INTERNATIONAL SMELTING AND REFINING COMPANY

REPORT ON AUDIT

YEAR ENDED DECEMBER 31ST 1939

Pogson, Peloubet & Co.
Certified Public Accountants

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NEW YORK

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 1939, 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 $147,429.61 at December 31st 1939 and combined net loss of such companies amounted to $1,442.41 for the year 1939 (details page 20).

Investment, including noncurrent advances, in subsidiaries not wholly owned by the company amounted at December 31st 1939 to $3,540,960.74. The equity of the company in the combined net income of these companies amounted to $235,216.19 for the year 1939 (details page 18). A dividend of $219,440.10 was received from Mountain City Copper Company.

OPERATIONS

For the year 1939 International Smelting and Refining Company operated at a net profit of $896,571.94, compared with a loss of $969,994.57 for the year 1938. Income or loss of the various plants and departments of the company compared with the respective investments, may be summarized as follows:

[redacted]

[redacted]

		Investment at December 31st 1939	Income or loss* of the year 1939	Income or loss* of the year 1938
Tocele plant	$	5,841,712.01	170,980.77	218,558.78*
Miami plant		1,509,939.86	19,309.14*	113,785.65*
Ophir Hill plant		95,293.15	82,707.52	787.30*
Lead refinery		834,706.37	114,532.04*	49,553.29*
Zinc oxide department		1,547,334.62	49,[illegible]	12,194.65*
White lead department		665,262.04	23,859.19	70,146.36*
Raritan refinery		6,048,213.27	1,151,357.76	419,256.27
Raritan secondary metals department		3,522,068.77	321,386.58	58,624.39*
Raritan electro-sheet department		286,046.50	19,729.06	21,480.17*
		20,350,576.61	1,685,770.11	125,874.32*
Investments and advances - details page 38		6,142,118.78	155,074.43	10,572.50*
		26,492,695.39	1,840,844.54	136,446.82*
Items not allocated to departments (including $130,000 estimated Federal income tax in the year 1939) - details page 39		24,239.88#	193,439.26*	66,427.32*
Net profit or loss* before interest on debentures and notes payable to affiliates			1,647,405.28	202,874.14*
Interest on debentures			480,000.00*	480,000.00*
Interest on notes payable to affiliates			270,833.34*	287,120.43*
Net profit or loss*	$		896,571.94	969,994.57*
Capital stock, deficit, and debentures and notes payable to affiliates	$	26,468,455.51		

Excess of liabilities over assets.

During the year the accounts of the Raritan secondary metals department were revised for the purpose of showing separately profit on treatment of secondary metals, and gains or losses resulting from sales of metals at prices different from those on which the corresponding purchases of secondary material were based. The profit of $321,386.58 shown above consists of $326,213.33 profit on treatment of secondary material, and $4,826.65 of net losses resulting from sales of metals at prices other than those on which the purchases of the secondary material were based.

On the basis of 1939 volume of operations and metal prices it would appear that the differential between the price of secondary material and the price of refined metals is sufficient to assure a reasonable profit on operations. The loss for 1938, consisting as it does of profits and losses from both operations and sales of metals at prices other than those on which the purchases of secondary material were based, is not comparative with the profit shown for 1939.

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The profit shown for the Tooele plant is calculated on the same basis as in previous years, and represents a combination of profits and losses on both treatment operations and the results of selling finished metals at prices different from those on which the purchases of the original material were based.

The improved showing of the Zinc oxide department was caused principally by a decrease in the cost of zinc and an increase in sales price of the finished product. A comparison between the results for 1937 and 1939, in which years the volume was substantially the same, shows the effect of these factors:

	Cents per pound		
	1937	1939	Increase or decrease*
Pounds	41,550,028	42,327,507	
Operating expenses, including depreciation	1.815	1.439	.376*
Metal cost	5.440	4.041	1.399*
Total cost	7.255	5.480	1.775
Sales	5.173	5.796	.623
Profit or loss# before shut-down expense, loss on dismantlements, etc.	2.082#	.316	2.398

WORKING CAPITAL

Changes in current position were as follows:

	December 31st 1938	December 31st 1939	Increase or decrease*
Current assets	$ 11,171,961.58	11,929,242.74	757,281.16
Current liabilities	2,272,143.65	1,442,019.08	830,124.57*
	$ 8,899,817.93	10,487,223.66	1,587,405.73
Ratio	4.9 to 1	8.3 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, are not considered current liabilities. Included in the decrease in current liabilities shown above is a decrease of $1,211,840.19 in indebtedness to Anaconda Sales Company on open account.

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:

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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-sheet 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 39.

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)	$ 2,521,161.31	
Increase in current liabilities other than to Anaconda Sales Company	381,715.62	
Net decrease in investments in and advances to subsidiaries and sundry companies (details below)	125,368.93	
Increase in reserves, deferred items, etc.	995.99	3,029,[illegible].35
Funds disbursed:		
Decrease in indebtedness to Anaconda Sales Company	1,211,840.19	
Interest paid on debentures and notes payable to affiliates	750,833.34	
Increase in inventories, principally silver and gold (details below)	473,984.34	
Increase in trade accounts receivable	229,026.98	
Expenditures for fixed assets (details below)	184,389.05	2,850,[illegible]
Increase in cash		$ 179,[illegible]

[redacted]

copper and lead bullion being classified as finished materials.

	Increase or decrease*		
	Quantity		Amount
Copper (details below)	5,352,348*	lb.	$ 187,355.50*
Zinc (details below)	3,221,077	lb.	150,494.28
Lead (details below)	1,001,922*	lb.	42,493.38*
Silver (details below)	233,495.15	oz.	211,943.76
Gold	16,482.596	oz.	560,586.05
Miscellaneous metals			53,739.75
Zinc oxide			67,152.55*
White lead			6,581.74*
Electro-sheet fabricating cost			4,015.90
Prepaid billet cost			25,350.01
Freight on consigned stocks, etc.			13,308.62
			695,855.20
Reserves for freight and refining (increase)			160,518.62
Increase shown by Comparative Balance Sheet - page 10			535,336.58
Add decrease in depreciation included in inventories - (details below)			18,176.76
As above			$ 553,513.34

Decrease in depreciation included in inventories

	Pounds	Cents per pound	Amount
Depreciation applicable to December 31st 1938 inventory sold in 1939:			
Tooele copper	6,000,000	.289	$ 17,340.00
Zinc oxide - East Chicago plant	1,279,992	.095)	1,328.53
- Akron plant	126,451	.089)	
White lead	168,647	.215	362.55
			19,031.08
Depreciation applicable to unsold 1939 production:			
Tooele lead	652,155	.131	854.32
Net decrease, as above			$ 18,176.76

Copper	Quantity (pounds)	Price (cents)	Amount
Deliveries from December 31st 1938 inventory:			
Raritan refinery	98,296	8.170	$ 8,030.78
Raritan secondary metals department	20,060,878	9.822	1,970,355.99
Raritan electro-sheet department	39,371	10.958	4,314.43
	20,198,545	9.816	1,982,701.20
Accumulations in 1939:			
Tooele plant	1,458,504	12.619	184,048.62
Miami plant	1,398,188	11.194	156,514.69
Raritan refinery - price adjustment			8,781.21
Raritan secondary metals department	11,989,505	12.061	1,446,001.18
	14,846,197	12.093	1,795,345.70
Net decrease, as above	5,352,348		$ 187,355.50

