Information from: Richard C. Moores II
Address: 808 10th Street
Golden, CO 80401
2. Phone: (303) 279-0908
3. Mine: Sanchez
4. ADMMR Mine File: SANCHEZ
5. County: Graham
6. MILS Number 108
7. Operational Status: Developed Deposit
8. Summary of information received, comments, etc.: Two Colorado mining consultants, John Dryer and Dick Moores, have optioned the Sanchez deposit, formed a new company called the Arizona Copper Company, and plan on placing the deposit into production as soon as possible. Several Tucson consultants have been hired to review the data. Dave Hackman and Paul Hodges of Sage Associates are revising the mine plan. The former plan had been designed by Inspiration Copper, a past leasee. The Inspiration Plan has reportedly been modified by changing the pit slopes from 37° up to 45° depending on rock type, thereby increasing the minable reserves. Oxide reserves are said to be in excess of 140 million tons with a .2% cutoff. Higher grade reserves are 50 million tons + .5% copper. Plans call for installation of a dump leach SX-EW facility. Production cost from the cutoff grade ore is expected to be 85¢ per lb of copper. Leach tests have indicated recovery to be 70% after 45 days

Date: January 1989

H. Mator

(signature) ADMMR

when the ore is crushed to 1 inch. The recovery for a 2 inch crush is about 50% and therefore unacceptable. Mining rate is planned at 5 MT per year. A contractor to build the facility has not as yet been selected. The company is in the first stage of permitting. If this procedure is not unduly time consuming, ground breaking is expected to begin this year. Financing of the project is said to be almost in place with some participation by the selected contractor a likelihood.

Mr. Moores is also optimistic about finding additional ore in the immediate vicinity. Several widely spaced drill holes away from the mine area have intercepted as much as 200 feet of supergene chalcocite. This area will be explored after mine development as cash flow permits.

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES

VERBAL INFORMATION SUMMARY

May be Reproduced

1. Information from: William "Bill" Sorsen
Address:
Phone 934-0952 (Glendale)
2. Mine: Sanchez (file)
3. ADMMR Mine File: Sanchez
4. County: Graham
MILS Number
5. District: (mining)
(or mineral)
6. Township: Range Sec(s)
7. USGS Topographic Map:
8. Location (descriptive):
9. Number of Claims - Patented Unpatented
10. Owner(s) (if different from above)
11. Address:
12. Operating Company:
13. Pertinent People and/or Firm:
14. Commodities: Copper-Sulfide Copper-Oxide
15. Operational Status:
16. Summary of information received, comments, etc.: Mr. Sorsen has been

continuing to try to generate interest in his copper property which had for many years been optioned to Inspiration Consolidated Copper Company. He reported the deposit contains 80 million tons of oxide copper ore with a recoverable copper content of 6 pounds per ton. Tests have shown that about 10.5 pounds of acid are needed to treat a ton of ore. The most common oxide copper minerals are chrysocolla and tenorite. The conceptual oxide ore pit would be 3000' in diameter and 1200' deep. Additionally the deposit contains 120 million tons of 0.5 % sulfide ore. Contained in the sulfide ore is 1 million ounces of gold and 12 million ounces of silver. The host rock is a monzanite porphyry and andesite.

Date: August 1988



(Signature) AzDMMR

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES

VERBAL INFORMATION SUMMARY

May be Reproduced

1. Information from: William "Bill" Sorsen
Address: _____ Phone 934-0952 (Glendale)
2. Mine: Sanchez 3. ADMMR Mine File: Sanchez
4. County: Graham MILS Number _____
5. District:(minning) _____ (or mineral)
6. Township: _____ Range _____ Sec(s) _____
7. USGS Topographic Map: _____
8. Location (descriptive): _____
9. Number of Claims - Patented _____ Unpatented _____
10.Owner(s) (if different from above) _____
- 11.Address: _____
12.Operating Company: _____
13.Pertinent People and/or Firm: _____
- 14.Commodities: Copper-Sulfide Copper-Oxide
15.Operational Status: _____
16.Summary of information received, comments, etc.: Mr. Sorsen has been

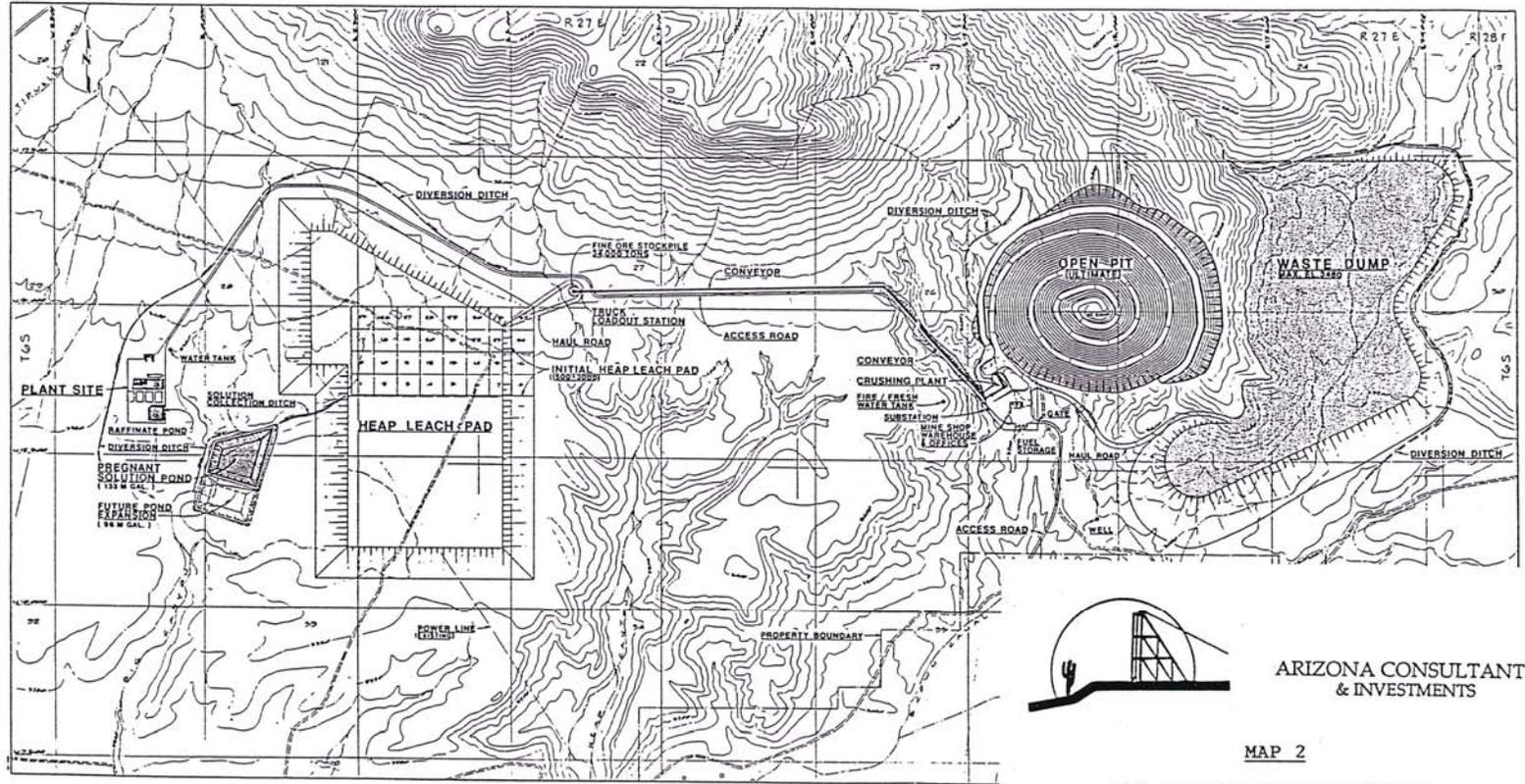
continuing to try to generate interest in his copper property which had for many years been optioned to Inspiration Consolidated Copper Company. He reported the deposit contains 80 million tons of oxide copper ore with a recoverable copper content of 6 pounds per ton. Tests have shown that about 10.5 pounds of acid are needed to treat a ton of ore. The most oxide copper mineral are chrysocolla and tenorite. The conceptual oxide ore pit would be 3000' in diameter and 1200' deep. Additionally the deposit contains 120 lion tons of 0.5 % sulfide ore. Contained in the sulfide ore is 1 million ounces of gold and 12 million ounces of silver. The host rock is a monzanite porphyry and andesite.

