

INTERNATIONAL SMELTING AND REFINING COMPANY

REPORT ON AUDIT

PERIOD ENDING NOVEMBER 30, 1944

POOLSON, FROST & CO.
CERTIFIED PUBLIC ACCOUNTANTS

POGSON, PELOUSÉ & Co.

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To the Board of Directors,
International Smelting and Refining Company,
25 Broadway, New York

Dear Sirs:

We have made a general audit of the books and accounts of INTERNATIONAL SMELTING AND REFINING COMPANY for the year ended December 31st 1940, and present herewith a Comparative Balance Sheet, Comparative Income Account and Surplus Account, followed by various supporting schedules.

INVESTMENT IN AND OPERATIONS OF SUBSIDIARIES

The accounts of wholly owned subsidiaries have not been consolidated with those of International Smelting and Refining Company in this report. Three of the subsidiaries, New Jersey Storage and Warehouse Company, Raritan Copper Works, and Raritan Terminal and Transportation Company, are not operating, and the operations of the fourth subsidiary, International Building Association, are not an integral part of the operations of the parent company. The investment, including net advances, of International Smelting and Refining Company in its wholly owned subsidiaries amounted to \$143,436.81 at December 31st 1940 and combined net loss of such companies amounted to \$2,908.78 for the year 1940 (details page 19).

Investment, including noncurrent advances, in subsidiaries not wholly owned by the company amounted at December 31st 1940 to \$3,978,239.91, a net decrease of \$88,505.03 from December 31st 1939. This decrease resulted from writing off investment in and advances to Felleyre Mining and Milling Company amounting to \$379,745.54 offset by net advances during 1940, principally to Walker Mining Company, amounting to \$291,240.51. The equity of the company in the combined net income of these subsidiaries amounted to \$436,494.29 for the year 1940 (details page 17). A dividend of \$365,733.50 was received from Mountain City Copper Company.

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OPERATIONS

For the year 1940 International Smelting and Refining Company operated at a net profit of \$1,104,639.02, compared with a profit of \$896,571.94 for the year 1939. Income or loss of the various plants and departments of the company compared with the respective investments, may be summarized as follows:

	Investment at December 31st 1940	Income or loss* of the year 1940	Income or loss* of the year 1939
Tooele plant	\$ 5,896,462.05	175,950.65	170,980.77
Miami plant	1,471,374.84	78,659.47	19,309.14*
Ophir Mill plant	14,400.80	48,043.75	82,707.52*
Lead refinery	828,776.68	152,247.81	114,532.04*
Zinc oxide department	939,069.22	71,992.00*	49,590.31
White lead department	648,582.82	15,218.40	23,859.19
Maritan refinery	6,374,509.00	1,792,626.42	1,151,357.75
Maritan secondary metals department	2,775,780.27	62,223.03	321,386.68
Maritan electro-sheet department	287,321.17	10,948.84	19,729.06
	19,203,475.25	2,281,926.37	1,685,770.11
Investments and advances (invest- ment in and advances to Pelleyre Mining and Milling Company, amounting to \$379,745.54, written off in 1940) - details page 37	5,845,756.41	146,308.10*	155,074.43
	25,049,231.66	2,115,618.27	1,840,844.54
Items not allocated to depart- ments (including estimated Federal income tax of \$130,000.00 in 1939 and \$271,477.25 in 1940 - details page 38	23,862.87	352,361.18*	193,439.28*
Net profit before interest on debentures and notes payable to affiliates		1,763,257.09	1,647,405.28
Interest on debentures		480,000.00*	480,000.00*
Interest on notes payable to affiliates		178,618.07*	270,833.34*
Net profit	\$	1,104,639.02	896,571.94
Capital stock, surplus, and debentures and notes payable to affiliates	\$ 25,073,094.53		

* Excess of liabilities over assets.

Details of the above figures are shown on the Balance Sheet and Income account, pages 11 and 12.

WORKING CAPITAL

Changes in current position were as follows:

	December 31st 1939	December 31st 1940	Increase or decrease*
Current assets	\$ 11,929,242.74	11,045,932.63	883,310.11*
Current liabilities	1,442,019.08	1,450,808.91	8,789.83
	\$ 10,487,223.66	9,595,123.72	892,099.94*
Ratio	8.3 to 1	7.6 to 1	

In the foregoing comparison, advances by affiliates evidenced by notes, \$5,000,000 payable to Anaconda Sales Company and \$2,250,000 payable to Anaconda Copper Mining Company at December 31st 1939, and \$4,750,000 payable to Anaconda Copper Mining Company at December 31st 1940, are not considered current liabilities.

DISTRIBUTION OF BALANCE SHEET AND INCOME ACCOUNT TO DEPARTMENTS

The detail schedules which support the Balance Sheet and Income Account are presented in eleven divisions; the nine principal operating departments:

1. Tooele plant,
2. Miami plant,
3. Ophir Hill plant,
4. Lead refinery,
5. Zinc oxide department,
6. White lead department,
7. Raritan refinery,
8. Raritan secondary metals department,
9. Raritan electro-sheets department, and

a tenth division,

10. Investments and advances,

which includes the activities of the company other than the principal smelting, refining and manufacturing operations, and an eleventh division,

11. Items not allocated to departments.

In making this rearrangement, the accounts of the company as shown on its various ledgers have been redistributed and allocated to the departments to which they apply, except for a few items for which there is no exact basis for allocation and which are shown separately in the last division mentioned above. Details of accounts which appear in this division are shown on page 38.

Land at East Chicago, and land, buildings and machinery, and reserve for depreciation at Perth Amboy have been allocated among the various departments on a basis believed to be approximately correct.

FUNDS RECEIVED AND DISBURSED

Funds received and disbursed were as follows:

Funds made available:
Operating profit, before deducting non-cash
items and interest paid on debentures
and notes payable to affiliates
(details below) \$ 3,319,907.39
Decrease in inventories (details below) 561,261.32
Increase in current liabilities
(principally taxes) 115,450.36
Decrease in deferred charges 5,807.29 4,002,426.36

Funds disbursed:
Decrease in notes payable to affiliates 2,500,000.00
Interest paid on debentures and notes
payable to affiliates 658,618.07
Increase in amount receivable from
Anaconda Sales Company 358,709.94
Fixed assets purchased (details below) 357,243.28
Increase in accounts receivable 216,640.17
Net increase in investments in and advances
to subsidiaries and sundry companies
(details below) 180,798.18 4,174,009.64
Decrease in cash \$ 171,583.28

Operating profit, before deducting non-cash
items and interest paid on debentures and
notes payable to affiliates

Profit, per Income Account - page 10 \$ 1,104,639.02
Add:
Depreciation - on deliveries \$ 798,324.88
- automotive equipment 1,715.45
Loss on disposal or dismantlement of
fixed assets, principally Rico
and Akron plants 211,679.99
Royalties received from sales of ore
mined by North Lily Mining Company
from properties of International
Smelting and Refining Company 126,328.05
Investment in and advances to Pelleyre
Mining and Milling Company written
off 379,745.54
Sundry mining claims and options written
off - Ophir Hill and Tocoila 38,856.39
Interest paid on debentures and notes
payable to affiliates, shown
separately above 658,618.07 2,215,268.37
As above \$ 3,319,907.39

Decrease (increase*) in inventories

Metals and manufactured products - finished (details below) \$ 1,243,166.46
- in process (increase) 606,549.67*
Supplies (increase) 75,355.47*
As above \$ 561,261.32

Of the above decrease in finished metals, a decrease of
\$661,203.96 in copper at Tocoila and Miami plants is offset by an increase

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in material in process at those smelters amounting to \$1,034,008.74.

