

UNITED STATES BANKRUPTCY COURT

Southern District of Texas

AR Mexican Explorations Inc.

Case Number: 05-21893

NOTES PERTAINING TO ALL SCHEDULES AND STATEMENTS¹

The Schedules of Assets and Liabilities (the "Schedules") and the Statements of Financial Affairs (the "Statements") and collectively with the Schedules, (the "Schedules and Statements") of the debtor referenced above (the "Debtor") in this Chapter 11 case have been prepared pursuant to 11 U.S.C. § 521 and Rule 1007 of the Federal Rules of Bankruptcy Procedure by management of the Debtor with the assistance of their court-appointed advisors and are unaudited. While management has made reasonable efforts to ensure that the Schedules and Statements are accurate and complete based on information that was available to them at the time of preparation, subsequent information or discovery may result in material changes to these Schedules and Statements, and inadvertent errors or omissions may exist. Moreover, because the Schedules and Statements contain unaudited information which is subject to further review and potential adjustment, there can be no assurance that these Schedules and Statements are complete. Furthermore, nothing contained in the Schedules and Statements shall constitute a waiver of rights with respect to these jointly administered Chapter 11 cases and specifically with respect to any issues involving causes of action arising under the provisions of Chapter 5 of the Bankruptcy Code and other relevant nonbankruptcy laws to recover assets, avoid transfers, or to adjust the priority or treatment of any claim.

Amendment. While reasonable efforts were made to file complete and accurate Schedules and Statements, inadvertent errors or omissions may exist. The Debtor reserves all rights to amend and/or supplement these Schedules and Statements as is necessary and appropriate.

Basis of Presentation/ Preparation. For accounting purposes, ASARCO LLC, the parent of the Debtor, historically has prepared consolidated financial statements that are audited annually and address information regarding all subsidiaries, including the Debtor. Unlike the consolidated financial statements, these Schedules and Statements, to the extent possible, reflect the assets and liabilities of this Debtor. The assets and claims set forth in the Schedules and Statements of the Debtor are substantially different from financial information that would be prepared on a consolidated basis under Generally Accepted Accounting Principles ("GAAP"). Therefore, these Schedules and Statements do not purport to represent financial statements prepared in accordance with GAAP nor are they intended to fully reconcile to such financial statements.

¹ These notes are in addition to the specific notes contained in the Debtor's Schedules and Statements. The fact that the Debtor has prepared a General Note with respect to a particular Schedule (or Statement) and not to others does not reflect and should not be interpreted as a decision by the Debtor to exclude the applicability of such General Note to any or all of the Debtor's remaining Schedules (or Statements), as appropriate.

UNITED STATES BANKRUPTCY COURT

Southern District of Texas

AR Mexican Explorations Inc.

Case Number: 05-21893

Claims Description. Any failure to designate a claim on the Debtor's Schedules and Statements as "disputed," "contingent" or "unliquidated" does not constitute an admission by the Debtor that such amount is not "disputed," "contingent" or "unliquidated." The Debtor reserves the right to dispute any claim reflected on these Schedules or Statements on any grounds, including, but not limited to, amount, liability or classification, or to otherwise subsequently designate such claims as "disputed," "contingent" or "unliquidated." The Debtor reserves its rights to object to any scheduled and non-scheduled claims.

Current Market Value of Assets. It would be prohibitively expensive, unduly burdensome and an inefficient use of estate assets for the Debtor to obtain current market valuations of all of its assets. Accordingly, unless otherwise indicated, net book values are reflected on the Debtor's Schedules and Statements for assets. For this reason, amounts ultimately realized may vary from net book value and such variance may be material. Exceptions to this include operating cash, real property, and certain other assets. Operating cash is presented at bank balances as of October 13, 2005 (the "Petition Date"), which does not include cash held by non-Debtor entities. To the extent available, real property values reflect the most recent independent appraisals or tax appraisal values. Certain other assets such as interest in insurance policies are listed at undetermined amounts as the net book values may materially differ from fair market values.

Dates. The information provided herein, except as otherwise noted, represents the asset and liability data of the Debtor as of the Petition Date.

Assets and Liabilities. The Debtor has excluded certain categories of assets and liabilities from the statements and schedules, such as goodwill, and other immaterial assets and liabilities also may have been excluded. Additionally, the Debtor's parent company has historically maintained its accounting records on a consolidated basis with its subsidiaries, and thus, even though management has made every effort to only address the assets and liabilities of the Debtor, the process of review of the intercompany accounts is ongoing and the information set for in the Schedules and Statements may need to be supplemented or amended in the future.

Schedule F - Creditors Holding Unsecured Nonpriority Claims. Schedule F does not include certain deferred charges, deferred liabilities or general reserves. Such amounts, however, may be reflected on the consolidated books and records as required in accordance with GAAP. Such accruals are general estimates of liabilities and do not represent specific claims as of the Petition Date. The claims listed in Schedule F arose or were incurred on various dates. While reasonable efforts have been made, determination of each date upon which each claim in Schedule F was incurred or arose would be unduly burdensome and cost prohibitive and, therefore, the Debtor does not list a date for each claim listed on Schedule F.