Date: August 1988


(Signature) AzDMMR

DRAFT 12/89

Sanchez (A)

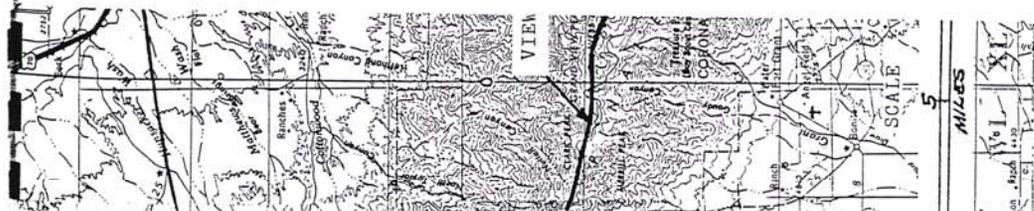


ARIZONA CONSULTANTS & INVESTMENTS

MAP 2

THE ARIZONA COPPER COMPANY
SANCHEZ COPPER PROJECT
SITE PLAN

SCALE: 1"=2000'



SANCHEZ (A) GRAM CO. K On KAMC



NEWS RELEASE

P.O. Box 747 • Safford • AZ 85548
Corporate Information: 1-800-563-SXEW

Contact: Alan P. Lindsay, Chairman of the Board & Chief Executive Officer
or Anthony R. Harvey, Vice Chairman and Executive Vice President

AMEX:AZC
TSE:AZC

April 20, 1994

AZCO MINING INC. SIGNS SANCHEZ PLANT CONSTRUCTION CONTRACT WITH DAVY INTERNATIONAL

AZCO Mining Inc. (AMEX, TSE:AZC) is pleased to announce that its wholly-owned subsidiary, Sanchez Mining Inc., and Davy International, a division of Trafalgar House Inc., have executed on April 12, 1994 a contract for the engineering, procurement and construction of the Sanchez project's processing plant. Davy International is one of the world's leading mineral processing plant construction companies, particularly relating to solvent extraction and electrowinning facilities. Of the \$79 million of direct capital costs to complete the Sanchez Project, approximately \$40.6 million will be spent under the contract with Davy.

Davy's San Ramon, California office will be responsible for completing a 12 million ton per year crushing plant, heap leaching facilities and a solvent extraction-electrowinning plant capable of producing an average 56 million pounds of LME Grade A cathode copper. The contract provides a Guaranteed Target Price (GTP) of \$40.6 million for the defined scope of work, completion guarantees with respect to throughput, efficiency and cathode quality and a Target Date for completion by the first anniversary of the commencement of construction.

If the actual cost of the contracted work exceeds the GTP, Davy will be responsible for the excess to a maximum aggregate liability of \$12 million. Any further cost over-runs will be the responsibility of the Company. If the actual cost of the contracted work is less than the GTP, Davy will be entitled to a bonus equal to one-third (1/3) of the savings.

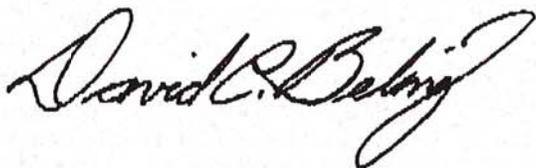
If the contracted work is not completed within 30 days of the Target Date, Davy is subject to a penalty of \$20,000 per day up to a maximum of \$1.2 million, which would be included in the \$12 million aggregate liability. If the contracted work is completed more than 30 days prior to the Target Date, Davy will be entitled to a bonus of \$20,000 per day, up to a maximum of \$1.2 million.

(continued)

The Company will be responsible for performing, or engaging and supervising others to perform all work in connection with the Sanchez Project, other than the Davy scope of work, including mine equipment acquisition, pre-production stripping of the mine and ancillary facilities.

The Company expects Davy International's role to be integral to the success of the Sanchez project. Construction is scheduled to commence immediately after completion of project financing. All Federal and State environmental permits necessary to construct the Sanchez project have been approved. The project is scheduled to produce 1.1 billion pounds of cathode copper over a 20-year life.

On behalf of the Board of Directors of AZCO Mining Inc.



David C. Beling
President and Chief Operating Officer

THIS NEWS RELEASE HAS BEEN PREPARED BY MANAGEMENT OF THE COMPANY WHO TAKES FULL RESPONSIBILITY FOR ITS CONTENTS. THE AMERICAN STOCK EXCHANGE AND THE TORONTO STOCK EXCHANGE NEITHER APPROVE NOR DISAPPROVE THE CONTENTS OF THIS NEWS RELEASE.

THIS NEWS RELEASE SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH JURISDICTION.

FOR FURTHER INFORMATION ON AZCO PLEASE CONTACT

North America - Alan Lindsay/Anthony R. Harvey
TEL: (1) 800-563-SXEW (7939)

Europe - Andrew Malim
(44) 71 924 2266

AZCO

The Arizona Copper Company

AMC
Sanchez Mine Site
SANCHEZ (A) GRAHAM

September 3, 1993

Mr. Don Spencer, Project Officer
Water Permits Unit
Arizona Department of
Environmental Quality
P.O. Box 600
Phoenix, AZ 85001-0600

Dear Mr. Spencer:

I am compelled to further express our deep concerns particularly with respect to the timing and approval of AZCO's leach pad liner in our Aquifer Protection Permit Application.

AZCO and its consultants remain convinced that the one-foot of compacted clay as initially proposed is satisfactory under all conditions at the Sanchez project site. Notwithstanding, we have willingly agreed to enhance integrity of the liner by adding a 30-mil PVC membrane to form a composite liner. Enclosed are two articles prepared by recognized authorities to further your data base and in support of using PVC rather than other membranes. The article from The Mining Record by Allan Breitenbach P.E. of Welsh Engineering includes a table rating PVC as the best overall liner material, including such major considerations as puncture resistance.

Our project is anxiously awaiting permit approval and your prompt consideration to this end would be most appreciated. Please do not hesitate to call Mr. Fred Brost or me if we can be of assistance or help expedite this important process.

Very truly yours,


David C. Beling
Vice President and
Chief Operating Officer

DCB/mf
Enclosures

cc: Mr. Ed Fox - ADEQ
Mr. Marc Lame - ADEQ
Mr. Fred Brost - M & EC
Mr. Joe Carter - Graham County Manager
Mr. Mason Coggin - Dept. Mineral Resources



ARIZONA
BLM
 BUREAU OF LAND MANAGEMENT
 UNITED STATES

news Release
 DEPARTMENT OF THE INTERIOR

Sanchez (F) CATHAM Co.
 FOR RELEASE March 13, 1992
 CONTACT Diane Drobka 602-428-4040

MSK

AZCO Draft Environmental Impact Statement Completed

The Bureau of Land Management (BLM) Safford District Office has completed a Draft Environmental Impact Statement (DEIS) for the Sanchez Copper Project proposed by AZCO Mining, Inc. (AZCO). Public comments on the report will be accepted by the BLM until May 11. A public meeting to answer questions about the report has been scheduled for Thursday, April 2, at 7 p.m. at the Safford Public Library's Phelps Dodge Room.

The DEIS assesses potential impacts of the proposed copper mine as described in the company's Plan of Operations, as well as other reasonable alternatives. All affected issues, including environmental, economic and social factors, were evaluated. The report also analyzes significant and cumulative impacts, and identifies necessary mitigative measures. Reclamation of the site is also addressed.

AZCO's Plan of Operations calls for the mining the Sanchez copper orebody to produce an estimated 12 million tons of ore per year. Conventional open pit mining techniques will be used on the 581 unpatented lode and millsite claims located on 1,400 acres of public lands in the southeast end of the Gila Mountains about 10 miles northeast of Safford. A solvent extraction-electrowinning plant will be constructed on site to process the ore. The mine and plant are expected to operate for 17 years.

The issuance of the DEIS culminates an 8-month review process that began in August 1991, when AZCO submitted their Plan of Operations to the BLM. Prior to the submission of the Plan of Operations, AZCO conducted extensive investigations to determine potential impacts on various environmental and socioeconomic factors. The BLM hosted two local meetings to gather public opinion on the proposal.

All those who are on the AZCO mailing list will automatically receive a copy of the DEIS. Additional copies will be available at the BLM Safford District Office located at 425 East Fourth Street in Safford. For more information on the DEIS or the upcoming public meeting, contact Larry Thrasher, BLM Project Manager, or Cindy Alvarez, Planning and Environmental Coordinator, at 428-4040.