Metals and manufactured products - finished

			Decrease or increase*
Copper (details below)	13,065,002	lb.	\$ 1,464,099.02
Zinc (details below)	5,826,829	lb.	279,857.31
Lead (details below)	4,620,443*	lb.	230,656.95*
Silver (details below)	19,234.97*	oz.	9,422.99
Gold	1,206.829	oz.	39,966.63
Miscellaneous metals			70,285.23
Zinc oxide			7,821.92
White lead			379.45*
Electro-sheet copper fabricating cost			15,859.99
Prepaid billet cost			37,697.06*
Freight on consigned stocks			20,401.58
			<u>1,034,781.21</u>
Reserves for freight and refining			402,930.80
Decrease shown by Comparative Balance Sheet - page 9			1,235,950.41
Increase in depreciation included in inventories (details below)			<u>7,216.05</u>
As above			\$ 1,243,166.46

Increase in depreciation included in inventories

	Pounds	Cents per lb.	Amount
Depreciation applicable to unsold 1940 production of Tooele lead	5,722,949	.131	\$ 7,497.06
Depreciation applicable to 1939 inventory sold in 1940 - zinc oxide	180,069	.095	171.07
- white lead	51,133	.215	109.94
			<u>281.01</u>
			\$ 7,216.05

Copper

Tooele plant:			
Deliveries from December 31st 1938 inventory	3,641,213	9.872	\$ 359,465.90
Deliveries from 1939 accumulations	1,458,504	12.615	184,048.62
	5,099,717	10.658	543,514.52
Miami plant:			
Deliveries from December 31st 1938 inventory	1,600,604	10.070	161,174.75
Deliveries from 1939 accumulations	1,398,188	11.194	156,514.69
	2,998,792	10.594	317,689.44
Raritan refinery - deliveries from December 31st 1938 inventory	409,485	8.296	33,971.00
Raritan secondary metals department:			
Deliveries from 1939 accumulations	11,989,505	12.061	1,446,001.18
Less accumulations in 1940	7,432,497	11.801	877,077.12
	4,557,008	12.485	568,924.06
Net decrease, as above	13,065,002		\$ 1,464,099.02

Zinc

Deliveries from December 31st 1938 inventory - zinc oxide department	5,826,829	4.803	\$ 279,857.31
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	Pounds	Cents per lb.	Amount
<u>Lead</u>			
Lead refinery:			
Deliveries from 1939 accumulations	1,944,926	3.177	✓ 100,400.48
Less accumulations in 1940	858,570	3.901	50,351.66
	1,086,356		50,048.78
White lead department - deliveries from December 31st 1938 inventory	12,150	4.800	582.90
	1,102,506		50,797.68
Tooele plant - accumulations in 1940	2,722,949	4.918	201,454.53
Net increase - as above	4,825,443		✓ 230,535.95
<u>Silver</u>			
	Ounces	Cents per oz.	
Covered by affidavits - decrease in unsold 1939 production	44,413.56	71.0230	✓ 31,551.29
Not covered by affidavits - 1940 accumulations	63,679.53	34.7500	22,121.30
Increase in quantity - as above	19,264.97		
Decrease in amount - as above			✓ 9,429.99
<u>Expenditures for fixed assets</u>			
Mines and mining claims - Miami		\$	10,432.54
Lands - Reritan refinery			27,000.00
Sundry mines and lands			476.54
			45,935.18
Buildings and machinery - Reritan refinery	189,043.93		
- Other plants	57,305.12		217,449.07
			233,384.25
Less salvage received from assets sold			6,140.97
As above			✓ 257,243.28
<u>Net increase in investments in and advances to subsidiaries and sundry companies</u>			
<u>Increases:</u>			
Walker Mining Company		\$	271,394.90
Felleyre Mining and Milling Company:			
Payments on option	✓ 21,000.00		
Advances	4,400.66		25,420.66
Copper Canyon operations:			
Expenditures on option	28,149.34		
Shares purchased	3,300.00		36,749.34
Sureka Bullion Mining Company			1,277.14
Sundry subsidiaries			223.61
			335,380.65
<u>Decreases:</u>			
Mountain City Copper Company			96,955.43
Sundry mining companies for ores and development			29,441.19
Tooele Valley Railway Company			15,011.68
Comet Coalition Mines Company			5,201.14
Park Premier Mining Company			2,171.56
International Building Association			3,666.47
Sundry indirect subsidiaries			120.00
			154,567.47
Net increase, as above			✓ 180,792.16

SCOPE OF AUDIT

We have made a general audit of the books and records of International Smelting and Refining Company and its subsidiary corporations for the calendar year ended December 31st 1940. In connection with our audit we examined or tested the accounting records of the company and its subsidiaries and other supporting evidence and made a general review of the accounting methods including the system of internal check and control and of the operating and income accounts for the year but we did not make a detailed audit of the transactions except in the case of Miami plant, which is not examined by the company's own internal auditors.

In the case of all other companies and departments we satisfied ourselves that International Smelting and Refining Company and all subsidiary companies were included in the scope of the work of the internal auditors of the company.

We examined into the sufficiency of the internal audit and examined the reports of the internal auditors.

Investments, securities, cash, notes receivable and payable, debentures and capital stock have been verified by inspection, certificate or correspondence and found in order.

Accounts receivable were examined in detail and those considered bad or doubtful have been written off or have been provided for in reserve. Accounts receivable, where these are of material amount were tested by selecting certain accounts for confirmation by direct communication with the debtors or, where possible, by direct comparison with the books and records of the debtors. The company's internal auditors have also verified the accounts receivable of certain departments by direct communication with the debtors and, while such confirmation by internal auditors cannot be substituted for a similar procedure by the company's independent auditors, it has been given full consideration in determining the nature and extent of our verification of accounts receivable.

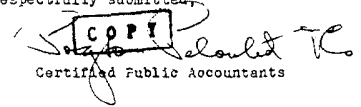
Certificates of responsible officials have been received certifying to the correctness of quantities, descriptions and ownership of inventories and we have made tests of the clerical accuracy of the inventories.

In accordance with what is now generally agreed to be accepted auditing procedure, our audit included physical tests of inventories. Inventories

at all plants are not tested nor is a complete count made of inventories at any one plant. Inventories are not tested at the close of the calendar year and the physical tests are in no way intended as a substitute for the taking of physical inventories by company employees. The purpose is to establish the existence of a proper system for taking and recording physical inventories and to satisfy ourselves that the systems are operating effectively and as planned. In the course of this work, a very substantial part (measured in money value) of the physical inventories is actually inspected by us. While this inspection is not our primary evidence of the existence and value of the inventories which must now, as in the past, lie in the records of the company, it is of great value as a confirmation of the company's records and representations. Stocks of metals and products held for the company or its subsidiaries by others or held by the company for the account of others have been verified by direct communication. It is the general practice of the company's internal auditors to make physical tests from time to time of inventories of supplies and, while these tests cannot take the place of similar tests by independent auditors, they are given full consideration in determining the nature and extent of the tests made by us.

The accounts are presented in the same form and on the same basis as those of Anaconda Copper Mining Company, of which International Smelting and Refining Company is a wholly owned subsidiary.

Respectfully submitted,


Certified Public Accountants

New York, July 25th 1941

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ASSETS

December 31st

FIXED ASSETS:			
14	Mines and mining claims and lands for metal producing and manufacturing plants		
15	Buildings and machinery at reduction works, refineries and manufacturing plants	26,460,316.73	
13	Less reserve for depreciation	17,026,396.78	
Patents			
Investments:			
17	Securities of subsidiaries - not wholly owned		
19	- wholly owned		
20	Other security investments		
	Indebtedness of subsidiaries - not current:		
18	Not wholly owned		
19	Wholly owned		
DEFERRED CHARGES:			
21	Prepaid expenses	21,469.72	
22	Deferred expenses	21,390.48	
CURRENT AND OTHER ASSETS:			
Current assets:			
Supplies on hand		827,199.52	
Metals and manufactured products - in process		1,453,038.70	
23	- finished	7,633,672.48	
Accounts and notes receivable:			
24	Trade, less reserve	840,560.22	
25	Affiliates	27,092.04	
18	Subsidiaries - not wholly owned - current	755,863.06	
26	Cash	391,178.72	
Other assets:			
27	Advances to sundry mining companies, including advances on ores, less reserve	89,734.26	
	Advances to Tooele Valley Railway Company	119,911.88	
	Other accounts receivable	28.50	
LIABILITIES			
CAPITAL STOCK - issued and outstanding - 163,500 shares of the par value of \$75.00 each			
RESERVES:			
28	For repairs	5,250.91	
	For workmen's compensation insurance	34,079.24	
CURRENT LIABILITIES:			
29	Accounts payable - trade	909,816.56	
	Wages payable	105,897.48	
30	Accrued taxes	231,440.52	
31	Other accrued liabilities	2,103.25	
25	Indebtedness - to affiliates	156,673.83	
19	- to subsidiaries - not wholly owned	9,949.38	
	- wholly owned	19,388.85	
	Employees' deposits	6,749.21	
32	DEBENTURES AND NOTES PAYABLE TO AFFILIATES		
13	SURPLUS (deficit*)		

