

INTERNATIONAL SMELTING AND REFINING COMPANY
and Subsidiary Companies

REPORT ON AUDIT

YEAR ENDED DECEMBER 31ST 1938

Pogson, Peloubet & Co.
Certified Public Accountants

N10103

PNYC00000560

I N D E X

Page		
	A	
24		Accounts with affiliates
25		Accounts receivable - trade, less reserve
29		Accounts payable - trade
30		Accrued taxes
18		Advances to subsidiaries - not wholly owned
19		- wholly owned
27		Advances to sundry mining companies
24		Affiliates, accounts with
31		Affiliates, debentures and notes payable to
	B	
10		Balance Sheet - by departments
9		- comparative
15		Buildings and machinery
	C	
26		Cash
	D	
31		Debentures and notes payable to affiliates
22		Deferred expenses
16		Depreciation, provision for
16		Depreciation, reserve for
3 - 4		Distribution of Balance Sheet and Income Account to department
	E	
22		Expenses, deferred
21		Expenses, prepaid
	F	
4 - 7		Funds received and disbursed
	I	
12		Income Account - by departments
11		- comparative
18		Indebtedness of subsidiaries - not wholly owned
19		- wholly owned
24		Indebtedness to affiliates
19		Indebtedness to subsidiaries - wholly owned
33		Interest received and paid
25		Inventories, finished
32		Inventories, reduction to market quotations of
54		Investments and advances
1,17 and 18		Investments in subsidiaries - not wholly owned
1 and 19		- wholly owned
20		Investments, other security
35		Items not allocated to departments
	L	
14		Lands, mines and mining claims and
	M	
15		Machinery, buildings and
25		Metals and manufactured products - finished
14		Mines and mining claims and lands
33		Miscellaneous income
	N	
31		Notes payable to affiliates
	O	
1 - 3		Operations by departments - comparative
1		Operations of subsidiaries
35		Other income
20		Other security investments

PNYC00000561

Page

81	<u>E</u>	Prepaid expenses
32	<u>R</u>	Reduction to market quotations of inventories
18		Reserve for - depreciation
28		- repairs
28		- workmen's compensation insurance, etc.
17 and 18	<u>S</u>	Securities - of subsidiaries - not wholly owned
19		- wholly owned
20		- other
1, 17 and 18		Subsidiaries, investment in and advances to - not wholly owned
1 and 19		- wholly owned
1		Subsidiaries, operations of
27		Smundry mining companies, advances to
13		Surplus Account
30	<u>T</u>	Taxes accrued
3	<u>W</u>	Working capital

POGSON, PELOUSSET & CO.

CABLE ADDRESS CERTIFIED NEW YORK

NEW YORK 25 BROADWAY
EL PASO TEXAS MILLS BLDG
NEW YORK

NEW YORK

COPY

AGENTS
EUROPE: NEW CHATELAIN NICHOLS SENDERS CO
LONDON AND PARIS
EAST: NEW CHATELAIN NICHOLS SENDERS CO
ALEXANDRIA AND CAIRO

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 1938, 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.

The principal subsidiary, Utah-Delaware Mining Company, was consolidated on March 14th 1937 with Utah Apex Mining Company to form National Tunnel & Mines Company and ceased to be a subsidiary on that date. Investment in National Tunnel & 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.

Three of the remaining 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 \$186,366.04 at December 31st 1938 and combined net loss of such companies amounted to \$3,340.21 for the year 1938 (details page 19).

Investment, including noncurrent advances, in subsidiaries not wholly owned by the company amounted at December 31st 1938 to \$3,501,422.03. The equity of the company in the combined net losses of these companies amounted to \$5,546.13 for the year 1938 (details page 17).

OPERATIONS

For the year 1938 International Smelting and Refining Company operated at a net loss of \$969,994.57, compared with a loss of \$1,301,021.38 for the year 1937.