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	Quantity (pounds)	Price (cents)	Amount
Zinc			
Zinc oxide department:			
Accumulations in 1939	3,326,383	4.664	$ 155,151.32
Deliveries from December 31st 1938 inventory	105,306	4.422	4,657.04
Net increase, as above	3,221,077		$ 150,494.28
Lead			
Deliveries from December 31st 1938 inventory:			
Lead refinery	3,546,890	4.840	$ 171,672.61
White lead department	56,113	4.600	2,581.20
	3,603,003	4.836	174,253.81
Accumulations in 1939:			
Tooele plant	652,155	4.732	30,859.97
Lead refinery	1,948,926	5.177	100,900.46
	2,601,081	5.066	131,760.43
Net decrease, as above	1,001,922		$ 42,493.38
	(ounces)		
Silver			
Covered by affidavits - increase:			
Unsold 1939 production	1,141,309.57	71.0238	$ 810,601.42
Sales of December 31st 1938 inventory, including adjustments for refining losses in prior years	550,873.69	64.5610	355,649.57
	590,435.88		454,951.85
Not covered by affidavits - decrease:			
Decrease in quantity	356,940.73	34.7500	124,036.89
Decrease due to reduction in market price - 1,487,139.94 ounces		8.0000	118,971.20
			243,008.09
Net increase, as above	233,495.15		$ 211,943.76

EXPENDITURES FOR FIXED ASSETS

Mines and lands		$ 312.07
Buildings, machinery, etc.:		
East Chicago	$ 107,691.27	
Perth Amboy	85,539.83	
Other plants - net decrease	853.29*	192,377.81
		192,689.88
Less salvage received from assets sold		8,300.83
As above		$ 184,389.05

[redacted]

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 1939. 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 accounting procedure, we have extended the scope of our audit to include 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 15th 1940

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Page	ASSETS	December 31	
	FIXED ASSETS:		
15	Mines and mining claims and lands for metal producing and manufacturing plants		$
16	Buildings and machinery at reduction works, refineries and manufacturing plants	$ 26,463,191.81	
17	Less reserve for depreciation	16,445,154.45	
	Patents		
	Investments:		
18	Securities of subsidiaries - not wholly owned		
20	- wholly owned		
21	Other security investments		
	Indebtedness of subsidiaries - not current:		
19	Not wholly owned		
20	Wholly owned		
			1
	DEFERRED CHARGES:		
22	Prepaid expenses	23,089.26	
23	Deferred expenses	18,537.46	
	CURRENT AND OTHER ASSETS:		
	Current assets:		
	Supplies on hand	709,546.58	
	Metals and manufactured products - in process	1,650,218.34	
24	- finished	7,098,335.90	
	Accounts and notes receivable:		
26	Trade, less reserve	630,633.33	
25	Affiliates	8,611.95	
19	Subsidiaries - not wholly owned - current	862,604.41	
27	Cash	212,010.77	11
	Other assets:		
28	Advances to sundry mining companies, including advances on ores, less reserve	139,023.73	
	Advances to Tooele Valley Railway Company	155,727.29	
	Other accounts receivable	- -	
			$ 27

Page	LIABILITIES		
	CAPITAL STOCK - issued and outstanding - 163,500 shares of the par value of $75.00 each		$ 12
	RESERVES:		
29	For repairs	$ 1,340.50	
30	For workmen's compensation insurance, etc.	35,[illegible]	
	CURRENT LIABILITIES:		
31	Accounts payable - trade	717,200.16	
	Wages payable	92,238.19	
32	Accrued taxes	73,118.13	
	Other accrued liabilities	6,149.40	
25	Indebtedness - to affiliates	1,358,219.16	
	- to subsidiaries - not wholly owned	- -	
20	- wholly owned	19,156.[illegible]	
	Employees' deposits	6,059.[illegible]	2,
33	DEBENTURES AND NOTES PAYABLE TO AFFILIATES		15,
	DEFERRED CREDITS TO INCOME		
14	DEFICIT*		1,
			$ 27,

NATIONAL SMELTING AND REFINING COMPANY

COMPARATIVE BALANCE SHEET

DECEMBER 31ST 1938 AND 1939

December 31st 1938		December 31st 1939		Increase or decrease#	
	$ 1,293,835.54		$ 1,212,081.73		$ 81,753.81#
$ 26,463,191.81		$ 26,460,316.73		$ 2,875.08#	
16,445,154.45	10,018,037.36	17,026,696.78	9,433,619.95	581,542.33	584,417.41#
	5,080.00		1.00		5,019.00#
	2,800,594.00		2,809,594.00		9,000.00
	43,000.00		43,000.00		- -
	1,379,821.19		1,414,465.48		34,644.29
	700,828.03		731,366.74		30,538.71
	131,543.96		123,818.46		7,725.50#
	16,372,680.08		15,767,947.36		604,732.72#
23,089.26		21,489.72		1,599.54#	
18,537.46	41,626.72	21,390.48	42,880.20	2,853.02	1,253.48
709,546.88		827,199.52		117,652.64	
1,650,218.34		1,453,036.70		197,181.64#	
7,098,335.90		7,633,672.48		535,336.58	
630,633.33		840,580.22		209,946.89	
8,611.95		27,692.04		19,080.09	
862,604.41		755,883.06		106,721.35#	
212,010.77	11,171,961.58	391,178.72	11,929,242.74	179,167.95	757,281.16
139,023.73		89,734.26		49,289.47#	
155,727.29		119,911.68		35,815.61#	
- -	294,751.02	88.50	209,734.44	88.50	85,016.58#
	$ 27,881,019.40		$ 27,949,804.74		$ 68,785.34
	$ 12,262,500.00		$ 12,252,500.00		$ - -
$ 1,340.50		$ 5,250.91		$ 3,910.41	
35,171.68	36,512.18	34,079.24	39,330.15	1,092.44#	2,817.97
717,200.16		909,816.56		192,616.40	
92,238.19		105,897.48		13,659.29	
73,118.15		231,440.52		158,322.39	
6,149.40		2,103.25		4,046.15#	
1,358,219.18		156,673.83		1,201,545.35#	
- -		9,949.38		9,949.38	
19,158.92		19,388.85		229.93	
6,059.67	2,272,143.65	6,749.21	1,442,019.08	689.54	830,124.57#
	15,250,000.00		15,250,000.00		- -
	480.00		- -		480.00#
	1,940,616.43*		1,044,044.49*		896,571.94#
	$ 27,881,019.40		$ 27,949,804.74		$ 68,785.34

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INTERNATIONAL SMELTING AND REFINING COMPAN

COMPARATIVE INCOME ACCOUNT

YEARS ENDED DECEMBER 31ST 1938 AND 1939

Page		Year ended December 31st 1938		Year ended December 31st
	Sales and tolls		$ 16,248,232.85		$ 23,
	Cost of sales		15,746,641.85		20,
	Income from operations before deducting depreciation		501,591.00		2,
	Other income:				
	Dividend from Mountain City Copper Company	$ - -		$ 219,440.10	
35	Other dividends and interest - net	39,308.47		40,622.93	
36	Miscellaneous income (expense*)	9,744.75*	29,563.72	19,576.87	
	Income		531,154.72		2,
33	Interest on debentures and notes payable to affiliates	767,120.43		760,833.34	
	Expenses pertaining to non-operating units	244,458.34		44,963.86	
	United States income taxes - estimated for year 1939	716.58	1,012,295.35	130,000.00	
	Income or loss*		481,140.63*		1,
	Deduct:				
17	Provision for depreciation	448,465.03		705,453.59	
37	Loss on disposal or dismantlement of fixed assets	40,388.91	488,853.94	89,170.74	
14	Net income or loss*		$ 969,994.57*		$