- BLM -



TO:

DATE: 1-8-93

AZ 93-80-0007
State Application Identifier (SAI)

Sanchez Mine

FROM: Arizona State Clearinghouse
3800 N. Central, 14th Floor
Phoenix, AZ 85012

- AZ Environ. Qlty Rm 304 - STEPHAN
 - AZ Environ. Qlty Rm 400-B - CSTR, IL
 - AZ Environ. Qlty Rm 603A
 - Economic Sec.
 - Indian Affairs
 - Transportation
 - Public Safety
 - Mineral Res.
 - Att'y General
 - Corrections
 - Civil Rights
 - Education
 - Gov's Office for Children Administration - 424 Form
 - JLBC
 - DDD-DES
 - Game & Fish
 - Salt Rv Indian Clearinghouse
 - Navajo Indian Clearinghouse
- ADA
 - Tourism
 - Health
 - Water
 - Parks
 - Land
 - Commerce
 - Region I, II, III, IV, V, VI

This project is referred to you for review and comment. Please evaluate as to the following questions. After completion, return THIS FORM ONLY, AND ONE XEROX COPY to the Clearinghouse within 20 WORKING DAYS from the date received. Please contact the Clearinghouse at 280-1315 if you need further information or additional time for review.

No comment on this project Proposal is supported as written Comments as indicated below

1. Is project consistent with your agency goals and objectives? Yes No Not Relative to this agency
2. Does project contribute to statewide and/or areawide goals and objectives of which you are familiar? Yes No
3. Is there overlap or duplication with other state agency or local responsibilities and/or goals and objectives? Yes No
4. Will project have an adverse effect on existing programs in your agency or within project impact area? Yes No
5. Does project violate any rules or regulations of your agency? Yes No
6. Does project adequately address the intended effects on target population? Yes No
7. Is project in accord with existing applicable laws, rules or regulations with which you are familiar? Yes No

Additional Comments (Use back of sheet, if necessary):

Reviewers Signature Ken A. Phillips
Title Chief Engineer

Date 1-27-1991
Telephone 255-3791

Name

Company

Address

*Arizona State Clearinghouse
3880 N. Central, 14TH Floor
Phoenix, Ariz 85012*

Publications/Information to Send:

- Laws and Regulations Mineral Rights
- Manual for Determin. of Land Status
- Active Mines Directory w/Map
- Pertinent Data Circ. 39
- Az. Gem Shows Circ. 32
- Mining Law Change Circ. 30

ADMMR Publication List
 Az. Geo. Survey Pub List

MATERIAL ATTACHED
Others Pubs./ Special Instructions:

*Please send them 2
copies and add a copy to the inside
cover of the environmental impact statement in
the Sanchez Mine file*

No Charge Send Invoice

Attach Business Card

Date *2-5-93*

H:REQUEST.FRM

From: *Ken*



ARIZONA
BLM
BUREAU OF LAND MANAGEMENT
UNITED STATES

SAN ~~CHER~~ (P)
FOR RELEASE
CONTACT immediately, September 23, 1991
Diane Drobka (602) 428-4040
News Release
DEPARTMENT OF THE INTERIOR

1991

BLM Requests Public Input for AZCO Environmental Impact Statement

The Bureau of Land Management Safford District Office has begun the Environmental Impact Statement process for the AZCO Mining Inc. proposed copper mine near Safford, and is accepting written comments from the public from October 1 to November 1. In addition, an official public scoping meeting will be held on October 21 at 7 p.m. in the Phelps Dodge Room of the Safford Town Library located at the corner of Eighth Avenue and Eighth Street in Safford.

The Mining Plan of Operations calls for mining the Sanchez copper orebody, located on 581 unpatented lode and millsite claims at the southeast end of the Gila Mountains, about 10 miles east-northeast of the city of Safford. The ore body will be mined using conventional open pit mining techniques and mining equipment. The planned ore mining rate is 10 million tons per year. Waste rock and alluvium will be mined at an average rate of about 13 million tons per year. The expected life of the mine is 17 years. The pit will ultimately measure about 4,000 feet in diameter and 1,200 feet deep.

Ore from the pit will be transported to a crushing and screening plant prior to being conveyed to leach pads. There, the crushed ore will be treated with a weak sulfuric acid solution. The pregnant leach solution will be piped to a solvent extraction-electrowinning plant, where the copper will be extracted and concentrated.

Reclamation will involve minimizing public safety hazards, ensuring long-term protection of the environment, and restoring the site to a condition consistent with planned long-term use. The BLM will require a reclamation bond be posted prior to any surface disturbances.

The Environmental Impact Statement being prepared will assess the environmental impacts of the proposed mine as described in the Mining Plan of Operation, other reasonable alternatives, and a No Action alternative; determine if there are significant and cumulative impacts; and identify necessary mitigative measures.

For more information about the project, contact Larry Thrasher, BLM Project Manager, at 602-428-4040. Written comments should be addressed to Meg Jensen, Gila Resource Area Manager, 425 East Fourth Street, Safford, AZ 85546.

STATE FAIRGROUNDS
PHOENIX AZ 85007

RECEIVED
SEP 26 1991

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SAFFORD DISTRICT OFFICE
425 EAST 4TH STREET
SAFFORD, ARIZONA 85546

AN EQUAL OPPORTUNITY EMPLOYER



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BEARD RICHARD
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STAPLE

Sanchez Deposit

CARPENTER MINE

GRAHAM COUNTY, ARIZONA

RECEIVED

APR 18 1988

DEPT. OF MINES &
MINERAL RESOURCES

CARPENTER MINE
GRAHAM COUNTY, ARIZONA

EXPLANATION

Qal	Alluvium and gravel	}	QUATERNARY
Tb	Basalt with interlayered tuff lenses	}	TERTIARY
Tl	Rhyolite, latite, quartz latite, and related dikes		
Tqm	Quartz monzonite porphyry		
Tqd	Quartz diorite and quartz diorite porphyry	}	
Ka	Andesite, dacite, and related dikes	}	CRETACEOUS(?)

 fault

PORPHYRY COPPER PROBABILITY STUDY
OCCURRENCE DESCRIPTION OUTLINE

I. SULFIDE SYSTEM

A. Name Carpenter (Sanchez) County Graham State Arizona

*B. Length: Exposed 5,000 ft; Extrapolated 15,000 ft.

*C. Width: Exposed 3,000 ft; Extrapolated 4,000 ft.

*D. Azimuth of Elongation 125^o; Sulfide Concentration nd Vol. %

*E. Capping (circle one for each)

Oxidized Capping	<u>yes</u>	no		no data
Leached Capping	yes	no		<u>no data</u>
Intensity in Outcrop	subtle	apparent	obvious	<u>no data</u>
Color	red-brown	maroon	bleached-yellow	<u>no data</u>

*F. Absolute Age (m. y.); Min. _____; Max. _____; Average 58?
Relative Age (bracket): _____

*G. Drillholes

1. Maximum Depth 2,400 (min.) ft.

2. Comments _____

*H. Geologic Setting (age, host rocks, intrusive relationships, oldest to youngest formations, contacts, alteration halo to core zone).

(See back of page)

I. Reference: Clark, J. L., McRae, O. M., 1965, Evaluation of the Carpenter Mine of Harpoon, Inc., Graham Co., Safford Arizona: BCM-AD (June 29).

Cook, Annan, 1963, Porphyry Copper Data Report Kennecott Copper Deposit, Safford, Arizona: BCM Coord. Unit.

*Note: See Rules and Conventions.

Robinson, R. F., 1961, Finalization Report on the Exploration Project at the Esperanza Copper Claims: BCM-AD (Jan. 3).

Geologic Setting

Sheared Cretaceous andesite flows intruded by plugs of Early Tertiary(?) quartz monzonite porphyry.

Alteration

Epidote-chlorite (propylitic) alteration is found on the periphery of the strong chloritization which surrounds biotitized andesites and silicified-sericitized quartz monzonite porphyry, with lesser amounts of montmorillonite, albite, and calcite.