INTERNATIONAL SMELTING AND REFINING COMPANY
COMPARATIVE BALANCE SHEET
DECEMBER 31ST 1939 AND 1940

9

December 31st 1939	December 31st 1940	Increase or decrease#
\$ 1,212,081.73	\$ 1,102,805.32	\$ 109,276.41#
26,460,316.73	25,377,619.84	482,696.89#
17,026,396.78	17,361,601.01	334,904.23
9,433,619.95	8,616,018.83	817,361.12#
1.00	1.00	-
2,809,594.00	2,765,473.03	44,120.97#
43,000.00	43,000.00	-
1,414,465.48	1,423,055.48	8,300.00
731,366.74	1,212,763.88	481,400.14
123,818.46	120,151.99	3,365.47#
15,767,947.36	15,283,282.53	484,634.83#
21,489.72	17,978.96	3,510.76#
21,390.46	47,243.29	25,852.81
42,880.20	55,222.25	22,342.05
827,199.52	902,554.99	75,355.47
1,453,038.70	2,059,586.37	606,549.67
7,633,672.48	6,397,722.07	1,235,950.41#
840,580.22	1,053,735.19	213,154.97
27,392.04	281,712.04	254,020.00
755,883.06	131,026.53	624,856.53#
391,178.72	219,596.44	171,583.28#
11,929,242.74	11,045,932.63	883,310.11#
89,734.26	60,293.07	29,441.19#
119,911.68	104,900.00	15,011.68#
88.80	-	88.80#
209,734.44	165,193.07	44,541.37#
27,949,804.74	26,559,630.48	1,390,174.26#
\$ 12,262,500.00	\$ 12,262,500.00	\$ -
5,250.91	-	5,250.91#
34,079.24	35,727.04	1,647.80
39,330.15	35,727.04	3,603.11#
909,816.56	902,134.22	7,682.34#
105,897.48	95,373.37	10,524.11#
231,440.52	352,660.97	121,220.45
2,103.25	11,917.40	9,814.15
156,673.83	48,292.31	108,381.52#
9,949.38	13,719.82	3,770.44
19,388.85	19,715.18	326.33
6,749.21	8,995.64	2,246.43
1,442,019.08	1,450,808.91	8,789.83
15,250,000.00	12,750,000.00	2,500,000.00#
1,044,044.49*	60,594.53	1,104,639.02
27,949,804.74	26,559,630.48	1,390,174.26#

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YEARS ENDING DECEMBER 31ST 1939 AND 1940

Page		Year ended	Year ended	Increase or decrease
		December 31st 1939	December 31st 1940	
	Sales and tolls	\$ 23,271,062.38	\$ 27,841,404.22	\$ 4,570,341.84
	Cost of sales	20,333,708.81	24,688,201.25	3,954,492.44
	Income from operations before deducting depreciation	2,337,353.57	2,953,202.97	615,849.40
	Other income:			
	Dividend from Mountain City Copper Company	\$ 219,440.10	\$ 365,733.50	\$ 146,293.40
33	Other dividends and interest - net	40,622.93	40,705.12	82.19
34	Miscellaneous income	19,575.87	110,655.67	91,280.00
		279,639.90	517,235.42	237,695.52
		2,616,993.47	3,470,498.46	853,504.99
32	Interest on debentures and notes payable to affiliates	750,833.34	658,618.07	92,215.27
	Expenses pertaining to non-operating units	44,983.86	52,513.71	7,549.85
	United States income taxes - estimated	130,000.00	271,477.25	141,477.25
		925,797.20	982,309.03	56,511.83
		1,691,196.27	2,487,899.43	796,693.16
	Deduct:			
16	Provision for depreciation	705,453.59	798,324.88	92,871.29
35	Loss on disposal or dismantlement of fixed assets	89,170.74	205,179.99	116,009.25
		794,624.33	1,003,504.87	208,880.54
36	Expenditures on options not exercised	-	379,745.54	379,745.54
	Net income	\$ 596,571.94	\$ 1,104,639.02	\$ 508,067.08

<u>A S S E T S</u>		<u>Tocelo plant</u>
Mines and mining claims and lands		\$ 355,398.18
Buildings and machinery		7,101,420.81
Reserve for depreciation - deduct*		5,772,495.31*
Patents		
Investments:		
Securities of subsidiaries:		
Not wholly owned		
Wholly owned		
Other security investments		
Indebtedness of subsidiaries - not current:		
Not wholly owned		
Wholly owned		
Prepaid expenses		921.49
Deferred expenses		3,277.70
Supplies on hand		370,651.79
Metals and manufactured products:		
In process		1,407,404.57
Finished		2,524,693.48
Accounts and notes receivable:		
Trade, less reserve		87,923.61
Affiliates		
Subsidiaries not wholly owned - current		89,640.54
Cash		100,989.25
Advances to sundry mining companies, including advances on ores, less reserve		55,279.03
Advances to Tocelo Valley Railway Company		
		6,325,305.12 1,
<u>L I A B I L I T I E S</u>		
Reserve for workmen's compensation insurance		4,082.65
Accounts payable - trade		333,812.96
Wages payable		40,135.14
Accrued taxes		16,698.43
Other accrued liabilities		
Indebtedness - to affiliates		13,757.18
- to subsidiaries - not wholly owned		13,719.82
- wholly owned		
Employees' deposits		5,626.67
		428,843.07
Net investment (#denotes excess of liabilities over assets)		\$ 5,896,462.05 1,

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INTERNATIONAL SMELTING AND REFINING COMPANY
BALANCE SHEET - DECEMBER 31ST 1940 - BY DEPARTMENT

<u>T G</u>	<u>Tooele plant</u>	<u>Miami plant</u>	<u>Ophir Hill plant</u>	<u>Lead refinery</u>	<u>Zinc oxide department</u>	<u>White lead department</u>
and lands	\$ 355,398.18	66,666.60		130,665.27	60,822.51	13,243.90
y	7,101,420.81	3,103,550.21		1,113,670.67	676,373.82	734,447.46
on - deduct*	5,772,495.31*	3,037,202.21*		706,352.72*	428,161.12*	476,994.46
				1.00		
aries:						
tments					5,848.91	
idaries - not current:						
	921.49	188.25		4,644.70		
	3,277.70				700.00	
	370,651.79	57,104.36		100,548.95	36,014.74	23,241.25
i products:	1,407,404.57	503,976.99		40,046.92	108,157.89	
	2,524,693.46	490,483.39		382,142.12	280,133.77	275,785.50
ivable:	87,923.61	320,547.43	1,971.55	21,386.71	213,279.05	76,941.68
liy owned - current	89,840.54					
ing companies, including	100,989.25	15,917.05		12,600.41	25,000.00	
, less reserve	55,279.03					
ley Railway Company						
	6,325,305.12	1,521,232.07	1,971.55	1,099,354.03	978,169.57	646,665.32
<u>L T I E S</u>						
compensation insurance	4,082.85		2,360.47	24,334.19		
ie	333,812.96	22,903.68		214,060.84	38,782.24	82.50
	40,135.14	12,763.09		23,455.98		
ias	16,698.43	14,190.66	13,642.71	9,545.21		
listes	13,767.18			1,181.13	318.11	
idaries - not wholly owned	13,719.82					
- wholly owned	6,626.67		368.97			
	428,843.07	49,857.43	16,372.15	272,577.35	39,100.35	82.50
as excess of liabilities	\$ 5,896,462.05	1,471,374.64	14,400.60#	826,776.88	939,069.22	646,582.82

