

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.

STATEMENT OF FINANCIAL AFFAIRS

UNITED STATES BANKRUPTCY COURT

Southern District of Texas

In re: AR Mexican Explorations Inc.,
Debtor

Case No. 05-21893
(If known)

STATEMENT OF FINANCIAL AFFAIRS

This statement is to be completed by every debtor. Spouses filing a joint petition may file a single statement on which the information for both spouses is combined. If the case is filed under chapter 12 or chapter 13, a married debtor must furnish information for both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed. An individual debtor engaged in business as a sole proprietor, partner, family farmer, or self-employed professional, should provide the information requested on this statement concerning all such activities as well as the individual's personal affairs.

Questions 1 - 18 are to be completed by all debtors. Debtors that are or have been in business, as defined below, also must complete Questions 19 - 25. If the answer to an applicable question is "None," mark the box labeled "None." If additional space is needed for the answer to any question, use and attach a separate sheet properly identified with the case name, case number (if known), and the number of the question.

DEFINITIONS

"In business." A debtor is "in business" for the purpose of this form if the debtor is a corporation or partnership. An individual debtor is "in business" for the purpose of this form if the debtor is or has been, within the six years immediately preceding the filing of this bankruptcy case, any of the following: an officer, director, managing executive, or owner of 5 percent or more of the voting or equity securities of a corporation; a partner, other than a limited partner, of a partnership; a sole proprietor or self-employed.

"Insider." The term "insider" includes but is not limited to: relatives of the debtor; general partners of the debtor and their relatives; corporations of which the debtor is an officer, director, or person in control; officers, directors, and any owner of 5 percent or more of the voting or equity securities of a corporate debtor and their relatives; affiliates of the debtor and insiders of such affiliates; any managing agent of the debtor. 11 U.S.C. § 101.

1. Income from employment or operation of business

None State the gross amount of income the debtor has received from employment, trade, or profession, or from operation of the debtor's business from the beginning of this calendar year to the date this case was commenced. State also the gross amounts received during the two years immediately preceding this calendar year. (A debtor that maintains, or has maintained, financial records on the basis of a fiscal rather than a calendar year may report fiscal year income. Identify the beginning and ending dates of the debtor's fiscal year.) If a joint petition is filed, state income for each spouse separately. (Married debtors filing under chapter 12 or chapter 13 must state income of both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

AMOUNT SOURCE (if more than one)

2. Income other than from employment or operation of business

None State the amount of income received by the debtor other than from employment, trade, profession, or operation of the debtor's business during the **two years** immediately preceding the commencement of this case. Give particulars. If a joint petition is filed, state income for each spouse separately. (Married debtors filing under chapter 12 or chapter 13 must state income for each spouse whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

AMOUNT

SOURCE

3. Payments to creditors

None a. List all payments on loans, installment purchases of goods or services, and other debts, aggregating more than \$600 to any creditor, made within **90 days** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR	DATES OF PAYMENTS	AMOUNT PAID	AMOUNT STILL OWING
------------------------------	-------------------	-------------	--------------------

None b. List all payments made within **one year** immediately preceding the commencement of this case to or for the benefit of creditors who are or were insiders. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR AND RELATIONSHIP TO DEBTOR	DATE OF PAYMENT	AMOUNT PAID	AMOUNT STILL OWING
---	-----------------	-------------	--------------------

4. Suits and administrative proceedings, executions, garnishments and attachments

None a. List all suits and administrative proceedings to which the debtor is or was a party within **one year** immediately preceding the filing of this bankruptcy case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

CAPTION OF SUIT AND CASE NUMBER	NATURE OF PROCEEDING	COURT OR AGENCY AND LOCATION	STATUS OR DISPOSITION
---------------------------------	----------------------	------------------------------	-----------------------

None b. Describe all property that has been attached, garnished or seized under any legal or equitable process within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF PERSON FOR WHOSE BENEFIT PROPERTY WAS SEIZED	DATE OF SEIZURE	DESCRIPTION AND VALUE OF PROPERTY
--	-----------------	-----------------------------------