Sulfide System Name Carpenter

II. Diagnostic Reconnaissance Characteristics

A. District Prospect Zoning Outside of Sulfide System

1. Prospects/Mines Unknown

Metal/Type	Min. Diam. (M) (feet)	Mines (P) Prospects	Rock Types	Deposit Types
Cu				
Pb-Zn				
Ag-Au				
Mn				
Other				
Other				

B. Dike Swarms

Rock Types	Latite			
Length (ft.)	1,600			
Width (ft.)	?			
Azimuth (°)	90			
Age	nd-Early Tert(?)			
* Spatial Rel.	within system			
Contacts	nd			
Other	only one dike mapped			

*C. Important Regional Structures (other than dike swarms)

Type	none mapped		
Length			
Azimuth (°)			
Recognition Factors			
Age			
Spatial Rel.			
Contacts			
Other			

*D. Other Reconnaissance: (See back of page)

Sulfide System Name Carpenter

III. Center of Mineralization (zone of best copper)

A. Name Carpenter-Inspiration

*B. Copper Mineralization

1. Type	*%	Av. Grade	Rock Type	*Other Data
a. Primary	30	0.644	andesite, quartz monzonite porphyry	
b. Enriched	-			
c. Skarn (replacement)	-			
d. Oxide	63	0.875	"	
e. Mixed	7	0.836	"	

2. Current Mineral Inventory

a. Tons $\frac{12 \times 10^6}{123 \times 10^6}$; Av. Grade $\frac{0.774}{0.4}$ %; Cutoff $\frac{0.5}{\text{none } 0.2(?)}$ %
b. Other Credits _____

3. Past Production

a. Tons none ; Av. Grade _____ %; Cutoff _____ %
b. Other Credits _____

C. Cover

1. 10 % Exposed at time of discovery

2. Projected Post Mineral Cover

a. Thickness (ft.) 800 - 1,000'

* b. Formations Tertiary basalt flows and Qal

* c. Estimated Δ elevation of base of cover to top of cc blanket (ft.) _____
_____nd

3. Premineral Cover

a. Thickness (ft.) _____
b. Formations none

Sulfide System Name Carpenter Mine Area, Graham Co., Arizona

IV. Aeromagnetic Expression of Sulfide System or Mega-District

A. Type Magnetic high

B. Magnitude +80 Gammas, Line Spacing 1/4 mile
Clearance 1000 AT

C. Source

1. Length 4500 ft. Width 2000' ft. Azimuth 120^o

2. Susceptibility $500-800 \times 10^{-6}$ cgs(?)

D. Diagnostic Character WITHOUT Geology Smaller, weak magnetic source
superimposed on NW elongate high reflecting Basin and Range faulting of
Tertiary volcanics. Magnetic source close to the surface. No topographic
correction.

E. Diagnostic Character WITH Geology This minor magnetic source is super-
imposed on a much larger, more intense source of Cretaceous and Tertiary
volcanics. Perhaps 800 of the anomaly may be attributed to a source which
correlates closely with the intrusives of the Carpenter Mine area. The
larger source agrees with the outline of the overall sulfide system.

F. Other Geophysical Expression VIP anomaly

G. Reference:

BCMC Safford-Morenci Aeromagnetic Survey, 1969-70

H. Comments on Quality of Data:

Good quality data with varying terrain clearance caused by
1000 feet of topographic relief in the area.

SANCHEZ COPPER (file) 1-3
 Geological Reserves
 Oxide Only GRAHAM CO. 4/5/75

Bench Elevation Assay Range Tonnage Grade
 (above sea level)

Bench	Elevation (above sea level)	Assay Range	Tonnage	Grade
1	3350	0.30 - 0.39		
		0.40 - 0.49		
		0.50 +		
		0.30 - 0.50 +		
		0.40 - 0.50 +		
2	3300	0.30 - 0.39		
		0.40 - 0.49		
		0.50 +		
		0.30 - 0.50 +		
		0.40 - 0.50 +		
3	3250	0.30 - 0.39		
		0.40 - 0.49		
		0.50 +		
		0.30 - 0.50 +		
		0.40 - 0.50 +		
4	3200	0.30 - 0.39	1,200,000	0.33
		0.40 - 0.49	450,000	0.44
		0.50 +	1,120,000	0.64
		0.30 - 0.50 +	2,770,000	0.47
		0.40 - 0.50 +	1,570,000	0.59
5	3150	0.30 - 0.39	2,110,000	0.34
		0.40 - 0.49	1,310,000	0.44
		0.50 +	700,000	0.56
		0.30 - 0.50 +	4,120,000	0.41
		0.40 - 0.50 +	2,010,000	0.48
6	3100	0.30 - 0.39	4,330,000	0.35
		0.40 - 0.49	2,390,000	0.44
		0.50 +	1,140,000	0.61
		0.30 - 0.50 +	7,860,000	0.42
		0.40 - 0.50 +	3,530,000	0.50

TELEPHONE 602-425-4096

EXAMINATION
EXPLORATION
DEVELOPMENT

WILLIAM W. SORSEN, P.E.
 MINING CONSULTANT

30,000,000 Ton +.5% Cu
 150' over burden

ARIZONA REG. LICENSE NO. 1682 770 SUNSET DRIVE
 GLOBE, AZ 85501

Bench Elevation Assay Range Tonnage Grade
 (above sea level)

7	3050	0.30 - 0.39	3,560,000	0.34
		0.40 - 0.49	1,350,000	0.44
		0.50 +	1,090,000	0.59
		0.30 - 0.50 +	6,000,000	0.41
		0.40 - 0.50 +	2,440,000	0.51
8	3000	0.30 - 0.39	5,870,000	0.34
		0.40 - 0.49	2,280,000	0.43
		0.50 +	1,090,000	0.67
		0.30 - 0.50 +	9,240,000	0.40
		0.40 - 0.50 +	3,370,000	0.51
9	2950	0.30 - 0.39	5,540,000	0.35
		0.40 - 0.49	2,730,000	0.43
		0.50 +	1,430,000	0.60
		0.30 - 0.50 +	9,700,000	0.41
		0.40 - 0.50 +	4,160,000	0.49
10	2900	0.30 - 0.39	3,070,000	0.34
		0.40 - 0.49	2,140,000	0.43
		0.50 +	740,000	0.63
		0.30 - 0.50 +	5,950,000	0.41
		0.40 - 0.50 +	2,880,000	0.48
11	2850	0.30 - 0.39	4,390,000	0.33
		0.40 - 0.49	2,190,000	0.43
		0.50 +	260,000	0.79
		0.30 - 0.50 +	6,840,000	0.38
		0.40 - 0.50 +	2,450,000	0.47
12	2800	0.30 - 0.39	4,520,000	0.34
		0.40 - 0.49	1,790,000	0.44
		0.50 +	1,110,000	0.62
		0.30 - 0.50 +	7,420,000	0.41
		0.40 - 0.50 +	2,900,000	0.51

Grade

Tonnage

Assay Range

Elevation
(above sea level)

Bench

13	2750	0.30 - 0.39	4,050,000	0.35
		0.40 - 0.49	2,520,000	0.44
		0.50 †	1,740,000	0.64
		0.30 - 0.50 †	8,310,000	0.44
		0.40 - 0.50 †	4,260,000	0.52
14	2700	0.30 - 0.39	4,480,000	0.35
		0.40 - 0.49	730,000	0.42
		0.50 †	140,000	0.59
		0.30 - 0.50 †	5,350,000	0.37
		0.40 - 0.50 †	870,000	0.45
4-14	3200 - 2700	0.30 - 0.39	43,120,000	0.34
		0.40 - 0.49	19,880,000	0.44
		0.50 †	10,640,000	0.62
		0.30 - 0.50 †	73,640,000	0.41
		0.40 - 0.50 †	30,520,000	0.50
		0.30 - 0.39		
		0.40 - 0.49		
		0.50 †		
		0.30 - 0.50 †		
		0.40 - 0.50 †		
		0.30 - 0.39		
		0.40 - 0.49		
		0.50 †		
		0.30 - 0.50 †		
		0.40 - 0.50 †		
		0.30 - 0.39		
		0.40 - 0.49		
		0.50 †		
		0.30 - 0.50 †		
		0.40 - 0.50 †		

for sale
MS K
2

SUMMARY: SANCHEZ COPPER PROPERTY (f)

GENERAL

The Sanchez Property is a porphyry-type oxide copper deposit located in the Lone Star Mining District of southeastern Arizona, approximately 10 miles north-east of Safford in Graham County. This property lies in Sections 25, 26, 35, and 36: T6S, R27E, Salt River Baseline and Meridian. The large, low grade ore-body was discovered by Harpoon, Inc., and optioned by Inspiration Consolidated Copper Company in 1969. Development Drilling, metallurgical research, and detailed feasibility studies executed over the past thirteen years have developed plans for a moderate size, low grade, oxide copper leaching operation.