COMPANY
DEPARTMENTS

11

<u>White lead department</u>	<u>Raritan refinery</u>	<u>Raritan secondary metals departments</u>	<u>Raritan electro-sheets department</u>	<u>Investments and advances - details page 37</u>	<u>Items not allocated to departments - details page 38</u>	<u>Eliminations*</u>	<u>Total - page 9</u>
13,243.90	343,890.04	65,861.21	4,349.45	61,908.16			1,102,805.32
34,447.48	10,808,991.97	2,043,072.59	366,135.60	29,956.69			25,977,619.64
76,994.49*	6,040,996.49*	818,405.18*	80,993.56*				17,361,601.01
							1.00
				2,765,473.03			2,765,473.03
				43,000.00			43,000.00
				1,417,216.57			1,423,065.48
				1,212,766.88			1,212,766.88
	10,358.41	15,116.25		120,151.99			120,151.99
				1,866.11			17,978.96
23,241.25	308,769.24			28,149.34			47,243.23
				6,224.66			902,554.99
75,785.50	961,359.79	1,474,016.33	9,105.71				2,059,586.37
							6,397,722.07
76,941.68	229,827.15			70,000.00	31,858.01		1,053,735.19
	33,860.70				248,446.30	594.96*	281,712.04
	41,185.99						131,026.53
	29,589.80				35,498.93		219,595.44
				5,014.04			60,293.07
				104,900.00			104,900.00
646,665.32	6,726,836.60	2,779,663.27	298,597.20	5,866,627.47	315,803.24	594.96*	26,559,630.48
82.50	4,949.53	3,883.00			9,126.41		35,727.04
	283,482.59						902,134.22
	19,019.16						95,373.37
	31,713.00		11,276.03	1,155.68	265,715.06		352,660.97
	323.26						11,917.40
	12,640.06				21,098.90	594.96*	48,292.31
				19,715.18			13,719.82
							19,715.18
							6,995.64
82.50	352,327.60	3,883.00	11,276.03	20,871.06	291,940.37	594.96*	1,486,535.95
646,582.82	6,374,509.00	2,775,780.27	287,321.17	5,845,756.41	23,862.87	-	25,073,094.53
				Capital stock			\$ 12,262,500.00
				Surplus			60,594.53
							12,323,094.53
				Debentures and notes payable to affiliates			12,750,000.00
				As above			\$ 25,073,094.53

PNYC00000664

	<u>Tooele plant</u>	<u>Miami plant</u>	<u>Ophir Hill plant</u>
Sales of copper	478,411.96	310,125.58	
lead	2,849,191.85		
silver	3,462,613.00	267,776.04	
gold	2,471,854.56	289,009.71	
miscellaneous metals	59,808.30		
zinc oxide			
white lead			
electro-sheet copper	1,019,366.78		350,093.71
ores and concentrates	1,067,005.41	986,065.87	
Tolls	11,408,251.86	1,852,977.20	350,093.71
Cost of sales	9,777,646.13	1,031,263.97	237,938.06
Interdepartment	1,288,611.53	881,208.28	
	11,066,257.66	1,712,466.25	237,938.06
Income or loss*	541,994.20	140,510.95	112,155.65
Provision for depreciation and loss on disposal or dismantlement of fixed assets	151,554.45	65,700.68	63,691.70
Income or loss* from operations	190,439.75	74,810.27	48,463.95
Other income:			
Dividends received from Mountain City Copper Company			
Other dividends and interest (paid*) - net	248.22*	121.20	
Miscellaneous income		1,728.00	285.00
	248.22*	1,849.20	285.00
Income or loss*	190,191.53	76,659.47	48,748.95
United States income taxes - estimated	14,240.88		705.20
Expenses pertaining to nonoperating units	14,240.88		705.20
Income or loss*	175,950.65	76,659.47	48,043.75
Interest on debentures and notes payable to affiliates			
Expenditure on options not exercised			
Net income or loss*	175,950.65	76,659.47	48,043.75

INCOME ACCOUNT BY DEPARTMENTS

<u>Is plant</u>	<u>Miami plant</u>	<u>Ophir Hill plant</u>	<u>Lead refinery</u>	<u>Zinc oxide department</u>	<u>White lead department</u>	<u>Raritan refinery</u>	<u>Raritan secondary metals department</u>
178,411.96	310,125.58					20,860.50	4,893,501.8
349,191.85			236,822.16				
462,613.00	267,776.04		904,691.02			55,310.63	
171,854.56	289,009.71		270,336.74			8,882.13	
59,808.30				2,324,606.74		118,771.95	640,888.6
					967,060.85		
119,366.78		350,093.71	3,134.30	365,067.46			
67,005.41	986,065.87		442,526.29			5,670,366.02	
408,251.66	1,852,977.20	350,093.71	1,857,510.51	2,689,074.20	967,060.85	3,871,191.26	5,534,390.50
77,646.13	1,031,263.97	237,938.06	1,577,947.98	2,635,876.13	423,963.60	3,807,212.67	5,222,833.02
88,511.53	221,202.28		78,220.05	132.05	499,919.42	61,903.94	185,762.55
66,257.66	1,712,466.25	237,938.06	1,656,168.03	2,636,023.18	923,883.02	3,869,116.61	5,406,195.57
41,994.20	140,510.95	112,155.65	201,342.48	53,648.02	43,177.83	2,002,074.65	126,154.93
51,554.45	65,700.68	63,691.70	49,094.67	124,315.12	27,966.91	317,102.07	63,971.90
40,439.75	74,310.27	48,463.95	152,247.81	70,669.10*	15,190.92	1,684,972.58	62,223.03
248.22*	121.20			295.92	27.48		
	1,729.00	285.00				107,653.84	
248.22*	1,849.20	285.00		295.92	27.48	107,653.84	
50,191.53	76,659.47	48,748.95	152,247.81	70,373.18*	15,218.40	1,792,626.42	62,223.03
14,240.88		705.20		1,618.82			
14,240.88		705.20		1,618.82			
75,950.65	76,659.47	48,043.75	152,247.81	71,992.00*	15,218.40	1,792,626.42	62,223.03
5,950.65	76,659.47	48,043.75	152,247.81	71,992.00*	15,218.40	1,792,626.42	62,223.03

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	Raritan refinery	Raritan secondary metals department	Raritan electro- sheet department	Investments and advances - page 37	Items not allocated to departments - page 38	Inter- department eliminations*	Total - page 10
	20,860.50	4,893,501.83				243.20*	5,702,656.87
	55,310.63					499,830.17*	2,585,133.84
	8,882.16						4,690,390.69
	115,771.95	640,888.67				3,040,083.17	3,040,083.17
						9,553.35*	306,915.57
						424.12*	2,324,182.62
						3,210.42*	983,850.43
5			105,869.15				105,869.15
	5,670,366.02					450,921.46*	1,386,740.79
						1,831,432.30*	6,332,531.29
5	5,871,191.26	5,534,390.50	105,869.15			2,795,615.02*	27,941,404.22
3	3,807,212.67	5,222,833.02	81,550.00	9,393.66	82,576.03		24,860,201.25
2	61,903.94	185,362.55	243.20			2,795,615.02*	
2	3,869,116.61	5,408,195.57	81,793.20	9,393.66	82,576.03	2,795,615.02*	24,882,401.25
3	2,002,074.65	126,194.93	24,075.95	9,393.66*	82,576.03*		2,927,204.97
1	317,102.07	63,971.90	13,127.11	126,960.26			1,603,564.67
2	1,684,972.58	62,223.03	10,948.84	136,353.92*	82,576.03*		1,848,698.10
3				365,733.50			365,733.50
	107,653.84			38,616.64	1,692.10		40,705.12
				1,190.03			110,856.87
2	107,653.84			405,740.17	1,692.10		517,295.49
3	1,792,626.42	62,223.03	10,948.84	269,386.25	80,883.93*		2,466,993.59
						271,477.25	271,477.25
				35,948.81			35,948.81
						271,477.25	271,477.25
3	1,792,626.42	62,223.03	10,948.84	233,437.44	362,361.18*		2,145,004.63
						658,618.07	658,618.07
				379,745.54			379,745.54
				379,745.54	658,618.07		1,038,363.61
	1,792,626.42	62,223.03	10,948.84	146,308.10*	1,010,979.25*		1,104,639.02

SURPLUS ACCOUNT

Balance December 31st 1939 (deficit)	\$ 1,044,044.49
Net profit year ended December 31st 1940 - page 10	1,104,839.02
Per Balance Sheet December 31st 1940 (surplus) - page 9	\$ 60,594.53

Investment in National Tunnel and Mines Company in this report is at the amount shown on the books of International Smelting and Refining Company which differs from that shown in the report on Anaconda Copper Mining Company and consolidated subsidiaries, in that the investment and Consolidated Surplus have there been reduced by \$136,307.60, the amount of the deficit of Utah-Delaware Mining Company on dissolution in 1937.