PNYC0000056

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 1936	Income or of the year 1936	Income or of the year 1937
Tooele plant	\$ 5,109,556.36	212,500.00	
Miami plant	1,318,947.93	150,000.00	205,353.64
Lead refinery	979,153.69	12,000.00	
Zinc oxide department	1,624,339.09	12,000.00	154,741.00
White lead department	688,735.73	70,140.00	
Raritan refinery	6,244,051.12	419,256.27	754,709.49
Raritan secondary metals department	3,910,760.50	58,324.15	10,000.00
Raritan electro-sheet department	304,964.64	21,450.00	
	20,198,531.08	125,320.32	5
Investments and advances - details page 34	6,688,371.57	11,250.00	58,469.76
	26,886,902.65	136,570.32	11,214.76
Items not allocated to departments (similar items of cost and expense for 1937 amounting to \$67,057.35 were allocated to the various departments on the basis of all other costs) - details page 35	1,012,219.78	32,427.00	
Net loss before interest on debentures and notes payable to affiliates		802,374.14	730.00
Interest on debentures		460,700.00	1,000.00
Interest on notes payable to affiliates		100,000.00	1,000.00
Net loss of the year		1,363,074.14	1,730.00
Capital stock, deficit, and debentures and notes payable to affiliates	\$ 25,571,883.57		

Comparative losses at Tooele and Raritan secondary metals department do not indicate actual changes in operating conditions. In 1937 both these plants made operating profits which were offset by losses on metals of a greater amount. In 1937 Tooele treated approximately double and Raritan secondary metals department approximately 3-1/2 times the quantities of metals treated in 1936, and this loss of volume resulted in operating losses for 1936 of approximately the amount shown above, 1936 metal gains or losses not being of important amount. In 1937 the product of the Zinc oxide department was sold for \$111,005.80 less than the cost of the untreated zinc. The loss of 1937, therefore, consists of this amount plus \$753,969.07 operating expenses. In 1936, on a smaller volume, the total loss for the department amounted to \$12,194.65 which is more nearly representative of normal conditions.

While entirely accurate figures for metal gains or losses at the Tooele plant and the Raritan secondary metals department can not be arrived at, our investigation into these two departments for the year 1937 indicated that these losses

PNYC00000564

were in excess of the total loss shown for these two departments in 1937. On this basis we might eliminate from the total loss for the year 1937 the losses of these three departments which would give a figure on approximately the same basis as the loss for 1938 except that the profit thus shown for 1937 would be too small by any amount by which the operating profits of the Tooele plant and the Raritan secondary metals department exceeded the net losses shown above.

Net loss year 1937 as above		\$ 1,301,021.38
Net losses - Tooele plant	\$ 200,498.13	
- Zinc oxide department	864,974.87	
- Raritan secondary metals department	457,592.16	1,523,064.56
Profit for year 1937 on the assumption that the entire loss shown for Tooele plant and Raritan secondary metals department was due to metal losses and that the Zinc oxide department would have made no loss if operated on the same basis as in 1938		\$ 222,343.18

While the foregoing figures are not exact, the comparison indicates that actual operating results were better in 1937 than in 1938, principally due to the greater volume in 1937. In our opinion, if the exact figures could be obtained they would show a larger rather than a smaller operating profit for the year 1937.

WORKING CAPITAL

Changes in current position were as follows:

	December 31st 1937	December 31st 1938	Increase
Current assets	\$ 11,801,024.25	11,171,961.58	
Current liabilities	1,409,259.45	2,272,143.65	862,884.20
	\$ 10,391,764.80	8,899,817.93	
Ratio	8.4 to 1	4.9 to 1	

In the foregoing comparison advances by affiliates evidenced by \$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 increase in current liabilities shown above is an increase of \$1,170,410.44 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 Statement are presented in ten divisions, the eight principal operating departments:

PNYC00000565

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

a ninth division,

9. Investments and advances,

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

10. 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 tenth division mentioned above. Details of accounts which appear in this tenth division are shown on page 35.

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:			
Increase in indebtedness to Anaconda Sales Company	\$ 1,170,410.44		
Decrease in inventories (details below)	413,642.35		
Decrease in trade accounts receivable	105,912.29		
Cash operating profit (details below)	<u>301,633.40</u>	1,991,598.48	
Funds disbursed:			
Interest paid on debentures and notes payable to affiliates	767,120.43		
Expended for fixed assets (details below)	478,410.21		
Decrease in current liabilities, other than to Anaconda Sales Company	307,526.24		
Increase in investment in and advances to subsidiaries (details below)	235,508.22		
Decrease in deferred items, reserves, etc.	<u>30,378.58</u>		
Increase in noncurrent accounts receivable	<u>84,317.12</u>	1,841,260.80	
Increase in cash		\$ 150,337.68	