GEOLOGY

The Sanchez Deposit is located on the South end of the Gila Mountains in the Basin and Range Province. Cretaceous andesites are intruded by a tertiary monzonite stock with many dikes into the andesites. Mineralization in the upper 1200 feet consists of mainly chrysocolla and tenorite, with minor malachite, cuprite and chalcocite. From 1200 feet down to 3300 feet chalcopyrite and bornite predominate, with chalcocite, pyrite, covellite and molybdenite also present. Gold and silver are also present as evidenced by random assays of drill cores and sludges. A mixed oxide-sulfide zone exists with native copper present at the 1000-1200 foot depth contact zone. The alteration is typical phyllic-potassic-propylitic gradation common to porphyritic copper deposits. The sulfide zone is largely unexplored, with development focused on surface mining of the upper oxide zone.

DIAMOND DRILLING

A total of 133 diamond drill holes have been drilled on the property from the surface and from underground development. Complete logs and drill cores are available for about 62% of the drilling, with only partial logs or data from the remaining drill holes. A 220 foot shaft and about 2800 feet of underground drifting and horizontal drilling was done for ore sampling and metallurgical testing.

ORE RESERVES

Calculated ore reserves from two independent studies on open pit designs show:

	<u>ORE</u>	<u>WASTE RATIO</u>
Design 1	79,363,000 tons @ 0.36% Copper	1.49:1
Design 2	116,000,000 tons @ 0.37% Copper	1.78:1

Geologic reserves indicate 250 million tons of 0.28% copper in the oxide zone, with an additional 130 million tons of mixed and sulfide ore averaging 0.33% copper underlying the oxides. Gold and silver values are undetermined. Selective mining of gold quartz veins as well as gem quality turquoise can be pursued as the occurrences are exposed.

METALLURGY

Metallurgical testing for leaching the Sanchez ores include both dump leaching of mine run crushed material by conventional methods, vat leaching, and dump leaching using material crushed to -1", -2", and -4", using the acid

cure method. Conventional dump leaching of -1" ore by the acid cure system would be the most efficient method, indicating 68.3% recovery of the total copper in 48 days on solution. Residual copper left in the dump would eventually leach in future wettings to give a higher ultimate recovery.

LAND STATUS

The Sanchez Property includes 102 unpatented lode claims, and 251 millsite claims. Patent proceedings have been initiated on 16 lode claims and 251 millsite claims to be used for plant and dump sites.

All of the above claims are owned by a joint partnership consisting of Harold Carpenter and Tillie Carpenter, William Sorsen and Loraine Sorsen, Hearold Elmer and Charleen Elmer, and Michael T. Maryott and heirs.

SUPPORT FACILITIES

1. Process Water - 1000GPM of water could be generated from wells on the property. One 400 foot well is already developed.
2. Potable Water - Safford Municipal water is available at south boundary of the property.
3. Electric Power - Graham County Co-op will supply 7500 KVA at 4160 volts for secondary distribution. Lines capable of handling the electric power are at the south boundary. Capability of providing this amount of power is established.
4. Transportation - Safford has a small airport northeast of Safford; Southern Pacific Railway; Greyhound Bus and trucks. Highways 60-70 and 666 go through Safford.

TABLE 11

SANCHEZ PROPERTY, UPMC ESTIMATE

AVERAGE GRADE, % CU	.360
STARTING COPPER PRICE, \$/LB	0.56
ENDING PRICE	0.56
OPERATING COSTS:	
MINING, CRUSHING, LEACHING & S-X, \$/TON	1.196
ELECTROWIN., FREIGHT & MARKET., \$/LB	0.044
OVERHEAD AND ROYALTIES AVG. \$/YR.	1095
AVERAGE TOTAL COSTS, \$/LB	0.376
MINE PRODUCTION, TPD	17500
MILL PRODUCTION, M LBS CU/YR	27375
INITIAL CAPITAL	24596
LAND COST	200
ROYALTY & SUPERVISION EXPENSE	628
TOTAL PREPRODUCTION EXPENDITURES	25224
WORKING CAPITAL	3000

* * * * *

FINANCIAL SUMMARY

YR	REVENUE	OPER COSTS	OPER INCOME	INCOME TAXES	NET INCOME	INVEST MENTS	CASH FLOW
- 2	0	100	- 100	- 48	- 52	4058	- 4110
- 1	0	528	- 528	- 253	- 275	20738	-21013
1	15023	9651	5372	- 1096	2714	3000	3468
2	15023	9651	5372	511	1421	706	4155
3	15023	10177	4846	422	1096	1323	3101
4	15023	10177	4846	428	1068	1002	3416
5	15023	10177	4846	503	1244	559	3794
6	15023	10472	4551	486	1118	1172	2893
7	15023	10472	4551	421	1010	2946	1184
8	15023	10564	4459	460	1053	1002	2997
9	15023	10564	4459	490	1102	793	3176
10	15023	10564	4459	570	1236	188	3701
11	15023	10421	4602	720	1539	547	3335
12	15023	10421	4602	816	1737	232	3554
13	10514	7559	2955	437	803	- 3000	5518
TOT	190795	131499	59296	4869	16815	35266	19161

INTERNAL RATE OF RETURN % 8.9

PAYOUT IN YEAR 9

NET PRESENT VALUE OF PROJECT @ 10% - 1474

Phelps Dodge
400 million tons 0.72%

Cochise Mining
22 million tons
0.44%

Kennecott
4½ billion tons
0.4%

Butte
Fault

Inspiration
116 million tons
0.368%

LEGEND

-  Alluvium
-  Tertiary basalt
-  Laramide quartz monzonite
-  Cretaceous andesite
-  Orebodies

SAFFORD COPPER AREA

SCALE 1/62,500

SUMMARY: SANCHEZ COPPER PROPERTY

GENERAL

The Sanchez Property is a porphyry-type oxide copper deposit located in the Lone Star Mining District of southeastern Arizona, approximately ten miles northeast of Safford in Graham County. This property lies in Sections 25, 26, 35, and 36; T.60²R27 E, Salt River Baseline and Meridian. The large, low grade deposit was discovered in 1964 by Harpoon, Inc., and optioned by Inspiration Consolidated Copper Company in 1969. Development drilling, metallurgical research, and detailed feasibility studies executed over the past ten years have developed plans for a moderate size, low grade, oxide copper leaching operation.

GEOLOGY

The Sanchez Deposit is located on the south end of the Gila Mountains in the Basin and Range Province. Cretaceous andesites are intruded by a tertiary monzonite "pipe-like" mass with many dikes into the andesites. Mineralization in the upper 1200 feet consists of mainly chrysocolla and tenorite, with minor malachite, cuprite, and chalcocite. From 1200 feet down to 3300 feet chalcopyrite and bornite predominate, with chalcocite, pyrite, covellite and molybdenite also present. A mixed oxide-sulfide zone exists with native copper present at the 1000-1200 foot depth contact zone. The alteration is typical phyllic-potassic-propylitic gradation common to porphyry copper deposits. The sulfide zone is largely unexplored, with development focused on surface mining of the upper oxide zone.

DIAMOND DRILLING

A total of 133 diamond drill holes have been drilled on the property by six companies. Complete logs and/or samples are available for approximately 62% of the drilling, with only partial logs or data from the remaining drill holes.

ORE RESERVES

Geologic reserves indicate the presence of 208 million tons of 0.28% copper, of which 166 million tons average 0.33% copper in the vicinity of designed open pits. Gross geologic reserves indicate 250 million tons of 0.25% copper ore in the oxide zone, with an estimated additional 130 million tons of mixed and sulfide ore averaging 0.30% copper underlying the oxides.

Calculated ore reserves from two independent studies on open pit designs show:

	<u>ORE</u>	<u>WASTE RATIO</u>
Design 1	79,363,000 Tons @ 0.36% Copper	1.49:1
Design 2	116,000,000 Tons @ 0.37% Copper	1.78:1

METALLURGY

Metalurgical testing for leaching the Sanchez ores include both dump leaching of mine run and crushed material by conventional methods, vat leaching of various sized material, the Mangulla process using material crushed to minus 3/8-inch, and dump leaching of three different sized materials (-1", -2" and -4") using the acid cure system. Laboratory testing by acid curing, with the ore crushed to -1", indicates this process to be the most effective system, showing a recovery of 91.2% of the total copper after 48 days.

on solution. With two-stage crushing (primary and secondary) to a minus 1" material and the single handling to a leach dump, the indicated plus 68% recovery appears more attractive economically when compared to three-stage crushing and dual handling to and from the cribs of the Magulla process. Further testing by acid cure on the Sanchez ores should be carried out by scaling up to a 50,000 ton dump, using material crushed to minus 1-inch. This would provide a more effective method to determine recoveries using mine-run ore (+ 0.35% total cu.).