MINES AND MINING CLAIMS AND LANDS

	Balance December 31st 1939	Additions	Other changes (increase or decrease*)	Balance December 31st 1940
Lands for metal produc- ing and manufac- turing plants:				
Tooele plant	351,492.95	87.30	3,817.93 (1)	355,398.18
Miami plant	58,408.60	260.00	10,000.00 (2)	68,668.60
Lead refinery	130,665.27			130,665.27
Zinc oxide department	60,822.51			60,822.51
White lead department	13,243.90			13,243.90
Raritan refinery	315,523.79	27,000.00	1,366.25 (3)	343,890.04
Raritan secondary metals department	67,227.46		1,366.25*(3)	65,861.21
Raritan electro-sheet department	4,349.45			4,349.45
Investments and advances - Rico	2,480.00			2,480.00
	1,002,211.93	27,347.30	13,817.93	1,043,377.16
Mines and mining claims:				
Ophir Hill mines and water rights	6,000.00		6,000.00*(4)	
Investments and advances:				
Tooele	202,269.60	129.34	(128,328.05*(5)) { 3,817.93*(1) } { 27.15*(6) } { 32,656.39*(4) }	39,369.62
Miami	1,600.00	18,458.54		20,058.54
Per Balance Sheet - page 9	1,212,081.73	45,935.18	158,211.59*	1,102,805.32

NOTE 1 - Transfer to correct distribution of additions of the year 1938.
 2 - Repossession of property sold in year 1939 - details page 35.
 3 - Reallocation of land at Perth Amboy.
 4 - Relinquished options, and Ophir Hill property and options written off.
 5 - Royalties received from sales of ore mined by North Lily Mining Company
 from properties of International Smelting and Refining Company.
 6 - Transferred to buildings and machinery - Rico.

BUILDINGS AND MACHINERY

	Balance December 31st 1939	Construction	d
Tooele plant	\$ 7,090,157.33	11,490.91	
Miami plant	3,096,892.52	6,657.69	
Ophir Hill plant	170,198.49	2,528.60	
Lead refinery	1,099,692.24	12,974.13	
Zinc oxide department	946,179.44	14,860.75	
White lead department	731,919.26	3,378.22	
Raritan refinery	10,585,699.02	159,643.95	
Raritan secondary metals department	2,251,193.56		
Raritan electro-sheet department	289,310.52		
Investments and advances - Rico	219,076.35	5,914.82	
Per Balance Sheet - page 9	\$ 26,460,316.73	217,449.07	

NOTE 1 - Transfer between departments.

2 - Depreciation of automotive equipment written off.

3 - Reallocation of plant at Perth Amboy.

4 - Transfer from Mines and mining claims - Rico.

PNYC0000067

	Balance December 31st 1939	Depreciation on 1940 operations - details below	Reductions* for sales and disposals - page 35	Increase between departments - (increase or decrease*)	Balance December 31st 1940
Tocals plant					
Lead plant	5,629,319.84	159,053.58	98.74*	15,779.37*	5,775,495.31
Plant Hill plant	2,965,001.53	72,200.88			3,037,202.41
Lead refinery	96,281.63	64,170.59	160,405.22*		706,352.72
Zinc oxide department	360,491.58	43,763.90	908.76*		428,161.12
White lead department	384,837.24	37,381.88	194,058.00*		476,994.49
Lead refinery	430,571.56	31,439.43	385.32*	79,384.75	6,040,998.49
Merican secondary metals department	5,874,531.12	317,639.56	35,385.52*	120,721.74*	6,188,998.11
Merican electro-sheet department	27,129.26	13,127.11	217.60*		80,998.56
Investments and advances - Rico	51,956.54	10,955.16	78,373.09*	15,779.37	
Per Balance Sheet - page 9	17,078,696.78	805,540.93	470,136.70*		17,361,601.01

Details of depreciation on 1940 operations

	Quantity	Rate	Amount	Depreciation applicable to inventory December 31st 1939	Depreciation applicable to income account - December 31st 1940	Depreciation applied to income account - page 10
Tocals plant:						
Lead plant	64,987,399 pounds	131.4	85,145.58	14,593.96	22,091.02	77,649.52
Plant Hill plant	184,014 tons	22.5004	41,403.15			41,403.15
Lead refinery			32,149.30			32,149.30
White lead department			354.55			354.55
Merican plant:						
Copper plant			159,053.58	14,593.96	22,091.02	181,556.52
Andco furnace			65,742.94			
			8,457.74			
			72,200.68			72,200.68
Opair Hill plant						
Lead refinery	49,079,634 tons	19.0604	64,120.59			64,120.59
Furniture and fixtures			43,378.20			
			3,085.70			
			46,763.90			46,763.90
Zinc oxide department - East						
Chicago plant	39,349,346 pounds	.0964	37,381.88	3,136.86	3,065.79	37,662.95
White lead department						
	12,776,403 pounds	.2154	27,419.43	8,105.20	8,035.26	27,579.37
Merican refinery						
Less amount applicable to plant used by secondary metals department and electro-sheet department			350,127.76			
Merican secondary metals department - cathodes						
Depreciation on refinery plant-as above	11,006,279 tons	42.25	37,492.88			37,492.88
			312,829.08			312,829.08
Merican electro-sheet department						
Depreciation on refinery plant - as above	723,919 pounds	1.54	28,514.13			28,514.13
			35,275.37			35,275.37
			61,639.50			61,639.50
			10,903.00			10,903.00
			2,413.31			2,413.31
			13,127.11			13,127.11
Investments and advances - Rico						
			10,955.16			10,955.16

INVESTMENT IN SECURITIES OF SUBSIDIARIES NOT WHOLLY OWNED

Amount
2,809,594.00
21,000.00
2,830,594.00
65,120.37
2,765,473.03

Balance December 31st 1939

Addition, year 1940:

Palleys Mining and Milling Company - payment on option

Deduction, Year 1940:

Investment in Palleys Mining and Milling Company written off

Per Balance Sheet, December 31st 1940 - page 9

Details of balance at December 31st 1940

Shares	Par value	Amount	Equity in income or loss - year 1940
1,462,934	\$ 73,116.70	\$ 1,143,281.33	\$ 548,040.81
882,042	882,042.00	882,049.50	146,373.75*
Walker Mining Company			
Other unconsolidated subsidiaries:			
Coast Coalition Mines Company	1,600,071.50	340,891.71	-
Breita Bullion Mining Company	37,800.00	187,823.99	-
Mountain View Mining Company	478,420.00	86,529.23	348.08*
North Lily Mining Company	47,500.00	86,529.23	36,470.79
Park Ronald Mines Corporation	377,500.00	37,841.00	-
Park Ronald Mines Company	377,500.00	1.00	-
Park Ronald Mines Company	253,750.00	18,306.52	95*
Victor Consolidated Mining Company	182,685.00	20,040.20	1,094.35*
Yankee Consolidated Mining Company	501,005.00	740,142.20	-
As above		\$ 2,765,473.03	\$ 436,494.29

Net increase in equity - year 1940

Equity in income, as above

Less dividend received from Mountain City Copper Company

Net increase

INVESTMENT IN AND INDEBTEDNESS OF SUBSIDIARIES NOT WHOLLY OWNED

	Indebtedness		Investment - page 17	Total Investment and Indebtedness	Market Quotations
	Not current	Current			
Mountain City Copper Company	\$ 797,479.16	130,913.43	1,143,281.33	1,274,194.76	4,571,568.75
Walker Mining Company	24,612.47		582,039.50	1,274,194.76	797,479.16
Coeke Consolidated Mining Company	20,709.51		340,893.71	267,509.39	21,273.08
North Lily Mining Company			187,923.49	206,633.00	161,443.00
North Nelson Mines Corporation	112,294.47		66,606.23	66,606.23	23,473.45
Park Nelson Mining Company	29,062.90		37,644.27	66,606.23	285,000.00
Victor Premier Mining Company	226,603.23		1.00	149,938.74	13,212.50
Yankee Consolidated Mining Company			18,306.52	226,604.23	30,450.00
Sundry indirect subsidiaries		38.10	20,040.20	10,306.52	12,769.65
		75.00		20,078.30	8,767.59
Per Balance Sheet, December 31st 1940 - page 9	\$ 1,212,786.88	131,026.53	2,785,473.03	4,109,266.44	\$ 6,012,724.76

	Total Indebtedness		Increase or Decrease*
	December 31st 1939	December 31st 1940	
Mountain City Copper Company	\$ 229,869.86	130,913.43	98,956.43*
Walker Mining Company	535,784.20	797,479.10	271,694.90
Coeke Consolidated Mining Company	31,819.81	26,617.67	5,202.14*
North Lily Mining Company	19,432.37	20,709.51	1,277.14
Park Nelson Mines Corporation	112,226.16	112,294.47	68.31
Park Nelson Mining Company	28,910.70	29,062.90	152.20
Park Premier Mining Company	228,774.79	226,603.23	2,171.56*
Palleyre Mining and Milling Company	310,203.91		310,203.91*
Yankee Consolidated Mining Company	35.00	38.10	3.10
Sundry indirect subsidiaries	195.00	75.00	120.00*
	\$ 1,487,249.80	1,343,793.41	143,456.39*

