

COPPER SPRINGS PROPERTY

GILA COUNTY, ARIZONA

SUMMARY

The Copper Springs property is located within the Miami-Globe mining district of Arizona, a highly productive porphyry copper district. Significant ongoing exploration programs are being carried out by ASARCO, BHP, Rio Tinto, Freeport, Teck and others. The Copper Springs property covers a large area of classic “porphyry style” alteration containing at least two reported copper resources as indicated by historic drilling. The resources are composed of near-surface chalcocite zones amenable to open pit mining. The ores appear to be susceptible to leaching with acid. Past and present exploration programs suggest excellent potential for +100 million tons of near surface, leachable copper. Additional potential may exist for a deeper hypogene ore body.

LOCATION

This property is located in Gila County, Arizona, about 10 miles east northeast of Superior, Arizona within sections 13, 14, 15, 22, 23 and 24, Township 1 South, Range 14 East and sections 18 and 19 Township 1 South, Range 14 ½ East. Access is via paved highway, and well maintained U.S. Forest Service gravel roads. The property is near the towns of Miami and Globe supplying infrastructure and workforce.

PROPERTY

The property consists of 135 unpatented mining claims with room for expansion. The claims cover over 4 square miles.

OWNERSHIP

The American Copper Corporation based in Vancouver, BC with offices in Reno Nevada owns 101 unpatented mining claims and leases an additional 34 claims. The property is administered by the U.S. Forest Service Tonto National Forest with a local office in Globe, Arizona.

HISTORICAL WORK

The property is situated within a well mineralized mining district with historic production over 100 years. This district is centrally located within a broad northeasterly trend of operating copper-molybdenum mines stretching over 150 miles from the Miami Mine Complex to the Ajo Mine (Figure 1). The district has had a long history of mining which was initiated for copper, silver and gold as early as the 1850's. Exploration for porphyry copper deposits started in the early 1900's. The Miami-Globe area witnessed the start of several of the larger mining companies in the United States. Inspiration Consolidated Copper Company (eventually bought by Superior), Miami Copper Company (merged with Magma), and International Smelting and Refining Company (later Asarco) became large companies from the exploitation of low grade porphyry copper mines within the Miami-Globe mining districts (Figure 2).

Recent exploration began on the Copper Springs property in the 1940's. Copper oxide mineralization was discovered leaching from natural springs in the canyon leading to the Copper Springs Project. In 1948 Inspiration drilled five widely spaced churn holes to an average depth of 515 feet within the property boundaries. Since that time Miami Copper, Kerr-McGee, Humble, American Copper and others have drilled at least 86 holes averaging 299 feet in depth (Figure 4). A potential resource calculated by Kerr McGee from drilling to 1967 was estimated to contain 17 million tons grading 0.37% copper. The resource is based on a 40 to 60 foot thick blanket of chalcocite lying from 65 to 250 feet below surface. This figure is reported in USGS OF 98-206 under the name Lonesome Pine. The following table lists the known drilling within the property:

• Miami Copper	1947-50	5 drill holes for a total of 2,568.7'
• Consolidated Uranium	1957	3 drill holes for a total of 797'
• Kerr McGee	1964-67	12 drill holes for a total of 4,011.3'
• Phelps Dodge	1967	1 drill hole for a total of ~1,500'

- Humble 1969-72 41 drill holes for a total of 2,815'
- E&E Exploration 1970 4 drill holes for a total of 2,205'
- Cities Services 1973-74 3 drill holes for a total of ???'
- American Copper Corp. 2007-Present 14 drill holes for a total of 3,856.2'

In 1969 Humble drilled 41 holes, 39 of which were short rotary holes testing the blanket of chalcocite discovered by Kerr-McGee and others. Humble estimated 40 million tons grading 0.26% copper from drilling on roughly 800 feet centers. Humble increased the size and reduced the overall grade of the mineralization. However, it is believed that the Humble drilling may have introduced dilution through the use of rotary drilling and failed to adequately penetrate the desired zone in several holes.