LAND STATUS

The Sanchez property includes 368 unpatented lode claims, 89 acres of farmland, 10 acres of leased valley border, and 240 acres of leased state land. Inspiration Consolidated Copper Company owns 257 of the unpatented claims, 89 acres of farmland, and holds lease or lease and option agreements on the remaining property. Patent proceedings on 16 lode claims have been initiated, and mill-sites have been located over about 1,265 acres which will be used for plant and dump sites.

SUPPORT FACILITIES

1. Process Water - 1000 GPM of water could feasibly be generated from wells on the property.
2. Potable Water - Safford municipal water is available within 1500 feet of the property.
3. Electric Power - Graham County Co-op will supply 7500 KVA at 4160 volts for secondary distribution.

4. Access
- Access is via two alternate roads from Highway 60-70 at Solomon, Arizona, or two miles east of Solomon via the San Jose Road.

Detailed feasibility studies and Economic Evaluations are available for inspection.

William "Bill" Sorsen
Mining Consultant

770 Sunset Drive
Globe, Arizona 85501

(602) 425-4096

1 NA DEPARTMENT OF MINES & REOURCES
Mineral Building, Fairgrounds
Phoenix, Arizona

- 1. Information from: Mine Visit
Address: _____
- 2. Mine: Esperanza Sanchez 3. No. of Claims - Patented _____
Unpatented _____
- 4. Location: Sanchez Az
- 5. Sec _____ Tp _____ Range _____ 6. Mining District _____
- 7. Owner: _____
- 8. Address: _____
- 9. Operating Co.: Inspiration Consolidated Copper Co.
- 10. Address: _____ Red Dodge
- 11. President: _____ 12. ~~Gen. Mgr.~~ John Friths Expl Geol
Don Ross Resident Geol
- 13. Principal Metals: _____ 14. No. Employed: _____
- 15. Mill, Type & Capacity: _____
- 16. Present Operations: (a) Down (b) Assessment work (c) Exploration
(d) Production (e) Rate _____ tpd.
- 17. New Work Planned: _____

- 18. Misc. Notes: Now have 70' square concrete pad with
ore piled 25' hi 7500 tons for leaching experiment

Date: 4-13-71

[Signature]
(Signature)

(Field Engineer)



MINA DEPARTMENT OF MINES & RESOURCES
Mineral Building, Fairgrounds
Phoenix, Arizona

1. Information from: T. A. Dodge & Personal visit
 Address: Box 472 Safford
 2. Mine: Esperanza Sanchez 3. No. of Claims - Patented 0
 Unpatented 430
 4. Location: Near Sanchez Arizona
 5. Sec _____ Tp 6S Range 27E 6. Mining District Lone Star
 7. Owner: Various groups and individuals
 8. Address: _____
 9. Operating Co.: Inspiration Consolidated Copper Co.
 10. Address: Box 472 Safford
 11. President: _____ 12. Gen. Mgr.: _____
 13. Principal Metals: Copper 14. No. Employed: 40
 15. Mill, Type & Capacity: none
 16. Present Operations: (a) Down (b) Assessment work (c) Exploration
 (d) Production (e) Rate _____ tpd.
 17. New Work Planned: It appears that reserves are sufficient to support an operation. The mixed ore (rock) is oxide and sulfide approx .4 have to be made amenable to separation at reasonable cost.
 18. Misc. Notes: Original group of claims.

Carpenter	31
United Nuclear	100
Nancy	105
Bob Carresco	32 (2)
Bellmon	50
McBride	4 (1)
Recent staking	100
TOTAL PROBABLY	430
- ✓ Inspiration has drilled at the 'BEN HUR mine which joins PD on the North and Kennecott on the West.

Date: 6-10-70

[Signature]
 (Signature)

(Field Engineer)

ONA DEPARTMENT OF MINE RESOURCES
Mineral Building, Fairgrounds
Phoenix, Arizona

1. Information from: Dr. Ted Dodge
Address: Box 472 Safford
2. Mine: Esperanza Sanchez 3. No. of Claims - Patented _____
Unpatented _____
4. Location: ~~###~~ Near Sanchez Arizona
5. Sec. 26 Tp. 6S Range 27E 6. Mining District Lone Star
7. Owner: Some of the claims owned by Inspiration
8. Address: P. O. Box 472 Safford
9. Operating Co.: Inspiration
10. Address: as above
11. President: _____ 12. Gen. Mgr.: _____
13. Principal Metals: copper 14. No. Employed: 12 by company
50 by contract
15. Mill, Type & Capacity: _____
16. Present Operations: (a) Down (b) Assessment work (c) Exploration
(d) Production (e) Rate _____ tpd.
17. New Work Planned: _____

18. Misc. Notes: Drifting off of the bottom or 220 level, approx 300' all together
40' stub raises driven and ore mined from open pit. Put into 5000 ton pads after
crushing to determined leachability. Note: Inspiration has optioned the approx. 120
Nancy group claims, the United Nuclear claims and staked approx. 90 claims to the
south ~~###~~ Have also drilled on the Adams claims NE of the PD holdings.
Average grade 0.4% (NOT FOR PUBLICATION)

Date: 4-14-70

(Signature)



(Field Engineer)

ONA DEPARTMENT OF MINE RESOURCES
Mineral Building, Fairgrounds
Phoenix, Arizona

1. Information from: Dr. Ted Dodge & Personal visit.
Address: P. O. Box 472 Safford. Telephone- 428-3749 (Safford no.)
2. Mine: Esperanza-Sanchez 3. No. of Claims - Patented _____
Unpatented _____
4. Location: Sanchez Arizona
5. Sec 23-24-25-26 Tp 6S Range 27E 6. Mining District Lone Star
7. Owner: Inspiration Copper Co.
8. Address: _____ as above
9. Operating Co.: _____ Same
10. Address: _____ Same
11. President: _____ Ted Dodge Geologist in charge.
12. Gen. Mgr.: _____
13. Principal Metals: Copper 14. No. Employed: 35 men 3 shifts
15. Mill, Type & Capacity: _____
16. Present Operations: (a) Down (b) Assessment work (c) Exploration
(d) Production (e) Rate _____ tpd.
17. New Work Planned: Two pads that will each hold 5000 tons of properly crushed and sized ore have been constructed. Leaching experiments will be carried out to determine the best procedure.
18. Misc. Notes: Ore from the underground comes from one level in the Carpenter shaft. This is the ~~#0#~~ 220' level. The pit ore comes from just south of the shaft. The ore mined has been mostly in Andesite, would like to include underground Monzonite in the tests. Two 40 ton K. Dart truck and three Cat scrapers are included in the equipment. The company has also acquired the Nancy group of claims to the north and west formerly held by Cerro and Superior.

Date: 2-12-70


(Signature)

(Field Engineer)

Carpenter Mine

ARIZONA DEPARTMENT OF MINERAL RESOURCES
Mineral Building, Fairgrounds
Phoenix, Arizona

1. Information from: G.A. Barber
- Address: _____
2. Mine: Esperanza Sanchez 3. No. of Claims - Patented ?
Unpatented ?
4. Location: Sanchez
5. Sec ^{And other} 25-26 Tp 6S Range 27E 6. Mining District Lone Star
7. Owner: Inspiration Consolidated Copper Co.
8. Address: _____
9. Operating Co.: Same
10. Address: _____
11. President: Foreman Bill Casey 12. Gen. Mgr.: Ted Dodge ^{geologist in charge}
13. Principal Metals: Cu 14. No. Employed: 16
15. Mill, Type & Capacity: None
16. Present Operations: (a) Down (b) Assessment work (c) Exploration
(d) Production (e) Rate _____ tpd.
17. New Work Planned: _____

18. Miscl. Notes: Two longyear drills working
mining from shaft for samples
new hoist being installed
Shaft 225' deep.

Date: 10-14-69

JW Low
(Signature)

(Field Engineer)

ARIZONA DEPARTMENT OF MINE RESOURCES
Mineral Building, Fairgrounds
Phoenix, Arizona

1. Information from: Ted Dodge
Address: Safford
2. Mine: SANCHES project Carpenter Mine. 3. No. of Claims - Patented _____
Unpatented 400 plus or minus.
4. Location: Sanchez Arizona (Safford Quadrangle)
And surrounding sections
5. Sec 26 Tp 6S Range 27E 6. Mining District Lone Star
7. Owner: _____
8. Address: _____
9. Operating Co.: Inspiration Consolidated Copper Co.
10. Address: _____
11. President: _____ 12. Gen. Mgr.: _____
13. Principal Metals: Copper 14. No. Employed: 60
15. Mill, Type & Capacity: _____
16. Present Operations: (a) Down (b) Assessment work (c) Exploration
(d) Production (e) Rate _____ tpd.
17. New Work Planned: Drilling and ~~#####~~ pilot leaching with material obtained
from underground development.
Mr. Cole V.P. & G.M. Bob Watts, Hugh Olmstead, Ted Dodge Chief of Project
Wm Casey underground mine foreman, all surface work contracted.
18. Miscl. Notes: Approx 10 company employed and 30 contractor employees.
H. C. Smith Globe, contractor. Geologists on job. John Frittz & Don Ross.