INVESTMENT IN AND INDEBTEDNESS OF WHOLLY OWNED SUBSIDIARIES

	Shares	Par value	Investment	Indebtedness - not current	Total investment and indebtedness	Net loss of the year 1940
International Building Association	10	\$ 1,000.00	1,000.00	120,151.99	121,151.99	\$ 2,223.05
New Jersey Storage and Warehouse Company	10	1,000.00	1,000.00		1,000.00	6.00
Maritan Copper Works	10	1,000.00	1,000.00		1,000.00	-
Maritan Terminal and Transportation Company	400	40,000.00	40,000.00		40,000.00	679.73
Per Balance Sheet, December 31st 1940 - page 9			\$ 43,000.00	120,151.99	163,151.99	\$ 2,908.78

Less indebtedness to wholly owned subsidiaries:

New Jersey Storage and Warehouse Company	\$ 718.93
Maritan Copper Works	1,000.00
Maritan Terminal and Transportation Company	17,996.25
Per Balance Sheet, December 31st 1940 - page 9	
Net investment	19,715.18
	143,436.81

The above net investment at December 31st 1940 is represented as follows:

Assets:	
Land, principally for resale	\$ 31,083.64
Buildings and related construction	21,187.45
Less reserves for depreciation	64,696.90
Prepaid expenses and land sales contracts	1,136.89
Accounts receivable	190.18
Cash	116,622.87
Less liabilities:	
Accounts payable	2,908.66
Taxes accrued	49.80
Interest accrued	1.61
Net assets	2,959.97

Difference, being accumulated operating deficits to December 31st 1940

113,664.80

\$ 23,772.01

OTHER SECURITY INVESTMENTS

Balance December 31st 1939	\$ 1,414,465.48
Additions - year 1940 - Copper Canyon Mining Company, 64,000 shares	8,600.00
Per Balance Sheet, December 31st 1940 - page 9	\$ 1,423,065.48

Details of balance at December 31st 1940

	Par value	Shares	Amount
Zinc oxide department:			
Delaware Floor Products Company:			
Common stock	no par	26	\$ 2,580.50
Second mortgage bonds	\$ 2,600.00		2,600.00
National Fireproofing Corporation:			
Common stock	no par	7	65.01
Income debentures	200.00		200.00
Northwestern Terra Cotta Corpora- tion stock	18.75	18.75	367.78
Viscosity Oil Corporation stock	no par	.75	35.62
			5,848.91
Investments and advances:			
Condor Gold Mining Company stock	4,632.30	61,764	4,632.29
Copper Canyon Mining Company	8,400	64,000	8,600.00
National Tunnel and Mines Company stock	no par	328,200	915,693.92
Park-Utah Consolidated Mines Company stock	69,800.00	69,800	441,157.50
Prince Consolidated Mining Company stock	80,000.00	800,000	47,132.86
			1,417,213.57
As above			\$ 1,423,065.48

Investment in National Tunnel and Mines Company in this report is at the amount shown on the books of International Smelting and Refining Company which differs from that shown in the report on Anaconda Copper Mining Company and consolidated subsidiaries, in that the investment and Consolidated Surplus have there been reduced by \$136,307.60, the amount of the deficit of Utah-Delaware Mining Company on dissolution in 1937.

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PREPAID EXPENSES

	December 31st 1939	December 31st 1940	Increase decrease*
Prepaid insurance	\$ 21,403.32	17,824.83	3,578.49*
Sundry	88.40	154.13	67.73
Per Balance Sheet - page 9	\$ 21,489.72	17,978.96	3,510.76*

PNYC000006

DEFERRED EXPENSES

	December 31st 1939	December 31st 1940	Increase decrease*
Tooele plant:			
Expenditures on account of option to purchase stock of Copper Canyon Mining Company	\$ - -	28,149.34	28,149.34
Prepaid rental	- -	1,240.00	1,240.00
Advance on purchase contract	2,157.86	1,711.60	446.26*
Prepaid lime sand royalty	1,225.91	- -	1,225.91*
Sundry deferred expenses	248.56	325.10	77.54
	3,632.43	31,427.04	27,794.61
Zinc oxide department - club memberships	1,000.00	700.00	300.00*
Raritan secondary metals depart- ment - blast furnace slag treatment expense	16,758.05	15,116.25	1,641.80*
Per Balance Sheet - page 9	\$ 21,390.48	47,243.29	25,852.81

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METALS AND MANUFACTURED PRODUCTS - FINISHED

AMOUNT	Tooele Plant	Miami Plant	Lead refinery	Zinc oxide department	White lead department	Raritan refinery	Raritan secondary metals department	Raritan electro-sheet department	Total
Copper	\$ 539,436.00	444,394.33		43,646.74		544,059.62	1,350,661.75		2,878,551.70
Zinc	760,894.35		50,661.68		10,607.46				842,163.49
Lead	494,824.88	52,144.05	321,287.56			144,843.60	1,482.39		1,183,922.06
Silver	624,104.32	76,068.36	10,214.99			253,992.79	1,183.57		1,056,463.03
Miscellaneous metals	4,406.88					3,920.67	379,601.12		387,338.67
Manufactured products:									
Zinc oxide				230,326.34					230,326.34
White lead					253,981.80				253,981.80
Electro-sheet copper				6,160.69	11,196.24	65,047.07		9,105.71	9,105.71
Prepaid billet cost									63,047.07
Prepaid freight, etc.									17,356.93
Less reserves for freight, refining, etc.	2,620,104.42	572,688.74	382,142.12	280,133.77	275,785.50	1,015,768.69	1,732,248.63	9,105.71	6,897,817.77
Per Balance Sheet, December 31st 1940 - page 9	\$ 2,524,693.46	490,483.39	382,142.12	280,133.77	275,785.50	961,359.79	1,474,016.33	9,105.71	6,397,722.07

POUNDS

Copper	5,484,220	4,413,210		906,098		6,556,072	13,432,497		29,888,007
Zinc									906,098
Lead	16,663,376		658,570		230,597				17,952,543

CENTS PER POUND

Copper	9.672	10.070		4.817		8.296	10.055		9.636
Zinc									4.617
Lead	4.631		5.901		4.600				4.691

Subtotal - total for all departments - covered by affidavits

AMOUNT - \$	Price
1,096,866.01	71.0239¢
1,193,877.74	34.75
	414,672.52

2,290,763.75	52.1190¢
	1,183,922.06
28,416,265	34.08
	966,486.66

Grand total for all departments

ACCOUNTS AND NOTES RECEIVABLE - TRADE, LESS RESERVE

	Toole plant	Miami plant	Ophir Hill plant	Lead refinery	Zinc oxide department	White lead department	Hariton refinery	Investments and advances	Items not allocated to departments	Total
from customers for tolls and for metals and manufactured products:										
Inspiration Consolidated Copper Company		23,086.60					29,820.07			51,906.67
Miami Copper Company		297,246.86								297,246.86
Mines Products Company							175,691.80			175,691.80
Sundry customers	62,323.71				213,279.05	116,275.19	20,187.87		31,858.01	443,925.63
	62,323.71	320,333.46			213,279.05	116,275.19	224,899.54		31,858.01	968,768.96
Advances to National Tunnel and Mines Company								70,000.00		70,000.00
Sundry debtors	25,599.90	213.97	1,971.55	21,366.71			5,127.61			54,299.24
	87,923.61	320,547.43	1,971.55	21,366.71	213,279.05	116,275.19	229,827.15	70,000.00	31,858.01	1,093,068.70
Less reserve for doubtful notes and accounts						39,333.51				39,333.51
Dr Balance Sheet, December 31st 1940 - Page 6	87,923.61	320,547.43	1,971.55	21,366.71	213,279.05	76,941.68	229,827.15	70,000.00	31,858.01	1,055,735.19