Three deep drill holes are known to have been completed on the property. The drilling tested for hypogene mineralization related to the near surface chalcocite and oxide copper mineralization. Phelps Dodge completed a drill hole on the north side of the property within the Schultz Granite. This hole is reported to be about 1500 feet deep and tested the granite near the contact of the Pinal Schist. No other information is available on this hole. Two deep drill holes were completed on the property by Humble. Hole CS A penetrated to a depth of 2057 feet and CS B penetrated to a depth of 1488 feet. Hole CS A was on the south side of the property marginal to the eastern chalcocite target, while hole B tested the west side of the property within the western chalcocite target. Both holes encountered near surface oxide copper and chalcocite mineralization then ended in propylitic alteration with pyrite.

The property sat dormant from the mid-70's to 2005 when American Copper (ACCO) acquired the project. Since that time ACCO mapped and sampled the project area, completed an IP survey over the western target area (Lone Pine Resource), then completed a 14 shallow core holes testing the continuity of the Lone Pine mineralization, the accuracy of previous samples from the Humble and Kerr-McGee drill programs, and provided material for testing metallurgical properties of the mineralization.

DRILL RESULTS

ACCO's drill test provided definitive information on the discrepancies between the Humble and Kerr-McGee assay data, potential leaching properties of the mineralization, and filled in gaps in the grid. Humble's assay results were generally 1/3 less than Kerr-McGee's assays. Although only one hole was twinned during Humble's program, the results were considerably lower and thicker than Kerr-McGees. ACCO twinned three holes. Their results generally support Kerr-McGee's grades and thicknesses with certain holes returning even higher grades than either exploration group obtained previously. ACCO's drilling also restricted some of the thicknesses reported in the Humble drilling. It is believed that Humble's estimate of 40 million tons grading 0.26% copper is probably flawed and should be closer to 30 to 35 million tons at an average grade of 0.40%. The cause of the discrepancies between Humble's drilling program and other exploration groups are believed to be due in part to the use of a rotary churn drill versus core drilling by Kerr-McGee and ACCO.

GEOLOGY AND MINERALIZATION

The property lies within a porphyry copper corridor defined by the Miami-Globe porphyry copper complex. As detailed in Figure 2, this corridor contains at least 6 active copper-molybdenum mines each having past production and present reserves totaling more than 1 billion tons. The newest discoveries in the area are the Resolution Copper Deposit and additions to the Ray Mine. Rio Tinto and BHP are still investigating the Resolution deposit with underground drilling. The resource is currently reported to contain at least 1.5 billion tons grading 1.5% copper, 0.04% molybdenum with gold and silver credits. The nearby Superior East deposit was discovered by Asarco and is currently controlled by the Rio Tinto/BHP joint venture. It contains approximately 200 million tons grading +1% copper and remains open on two sides and to depth. Both properties are buried beneath 3000 feet or more of unmineralized rock. The Copper Springs property lies approximately 9.6 miles east of the Resolution deposit and 5 miles east of the Superior East deposit. New drilling carried out by ASARCO LLC east and south of Ray have provided additional reserves to the mine.

Recent work by American Copper has added to the knowledge of the project area by way of compilation of past work, recent geologic mapping, a geophysical survey and drilling of the western mineralized area. The mineralization is situated on a southwestern lobe of the Schultz Granite. Most other mineralization in the district is related to similar "lobes" of granite. The chalcocite blanket at Copper Springs is generally hosted

within the Pinal schist and diabase dikes or sills intruding the schist. Copper mineralization appears to prefer the diabase when available. The copper mineralization consists of oxide copper minerals on bedding planes and quartz veins, sooty chalcocite coating chalcopyrite and pyrite within a stockwork of fractures and quartz veins, and rare covellite and bornite within breccias and clay gouge.

Mapping within project boundaries has defined at least two separate areas of near surface copper-rich zones. These zones are defined by "live" limonite in road cuts and outcrop, and copper oxide on bedding planes and in old workings. Previous work has described the western zone of mineralization as associated with an easterly trending anticline (Figure 3). The north limb of the anticline has had the most drilling and contains the resource described above. Mapping and an IP survey have shown that the mineralization can be traced to the south and east of the resource area on the western portion southern limb of the anticline, effectively doubling the prospective area. The few holes existing in the southern limb indicate the mineralization is deep (drilled on top of the ridge), or were drilled outside of the surface expression of the blanket as mapped by ACCO geologists.

