

## Press Release

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# Azco Acquires 2 Million Ounce Gold Property

GLENDALE, Ariz.--(BUSINESS WIRE)—September 21, 2004--Azco Mining Inc. (OTC: AZMN - [News](#)), a US based mining and exploration enterprise with an emphasis on gold, copper and industrial minerals, and owner of a large high quality mica deposit, announced today it had entered into an option and lease agreement with Ortiz Mines, Inc. covering 57,267 acres (approximately 90 square miles) of mineral estate on the Ortiz Mine Grant, Santa Fe County, New Mexico. Under terms of the lease, the Company is required to make annual lease payments and to pay a royalty on production. Previous exploration and development work on the property by other companies identified 2 million ounces of gold resources in several deposits.

A preliminary feasibility study in 1990 on two of the deposits, the Carache Canyon and Lucas Canyon deposits, concluded that at a gold price of \$385 per ounce or higher, it would be economically feasible to develop two open pit mines containing 1.03 million ounces of gold. Those two deposits have yet to be mined.

Historically, mines on the leased property have yielded some 350,000 ounces of gold, including 250,000 ounces from the Ortiz Gold Mine (Cunningham Hill deposit) operated by Gold Fields Mining from 1980-1986.

Dr. Pierce Carson, CEO, stated: "The Ortiz lease fits the Company's strategic agenda of acquiring significant precious and base metal assets. It represents an excellent opportunity to acquire, under favorable terms and in the United States, substantial gold resources with demonstrated potential for production. Furthermore, the geology of the unusually large area under lease is highly prospective for several styles of gold deposits and offers superb exploration potential for discovering additional major deposits."

From 1972 through the early 1990's, several companies carried out exploration and pre-development activities on the Ortiz property. These companies included Conoco, Inc., LAC Minerals (USA), Inc. and the LAC – Pegasus Joint Venture (1989-1992). Expenditures by these groups exceeded \$40 million. At the Carache Canyon and Lucas Canyon gold deposits, approximately 386,000 feet of core and reverse-circulation drilling was completed. In 1989 the LAC – Pegasus Joint Venture started a decline adit into the Carache Canyon deposit for the purpose of bulk sampling and to provide drilling access for shallow and deep targets. However, after advancing 1719 feet the decline was halted due to a temporary water inflow coupled with regulatory and permitting problems. In the face of a declining gold price, the project ultimately was cancelled.

The Carache Canyon gold deposit was estimated to contain an open-pit minable reserve of 11.8 million tons grading 0.06 ounces of gold per ton at a waste-ore ratio of 8.3:1. The Lukas Canyon gold-copper deposit was estimated to contain an open-pit minable reserve of 7.6 million tons grading 0.043 ounces of gold per ton and 0.22% copper, at a waste-ore ratio of 2.2:1. These estimates were based on a gold price of \$385.00 per ounce. The Carache Canyon deposit occurs in andesitic sills and sandstone around the margins of a collapsed breccia pipe. The Lucas Canyon deposit is developed in a garnet skarn.

A 1990 pre-feasibility study carried out by the LAC – Pegasus Joint Venture concluded that economics would be positive for open-pit, heap-leach mining of the Carache Canyon and Lucas Canyon deposits at gold prices over \$325 per ounce, assuming a discount rate of 10%. Production was projected to average 83,500 ounces of gold and 103,444 ounces of silver annually over a nine-year period. Operating costs for one mining scenario averaged \$222 dollars per ounce of gold produced. Capital costs (1990 dollars) ranged from \$59 million to \$75 million depending on whether contract mining would be employed. The study concluded that the numbers quoted were conservative and that significant improvements in capital and operating costs would be possible. The study also considered the project to have excellent upside potential to increase both the minable ore reserves and grades. However, the study listed several areas of concern that must be addressed before a production decision could be made, chief among them permitting difficulties to be overcome, water rights to be obtained and bulk sampling to be completed.

Dr. Carson said that in addition to the potential for open pit mining, the Company also would be looking carefully at the possibility of underground mining. He noted that the drilling data for Carache Canyon showed areas of high-grade gold intersections that had not been evaluated for their underground mining potential. He noted also that metallurgical studies of Carache Canyon ore indicated that, after grinding, a gold recovery of 90% plus could be achieved in a gravity circuit. If additional work can define discretely minable high-grade gold ore bodies, then the approach of underground mining and gravity recovery would offer significant advantages in dealing with permitting issues and would facilitate the project moving more quickly towards production. Such an underground operation would involve minimal surface disturbance, clean processing of ore and utilization of relatively small amounts of water.

The 90 square-mile Ortiz property is underlain by mid-Tertiary monzonite and latite porphyry stocks, plugs, dikes and sills that have intruded Paleozoic to early-Tertiary sedimentary rocks. Late-stage volcanism resulted in the formation of breccia pipes and fracture zones that provided access for hydrothermal fluids carrying gold, silver, tungsten, molybdenum and base metals. This terrane holds excellent potential for additional discoveries, and several partially tested prospects have been identified, three of which have been shown by limited drilling to contain insitu geologic resources respectively of 60,000, 60,000 and 105,000 ounces of gold. About half the Ortiz property is covered by Quaternary gravels derived from the outwash of adjacent mountains. Several promising exploration targets beneath the gravel cover also have been identified.

The Company currently is beginning an assessment of the large amount of technical data available. This review will focus on the production potential of the Carache Canyon and Lucas Canyon deposits, and on other targets that could have the size, grade and other characteristics sufficiently attractive to justify further exploration and development. The review also will include all factors important for successful development and mining, including regulatory, permitting and site access issues. After evaluating the technical information and assessing the major risk factors, the Company expects to be in a sound position to formulate a plan and budget for additional exploration and development.

Azco Mining Inc. is owner and operator of the Black Canyon mica deposit near Phoenix, Arizona, a large mica resource containing a drilled reserve of 422 million pounds of recoverable mica and 3.7 million tons of by-product feldspathic sand. In 2003 and 2004 the Company sold limited quantities of mica and of its engineered mica-filled plastic pellet product to a major company that is an important producer of plastics for the automotive industry. Mica is increasingly used as an additive in plastics for its reinforcing properties and for its ultra-violet and heat resistant characteristics. The Company also has supplied mica to a leading global cosmetics manufacturer.

The information contained herein regarding risks and uncertainties, which may differ materially from those set forth in these statements, in addition to the economic, competitive, governmental, technological and other factors, constitutes a "forward-looking statement" within the meaning of

Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, the Private Securities Litigation Reform Act of 1995 and is subject to the safe harbors created thereby. While the company believes that the assumptions underlying such forward-looking information are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the forward-looking information will prove to be accurate. Accordingly, there may be differences between the actual results and the predicted results, and actual results may be materially higher or lower than those indicated in the forward-looking information contained herein.

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