ACCOUNTS WITH AFFILIATES

	December 31st 1939	December 31st 1940	Increase decrease*
Accounts receivable from:			
The American Brass Company	\$ 1,025.39	2,277.12	1,251.73
Anaconda Sales Company (payable at Dec. 31, 1939)		248,446.30	248,446.30
Anaconda Wire and Cable Company	11,627.77	16,178.27	4,550.50
Chile Exploration Company	15,579.76	15,405.31	174.45*
	<u>28,232.92</u>	<u>282,307.00</u>	<u>254,074.08</u>
Net off accounts payable to:			
The American Brass Company		532.35	532.35
Anaconda Wire and Cable Company	540.98	52.61	478.27*
	<u>540.98</u>	<u>594.96</u>	<u>54.08</u>
Per Balance Sheet - page 9	\$ 27,692.04	281,712.04	254,020.00
Accounts payable to:			
Anaconda Copper Mining Company	21,098.90	21,098.90	- -
The American Brass Company	- -	532.35	532.35
Anaconda Sales Company (receivable at Dec. 31, 1940)	110,283.64	- -	110,283.64*
Anaconda Wire and Cable Company	540.38	62.61	478.27*
Chile Steamship Company, Incorporated	10,118.53	7,104.23	3,014.30*
Montana Hardware Company	4,793.36	3,305.09	1,488.27*
Tooele Valley Railway Company	10,399.40	11,784.09	1,384.69
	<u>157,214.71</u>	<u>48,887.27</u>	<u>108,327.44*</u>
Net off accounts receivable, as above	540.98	594.96	54.08
Per Balance Sheet - page 9	\$ 156,673.83	48,292.31	108,381.52*

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C A S H

Cash in banks:	
Chase National Bank, New York	\$ 208,841.04
Continental National Bank and Trust Company of Salt Lake City, Utah	49,852.32
First National Bank of Salt Lake City, Tooele, Utah	49,862.90
Battle Mountain State Bank, Battle Mountain, Nevada	994.03
Valley National Bank, Globe, Arizona	15,767.05
First National Bank in East Chicago, Indiana	12,593.73
Firestone Park Trust and Savings Bank, Akron, Ohio	25,000.00
First Bank and Trust Company, Perth Amboy, New Jersey	<u>29,297.99</u>
	392,029.06
Less outstanding drafts on New York office, deposited in banks	<u>173,342.11</u>
	218,686.95
Petty cash	<u>908.49</u>
Per Balance Sheet, December 31st 1940 - page 9	<u>\$ 219,595.44</u>

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ADVANCES TO SUNDRY MINING COMPANIES,
INCLUDING ADVANCES ON ORES

	December 31st 1939	December 31st 1940	Increase decrease*
Ore purchase accounts:			
Good	\$ 15,203.61	7,185.58	8,018.03*
Good but slow	3,999.50	1,852.53	2,346.97*
Fair but slow	91,351.05	42,552.82	48,798.23*
	110,554.16	51,390.93	59,163.23*
Other notes and accounts:			
Afterthought Mines Corporation	2,935.34	4,978.54	2,043.20
New Quincy Mining Company	-	29,854.31	29,854.31
Panther Mines Company	9,982.70	9,788.19	194.51*
Rico Enterprise Mining Company	9,393.86	-	9,393.86*
Sundry	217.26	7,737.29	7,520.03
	22,528.96	52,358.33	29,829.37
	133,083.12	103,749.26	29,333.86*
Less reserve for doubtful accounts	43,348.86	43,456.19	107.33
Per Balance Sheet, page 9	\$ 89,734.26	60,293.07	29,441.19*

RESERVE FOR WORKMEN'S COMPENSATION INSURANCE, ETC.

	Balance December 31st 1939	Additions - details below	Deductions - compensation paid, medical and hospital expenses, etc.	Per Balance Sheet, December 31st 1940 page 9
Toole plant	\$ 4,085.61	31,582.35	31,585.11	4,082.85
Ophir Hill	1,629.68	1,320.57	589.78	2,340.47
Lead refinery	13,642.25	3,735.20	5,652.11	24,334.19
Zinc oxide department	8,652.43			
White lead department	3,956.42			
Raritan refinery	2,112.85	17,021.79	14,185.11	4,949.53
	\$ 34,079.24	53,659.91	52,012.11	35,727.04

Details of additions - year 1940

	Total as above	Charged cost	Pay roll deductions
Toole plant	\$ 31,582.35	23,146.12	8,436.23
Ophir Hill	1,320.57	1,032.57	288.00
Lead refinery	3,735.20	3,735.20	
Raritan refinery	17,021.79	17,021.79	
	\$ 53,659.91	44,935.68	8,724.23

ACCOUNTS PAYABLE - TRADE

Ore purchases - Tooele plant	\$ 191,638.75
Reserve for unearned tolls - Raritan refinery	67,545 18
Sundry creditors	<u>642,900 36</u>
Per Balance Sheet, December 31st 1940 - page 9	<u>\$ 902,134.22</u>

ACCUMULATED TAXES

	Tooele plant	Miami plant	Ophir Hill plant	Lead refinery	Haritan refinery	Investments advances - Rice	Items not allocated departments	Total
Federal old age benefits tax	\$ 3,057.38	756.19		1,900.78	6,550.07		23.79	12,288.21
Federal and state unemployment insurance taxes	12,682.70	3,249.99		7,644.43	25,165.93		308.73*	48,651.32
Federal income taxes							256,000.00	256,000.00
Federal capital stock taxes							10,000.00	10,000.00
Real estate taxes	178.41	9,734.48	10,491.03			1,155.23		21,559.15
Utah mining occupation tax			3,151.68					3,151.68
Sundry	579.96	450.00				.65		1,030.61
Per Balance Sheet, December 31st 1940 - page 9	\$ 16,698.45	14,190.66	13,642.71	9,545.21	31,713.00	1,155.88	265,715.06	352,860.97

OTHER ACCRUED LIABILITIES

Reserve for repairs - Raritan electro-sheet department (details below)	\$ 11,276.03
Reserve for United States customs warehouse storage costs - Raritan	323.28
Liability for unpaid compensation insurance - Zinc oxide department, Akron	318.11
Per Balance Sheet, December 31st 1940 - page 9	<u>\$ 11,917.43</u>

Details of Reserve for repairs - Raritan electro-sheet department

	Balance December 31st 1939	Additions - charged operating expense	Deductions - expended for repairs	Balance December 31st 1940
Reserve for lead anode renewals	\$ 1,488.01	1,817.32	234.17	3,071.16
Reserve for drum surface renewals	3,762.90	5,451.91	1,009.94	8,204.87
As above	<u>\$ 5,250.91</u>	<u>7,269.23</u>	<u>1,244.11</u>	<u>11,276.03</u>

DEBENTURES AND NOTES PAYABLE TO AFFILIATES

	15 year 6% debentures due 1950, held by Anaconda Copper Min- ing Company	Demand note, interest at 5%, payable to Anaconda Copper Min- ing Company	Time notes - details of payees and interest rates below	Total
Balance December 31st 1939	\$ 8,000,000.00	2,250,000.00	5,000,000.00	15,250,000.00
Payments 1940 - details below			2,500,000.00	2,500,000.00
Per Balance Sheet, December 31st 1940 - page 9	\$ 8,000,000.00	2,250,000.00	2,500,000.00	12,750,000.00

Interest accrued and paid

Balance December 31st 1939	\$ 21,098.90	- -	3,125.00	24,223.90
Accrued 1940, per Income Account - page 10	480,000.00	112,500.00	66,118.07	658,618.07
Paid 1940	501,098.90	112,500.00	69,243.07	682,841.97
Balance December 31st 1940	\$ 21,098.90	- -	- -	21,098.90

Details of time notes

Payable to Anaconda Sales Company:	
Balance December 31st 1939 - interest at 1-1/2%	\$ 5,000,000.00
Payment June 15th 1940	<u>1,000,000.00</u>
Balance June 15th 1940 - interest at 1-3/4%	4,000,000.00
Payment August 31st 1940	500,000.00
Payment September 14th 1940	<u>3,500,000.00</u>
	\$ - -
Payable to Anaconda Copper Mining Company:	
September 14th 1940 - interest at 1-3/4%	\$ 3,500,000.00
Payment October 22nd 1940	<u>1,000,000.00</u>
Balance December 31st 1940 - interest at 1-3/4%	<u>2,500,000.00</u>

Details of interest accrued on time notes

Payable to Anaconda Sales Company:	
December 31st 1939 to June 15th 1940 - 1-1/2% on \$5,000,000	\$ 34,375.00
June 15th 1940 to August 31st 1940 - 1-3/4% on \$4,000,000	14,583.33
August 31st 1940 to September 14th 1940 - 1-3/4% on \$3,500,000	<u>2,430.54</u>
	51,388.87
Payable to Anaconda Copper Mining Company:	
September 14th 1940 to October 22nd 1940 - 1-3/4% on \$3,500,000	6,465.31
October 22nd 1940 to December 31st 1940 - 1-3/4% on \$2,500,000	<u>8,263.89</u>
	14,729.20
Total, as above	\$ 66,118.07