The Eastern mineralization is hosted in part within a fault zone trending northerly (Ellis "Vein") and in part around the edges of the exposed core of the system. Drilling in the Ellis area has found the mineralization to be associated with a fault which dips easterly at ~70 degrees. However, other holes further afield from the fault zone contain 20 to 60 feet thick zones of copper mineralization at depths of 75 to 200 feet deep. This pattern is similar to the western target. The Eastern drill pattern is roughly on 2000 feet centers. Historical mapping indicates a "porphyry style" alteration zone about 8000 feet long by 5000 feet wide.

The Copper Springs property exhibits a classic zoning of "porphyry copper style" alteration. This zoning, defined as phyllic to potassic to quartz-sericite-pyrite to propylitic outward from the core, is evident on the CSC group of claims and parts of the Santa Anna claim group. A lobe of Laramide intrusive (Schultz granite) has invaded Proterozoic Pinal Schist on the northern portion of the CSC claim group. The Pinal schist and a portion of the Schultz granite are altered by a high sulfide phyllic event with copper mineralization. Veins of K feldspar occur within the margins of the intrusive and outwards for 500 to 1500 feet. A combination of phyllic and potassic alteration is present for an additional 1000 feet, incorporating quartz veining, sericite and K feldspar veinlets. A broad zone of potassic alteration over 2000 feet wide grades into propylitic alteration on the north and south margins of the property.

A northerly trending fault (Lonesome Pine fault) has down dropped the western target. Copper oxide minerals are observed in several areas within and west of the fault. Drilling within the Lonesome Pine fault encountered 250 feet thick intervals of +0.2% copper as copper oxide within the fault. Drilling by Kerr McGee, Bear Creek and Humble encountered copper oxides and chalcocite within the first 250 feet of surface on the graben side (west) of the fault. Twenty-eight of the fifty-six holes drilled on the graben side of the fault encountered economic values of copper. The average of the 28 holes drilled is 50 feet grading 0.37% copper. Gold grades vary from nil to 0.02 opt and silver from nil to 0.2 opt. Molybdenum values are sporadic from less than 0.003 to 0.03%.

The recent drilling carried out by American Copper provided new insight into the geology of the deposit. Clear evidence of pre, syn and post-mineral faulting can be seen in the core. The faults appear to be both high and low angle. Where pre or syn-mineral faults occur, the chalcocite blanket can be up to 100 feet thick or more. Where late stage faulting intersects mineralization, copper is either depleted or copper oxides are present in economic amounts. When present, the mineralized zone is generally intersected at a greater depth.

TARGETS

The Copper Springs property covers a broad area of classic porphyry style alteration with coincident copper mineralization. Previous exploration programs were successful in defining moderate copper grades over a wide area. Ultimately, these exploration groups abandoned the property due to the price of copper, grades encountered, relatively small size of the resource or underlying deals that were unfavorable to long term exploration goals. The previous work conducted at Copper Springs has defined a resource with considerable upside potential for growth. Metallurgical work conducted to date suggest potentially good recoveries from acid soluble tests. In addition, structures cutting the project appear to have increased the thickness of the mineralized zone. At least eight drill holes have intersected broader sections than expected within the western target area. The nearby Ellis "Vein" contains 0.6 to 0.8% copper as chalcocite coating chalcopyrite hosted within a structural zone. Holes drilled outside of the Ellis structure, but within the area

depicted in Figure 5, contain thicknesses of 30 to 80 feet grading 0.3 to 0.5% copper. This same type of grade and thickness may be found within the Lonesome Pine fault zone and other faults present on the rest of the property.

