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**AZCO**  
*The Arizona Copper Company*

**NEWS RELEASE**

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

Contact:

Alan P. Lindsay, Chairman of the Board and Chief Executive Officer  
Anthony R. Harvey, Vice Chairman and Executive Vice President or  
Paul Lathigee, Vice President, Investor Relations

AMEX,TSE:AZC

May 2, 1995

**AZCO AGREES TO US \$40 MILLION TRANSACTION  
WITH PHELPS DODGE**

The Board of Directors of AZCO Mining Inc. (AMEX, TSE:AZC) is pleased to announce that the company has agreed to sell its 100% interest in the Sanchez copper project located in Safford, Arizona plus a 70% joint venture interest in the Piedras Verdes copper deposit in Sonora, Mexico, to Phelps Dodge Corporation for US \$40 million (approximately C\$55 million) in cash. Under the terms of the agreement between the two companies, AZCO, at its option, can be paid in installments within the next three years to provide cash management flexibility. In addition, on completion of a bankable feasibility study Phelps Dodge has agreed to arrange for debt financing on the Piedras Verdes project which represents 60% of the project cost. 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.

The Piedras Verdes deposit has an oxide copper inventory of 1.28 billion pounds contained in 154 million tons grading 0.41% copper. These inventories are amenable to low-cost processing of solvent extraction-electrowinning (SX-EW) and do not include primary sulphide copper mineralization.

"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. Phelps Dodge and AZCO intend to complete pre-feasibility within three years and a bankable feasibility soon thereafter," said Dave Beling, President and Chief Operating Officer of AZCO.

(continued)

To summarize, after the transaction, AZCO will have:

- 30% joint venture interest in the Piedras Verdes deposit with over 400 million pounds of copper inventory to AZCO's account.
- spending on 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.
- an agreed timetable to move the project toward feasibility.
- C\$55 million in cash to pursue new opportunities with no debt in the company.
- 100% interest in the Suaqui Verde copper project in Sonora, Mexico.

Completion of the transaction is subject to definitive documentation and the receipt of all requisite shareholder and regulatory approvals.

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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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

LONE STAR - ESPERANZA PROJECT

GRAHAM COUNTY

Metal Mining & Processing June 1964 p. 24  
Metal Mining & Processing July 1964 p. 44  
Metal Mining & Processing April 1965 p. 41

World Mining July 1964 p. 66  
World Mining Jan. 1968 p. 24

Mining Congress Journal Feb. 1965 p. 91

Mining Annual Review (London) May 1965 p. 103

E&MJ Vol No. 1 Jan. 1966  
E&MJ Vol 167 Mar. 1966 p. 129

Mining World Feb. 1966 p. 37

LONE STAR - ESPERANZA PROJECT

GRAHAM COUNTY

Do Not Reproduce

Active Oct. 1965

Field interview with Bill Hoskins of United Nuclear. Still drilling. GWI WR 6-5-65

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Bill Hoskins of United Nuclear still drilling on the Lone Star Esperanza Project.  
GWI Note 7-1965

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Active Mine List April 1966 - Expl.

United Nuclear Corp. has announced plans to sink a shaft 800 feet deep on a low grade copper property controlled at Safford, Arizona, where the company has been exploring over the past two years. Skillings Mining Review 3-25-67 p. 8

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United Nuclear is reported to be planning more drill holes on their property in the Lone Star District. GWI QR 6-1968

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

1. Information from: Personal visit  
Address: \_\_\_\_\_
2. Mine: Lone Star - Esperanza Project 3. No. of Claims - Patented \_\_\_\_\_  
Unpatented 110
4. Location: T6S R1
5. Sec \_\_\_\_\_ Tp 6S Range R27E 6. Mining District Lone Star
7. Owner: United Nuclear Corp.
8. Address: \_\_\_\_\_
9. Operating Co.: United Nuclear Corp.
10. Address: P.O. Box 166 Santa Fe N. Mex.
11. President: \_\_\_\_\_ 12. Gen. Mgr.: \_\_\_\_\_
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: It is reported that they are doing assessment work. Engineer visited property, found signs of recent tracks made by trucks but no ore nor any equipment around  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date: 6-3-69

Glen D. [Signature]  
(Signature)

(Field Engineer)

DEPARTMENT OF MINERAL RESOURCES  
STATE OF ARIZONA  
FIELD ENGINEERS REPORT

Mine Lone Star - Esperanza Date October 7, 1964  
District Lone Star District - Graham County Engineer Axel L. Johnson  
Subject: Field Engineers Report. Information from William G. Hoskins.