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OTHER DIVIDENDS AND INTEREST

Interest received:		
On advances:		
To subsidiaries not wholly owned:		
Comet Coalition Mines Company	\$ 1,787.28	
Eureka Bullion Mining Company	<u>1,168.09</u>	
	2,955.37	
Walker Mining Company	<u>16,795.49</u>	
	19,750.86	
Tooele Valley Railway Company	7,288.21	
International Building Association	<u>4,797.57</u>	31,836.64
On refund of capital stock tax		<u>1,692.10</u>
Miscellaneous - net		<u>194.50</u>
		33,723.24
Dividends received:		
Park Utah Consolidated Mines Company	6,980.00	
Miscellaneous	<u>1.88</u>	<u>6,981.88</u>
Per Income Account, year ended December 31st 1940 -		
page 10		\$ 40,705.12

MISCELLANEOUS INCOME

Miami plant - rents		\$ 1,728.00
Ophir Mill plant - rents		255.00
Raritan refinery:		
Record storage rentals	\$ 1,350.00	
Copper storage rentals	87,532.32	
Discount on prepayment of taxes	3,008.08	
Loading and unloading lighters	<u>15,783.44</u>	107,653.84
Investments and advances:		
Park-Utah Consolidated Mines Company -		
reimbursement for dividends of prior		
years not received by the company	1,200.00	
Less outside property expense, Tooele	<u>9.97</u>	<u>1,190.03</u>
Per Income Account, year ended December 31st 1940 -		
page 10		\$ <u>110,856.97</u>

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LOSS ON DISPOSAL OR DISMANTLEMENT OF FIXED ASSETS

	Cost of property sold or dismantled - pages 15 and 14	Accumulated depreciation - page 16	Net book value	Salvage less dismantling expense (add or deduct*)	Loss (profit) - per Income Account year ended 1939
Buildings and machinery:					
Tocoles plant	227,43	98.74	128.69	130.76*	2.07#
Ophir Hill plant	172,727.08	160,405.22	12,321.87	12,750.76*	428.89#
Lead refinery	3,308.29	902.76	2,405.53	74.76*	2,330.77
Zinc oxide department	260,553.78	194,058.00	66,495.78	466.39	66,762.17
White lead department	43,850.00	682.52	167.48	240.06	4,407.54
Batten refinery	43,528.14	35,882.57	7,645.57	3,507.68*	4,472.99
Barite secondary metals department	192,001.63	78,673.09	113,328.54	393.46*	2,132.40
Investments and advances - Rioo	698,457.66	470,636.70	227,820.96	10,140.97*	211,679.99
Mines and mining claims and lands:					
Miami plant - repossession of property sold in 1939	10,000.00*		10,000.00*	5,500.00	6,500.00#
Total	\$ 688,457.66	470,636.70	217,820.96	12,640.97*	205,179.99

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EXPENDITURES ON OPTIONS NOT EXERCISED

Investment in and advances to Pelleyre			
Mining and Milling Company written off:			
Investment		\$ 310,203.91	\$ 85,120.97
Advances - Balance December 31st 1939			
Additions 1940		<u>4,420.66</u>	<u>314,624.57</u>
Per Income Account, year 1940 - page 10			<u>\$ 379,745.54</u>

Mines and mining claims and lands
Buildings and machinery
Investments:
 Securities of subsidiaries - not wholly owned
 - wholly owned
 Other security investments
 Indebtedness of subsidiaries - not current - not wholly owned
 - wholly owned

Accrued taxes
Indebtedness to subsidiaries wholly owned

INCOME ACCOUNT ITEMS

Net income or loss*

INVESTMENTS AND ADVANCES
DETAILS OF BALANCE SHEET AND INCOME ACCOUNT ITEMS

	Wholly owned subsidiaries	Mountain City Copper Company	Walker Mining Company	Other subsidiaries not wholly owned	National Tunnel and Mines Company	Part Consc b Co
d lands	\$					
es - not wholly owned		1,143,281.33	882,049.50	740,142.20		
ts - wholly owned	43,000.00					
ries - not current - not wholly owned			797,479.10	415,287.78	915,693.92	441,
- wholly owned	120,151.99					
Companies, including advances on					70,000.00	
Railway Company						
	163,151.99	1,143,281.33	1,679,528.60	1,155,429.98	985,693.92	441,
is wholly owned	19,715.18					
	19,715.18					
	\$ 143,436.81	1,143,281.33	1,679,528.60	1,155,429.98	985,693.92	441,1
and loss on disposal or dismantlement						
Mountain City Copper Company		365,733.50				
rest	4,797.57		16,795.49	2,955.37		6,98
ence*)						1,20
	4,797.57	365,733.50	16,795.49	2,955.37		8,18
	4,797.57	365,733.50	16,795.49	2,955.37		8,18
operating units				379,745.54*		
ot exercised				379,745.54*		
	\$ 4,797.57	365,733.50	16,795.49	376,790.17*		8,18

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<u>Park-Utah</u> <u>Consolidated</u> <u>Mines</u> <u>Company</u>	<u>Prince</u> <u>Consolidated</u> <u>Mining</u> <u>Company</u>	<u>Condor</u> <u>Gold</u> <u>Mining</u> <u>Company</u>	<u>Afterthought</u> <u>Mines</u> <u>Company</u>	<u>Copper</u> <u>Canyon</u> <u>operations</u>	<u>Tooele</u> <u>Valley</u> <u>Railway</u> <u>Company</u>	<u>Rico</u>	<u>Mines</u> <u>department,</u> <u>outside</u> <u>exploration,</u> <u>etc.</u>	<u>Total</u> <u>per</u> <u>11 an</u>
						2,480.00	59,428.16	61,908
						29,956.69		29,956
								2,765,472
441,157.50	47,132.86	4,632.29		8,600.00				43,000
								1,417,216
								1,212,766
								120,151
								1,866
				28,149.34		1,866.11		28,149
						6,224.66		6,224
								70,000
	35.50		4,978.54		104,900.00			5,014
								104,900
441,157.50	47,168.36	4,632.29	4,978.54	36,749.34	104,900.00	40,527.46	59,428.16	5,866,627.
						1,155.88		1,155.
								19,715.
						1,155.88		20,871.
441,157.50	47,168.36	4,632.29	4,978.54	36,749.34	104,900.00	39,371.58	59,428.16	5,845,756.
						9,393.66*		9,393.6
						126,960.26*		126,960.2
						136,353.92*		136,353.9
6,980.00					7,288.21			305,733.5
1,200.00							9.97*	38,816.6
								1,190.0
8,180.00					7,288.21		9.97*	405,740.1
8,180.00					7,288.21	136,353.92*	9.97*	269,386.2
						35,948.81*		35,948.81
								379,745.54
						35,948.81*		415,694.35
1,180.00					7,288.21	172,302.73*	9.97*	146,308.10

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DETAILS OF ITEMS NOT ALLOCATED TO DEPARTMENTSBALANCE SHEET ITEMS

Accounts receivable - trade - United States assay office	\$	31,858.01	
- affiliates - Anaconda Sales Company		248,446.30	
Cash - Chase National Bank, New York		<u>35,498.93</u>	
			315,803.24
Accounts payable - trade - Chadbourne, Wallace, Parke & Whiteside	)	5,038.62	
- Sundry		<u>87.79</u>	
			5,126.41
Taxes accrued - Federal income tax		258,000.00	
- Federal capital stock tax		10,000.00	
- Employer's portion of social security taxes on New York employees (debit*)		<u>284.94*</u>	
			268,284.94
Indebtedness to affiliates - Anaconda Copper Mining Company - interest accrued			<u>21,098.90</u>
			291,940.37
Excess of assets over liabilities - page 11	\$		<u>23,362.87</u>

INCOME ACCOUNT ITEMS

Cost of sales - General expense, New York office	\$	72,257.13	
Capital stock tax		10,316.90	
Sundry taxes		<u>2.00</u>	
			82,576.03
Interest received on refund of prior years' capital stock tax			<u>1,392.10</u>
			80,383.93
United States income tax - estimated			<u>271,477.25</u>
			352,361.18
Interest on debentures and notes payable to affiliates			<u>658,618.07</u>
Net loss - page 12	\$		<u>1,010,979.25</u>

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