Individual targets:

Western Lobe – The Lone Pine deposit is an obvious target for enlargement. The Lone Pine resource is reported to contain a minimum of 17 million tons grading 0.37% copper as defined in 1964 by Kerr-McGee and 40 million tons grading 0.26% copper in 1972 by Humble. This chalcocite zone lies within the first 250 feet of surface in the graben block west of the Lonesome Pine fault. The chalcocite zone has been identified with twenty-eight drill holes on roughly 400 to 800 feet spacing. American copper's drilling adjacent to Humble's drill holes has shown higher grades over roughly similar thicknesses. American Copper's work suggests the Humble may have reported lower grades from their drilling due to the type of drilling, the lab used or a combination of factors.

American Copper encountered several higher grade intervals of chalcocite in their core drilling. No previous drilling is known to have intersected +1% copper grades in the West Lobe. The recent drilling also extended known mineralization north and east of the defined resource area. The IP survey carried out in 2006 defined a broader and stronger IP response south and west of the resource area suggesting further extensions of mineralization. This work corresponds to American Copper's surface mapping of geology, alteration and "live limonite." Surface indications of copper oxides have been mapped in springs, on cliff faces and interpreted from "live" limonite throughout the western portion of the claim block. The footprint of drilling and areas of apparent copper mineralization at surface measures roughly 4500 feet long and 3500 feet wide. When taken with an average of 50 feet in thickness, these dimensions equate to a potential for a +50 million ton ore body.

The grade of the deposit has been greatly diminished by the Humble holes. Using average grades from Kerr-McGee and American Copper it seems reasonable to assume an average grade of 0.37 to 0.43% copper. The potential of pre to syn-mineral faulting has been overlooked or down played. Limited drill hole coverage on the south, east and west portions of the resource area should be tightened up with additional drilling paying special attention to faulting for thicker zones of mineralization. The poorly drilled portions on the west and south sides of the anticline along with potential for thicker zones within and near the margins of early fault zones suggest additional potential for similar grade.

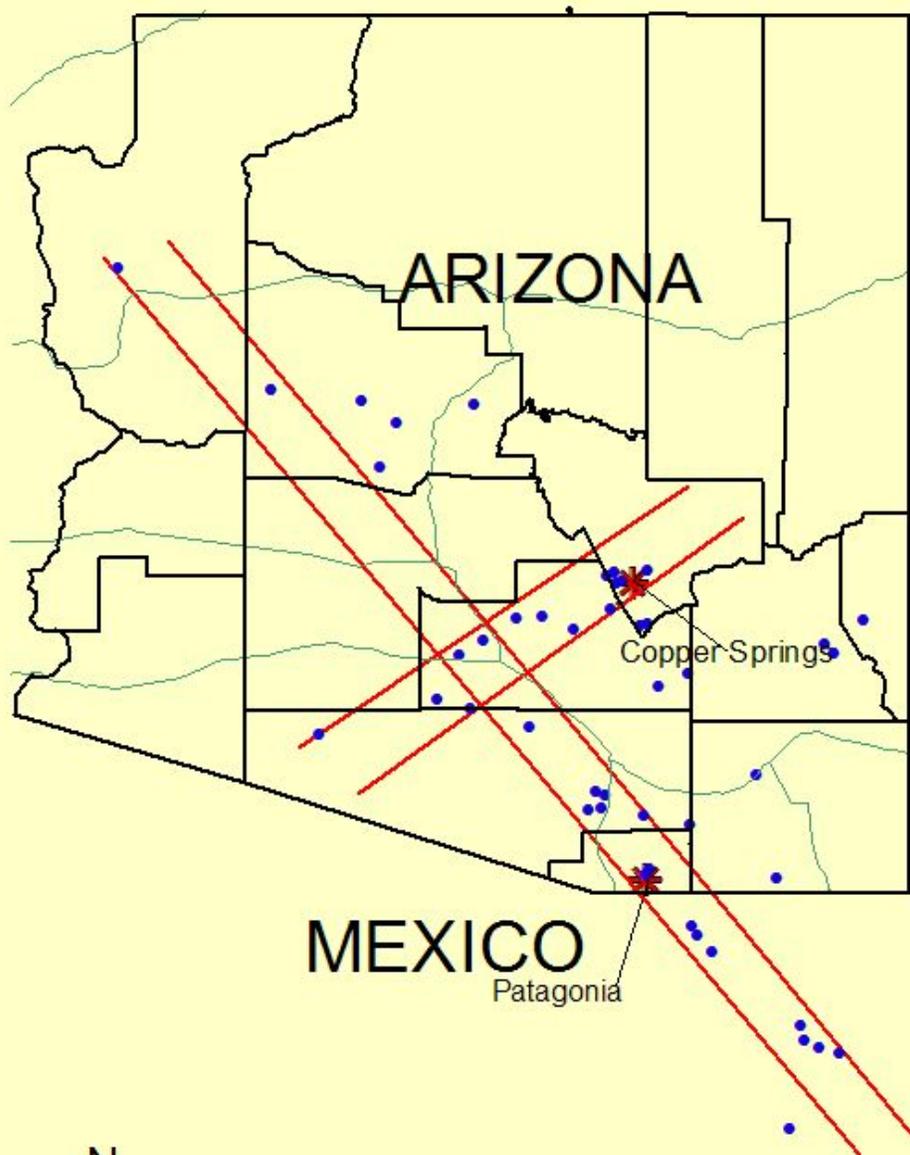
Eastern Lobe - The eastern portion of the Copper Springs property has had wide spaced drilling on roughly 1500 to 2000 feet centers. The known mineralized zone is roughly 8000 feet long by 5000 feet wide. A total of 19 holes for 8,776 feet have been drilled in this area. Eight of the 19 holes are clustered around the Ellis "Vein". The East target occupies the edge of an exhumed porphyry copper alteration system. This system trends from advanced argillic to phyllic. The East Lobe of the property contains surficial evidence of copper and molybdenum around the margins of a Laramide intrusive. Copper oxide and live limonite are evident in outcrops and trenches within the potassic and phyllic zones encircling a body of granodiorite. The area contains a small resource (Ellis "Vein", est. 4.5 million tons @ 0.37% copper) associated with a north trending structural zone. Other drilling within a half mile of the resource contains up to 40 feet grading 0.35% copper near surface. The general depth of mineralization to surface within the widely spaced holes indicates another chalcocite zone may occur within the area. Further geologic mapping, sampling and drilling are necessary to delineate any substantial, near surface ore body in this area.