References: Report of June 4, 1964 and previous reports

Present Mining Activity: Diamond drilling by Joy Manufacturing Co., (Drilling Division) on contract, with 2 diamond drills working. The work in the Carpenter shaft was closed down as of today, and the men working for United Nuclear Corp., in the shaft, will be transferred to other operations in New Mexico. Diamond drilling from the surface will be continued.

Review of Recent Operations: Since last report, the following work has been done:

- (1) The two drifts on the 220 ft. level of the Carpenter shaft were repaired and retimbered.
- (2) Underground diamond drilling was done by Joy Manufacturing Co. on contract from the 220 ft. level. Mr. Hoskins reports that these drill holes were drilled to a depth of about 200 ft. This work was finished a few days ago.
- (3) Most of the machinery and equipment in and around the shaft was removed. The head frame and the mine hoist was left in place. This might be removed later, according to Mr. Hoskins.

DEPARTMENT OF MINERAL RESOURCES  
STATE OF ARIZONA  
FIELD ENGINEERS REPORT

Mine Lone Star - Esperanza

Date June 4, 1964

District Lone Star District, Graham Co.

Engineer Axel L. Johnson

Subject: Field Engineers Report. Information from William G. Hoskins, Box 931, Safford, Ariz.

References Report of April 9, 1964 and Feb. 6, 1964

Present Mining Activity

- (1) Diamond drilling by Joy Drilling Co. on contract, with 2 diamond drills working
  - (2) Repairing and retimbering the old Carpenter shaft and two drifts on the 220' level.
  - (3) Geological surveys, with 2 men working 12 men working
- Total number of men working --- 14.

Review of Recent Operations

(1) Since last report, Joy Drilling Co. has been diamond drilling on the property with 2 diamond drills working two shifts each. 10 holes have now been completed, and 2 additional holes are now being drilled. Holes average about 1,000 ft. in depth. Most of the drilling has been in Sec. 26 -- T 6 S - R 27 E, with some drilling also in sections 27 and 35. This is about 1 1/2 miles NW of the Gila River, and 2 miles NW of the old Clifton road.

(2) Retimbering and repairing the old Carpenter shaft has been continued the past two months, with 12 men working on 2 shifts. A steel head frame and a hoist was installed at the mine. The shaft was filled with muck ~~and water~~ up to the 171 ft. level, which was cleaned out, after which the shaft was retimbered where necessary. The shaft was finished up to a depth of 225 ft (the original bottom), after which repairing and retimbering of two drifts on the 220 ft. level was started, which is now in process.

(3) Geological surveys are still being continued, with 2 men working.



**DEPARTMENT OF MINERAL RESOURCES**  
**STATE OF ARIZONA**  
**FIELD ENGINEERS REPORT**

Mine Lone Star - Esperanza

Date April 9, 1964

District Lone Star District, Graham County

Engineer Axel L. Johnson

Subject: Field Engineers Report. Information from William G. Hoskins.

References: Report of Feb. 6, 1964

Present Mining Activity:

- (1) Diamond drilling by Joy Drilling Co. on contract with 2 diamond drills operating.
- (2) Repairing & retimbering old shaft - 6 men working
- (3) Geological surveys - 2 men working.

Old Mine Workings: 1 vertical shaft, 225 ft. deep, filled with water up to 171 ft. below the collar. This shaft has a 225 ft. level with a long drift from this level. It is reported to have been operated by a Mr. Carpenter during World War I, but there are no records of the operation.

Review of Operations:

- (1) 8 diamond drill holes have been drilled to date.
- (2) Repairing & retimbering of the old shaft was started a few days ago. A hoist will be installed and a headframe erected in the next few days.
- (3) Geological reconnaissance and mapping will also be continued.

DEPARTMENT OF MINERAL RESOURCES

STATE OF ARIZONA  
FIELD ENGINEERS REPORT

FILED

MAR 2 1964

Mine ' Lone Star - Esperanza Project

Date Feb. 6, 1964

District Lone Star District, Graham County

Engineer Axel L. Johnson

Subject: Field Engineers Report. Information from William G. Hoskins.