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	Tooele plant	Miami plant	Ophi P
A S S E T S			
Mines and mining claims and lands	$ 351,492.95	56,406.60	6,
Buildings and machinery	7,090,157.33	3,096,892.52	170,
Reserve for depreciation - deduct*	5,629,319.84*	2,965,001.53*	96,
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	1,239.07	107.54	
Deferred expenses	3,532.43		
Supplies on hand	347,613.54	54,853.98	19,5
Metals and manufactured products:			
In process	870,914.66	226,329.77	15,1
Finished	2,750,193.32	767,509.24	
Accounts and notes receivable:			
Trade, less reserve	23,862.59	321,118.89	
Affiliates			
Subsidiaries not wholly owned - current	244,037.24		
Cash (credit balance*)	139,939.57	13,974.48	
Advances to sundry mining companies, including advances on ores, less reserve	77,267.12		
Advances to Tooele Valley Railway Company			
Other accounts receivable	88.50		
	6,271,118.48	1,572,191.49	114,6
L I A B I L I T I E S			
Reserves:			
For repairs			
For workmen's compensation insurance, etc.	4,085.61		1,62
Accounts payable - trade	357,434.24	34,467.97	
Wages payable	31,871.91	12,881.83	
Accrued taxes	16,374.59	15,562.01	17,44
Other accrued liabilities	1,225.91		
Indebtedness - to affiliates	11,923.48		
- to subsidiaries - not wholly owned			
- wholly owned			
Employees' deposits	6,490.73		25
	429,406.47	62,251.61	19,33
Net investment (#denotes excess of liabilities over assets)	$ 5,841,712.01	1,509,939.88	95,29

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INTERNATIONAL SMELTING AND REFINING COMPANY

BALANCE SHEET - DECEMBER 31ST 1939 - BY DEPARTMENTS

plant	Miami plant	Ophir Hill plant	Lead refinery	Zinc oxide department	White lead department	Raritan refinery	Raritan secondary metals department
492.95	56,406.60	6,000.00	130,665.27	60,822.51	13,243.90	315,523.79	67,227.4[illegible]
157.33	3,096,892.52	170,198.49	1,099,692.24	946,179.44	731,919.26	10,565,697.02	2,251,193.5[illegible]
319.84*	2,965,001.53*	96,284.63*	660,491.58*	584,837.24*	450,207.58*	5,684,531.43*	876,956.1[illegible]
			1.00				
				5,848.91			
239.07	107.54	52.30	1,523.98	3,955.92	2,707.40	9,780.31	
532.43				1,000.00			16,758.05
613.54	54,853.98	19,524.79	81,222.18	28,753.02	18,511.43	240,032.24	
914.66	226,329.77	15,132.67	47,492.65	293,166.95			
193.32	767,509.24		324,224.17	568,507.32	274,570.94	851,669.75	2,072,232.04
862.59	321,118.89	2.40	18,035.13	206,974.85	78,485.34	140,413.18	
				643.50		27,452.42	
037.24							
939.57	13,974.48		3,212.14*	25,000.00		14,154.37	
267.12							
88.50							
118.48	1,572,191.49	114,626.02	1,039,152.90	1,556,015.18	669,230.69	6,480,191.65	3,530,454.96
085.61		1,629.68	13,642.25	8,652.43	3,956.42	2,112.85	
434.24	34,467.97		157,736.37	28.13	12.23	346,740.42	8,386.19
871.91	18,881.65		21,198.19			40,605.75	
374.59	15,562.01	17,444.71	10,469.43			29,250.62	
225.91						877.34	
923.48			1,400.29			12,391.40	
490.73		258.48					
406.47	62,251.61	19,332.87	204,446.53	8,680.56	3,968.65	431,978.38	8,386.19
12.01	1,509,939.88	95,293.15	834,706.37	1,547,334.62	665,262.04	6,048,213.27	3,522,068.77

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;e lead ırtment	Raritan refinery	Raritan secondary metals departments	Raritan electro-sheet department	Investments and advances - details page 38	Items not allocated to departments - details page 39	Eliminations*	Total - page 10
,243.90	315,523.79	67,227.46	4,349.45	206,349.80			1,212,081.73
,919.26	10,565,697.02	2,251,193.56	289,310.52	219,076.35			26,460,316.73
,207.58*	5,684,531.43*	876,956.15*	27,128.26*	51,938.54*			17,026,696.78*
							1.00
				2,809,594.00			2,809,594.00
				43,000.00			43,000.00
				1,408,616.57			1,414,465.48
				731,366.74			731,366.74
				123,818.46			123,818.46
,707.40	9,780.31			2,123.20			21,489.72
		16,758.05					21,390.48
,511.43	240,032.24			36,688.34			827,199.52
							1,453,036.70
,570.94	851,669.75	2,072,232.04	24,765.70				7,633,672.48
,485.34	140,413.18				51,687.84		840,580.22
	27,452.42					403.88*	27,692.04
				511,845.82			755,883.06
	14,154.37				201,322.44		391,178.72
				12,467.14			89,734.26
				119,911.68			119,911.68
							88.50
,230.69	6,480,191.65	3,530,454.96	291,297.41	6,172,919.56	253,010.28	403.88*	27,949,804.74
			5,250.91				5,250.91
,956.42	2,112.85						34,079.24
12.23	346,740.42	8,386.19			5,011.01		909,816.56
	40,605.75						105,897.48
	29,250.62			1,462.55	140,876.61		231,440.52
	877.34						2,103.25
	12,391.40				131,362.54	403.88*	156,673.83
				9,949.38			9,949.38
				19,388.85			19,388.85
							6,749.21
968.65	431,978.38	8,386.19	5,250.91	30,800.78	277,250.16	403.88*	1,481,349.25
262.04	6,048,213.27	3,522,068.77	286,046.50	6,142,118.78	24,239.88#	- -	26,468,455.51

Capital stock	$ 12,262,500.00
Deficit*	1,044,044.49*
	11,218,456.51
Debentures and notes payable to affiliates	15,250,000.00
As above	$ 26,468,455.51

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	Tooele plant	Miami plant	Ophir Hill plant
Sales of copper	$ 451,679.87		
lead	2,261,654.72		
silver	2,759,500.78	272,356.10	
gold	1,564,627.20	258,663.12	
miscellaneous metals			
zinc oxide			
white lead			
electro-sheet copper			
ores and concentrates	410,270.68		509,901.77
Tolls	481,349.36	359,218.41	
	7,929,082.61	890,237.63	509,901.77
Cost of sales	6,741,925.46	820,235.75	332,123.46
Interdepartment	893,319.21	5,343.24	
	7,635,244.67	825,578.99	332,123.46
Income or loss* from operations, before deducting depreciation	293,837.94	64,658.64	177,778.31
Provision for depreciation	102,864.61	70,545.64	95,310.79
Income or loss* from operations, after deducting depreciation	190,973.33	5,887.00*	82,467.52
Other income:			
Dividends received from Mountain City Copper Company			
Interest received or paid* - net	268.52*		
Miscellaneous income	326.60	1,584.00	240.00
	58.08	1,584.00	240.00
Income or loss*	191,031.41	4,303.00*	82,707.52
Deduct:			
Expenses pertaining to nonoperating units	19,058.59	8,506.14	
United States income tax - estimated			
Loss (gain*) on disposal or dismantlement of fixed assets	992.05	6,500.00	
	20,050.64	15,006.14	
Income or loss*	170,980.77	19,309.14*	82,707.52
Interest on debentures and notes payable to affiliates			
Net income or loss*	$ 170,980.77	19,309.14*	82,707.52