PNYC00000566

DECREASE IN INVENTORIES

Metals and manufactured products - finished - (details below)	\$ 734,832.37
- in process	434,332.72
Supplies on hand	<u>113,142.70</u>
Net decrease - as above	<u>\$ 413,642.35</u>

DECREASE IN INVENTORY OF FINISHED METALS AND MANUFACTURED PRODUCTS

	<u>Decrease or increase</u>	
	<u>Quantity</u>	<u>Amount</u>
Finished metals:		
Copper (details below)	132,272 lb.	\$ 29,504.10
Zinc (accumulations in 1938 - Zinc oxide department)	1,459,433 lb.	70,000.00
Lead (details below)	3,027,852 lb.	138,997.01
Silver (details below)	23,985.77 oz.	54,334.06
Gold	4,502.927 oz.	<u>152,692.71</u>
		305,138.88
Metals in manufactured products, fabricating costs, etc.:		
Miscellaneous metals		13,425.04
Zinc oxide		61,629.95
White lead		23,082.46
Electro-sheet fabricating cost		7,000.00
Prepaid billet cost - Raritan refinery		<u>64,772.35</u>
Freight on consigned stocks, etc.		12,944.33
		449,587.11
Reserves for freight and refining (increase)		<u>504,471.87</u>
Decrease as shown by comparative balance sheet - page 9		754,460.48
Less decrease in depreciation included in inventories - (details below)		<u>19,628.11</u>
As above		<u>\$ 734,832.37</u>

DECREASE IN DEPRECIATION INCLUDED IN INVENTORY

Depreciation on December 31st 1937 inventory sold in 1938:

	<u>Pounds</u>	<u>Cents per pound</u>	<u>Amount</u>
Tools - copper	3,556,589	.289	\$ 10,276.54
- lead	3,980,964	.131	5,215.06
Zinc oxide	3,305,775	.091	2,998.42
White lead	528,409	.815	<u>1,138.09</u>
Decrease - as above			<u>\$ 19,628.11</u>

DECREASE IN FINISHED METALS

COPPER

	Quantity (pounds)	Price (cents)	Amount
Deliveries from 1937 inventory:			
Tooele plant	451,156	12.272	\$ 55,366.32
Raritan refinery	103,174	8.170	8,415.44
Raritan secondary metals department - excess 1937 stock	9,221,147	9.900	912,893.55
Raritan electro-sheet department	287,611	10.808	30,509.34
	10,063,088	10.009	1,007,184.65
Less accumulations in 1938:			
Miami plant	906,729	11.025	99,966.87
Raritan secondary metals department	9,024,087	9.728	877,713.68
	9,930,816	9.845	977,380.55
Net decrease - as above	132,272		\$ 29,504.10

LEAD

Deliveries from 1937 inventory:			
Tooele plant	8,469,836	4.857	\$ 411,344.30
Lead refinery	2,601,371	5.112	132,994.35
	11,070,607	4.917	544,338.65
Less accumulations in 1938:			
Tooele plant	4,488,272	5.198	233,319.75
Lead refinery	3,346,890	4.840	171,672.61
White lead department	7,593	4.600	349.28
	8,042,755	5.040	405,341.64
Net decrease - as above	3,027,852		\$ 138,997.01

SILVER

	(ounces)		
Covered by affidavits:			
Sales of 1937 inventory	473,516.39	77.311	\$ 365,080.26
Unsold 1938 production	580,873.69	64.561	355,649.57
Net increase in quantity	77,357.30		
Net decrease in amount			10,430.69
Not covered by affidavits:			
Decrease in quantities - net	53,391.53	44.000	23,492.27
Decrease due to reduction in market price - 1,487,139.94 ounces		1.373	20,411.12
Net increase in quantity	43,965.77		
Net decrease in amount - as above			\$ 54,334.08

PNYC00000568

CASH OPERATING PROFIT

Loss per Income Account - page 10	\$ 969,994.57	
Interest on debentures and notes payable to affiliates, shown separately	<u>767,180.43</u>	202,874.14
Add back:		
Depreciation - additions to reserve	448,465.03	
- automotive equipment written off	1,853.60	
Raritan Trust Company stock written off	14,000.00	
Loss on disposal or dismantlement of fixed assets	<u>40,388.91</u>	504,507.54
As above		<u>\$ 301,333.40</u>