Location: In T. 6 S. - R. 27 E. north of Sanchez.

Owners: 'United Nuclear Corp.  
Mining & Milling Division,  
P.O. Box 166, Santa Fe, N. Mex.  
'Chas. Towle, Chief Geologist  
'William G. Hoskins, Project Geologist, Box 31, Safford, Ariz.

Number of Claims: About 110 unpatented claims on Federal land, viz: -

- (1) 50 claims on option in the Lone Star group.
- (2) 40 " " " " " Esperanza group.
- (3) 20 claims located by United Nuclear Corp. filling in the spaces between the 2 groups above.

Principal Minerals: 'Copper ore.

Present Mining Activity: Diamond drilling by Joy Drilling Co. on contract. 2 diamond drills operating.

Past History: Bear Creek Mining Co. held an option on part of the property in 1958 and drilled 5 holes at that time.

Review of Recent Operations: Exploration work was started on the property on Sept. 15, 1963, and diamond drilling was started about Oct. 15 by Joy Drilling Co. with 1 diamond drill operating. A second diamond drill was moved in about Jan. 23.

5 holes have been drilled to date, and the 6th hole is now being drilled. Most of the holes have been drilled to depths over 1,000 ft. and will average about 1,000 ft. Most of the cores are NX.

NANCY GROUP OF CLAIMS

GRAHAM COUNTY

Inspiration Copper Co. has taken over the Nancy Group of Claims, to the north and west of Inspiration Sanchez property, formerly held by Cerro and Superior. GWI Rep in the Inspiration Sanchez (file) 2/12/70  
ESPERANZA

Inspiration has optioned the appox. 120 Nancy Group Claims. GWI 4/14/70

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Stopped at Ed Johnson's Rocky Mountain Geochem Lab in Prescott and left the literature on the roadless areas. Although Mr. Johnson was not in, Mrs. Johnson said their work had fallen off considerably, even to P-D stopping. GW WR 4/7/72

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The Rocky Mtn. Geochem Lab business is practically nil. GW WR 9/20/72

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

A.N.

1. Information from: Al Perry Superior Oil Co  
Address: ~~650~~ 6520 E 22<sup>nd</sup> 85710
2. Mine: Nancy Group 3. No. of Claims - Patented \_\_\_\_\_  
Unpatented 120 Approx
4. Location: See Report of Dec 14, 66
5. Sec \_\_\_\_\_ Tp \_\_\_\_\_ Range \_\_\_\_\_ 6. Mining District Lone Star
7. Owner: 12-14-66 Report
8. Address: \_\_\_\_\_
9. Operating Co.: Superior Oil Co Minerals Division
10. Address: \_\_\_\_\_
11. President: \_\_\_\_\_ 12. Gen. Mgr.: \_\_\_\_\_
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: Drilling on Second Deep Hole  
Augie Greenwood Driller from Salt River  
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\_\_\_\_\_

Date: 2-2-68

GLW  
(Signature)

(Field Engineer)

# DEPARTMENT OF MINERAL RESOURCES

## STATE OF ARIZONA FIELD ENGINEERS REPORT

Mine NANCY GROUP OF CLAIMS Date DECEMBER 14, 1966  
District LONE STAR - North of Safford, Graham Co. Engineer G. W. Irvin  
Subject: Nancy Group of Claims and 3 holes drilled by Cerro Corp during 1966  
(Engineer visited area in 1965 (Dec.) and 1966)

The Nancy group of claims is shown on the accompanying map. This is the general area.