Tooele plant	Miami plant	Ophir Hill plant	Lead refinery	Zinc oxide department	White lead department	Raritan refinery	Rari seco meta departi
451,679.87							
						8,082.03	4,984,5
2,261,654.72			1,062,374.57				
2,759,500.78	272,356.10		395,830.98			14,432.97	
1,564,627.20	258,663.12		224,916.79			23,362.69	
						75,655.29	494,2
				2,453,229.70			
					1,040,233.47		
410,270.68		509,901.77	9,292.13	163,407.72			
481,349.36	359,218.41		335,856.11			4,212,632.06	
7,929,082.61	890,237.63	509,901.77	2,028,270.58	2,616,637.42	1,040,233.47	4,334,165.04	5,478,7
6,741,925.46	820,235.75	332,123.46	2,065,280.02	2,440,514.98	456,988.81	2,915,998.72	4,935,1
893,319.21	5,343.24		37,181.50	1,004.22	525,158.71	10,235.12	192,9
7,635,244.67	825,578.99	332,123.46	2,102,461.52	2,441,519.20	982,147.52	2,926,233.84	5,128,0
293,837.94	64,658.64	177,778.31	74,190.94*	175,118.22	58,085.95	1,407,931.20	350,7
102,864.61	70,545.64	95,310.79	36,121.11	40,199.04	30,079.37	274,087.01	29,5
190,973.33	5,887.00*	82,467.52	110,312.05*	134,919.18	28,006.58	1,133,844.19	321,16
268.52*				7.83	97.22		
326.60	1,584.00	240.00				16,226.27	
58.08	1,584.00	240.00		7.83	97.22	16,226.27	
191,031.41	4,303.00*	82,707.52	110,312.05*	134,927.01	28,103.80	1,150,070.46	321,16
19,058.59	8,506.14			10,675.36			
992.05	6,500.00		4,219.99	74,661.34	4,244.61	1,287.30*	22
20,050.64	15,006.14		4,219.99	85,336.70	4,244.61	1,287.30*	22
170,980.77	19,309.14*	82,707.52	114,532.04*	49,590.31	23,859.19	1,151,357.76	321,38
170,980.77	19,309.14*	82,707.52	114,532.04*	49,590.31	23,859.19	1,151,357.76	321,386

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	Raritan refinery	Raritan secondary metals department	Raritan electro-sheet department	Investments and advances - page 38	Items not allocated to departments - page 39	Inter-department eliminations*	Total - page 11
	8,082.03	4,984,550.50					5,444,312.40
						525,158.71*	2,798,870.58
	14,432.97						3,442,120.83
	23,362.69						2,071,569.80
	75,655.29	494,242.81				10,133.64*	559,764.46
7							2,453,229.70
						1,413.32*	1,038,820.15
			108,917.96				108,917.96
						552,583.80*	540,288.50
	4,212,632.06					575,887.94*	4,813,168.00
7	4,334,165.04	5,478,793.31	108,917.96			1,665,177.41*	23,271,062.38
l	2,915,998.72	4,935,122.51	73,471.69	88,057.32	63,990.09		20,933,708.81
l	10,235.12	192,935.41				1,665,177.41*	- -
3	2,926,233.84	5,128,057.92	73,471.69	88,057.32	63,990.09	1,665,177.41*	20,933,708.81
5	1,407,931.20	350,735.39	35,446.27	88,057.32*	63,990.09*		2,337,353.57
7	274,087.01	29,569.37	15,717.21	10,959.44			705,453.59
3	1,133,844.19	321,166.02	19,729.06	99,016.76*	63,990.09*		1,631,899.98
				219,440.10			219,440.10
3				40,235.57	550.83		40,622.93
	16,226.27			1,200.00			19,576.87
3	16,226.27			260,875.67	550.83		279,639.90
0	1,150,070.46	321,166.02	19,729.06	161,858.91	63,439.26*		1,911,539.88
				6,723.77			44,963.86
					130,000.00		130,000.00
1	1,287.30*	220.66*		60.71			89,170.74
1	1,287.30*	220.66*		6,784.48	130,000.00		264,134.60
)	1,151,357.76	321,386.68	19,729.06	155,074.43	193,439.26*		1,647,405.28
.					750,833.34		750,833.34
)	1,151,357.76	321,386.68	19,729.06	155,074.43	944,272.60*		896,571.94

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SURPLUS ACCOUNT (DEFICIT)

Balance December 31st 1938	$ 1,940,616.43
Net profit year ended December 31st 1939 - page 11	896,571.94
Per Balance Sheet December 31st 1939 - page 10	$ 1,044,044.49

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 1938	Reallocation of land at Perth Amboy (increase or decrease*)	Additions	Sale* - page 37	Deduct royalties received from sales of ore mined by North Lily Mining Company from properties of International Smelting and Refining Company - *	Balance December 31st 1939
Lands for metal producing and manufacturing plants:						
Tooele plant	$ 351,492.95					351,492.95
Miami plant	66,406.60			10,000.00*		56,406.60
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	322,562.70	7,038.91*				315,523.79
Raritan secondary metals department	60,188.55	7,038.91				67,227.46
Raritan electro-sheet department	4,349.45					4,349.45
Investments and advances - Rico	2,480.00					2,480.00
	1,012,211.93			10,000.00*		1,002,211.93
Mines and mining claims:						
Ophir Hill mines and water rights	6,000.00					6,000.00
Investments and advances:						
Mines department, etc. - mines, mining claims and options	275,623.61		312.07		72,065.88*	203,869.80
Per Balance Sheet - page 10	$ 1,293,835.54		312.07	10,000.00*	72,065.88*	1,212,081.73

BUILDINGS AND MACHINERY

	Balance December 31st 1936	Reallocation of plant at Perth Amboy (increase or decrease*)	Construction (deduction*)	Deduct sales and dismantlements - details page 37	Deduct depreciation of automotive equipment written off	Transfer between departments (addition or deduction*)	Balance December [illegible] [illegible]
[illegible]le plant	$ 7,106,640.20		10,1[illegible].[illegible]*	6,290.34*			7,090,[illegible]
[illegible]d plant	3,096,892.52						3,096,[illegible]
[illegible]ir Hill plant	161,394.97		9,339.24	535.72*			170,19[illegible]
Lead refinery	1,090,162.72		28,650.08	19,800.56*		700.00	1,099,[illegible]
Zinc oxide department	1,021,080.65		44,499.07	118,700.28*		700.00*	946,179.[illegible]
White lead department	714,293.60		34,562.12	16,936.46*			731,91[illegible]
Raritan refinery	10,759,674.04	242,345.59*	81,245.73	30,830.34*	2,046.82*		10,565,69[illegible]
Raritan secondary metals department	2,006,902.38	242,345.59	1,945.59				2,251,19[illegible]
[illegible]ritan electro-sheet department	286,962.01		2,348.51				289,31[illegible]
[illegible]stments and advances - Rico	219,186.72			112.37*			219,074.35
[illegible]alance Sheet - page 10	$ [illegible],462,191.81	- -	192,377.81	193,206.07*	2,046.82*	- -	26,460,[illegible]

PNYC00000622

RESERVE FOR DEPRECIATION

	Balance December 31st 1938	Reserve applicable to plant at Perth Amboy reallocated (increase or decrease*)	Depreciation on 1939 operations - details below	Deductions* for sales and dismantlements - page 37	Balance December 31st 1939
plant	$ 5,545,865.99		86,378.93	2,925.08*	5,629,319.84
plant	2,894,455.89		70,545.64		2,965,001.53
Hill plant	973.84		95,310.79		96,284.63
refinery	642,767.93		36,121.11	18,397.46*	660,491.58
oxide department	594,224.19		38,870.51	48,257.46*	584,837.24
lead department	433,317.23		29,716.82	12,826.47*	450,207.58
refinery	5,586,172.59	119,851.54*	241,521.20	23,310.82*	5,684,531.43
secondary metals department	694,969.43	119,851.54	62,135.18		876,956.15
electro-sheet department	11,411.05		15,717.21		27,128.26
ments and advances - Rico	40,998.31		10,959.44	17.21*	51,938.54
Balance Sheet - page 10	$ 16,445,154.45	- -	687,276.83	105,734.50*	17,026,696.78