United States Bankruptcy Court
SOUTHERN DISTRICT OF TEXAS

In re AR Mexican Explorations Inc.,
Debtor

Case No. 05-21893

SUMMARY OF SCHEDULES

Indicate as to each schedule whether that schedule is attached and state the number of pages in each. Report the totals from Schedules A, B, D, E, F, I, and J in the boxes provided. Add the amounts from Schedules A and B to determine the total amount of the debtor's assets. Add the amounts from Schedules D, E, and F to determine the total amount of the debtor's liabilities.

NAME OF SCHEDULE	ATTACHED (YES/NO)	NO. OF SHEETS	AMOUNTS SCHEDULED		
			ASSETS	LIABILITIES	OTHER
A - Real Property	NO	0	\$ 0.00		
B - Personal Property	YES	4	Undetermined		
C - Property Claimed As Exempt	NO	0			
D - Creditor Holding Secured Claims	NO	0		\$0.00	
E - Creditors Holding Unsecured Priority Claims	NO	0		\$0.00	
F - Creditors Holding Unsecured Nonpriority Claims	YES	1		Undetermined	
G - Exccutory Contracts and Unexpired Leases	NO	0			
H - Codebtors	YES	1			
I - Current Income of Individual Debtor(s)	NO	0			
J - Current Expenditures of Individual Debtor(s)	NO	0			
Total Number of Sheets in ALL Schedules		6			
		Total Assets	Undetermined		
			Total Liabilities	Undetermined	

SCHEDULE B - PERSONAL PROPERTY

Except as directed below, list all personal property of the debtor of whatever kind. If the debtor has no property in one or more of the categories, place an "x" in the appropriate position in the column labeled "None." If additional space is needed in any category, attach a separate sheet properly identified with the case name, case number, and the number of the category. If the debtor is married, state whether husband, wife, or both own the property by placing an "H," "W," "J," or "C" in the column labeled "Husband, Wife, Joint, or Community." If the debtor is an individual or a joint petition is filed, state the amount of any exemptions claimed only in Schedule C - Property Claimed as Exempt.

Do not include interests in executory contracts and unexpired leases on this schedule. List them in Schedule G - Executory Contracts and Unexpired Leases.

If the property is being held for the debtor by someone else, state that person's name and address under "Description and Location of Property." In providing the information requested in this schedule, do not include the name or address of a minor child. Simply state "a minor child."

TYPE OF PROPERTY	N O N E	DESCRIPTION AND LOCATION OF PROPERTY	H U S B A N D, W I F E, J O I N T, O R C O M M U N I T Y	C U R R E N T V A L U E O F D E B T O R S I N T E R E S T I N P R O P E R T Y, W I T H O U T D E D U C T I N G A N Y S E C U R E D C L A I M O R E X E M P T I O N
1. Cash on hand.	■			
2. Checking, savings or other financial accounts, certificates of deposit, or shares in banks, savings and loan, thrift, building and loan, and homestead associations, or credit unions, brokerage houses, or cooperatives.	■			
3. Security deposits with public utilities, telephone companies, landlords, and others.	■			
4. Household goods and furnishings, including audio, video, and computer equipment.	■			
5. Books; pictures and other art objects; antiques; stamp, coin, record, tape, compact disc, and other collections or collectibles.	■			
6. Wearing apparel.	■			
7. Furs and jewelry.	■			

TYPE OF PROPERTY	N O N E	DESCRIPTION AND LOCATION OF PROPERTY	HUSBAND, WIFE, JOINT, OR COMMUNITY	CURRENT VALUE OF DEBTOR'S INTEREST IN PROPERTY, WITHOUT DEDUCTING ANY SECURED CLAIM OR EXEMPTION
<p>8. Firearms and sports, photographic, and other hobby equipment.</p> <p>9. Interests in insurance policies, Name insurance company of each policy and itemize surrender or refund value of each.</p> <p>10. Annuities. Itemize and name each issuer.</p> <p>11. Interests in an education IRA as defined in 26 U.S.C. § 530(b)(1) or under a qualified State tuition plan as defined in 26 U.S.C. § 529(b)(1). Give particulars. (File separately the record(s) of any such interest(s). 11 U.S.C. § 521(c); Rule 1007(b)).</p> <p>12. Interest in IRA, ERISA, Keogh, or other pension or profit sharing plans. Give particulars.</p> <p>13. Stock and interest in incorporated and unincorporated businesses. Itemize.</p> <p>14. Interests in partnerships or joint ventures. Itemize.</p> <p>15. Government and corporate bonds and other negotiable and non-negotiable instruments.</p> <p>16. Accounts receivable.</p> <p>17. Alimony, maintenance, support, and property settlements to which the debtor is or may be entitled. Give particulars.</p> <p>18. Other liquidated debts owed to debtor including tax refunds. Give particulars.</p>	<p>■</p> <p>■</p> <p>■</p> <p>■</p> <p>■</p> <p>■</p> <p>■</p> <p>■</p> <p>■</p> <p>■</p> <p>■</p>	<p>ASARCO LLC has insurance policies, which may cover some/all of its subsidiaries and which are listed in Exhibits B-9 and G-Insurance Contracts to the Schedules, as may be amended, filed under Case No. 05-21207. To the extent applicable, we disclose herein the Debtor's interest in those policies.</p>		<p>Undetermined</p>