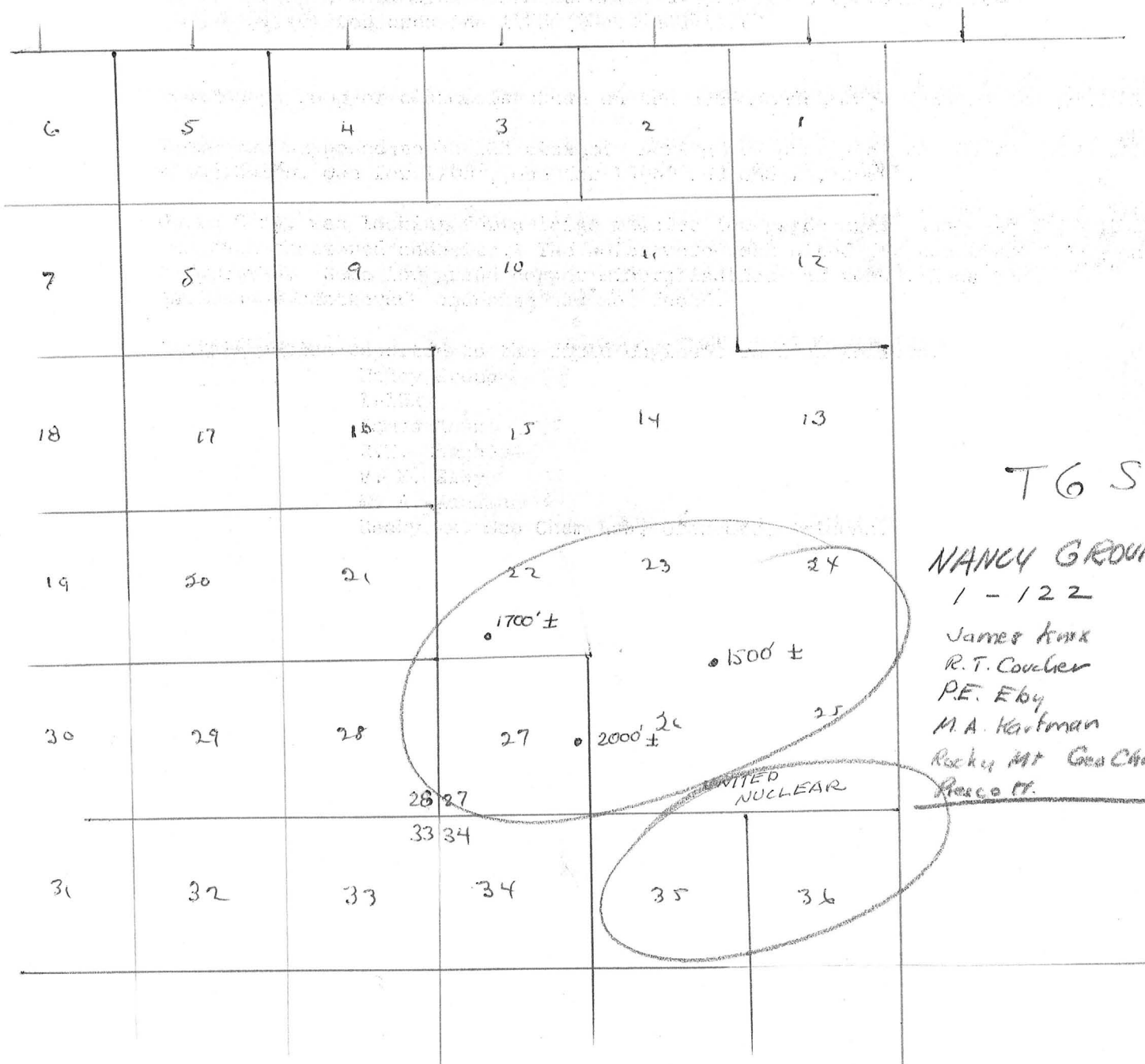
There are supposed to be 122 claims. During the past year the Cerro Corp. drilled three holes. One for 1700', one for 1500' and one for 2000'.

Cerro Corp. was looking for a large massive low grade area that might possibly exist in shattered andesite. The holes were rock bited for the first 1000' and then cored. Some low grade copper mineralization was found. Less than .03%  
An area of shattered andesite was not found.

A claim notice reported to the field engineer read as follows.

- ✓ Nancy Group
- ✓ 1-122
- ✓ James Knox
- ✓ R.T. Couchner
- ✓ P. E. Elby
- ✓ M. A. Kaufman
- ✓ Rocky Mt. Geo Chem Lab, Orescott, Arizona.

R 27 E



T 6 S

NANCY GROUP

1 - 122

James Kirk

R.T. Coulter

P.E. Eby

M.A. Hartman

Rocky Mt. Geo Chem Lab

Resco Co.

SAFFORD QUAD.