of depreciation on 1939 operations

	Depreciation on 1939 operations - as above: Quantity	Rate	Amount	Depreciation applicable to inventory: December 31st 1938	December 31st 1939	Depreciation applicable to 1939 sales - per Income Account - page 11
Tooele plant:						
Copper plant (fully depreciated December 31st 1937)			$ - -	17,340.00	- -	17,340.00
Lead plant	48,898,779 pounds	.131¢	64,057.40	13,739.64	14,593.96	63,203.08
Sulphide concentrator	97,631 tons	22.500¢	21,966.98			21,966.98
Salt Lake City furniture and ranch buildings			354.55			354.55
			86,378.93	31,079.64	14,593.96	102,864.61
Miami plant:						
Copper plant			64,235.93			64,235.93
Anode furnace			6,309.71			6,309.71
			70,545.64			70,545.64
Ophir Hill plant			95,310.79			95,310.79
Lead refinery	40,585.521 tons	89.000¢	36,121.11			36,121.11
Zinc oxide department - East Chicago plant	40,921,064 pounds	.095¢	38,870.51	4,452.85	3,236.86	40,086.50
- Akron plant				112.54		112.54
			38,870.51	4,565.39	3,236.86	40,199.04
White lead department	13,821,777 pounds	.215¢	29,716.82	8,527.75	8,165.20	30,079.37
Raritan refinery - cathodes	137,043.503 tons	$2.00	274,087.01			274,087.01
Less amount applicable to plant used by secondary metals department			32,565.81			32,565.81
			241,521.20			241,521.20
Raritan secondary metals department - cathodes	13,141.942 tons	$2.25	29,569.37			29,569.37
Depreciation on refinery plant - as above			32,565.81			32,565.81
			62,135.18			62,135.18
Raritan electro-sheet department			15,717.21			15,717.21
Investments and advances - Rico			10,959.44			10,959.44
Per Income Account, year ended December 31st 1939 - page 11			$ 687,276.83	44,172.78	25,996.02	705,453.59

	Amount
December 31st 1938	$ 2,800,594.00
itions, year 1939:	
lleyre Mining and Milling Company - payment on option	9,000.00
Balance Sheet, December 31st 1939 - page 10	$ 2,809,594.00

ils of balance at December 31st 1939

	Shares	Par value	Amount	Equity in income or loss*, year 1939
Mountain City Copper Company	1,462,934	$ 73,116.70	$ 1,143,281.33	$ 345,021.97
Walker Mining Company	882,042	882,042.00	882,049.50	103,973.15*
Other unconsolidated subsidiaries:				
Comet Coalition Mines Company	760,246	190,071.50	340,891.71	- -
Eureka Bullion Mining Company	756,000	37,800.00	187,923.49	- -
Mountain View Mining Company	728,420	72,842.00	68,806.23	1,282.76
North Lily Mining Company	475,000	47,500.00	66,527.78	3,485.06*
Park Konold Mines Corporation	755,000	377,500.00	37,644.27	- -
Park Nelson Mining Company	755,000	377,500.00	1.00	- -
Park Premier Mining Company	1,015,000	253,750.00	1.00	- -
Pelleyre Mining and Milling Company	51	5,100.00	35,000.00	- -
Payments on option on remaining 49 shares			9,120.97	- -
Victor Consolidated Mining Company	365,390	182,695.00	18,306.52	87.42*
Yankee Consolidated Mining Company	501,005	50,100.50	20,040.20	3,542.91*
			784,263.17	
As above			$ 2,809,594.00	$ 235,216.19

Net increase in equity - year 1939

Equity in income, as above		$ 235,216.19
Less - dividend received from Mountain City Copper Company	$ 219,440.10	
- equity in adjustment of surplus of Walker Mining Company	3,878.27	223,318.37
Net increase		$ 11,897.82

PNYC00000624

INVESTMENT IN AND INDEBTEDNESS OF SUBSIDIARIES NOT WHOLLY OWNED

	Indebtedness: Not current	Indebtedness: Current	Indebtedness: Total	Investment - page 18	Total investment and indebtedness	Market quotations
[illegible]rities listed on stock exchanges:						
[illegible]untain City Copper Company	$	229,868.86	229,868.86	1,143,281.33	1,373,150.19	$ 6,034,602.75
[illegible]lker Mining Company		525,784.20	525,784.20	882,049.50	1,407,833.70	992,297.25
[illegible]omet Coalition Mines Company	31,818.81		31,818.81	340,891.71	372,710.52	79,825.83
[illegible]ureka Bullion Mining Company	19,432.37		19,432.37	187,923.49	207,355.86	200,340.00
[illegible]ountain View Mining Company				68,806.23	68,806.23	32,778.90
[illegible]orth Lily Mining Company				66,527.78	66,527.78	332,500.00
Park Konold Mines Corporation	112,226.16		112,226.16	37,644.27	149,870.43	16,987.50
Park Nelson Mining Company	28,910.70		28,910.70	1.00	28,911.70	15,100.00
Park Premier Mining Company	228,774.79		228,774.79	1.00	228,775.79	35,525.00
Victor Consolidated Mining Company				18,306.52	18,306.52	9,134.75
Yankee Consolidated Mining Company		35.00	35.00	20,040.20	20,075.20	16,282.66
Sundry indirect subsidiaries		195.00	195.00		195.00	
	421,162.83	755,883.06	1,177,045.89	2,765,473.03	3,942,518.92	$ 7,765,374.64
Se[illegible]ck exchanges:						
Pelleyre Mining and Milling Company	310,203.91		310,203.91	44,120.97	354,324.88	
Pe[illegible] 31st 1939 - page 10	$ 731,366.74	755,883.06	1,487,249.80	2,809,594.00	4,296,843.80	

	Total indebtedness: December 31st 1938	Total indebtedness: December 31st 1939	Total indebtedness: Increase or decrease*	Current indebtedness - per Balance Sheet, December 31st 1939 - page 12: Tooele plant	Investments and advances	Total
[illegible]ountain City Copper Company	$ 459,499.52	229,868.86	229,630.66*	$ 229,868.86		229,868.86
[illegible]alker Mining Company	402,724.58	525,784.20	123,059.62	13,938.38	511,845.82	525,784.20
[illegible]omet Coalition Mines Company	27,432.32	31,818.81	4,386.49			
[illegible]ureka Bullion Mining Company	18,194.07	19,432.37	1,238.30			
[illegible]ountain View Mining Company	45.50		45.50*			
[illegible]orth Lily Mining Company	213.43		213.43*			
[illegible]ark Konold Mines Corporation	112,077.36	112,226.16	148.80			
[illegible]ark Nelson Mining Company	28,756.43	28,910.70	154.27			
[illegible]ark Premier Mining Company	227,994.79	228,774.79	780.00			
[illegible]elleyre Mining and Milling Company	286,303.06	310,203.91	23,900.85			
[illegible]ankee Consolidated Mining Company	81.38	35.00	46.38*	35.00		35.00
[illegible]undry indirect subsidiaries	110.00	195.00	85.00	195.00		195.00
	$ 1,563,432.44	1,487,249.80	76,182.64*	$ 244,037.24	511,845.82	755,883.06

PNYC00000625

INVESTMENT IN AND INDEBTEDNESS OF WHOLLY OWNED SUBSIDIARIES

	Shares	Par value	Investment	Indebtedness - not current	Total investment and indebtedness	Net [illegible] of [illegible]
[illegible]ional Building Association	10	$ 1,000.00	1,000.00	123,818.46	124,818.46	$ [illegible]
[illegible] Storage and Warehouse Company	10	1,000.00	1,000.00		1,000.00	[illegible]
[illegible] Copper Works	10	1,000.00	1,000.00		1,000.00	-
[illegible] Terminal and Transportation Company	400	40,000.00	40,000.00		40,000.00	[illegible]
[illegible] Balance Sheet, December 31st 1939 - page 10			$ 43,000.00	123,818.46	166,818.46	$ 1,44[illegible]

[illegible] indebtedness to wholly owned subsidiaries:		
[illegible] Jersey Storage and Warehouse Company	$ 724.93	
[illegible] Copper Works	1,000.00	
[illegible] Terminal and Transportation Company	17,663.92	
[illegible] Balance Sheet, December 31st 1939 - page 10		19,388.85
[illegible]estment		147,429.61

[illegible] net investment at December 31st 1939 is represented as follows:

[illegible] principally for resale		42,2[illegible]	
[illegible] and railroad construction	$ 38,063.64		
[illegible] Reserve for Depreciation	21,093.21	16,9[illegible].43	
[illegible] expenses		40.[illegible]	
[illegible] house and land sales contracts		71,[illegible]	
[illegible] accounts receivable		[illegible].24	
[illegible]		[illegible].47	
		18[illegible]	
[illegible] liabilities:			
[illegible] accounts payable	4,751.72		
[illegible] accrued	37.94		
[illegible] accrued	6.81		
[illegible] credits to income	23.80	4,819.57	
[illegible] assets			180,866.38
Difference, being accumulated operating deficits to December 31st 1939			$ 26,863.23

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OTHER SECURITY INVESTMENTS

...ance December 31st 1938	$ 1,379,821.19
...itions - year 1939:	
Condor Gold Mining Company stock - 61,764 shares (2,802,180 shares purchased less 2,740,416 shares sold)	4,632.29
Prince Consolidated Mining Company stock - 300,000 shares purchased	30,012.00
...r Balance Sheet, December 31st 1939 - page 10	$ 1,414,465.48

...ails of balance at December 31st 1939

	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		[illegible]
Northwestern Terra Cotta Corporation stock	18.75	18.75	367.78
Viscosity Oil Corporation stock	no par	.75	[illegible]
			5,848.91
Investments and advances:			
Condor Gold Mining Company stock	4,632.30	61,764	4,632.29
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,[illegible]
Prince Consolidated Mining Company stock	80,000.00	800,000	47,[illegible]
			1,408,[illegible]
...s above			$ 1,414,4[illegible]

Investment in National Tunnel and Mines Company in this report is at ...e amount shown on the books of International Smelting and Refining Compan[illegible] ...iffers from that shown in the report on Anaconda Copper Mining Company an[illegible] ...ted subsidiaries, in that the investment and Consolidated Surplus have [illegible] ...duced by $136,307.60, the amount of the deficit of Utah-Delaware Mining Co[illegible] ...issolution in 1937.

PREPAID EXPENSES

	December 31st 1938	December 31st 1939	Decrease
Prepaid insurance	$ 22,984.87	21,403.32	1,581.55
Sundry	104.39	86.40	17.99
Per Balance Sheet - page 10	$ 23,089.26	21,489.72	1,599.54

DEFERRED EXPENSES

	December 31st 1938	December 31st 1939	Increase or decrease*
Tooele plant:			
Prepaid lime sand royalty	$ 5,717.85	1,225.91	4,491.94*
Advance on purchase contract	- -	2,157.96	2,157.96
Sundry deferred expenses	166.77	248.56	81.79
	5,884.62	3,632.43	2,252.19*
Lead refinery:			
Deferred dismantling expense	1,812.88	- -	1,812.88*
Zinc oxide department:			
Deferred dismantling expense	1,649.37	- -	1,649.37*
Club memberships	1,000.00	1,000.00	- -
Raritan secondary metals department:			
Deferred repairs	8,190.59	- -	8,190.59*
Blast furnace slag treatment expense	- -	16,758.05	16,758.05
Per Balance Sheet - page 10	$ 18,537.46	21,390.48	2,853.02

METALS AND MANUFACTURED PRODUCTS - FINISHED

	Tooele plant	Miami plant	Lead refinery	Zinc oxide department	White lead department	Raritan refinery	Raritan secondary metals department	Raritan electro-sheet department	Total
AMOUNT									
Copper	$ 1,082,950.52	762,083.77				578,030.62	1,919,585.81		4,342,650.72
Zinc				323,504.05					323,504.05
Lead	499,439.72		100,900.46		11,166.36				611,506.54
Silver	796,777.59	45,969.06	209,149.27			151,449.73			1,203,345.65
Gold	709,914.87	104,658.26	14,245.97			179,634.19			1,008,453.29
Miscellaneous metals	10,869.98					6,014.46	440,729.46		457,613.90
Manufactured products:									
Zinc oxide				238,148.26					238,148.26
White lead					253,602.35				253,602.35
Electro-sheet copper								24,765.70	24,765.70
Prepaid billet cost						25,350.01			25,350.01
Prepaid freight, etc.		20,805.14		6,855.01	9,802.23		296.13		37,758.51
	3,099,952.68	933,516.23	324,295.70	568,507.32	274,570.94	940,479.01	2,360,611.40	24,765.70	8,526,698.98
Less reserves for freight, refining, etc.	349,759.36	166,006.99	71.53			88,809.26	288,379.36		893,026.50
Per Balance Sheet, December 31st 1939 - page 10	$ 2,750,193.32	767,509.24	324,224.17	568,507.32	274,570.94	851,669.75	2,072,232.04	24,765.70	7,633,672.48
POUNDS									
Copper	10,563,937	7,412,010				6,967,557	17,989,505		42,933,009
Zinc				6,732,927					6,732,927
Lead	11,140,427		1,948,926		242,747				13,332,100
[illegible]TS PER P[illegible]									
Copper	10.251	10.282				8.296	10.115		10.115
Zinc				4.805					4.805
Lead	4.483		5.177		4.600				4.587

	Ounces	Price	Amount - as above
SILVER - total for all departments - covered by affidavits	1,141,309.57	71.024¢	$ 810,601.42
- not covered by affidavits	1,130,199.21	34.750¢	392,744.23
	2,271,508.78	52.976¢	$ 1,203,345.65

[illegible]OLD

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ACCOUNTS WITH AFFILIATES

		December 31st 1938	December 31st 1939	Increase or Decrease*
Accounts receivable from:				
The American Brass Company	$	15.68	1,025.39	1,009.71
Anaconda Wire and Cable Company		8,960.99	11,627.77	2,666.78
Butte, Anaconda and Pacific Railway Company		376.17	- -	376.17*
Chile Exploration Company		- -	15,579.76	15,579.76
		9,352.84	28,232.92	18,880.08
Net off accounts payable to Anaconda Wire and Cable Company		740.89	540.88	200.01*
Per Balance Sheet - page 10	$	8,611.95	27,692.04	19,080.09
Accounts payable to:				
Anaconda Copper Mining Company	$	21,098.90	21,098.90	- -
Anaconda Sales Company		1,322,103.83	110,263.64	1,211,840.19*
Anaconda Wire and Cable Company		740.89	540.88	200.01*
Chile Steamship Company Incorporated		3,869.05	10,118.53	6,249.48
Montana Hardware Company		3,945.20	4,793.36	848.16
Tooele Valley Railway Company		7,202.20	10,399.40	3,197.20
		1,358,960.07	157,214.71	1,201,745.36*
Net off accounts receivable from Anaconda Wire and Cable Company		740.89	540.88	200.01*
Per Balance Sheet - page 10	$	1,358,219.18	156,673.83	1,201,545.35*

[redacted]

ACCOUNTS AND NOTES RECEIVABLE - TRADE, LESS RESERVE

	Tooele plant	Miami plant	Ophir Hill plant	Lead refinery	Zinc oxide department	White lead department	Raritan refinery	Items not allocated to departments	Total
n customers for tolls and for metals and manufactured products:									
Inspiration Consolidated Copper Company	$	14,873.66					7,796.77		22,670.43
Miami Copper Company		303,393.16							303,393.16
Phelps Dodge Refining Corporation							114,273.51		114,273.51
Sundry customers	2,147.94				243,832.54	78,485.34	43.16	51,687.84	376,196.82
	2,147.94	318,266.82			243,832.54	78,485.34	122,113.44	51,687.84	816,533.92
ndry debtors	21,714.65	2,852.07	2.40	18,035.13			18,299.74		60,903.99
	23,862.59	321,118.89	2.40	18,035.13	243,832.54	78,485.34	140,413.18	51,687.84	877,437.91
s reserve for doubtful notes and accounts					36,857.69				36,857.69
Balance Sheet, December 31st 1939 - age 10	$ 23,862.59	321,118.89	2.40	18,035.13	206,974.85	78,485.34	140,413.18	51,687.84	840,580.22