Date: 12-9-69


(Signature)

(Field Engineer)



NEWS RELEASE

P.O. Box 747 • Safford • AZ 85548
Corporate Information: 1-800-563-SXEW

Contact: David C. Beling, President and Chief Operating Officer
at 602-428-6881

AMEX, TSE:AZC

March 28, 1995

AZCO EXPANDS COPPER INVENTORY AND RESERVE TO 2.6 BILLION POUNDS

AZCO Mining Inc. (AMEX, TSE:AZC) announces results from drilling an additional 147 holes during 1994 at its Piedras Verdes project located 10 miles north of Alamos, Sonora, Mexico.

Based on a 0.20% copper cutoff grade, the Piedras Verdes copper inventory is 1.28 billion pounds contained in 154 million short tons grading 0.41% copper. This represents an increase of 55% to the inventory announced in July 1993. Based on a 0.30% cutoff grade, the copper inventory is 1.01 billion pounds contained in 100 million tons grading 0.50% copper. These inventories are amenable to low-cost processing by solvent extraction-electrowinning (SX-EW) and do not include primary sulfide copper mineralization.

The inventory estimates are based on 88,500 feet of reverse circulation drilling in 242 holes completed by AZCO during 1992 through 1994. The holes were drilled on lines spaced 100 meters apart with the average distance between holes on the lines being about 60 meters. The drill holes and mineralized area are shown on the attached map.

The main mineralized area remains open to the east and along several segments of the perimeter. Another mineralized zone located south of the main zone is also a target for further expansion to the copper inventory.

Favorable results from 20 column leach tests indicate that at a minus 1-inch crush size, 85% of the oxide and supergene sulfide copper is recovered in 120 days of leaching. These tests show that at a minus 2-inch crush size, greater than 80% of the copper is recovered in 240 days of leaching. The net acid consumption is expected to be less than 4 pounds of acid per pound of cathode copper.

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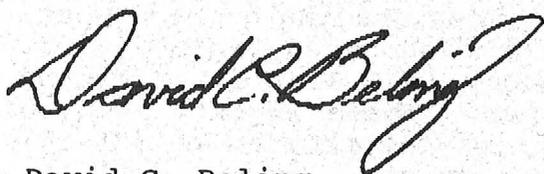
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On behalf of the Board of Directors of AZCO Mining Inc.



David C. Beling
President and Chief Operating Officer

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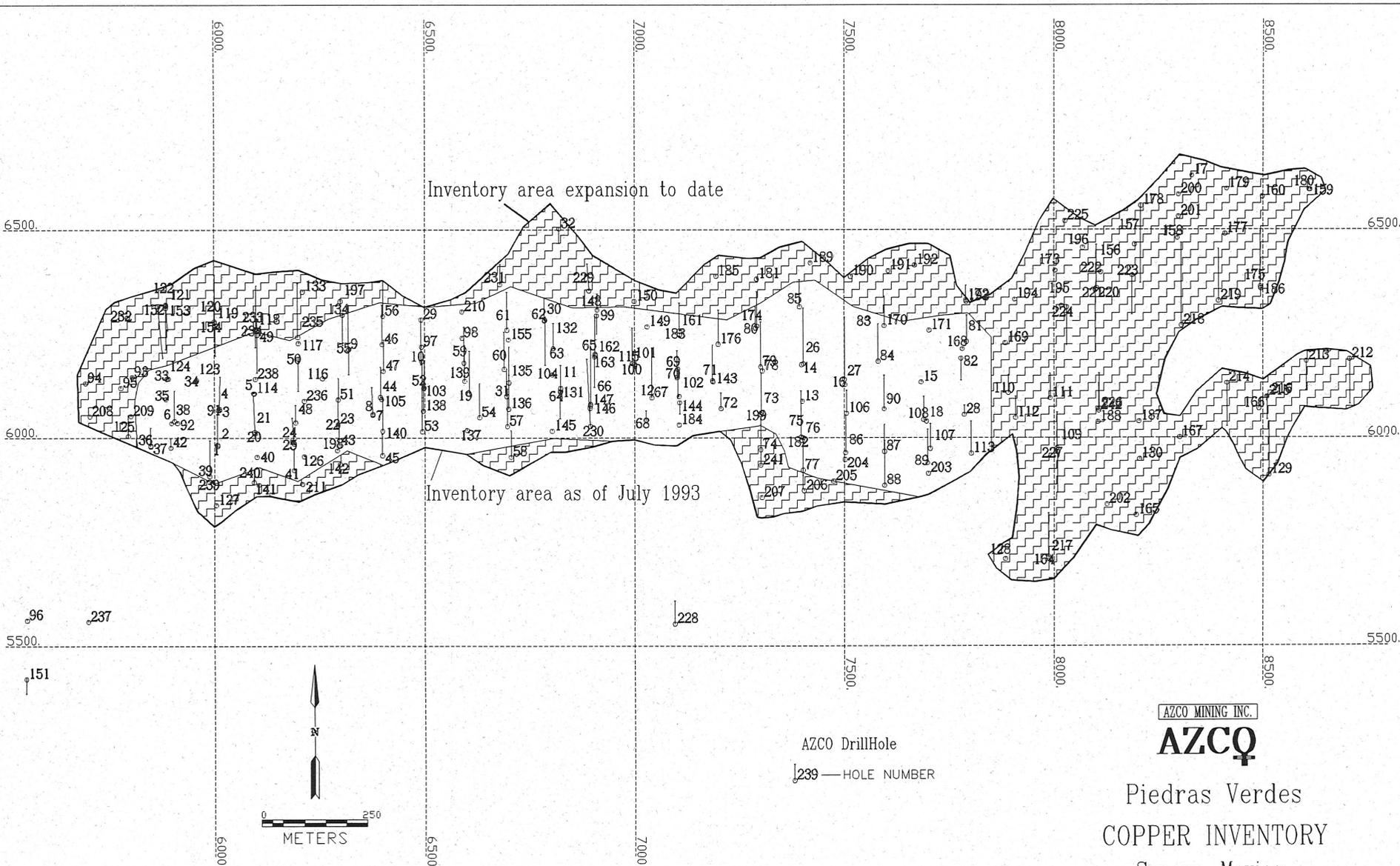
FOR FURTHER INFORMATION ON AZCO PLEASE CONTACT

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TEL: (1) 800-563-SXEW (7939)

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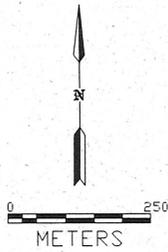
Inventory area expansion to date

Inventory area as of July 1993



96 237

228



AZCO DrillHole
239 — HOLE NUMBER

AZCO MINING INC.
AZCQ
Piedras Verdes
COPPER INVENTORY
Sonora, Mexico
March, 1995



AMIGOS Member Alert 3/18/94

You Can Help AZCO

Last year Dave Beling of AZCO, the Arizona Copper Company, spoke to us in a Face to Face Luncheon about the Sanchez mine being developed near Safford. After a few years work applying for appropriate environmental permits from the state, two of them are ready for a combined public hearing—the Air Quality Control Permit # 091168PO-99 and the Aquifer Protection Permit #P102577.

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Your executive director will, of course, file a statement before the hearing and will attempt to testify in person. But you can help by sending a brief letter on your business stationery urging the granting of the permits. You may use general wording saying you are now working on the project, or that you may be when the mine construction is farther along or when the mine becomes operational. Perhaps you can add a word about your experience so far with AZCO:

- that they concerned about the community,
- that they seem very diligent about environmental concerns,
- there is no evidence of cutting corners on design for environmental protection
- that they seem responsible, — and other ideas you may have.