EXPENDED FOR FIXED ASSETS

Buildings and machinery:		
Perth Amboy plants	\$ 290,276.23	
Ophir Hill mill	114,297.91	
Other plants	<u>87,415.74</u>	491,989.88
Less salvage		<u>18,624.61</u>
		473,365.27
Mines and lands:		
Additions	5,078.94	
Less sales price of land sold	<u>38.00</u>	5,044.94
As above		<u>\$ 478,410.21</u>

INCREASE IN INVESTMENT IN AND ADVANCES TO SUBSIDIARIES

	<u>Investment</u>	<u>Advances</u>	<u>Total</u>
Subsidiaries not wholly owned:			
Mountain City Copper Company	\$ 44,952.50	96,248.06	141,200.56
Walker Mining Company		69,697.45	69,697.45
Other subsidiaries - current		186.88	186.88
- not current	120.97	25,108.15	25,229.12
	<u>\$ 45,073.47</u>	<u>191,240.54</u>	<u>236,314.01</u>
Subsidiaries wholly owned:			
Investment in Raritan Copper Works			1,000.00
Decrease in advances to International Building Association			<u>3,905.79</u>
As above			<u>\$ 233,308.22</u>

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 1936. In connection with our audit we examined or tested

the accounting records of International Smelting and Refining Company and 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 the Miami smelter 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 subsidiaries are 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 records of 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.

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

The accounts are presented in the same form and on the same basis as those for Anaconda Copper Mining Company, the parent of International Smelting and Refining Company, with whose accounts those of International Smelting and Refining Company are consolidated.

Respectfully submitted,

 **COPY**
Certified Public Accountants

New York, July 27th 1939

December 3

A S S E T S

Page 2

FIXED ASSETS:

14 **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 \$ 26,158,138.82
 Less reserve for depreciation 16,142,397.30
Patents
Investments:
 17 Securities of subsidiaries - not wholly owned
 18 - wholly owned
 20 Other security investments (including, at December 31st
 1938, marketable securities previously shown separately
 as current assets)
 Indebtedness of subsidiaries - not current:
 18 Not wholly owned
 19 Wholly owned

DEFERRED CHARGES:

DEFERRED CHARGES:		
21	Prepaid expenses	3,841.17
22	Deferred expenses	

CURRENT AND OTHER ASSETS:

Current assets:

	Current assets:	
	Supplies on hand	\$2,600.00
	Metals and manufactured products - in process	7,000.00
23	- finished	7,000.00
	Accounts and notes receivable:	
25	Trade, less reserve	7,000.00
24	Affiliates	2,000.00
18	Subsidiaries - not wholly owned - current	6,000.00
	Marketable securities - at cost (market quotations \$157,050)	44,000.00
26	Cash	2,000.00
	Other assets:	
	Other accounts receivable, less reserve	
27	Advances to sundry mining companies, including advances on	
	ores, less reserve	
	Advances to Tooele Valley Railway Company	

LIABILITIES

CAPITAL STOCK of International Smelting and Refining Company,
163,500 shares of the par value of \$75. each

28 RESERVES:

For repairs.
For workmen's compensation insurance, etc.

CURRENT LIABILITIES:

23 Current liabilities:
Accounts payable - trade
Wages payable
30 Accrued taxes
Other accrued liabilities
24 Indebtedness - to affiliates
- to subsidiaries - not wholly owned
19 Employees' deposits - wholly owned