C A S H

Cash in banks:	
Continental National Bank and Trust Company of Salt Lake City	$ 193,717.61
First National Bank of Salt Lake City, Tooele	20,066.28
Valley National Bank, Globe, Arizona	18,824.48
First National Bank in East Chicago	13,572.05
Firestone Park Trust and Savings Bank	25,000.00
First Bank and Trust Company, Perth Amboy	13,907.53
Chase National Bank, New York	201,322.44
	486,410.39
Less outstanding drafts on New York office, deposited in banks	96,103.55
	390,306.84
Petty cash	871.88
Per Balance Sheet, December 31st 1939 - page 10	$ 391,178.72

ADVANCES TO SUNDRY MINING COMPANIES
INCLUDING ADVANCES ON ORES, LESS RESERVE

	December 31st 1938	December 31st 1939	Increase or decrease*
Advances on ores - Tooele:			
Ore purchase accounts:			
Good	$ 25,369.43	15,203.61	10,165.82*
Good but slow	10,031.78	3,999.50	6,032.28*
Fair but slow	149,432.92	91,351.05	58,081.87*
	184,834.13	110,554.16	74,279.97*
Other notes and accounts:			
George Fruerman	991.33	- -	991.33*
Panther Mines Company	10,019.15	9,982.70	36.45
Park City Mines Company	2,325.41	- -	2,325.41
Sundry	211.42	79.12	132.30
	198,381.44	120,615.98	77,765.46
Advances for development, etc.			
Afterthought Mines Company	2,211.19	2,935.34	724.15
Ophir Development Company	408.00	49.13	358.87
Prince Consolidated Mining Company	24,814.22	89.01	24,725.21
Rico Enterprise Mining Company	9,393.66	9,393.66	- -
	36,827.07	12,467.14	24,359.93
	235,208.51	133,083.12	102,125.39
Less reserve for doubtful accounts	96,184.78	43,348.86	52,835.92
Per Balance Sheet - page 10	$ 139,023.73	89,734.26	49,[illegible].47

Advances on ores	$ 120,615.98
Less reserve for doubtful accounts	43,348.86
	77,267.12
Tooele plant	
Investments and advances	12,467.14
Total as above	$ 89,734.26

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RESERVE FOR REPAIRS

		Raritan refinery - blast furnace reserve	Raritan electro-sheet department: Reserve for lead anode renewals	Raritan electro-sheet department: Reserve for drum surface renewals	Total
Balance December 31st 1938	$	1,340.50			1,340.50
Additions, year 1939:					
Charged operating costs		123,892.87	1,488.01	4,178.45	129,559.33
		125,233.37	1,488.01	4,178.45	130,899.83
Deductions, year 1939:					
Repairs and renewal expense		105,245.99		415.55	105,661.54
Transferred to "Metals and manufactured products - finished" at December 31st 1939	$	19,987.38			19,987.38
Per Balance Sheet, December 31st 1939 - page 10			1,488.01	3,762.90	5,250.91

RESERVE FOR WORKMEN'S COMPENSATION INSURANCE, ETC.

	Tooele plant	Ophir Hill	Lead refinery	Zinc oxide department	White lead department	Raritan refinery	Total
Balance December 31st 1938	$ 5,162.74	199.01	16,874.27	5,744.79	3,005.65	4,185.22	35,171.68
Additions, year 1939:							
Charged costs, etc.	15,959.76	1,707.92	6,358.11	5,014.82	2,148.77	10,131.17	41,320.55
Pay roll deductions	7,336.47	481.89					7,818.36
	23,296.23	2,189.81	6,358.11	5,014.82	2,148.77	10,131.17	49,138.91
Deductions, year 1939: Compensation paid, medical and hospital expenses, etc.	24,373.36	759.14	9,590.13	2,107.18	1,198.00	12,203.54	50,231.35
Per Balance Sheet, December 31st 1939 - page 10	$ 4,085.61	1,629.68	13,642.25	8,652.43	3,956.42	2,112.85	34,079.24

ACCOUNTS PAYABLE - TRADE

Ore purchases - Tooele plant	$ 236,558.04
Reserve for unearned tolls - Raritan refinery	154,348.14
Sundry creditors	518,110.38
Per Balance Sheet, December 31st 1939 - page 10	$ 909,816.56

ACCRUED TAXES

	Tooele plant	Miami plant	Ophir Hill plant	Lead refinery	Raritan refinery	Investments and advances - Rico	Items not allocated to departments	Total
...l old age benefits tax	$ 2,858.14	725.31		1,956.52	5,854.78		11.01	11,405.76
...l and state unemployment insurance ...	12,376.08	3,083.25		8,512.91	23,395.84		292.11	47,640.19
...l income taxes							134,468.49	134,468.49
...l capital stock taxes							6,105.00	6,105.00
... estate taxes	190.38	11,373.45	12,772.32			1,462.55		25,798.70
... mining occupation tax			4,672.39					4,672.39
...	949.99	400.00						1,349.99
... Balance Sheet, December 31st 1939 - ... 10	$ 16,374.59	15,562.01	17,444.71	10,469.43	29,250.62	1,462.55	140,876.61	231,440.52

DEBENTURES AND NOTES PAYABLE TO AFFILIATES

	Anaconda Copper Mining Company		Anaconda Sales Company	
	15 year 6% debentures due 1950	Demand note, interest at 5%	Demand note, details of interest below	Total
Per Balance Sheet - page 10	$8,000,000.00	2,250,000.00	5,000,000.00	15,250,000.00
Interest accrued and paid				
Balance December 31st 1938	$ 21,098.90	- -	7,291.66	28,390.56
Accrued year 1939, per Income Account - page 11	480,000.00	112,500.00	158,333.34	750,833.34
	501,098.90	112,500.00	165,625.00	779,223.90
Paid year 1939	480,000.00	112,500.00	162,500.00	755,000.00
Balance December 31st 1939	$ 21,098.90	- -	3,125.00	24,223.90

Details of interest on note payable to Anaconda Sales Company

December 31st 1938 to June 15th 1940 - $5\frac{1}{2}$ months at $3\frac{1}{2}$%	$ 80,208.34
June 15th 1940 to December 15th 1940 - 6 months at 3%	75,000.00
December 15th 1940 to December 31st 1940 - $\frac{1}{2}$ month at $1\frac{1}{2}$%	3,125.00
As above	$ 158,333.34

DIFFERENCE BETWEEN MARKET VALUE AT DECEMBER 31ST 1937 AND COST OF SECONDARY METAL INTAKE DELIVERED IN 1938 AND 1939, SUCH METALS BEING INCLUDED IN COST OF SALES AT MARKET VALUE

		Cost		Market - December 31st 1937		
	Pounds	Cents per pound	Amount	Cents per pound	Amount	Reduction at December 31st 1937
ondary metals department excess inventories of copper written down to market quotations at December 31st 1937:						
December 31st 1936 inventory	8,381,392	9.907	$ 830,330.05	9.900	$ 829,757.81	572.24
1937 intake	11,876,546	11.892	1,412,350.54	9.900	1,175,778.05	236,572.49
Total	20,257,938	11.071	2,242,680.59	9.900	2,005,535.86	237,144.73
ld in 1938	9,221,147	11.892	1,096,597.04	9.900	912,893.55	183,703.49
rtion thereof unsold at December 31st 1938, sold in 1939:						
December 31st 1936 inventory	8,381,392	9.907	830,330.05	9.900	829,757.81	572.24
1937 intake	2,655,399	11.892	315,753.50	9.900	262,884.50	52,869.00
Total	11,036,791	10.384	$ 1,146,083.55	9.900	$ 1,092,642.31	53,441.24