Two copies of the same letter mentioning the permit numbers should be sent by April 22 to:
 Director for Air Quality Division, Aquifer Protection Program Section,
 Az Department of Environmental Quality, AZ Department of Environmental Quality,
 3003 N. Central, 3003 N. Central Avenue,
 Phoenix, AZ 85012. Phoenix, AZ 85012

Materials relating to the permit are available at ADEQ in Phoenix and the Safford Library.

If you wish to send a copy to AZCO, send to David C. Beling, President & CEO, AZCO, P.O. Box 747, Safford, AZ 85548.

• You may wish to attend the public hearing scheduled for April 20 at 7:00 pm at the Safford Library, 808 7th Avenue. As always, feel free to call the AMIGOS office 279-3199, 800-726-4467.

Dan Miller, Executive Director

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SANCHEZ (F) GRATTAN CO.



The Arizona Copper Company

NEWS RELEASE

P.O. Box 747 • Safford • AZ 85548
Corporate Information: 1-800-563-SXEW

Contact: Alan P. Lindsay, Chairman of the Board & Chief Executive Officer AMEX:AZC
or Anthony R. Harvey, Vice Chairman and Executive Vice President TSE:AZC

August 23, 1994

SANCHEZ PROJECT COMPLETES ENVIRONMENTAL PERMIT PROCESS

AZCO Mining Inc. (AMEX, TSE:AZC) is pleased to announce that all local, state and federal environmental permits required to construct and operate the Sanchez Copper Project have been issued. All reclamation bonding requirements have been approved and are in place to allow the immediate commencement of construction.

On August 19, 1994, AZCO received the Aquifer Protection Permit from the Arizona Department of Environmental Quality. Issuance of this final permit culminated an extensive 30-month process that included opportunities for public comment and input by several other state and federal agencies. The permit is valid for the life of the project, which is approximately 20 years.

Conclusion of the environmental permitting process was a major requirement to complete the financing of the project.

The Sanchez contains a reserve of 1.1 billion pounds of recoverable copper, and is expected to produce an average 56 million pounds of high-purity cathode copper per year at a projected cash operating cost of 53 cents per pound. The Company plans to start Sanchez construction during the fourth quarter of 1994.

On behalf of the Board of Directors of AZCO Mining Inc.

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August 17, 1993

Ed Fox, Director
ADEQ
3033 N Central
Phoenix, AZ 85012

Dear Mr. Fox:

RE: Sanchez Project

Thank you for your prompt attention in looking into this project. I will owe you an apology as one of my first official acts when I take office as Director of ADMMR on the 23rd.

It was over three years ago that I assisted Mr. Fred Brost of Mining and Environmental Engineering in gathering information for the permitting of this project. I understand that all but the APP and air quality permits have been acquired.

As per your timely message on my answering machine, I informed Mr. Brost that if they had selected an HDPE liner instead of PVC the permit would be forthcoming. I understand that they are reconsidering their geomembrane requirements and specifications.

Sincerely,

H. Mason Coggin, PE & LS



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Contact: David C. Beling, President and Chief Operating Officer
at 602-428-6881

AMEX, TSE:AZC

March 28, 1995

AZCO EXPANDS COPPER INVENTORY AND RESERVE TO 2.6 BILLION POUNDS

AZCO Mining Inc. (AMEX, TSE:AZC) announces results from drilling an additional 147 holes during 1994 at its Piedras Verdes project located 10 miles north of Alamos, Sonora, Mexico.

Based on a 0.20% copper cutoff grade, the Piedras Verdes copper inventory is 1.28 billion pounds contained in 154 million short tons grading 0.41% copper. This represents an increase of 55% to the inventory announced in July 1993. Based on a 0.30% cutoff grade, the copper inventory is 1.01 billion pounds contained in 100 million tons grading 0.50% copper. These inventories are amenable to low-cost processing by solvent extraction-electrowinning (SX-EW) and do not include primary sulfide copper mineralization.

The inventory estimates are based on 88,500 feet of reverse circulation drilling in 242 holes completed by AZCO during 1992 through 1994. The holes were drilled on lines spaced 100 meters apart with the average distance between holes on the lines being about 60 meters. The drill holes and mineralized area are shown on the attached map.

The main mineralized area remains open to the east and along several segments of the perimeter. Another mineralized zone located south of the main zone is also a target for further expansion to the copper inventory.

Favorable results from 20 column leach tests indicate that at a minus 1-inch crush size, 85% of the oxide and supergene sulfide copper is recovered in 120 days of leaching. These tests show that at a minus 2-inch crush size, greater than 80% of the copper is recovered in 240 days of leaching. The net acid consumption is expected to be less than 4 pounds of acid per pound of cathode copper.

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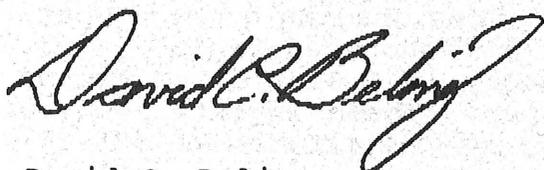
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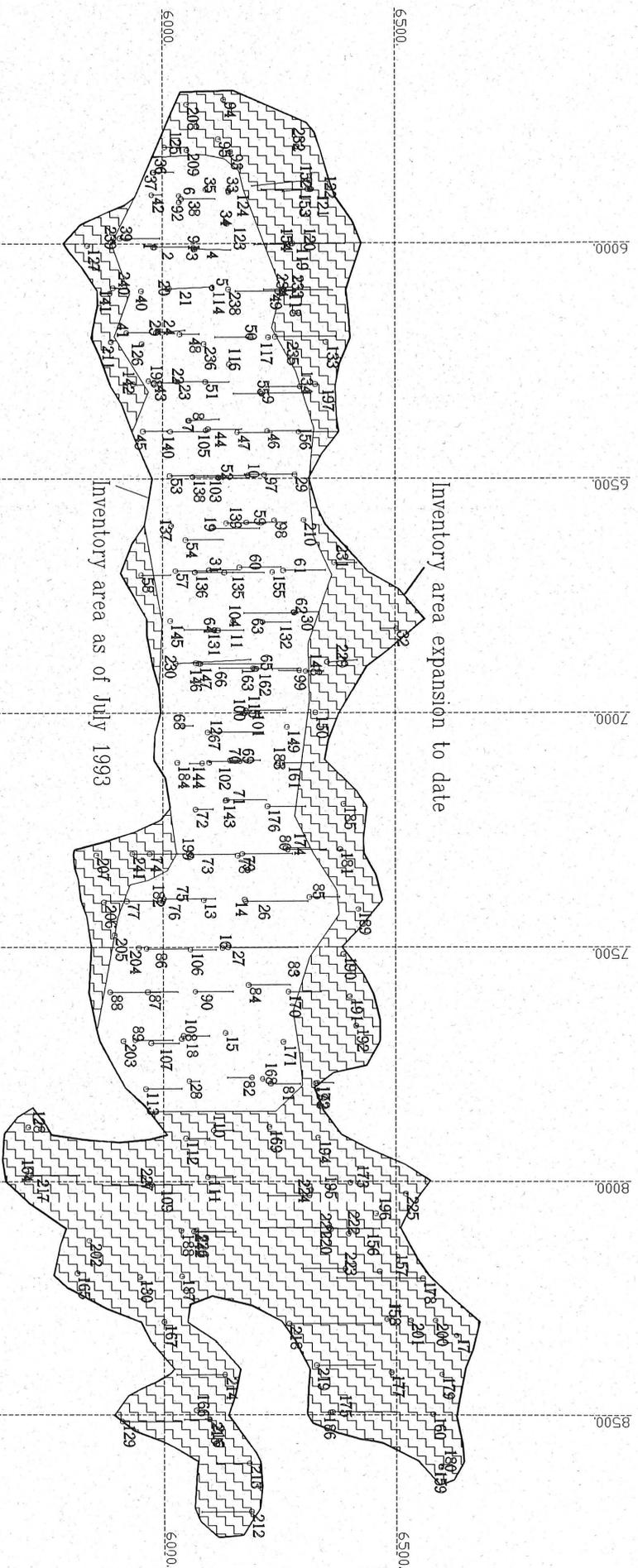
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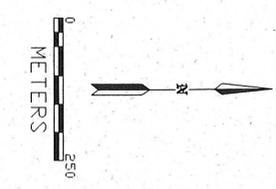


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 60000
 65000
 70000
 75000
 80000
 85000

65000 70000 75000 80000 85000



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