Breccia Pipe target – At least two and possibly three breccia pipes occur on the western end of the property. Two holes have been drilled in the area with no indication of mineralization to 180 feet (depth of hole). However, adits and pits are clustered around the base of the largest breccia pipe. Indications of copper oxide are evident on dumps and within springs and the stream beds adjacent to the breccias. In other districts breccia pipes are intimately associated with mineralizing events. It is possible that the breccias are associated with venting of mineralization at depth.

Hypogene Ore – Assuming the chalcocite blanket is developed above and adjacent to a buried, intact portion of the eastern part of the system, there is a potential for discovery of a preserved part of the system. Although the current 0.4% copper grade known to occur in the supergene zone may be reflective of lower grade protore at depth as discovered in the 3 deep holes along the margins of the West Lobe mineralization, it may also represent a separate high level shell over a large high grade deposit at depth. This sequence of events is apparent at the Red Mountain, Sunnyside and Ventura deep porphyry copper systems in Santa

Cruz County, Arizona. Shells of chalcocite mineralization occur suspended 1000 to 4000 feet over the main ore bodies. In some cases, two or more separate shells have been developed with rather barren rock in between. However, alteration characteristics at surface and within the drilling led the explorers to drill deeper in spite of the decreasing copper values. Therefore, the breccias may represent a venting episode from a deep seated porphyry system at depth. If so, the graben target could well contain an intact system with higher grades than those found elsewhere on the property.

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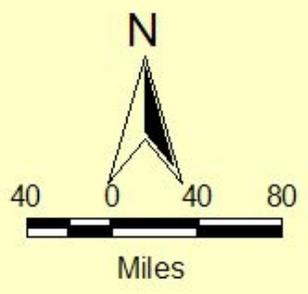
Cobre and Ty

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Copper Springs

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ARIZONA PORPHYRY COPPER DEPOSITS

 ACCO Property

 Roads

 Copper Mines

 Porphyry Copper Trends