OTHER DIVIDENDS AND INTEREST

Interest received on advances:	
Subsidiaries not wholly owned:	
Comet Coalition Mines Company	$ 1,719.04
Eureka Bullion Mining Company	1,094.40
	2,813.44
Mountain City Copper Company	9,784.58
Walker Mining Company	12,545.54
	25,143.56
Prince Consolidated Mining Company	1,037.03
Tooele Valley Railway Company	9,011.44
International Building Association	5,043.54
	40,235.57
Miscellaneous interest and dividends received - sundry departments	387.36
Per Income Account, year ended December 31st 1939 - page 11	$ 40,622.93

MISCELLANEOUS INCOME

Tooele plant - rents, royalties, etc.		$ 326.60
Miami plant - rents		1,584.00
Ophir Hill plant - rents		240.00
Raritan refinery:		
Record storage rentals	$ 1,350.00	
Copper storage rentals	11,894.06	
Discount on prepayment of taxes	2,982.21	16,226.27
Investments and advances:		
Park-Utah Consolidated Mines Company - reimbursement for dividends of prior years not received by the company		1,200.00
Per Income Account, year ended December 31st 1939 - page 11		$ 19,576.87

LOSS ON DISPOSAL OR DISMANTLEMENT OF FIXED ASSETS

	Cost of property sold or dismantled - pages 16 and 15	Accumulated depreciation - page 17	Net book value	Salvage, less dismantling expense (add or deduct*)	Loss (profit#) - per Income Account year 1939 - page 11
Buildings and machinery:					
Tooele plant	$ 6,290.34	2,925.08	3,365.26	2,373.21*	992.05
Ophir Hill plant	535.72		535.72	535.72*	- -
Lead refinery	19,800.56	18,397.46	1,403.10	2,816.89	4,219.99
Zinc oxide department	118,700.28	48,257.46	70,442.82	4,218.52	74,661.34
White lead department	16,936.46	12,826.47	4,109.99	134.62	4,244.61
Raritan refinery	30,830.34	23,310.82	7,519.52	8,806.82*	1,287.30#
Raritan secondary metals department				220.66*	220.66#
Investments and advances - Rico	112.37	17.21	95.16	34.45*	60.71
	193,206.07	105,734.50	87,471.57	4,800.83*	82,670.74
Mines and mining claims and lands:					
Miami plant	10,000.00		10,000.00	3,500.00*	6,500.00
Totals	$ 203,206.07	105,734.50	97,471.57	8,300.83*	89,170.74

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	Wholly owned subsidiaries
BALANCE SHEET ITEMS	
Mines and mining claims and lands	$
Buildings and machinery	
Reserve for depreciation - deduct*	
Investments:	
Securities of subsidiaries - not wholly owned	
- wholly owned	43,000.00
Other security investments	
Indebtedness of subsidiaries - not current - not wholly owned	
- wholly owned	123,818.46
Prepaid expenses	
Supplies on hand	
Accounts receivable:	
Subsidiaries not wholly owned - current	
Advances to sundry mining companies, including advances on ores, less reserve	
Advances to Tooele Valley Railway Company	
	166,818.46
Accrued taxes	
Indebtedness to subsidiaries - not wholly owned	
- wholly owned	19,388.85
	19,388.85
Net investment	$ 147,429.61
INCOME ACCOUNT ITEMS	
Cost of sales	
Provision for depreciation	
Other income:	
Dividend received from Mountain City Copper Company	
Interest received	5,043.54
Miscellaneous income	
	5,043.54
Income or loss*	5,043.54
Deduct:	
Expenses pertaining to nonoperating units	
Loss on disposal or dismantlement of fixed assets	
Net income or loss*	$ 5,043.54

[redacted]

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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	Park Consol Mi Com
nds	$					
uct*						
· not wholly owned		1,143,281.33	882,049.50	784,263.17		
- wholly owned	43,000.00					
; - not current - not wholly owned				731,366.74	915,693.92	441,1
- wholly owned	123,818.46					
:d - current			511,845.82			
panies, including advances on						
·way Company						
	166,818.46	1,143,281.33	1,393,895.32	1,515,629.91	915,693.92	441,1
· not wholly owned				9,949.38		
- wholly owned	19,388.35					
	19,388.85			9,949.38		
	$ 147,429.61	1,143,281.33	1,393,895.32	1,505,680.53	915,693.92	441,1
ain City Copper Company		219,440.10				
	5,043.54	9,784.58	12,545.54	2,813.44		1,2
	5,043.54	229,224.68	12,545.54	2,813.44		1,2
	5,043.54	229,224.68	12,545.54	2,813.44		1,2
erating units						
ement of fixed assets						
	$ 5,043.54	229,224.68	12,545.54	2,813.44		1,2

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· INCO''3 ACCOUNT IT3'3

ier .aries ·t owned	National Tunnel and Mines Company	Park-Utah Consolidated Mines Company	Prince Consolidated Mining Company	Condor Gold Mining Company	Tooele Valley Railway Company	Rico	Mines department, outside exploration, etc.	Total - pages 12 and 13
						2,480.00	203,869.80	206,349.80
						219,076.35		219,076.35
						51,938.54*		51,938.54*
263.17								2,809,594.00
								43,000.00
	915,693.92	441,157.50	47,132.86	4,632.29				1,408,616.57
366.74								731,366.74
								123,918.46
						2,123.20		2,123.20
						36,688.34		36,688.34
								511,845.82
			89.01				12,378.13	12,467.14
					119,911.68			119,911.68
.629.91	915,693.92	441,157.50	47,221.87	4,632.29	119,911.68	208,429.35	216,247.93	6,172,919.56
						1,462.55		1,462.55
,949.38								9,949.38
								19,388.85
,949.38						1,462.55		30,800.78
,680.53	915,693.92	441,157.50	47,221.87	4,632.29	119,911.68	206,966.80	216,247.93	6,142,118.78
							88,057.32*	88,057.32*
						10,959.44*		10,959.44*
						10,959.44*	88,057.32*	99,016.76*
								219,440.10
·,813.44			1,037.03		9,011.44			40,235.57
		1,200.00						1,200.00
:,813.44		1,200.00	1,037.03		9,011.44			260,875.67
,813.44		1,200.00	1,037.03		9,011.44	10,959.44*	88,057.32*	161,858.91
						6,723.77*		6,723.77*
						60.71*		60.71*
						6,784.48*		6,784.48*
2,813.44		1,200.00	1,037.03		9,011.44	17,743.92*	88,057.32*	155,074.43

[redacted]

DETAILS OF ITEMS NOT ALLOCATED TO DEPARTMENTS

BALANCE SHEET ITEMS

Accounts receivable - trade - United States assay office		$ 51,687.8
Cash - Chase National Bank, New York		201,3[illegible].4
		253,0[illegible]0.2
Accounts payable - trade - Chadbourne, Wallace, Parke & Whiteside	$ 5,000.00	
- Federal old age benefits tax of New York employees	11.[illegible]	[illegible].011.0
Taxes accrued - Federal income tax	134,4[illegible].49	
- Federal capital stock tax	6,105.00	
- Employer's portion of social security taxes on New York employees	303.12	14[illegible],876.6
Indebtedness to affiliates - Anaconda Sales Company - current account	107,138.64	
interest accrued	3,125.00	
	110,263.64	
- Anaconda Copper Mining Company - interest accrued	21,098.90	131,362.[illegible]
		277,250.1
Excess of liabilities over assets - page 12		$ 24,239 8

INCOME ACCOUNT ITEMS

Cost of sales - General expense, New York office	$ 54,990.10	
Capital stock tax	7,646.00	
Sundry taxes	1,538.19	
	64,174.29	
Less Purchasing department refund	184.20	63,990.0
Interest received - net - principally on refund of prior years' capital stock tax		[illegible]
		63,439.2
United States income tax - estimated		[illegible]
		[illegible]
Interest on debentures and notes payable to affiliates		[illegible]
Net loss - page 13		$ 944,[illegible]

[redacted]

I N D E X

[redacted]