Employees' deposits

31 DEBENTURES AND NOTES PAYABLE TO AFFILIATES

DEFERRED CREDITS TO INCOME

13 DEFICIT

INTERNATIONAL SWEETING AND REFINING COMPANY

COMPARATIVE BALANCE SHEET

DECEMBER 31ST 1937 AND 1938

	<u>December 31st 1937</u>	<u>December 31st 1938</u>	<u>Increase or Decrease</u>
ducing and	\$ 1,523,946.11	\$ 1,295,836.54	\$ 30,112.57
ineries and	\$ 26,158,198.82	\$ 26,463,191.81	\$ 304,992.99
	<u>16,142,997.30</u>	<u>16,445,154.45</u>	<u>302,157.15</u>
	10,015,201.52	10,015,037.36	2,835.84
	5,020.00	5,020.00	-
	2,785,520.53	2,800,594.00	45,073.47
	42,000.00	45,000.00	1,000.00
umber 31st			
n separately	952,663.69	1,379,821.19	427,157.50
	675,719.88	700,828.03	25,108.15
	<u>135,349.75</u>	<u>151,843.96</u>	<u>16,494.21</u>
	15,905,423.48	16,572,680.08	667,256.60
	30,540.17	23,089.24	7,450.91
	<u>1,221.77</u>	<u>18,537.46</u>	<u>17,315.69</u>
	31,761.94	41,526.72	9,764.78
	822,689.58	709,546.85	113,142.70
	1,181,078.11	1,650,218.34	469,140.23
	<u>7,852,796.38</u>	<u>7,098,338.90</u>	<u>754,457.48</u>
	731,058.17	630,633.38	100,424.84
	14,099.40	8,611.95	5,487.45
	696,472.02	662,604.41	33,867.61
	441,157.50	-	441,157.50
	<u>61,673.09</u>	<u>212,010.77</u>	<u>150,337.68</u>
tions \$157,050)	11,801,024.25	11,171,961.58	629,062.67
	176.50	-	176.50
g advances on	122,118.86	139,083.73	16,964.87
	<u>148,138.54</u>	<u>155,727.29</u>	<u>7,588.75</u>
	\$ 28,008,643.57	\$ 27,881,019.40	\$ 127,624.17
ing Company,	\$ 12,862,500.00	\$ 12,862,500.00	\$ -
	\$ 18,890.88	\$ 1,340.80	\$ 17,550.08
	<u>36,616.10</u>	<u>35,171.68</u>	<u>1,444.42</u>
	57,505.98	36,512.16	20,993.82
	995,629.59	717,200.14	278,429.45
	101,056.44	82,222.19	18,834.25
	51,533.57	73,118.13	21,584.56
	-	6,149.40	6,149.40
	204,672.87	1,356,219.18	1,151,546.31
	33,111.87	-	33,111.87
	17,865.55	19,156.22	1,290.67
	<u>5,389.56</u>	<u>8,059.87</u>	<u>2,670.31</u>
ed	1,409,259.45	2,272,143.68	862,884.23
	15,250,000.00	15,250,000.00	-
	-	480.00	480.00
	970,621.86	1,940,616.43	969,994.57
	\$ 28,008,643.57	\$ 27,881,019.40	\$ 127,624.17

PNYC00000572

INTERNATIONAL MELTING AND REFINING COMPANY

COMPARATIVE INCOME ACCOUNT

YEARS ENDED DECEMBER 31ST 1937 AND 1936

	Year ended December 31st 1937	Year ended December 31st 1936	Increase or decrease
1937			
Sales and tolls	\$ 33,861,098.77	\$ 18,848,252.85	\$ 15,012,845.92
Cost of sales (Metals delivered in 1936 from that portion of metal inventories adjusted to market at December 31st 1937 are reflected in Cost of Sales at such market value, the difference between purchase cost and market, amounting to \$183,703.48 (see page 82) having been deducted from income in the Income Account of the year ended December 31st 1937)	33,674,690.34	18,744,641.95	15,129,048.39
Income or loss from operations, before deducting depreciation	13,591.57	801,591.00	815,182.43
33 Other income:			
Dividends from subsidiaries not wholly owned	\$ 409,660.60	\$ -	\$ 409,660.60
Other dividends and interest-net	36,932.35	39,306.47	2,374.12
Miscellaneous income (expense)	7,289.39	9,744.78	2,455.39
Income	449,882.34	49,051.25	400,831.09
31 Interest on debentures and notes payable to affiliates	600,171.23	767,180.43	166,949.20
Expenses pertaining to nonoperating units	-	244,458.34	244,458.34
United States income taxes	600,171.23	716.58	600,171.23
Loss	159,881.46	481,140.83	321,259.37
14 Provision for depreciation	864,128.07	449,465.03	414,663.04
16 Loss on disposal or dismantlement of fixed assets	49,867.12	40,398.91	9,468.21
32 Reduction to market quotations of excess copper inventory at secondary metals department	237,144.73	-	237,144.73
13 Net loss	\$ 1,301,021.38	\$ 989,994.57	\$ 311,026.81

PNYC00000573

	Tooele plant	Miami plant	Lead refinery	Zinc oxide apartment	White I apartment
<u>ASSETS</u>					
Mines and mine claims and lands	\$ 351,492.95	66,406.60	130,665.27	60,828.61	13,843
Buildings and machinery	7,136,640.20	3,096,892.52	1,090,162.72	1,081,080.65	714,298
Reserve for depreciation	5,348,365.99	2,394,455.39	642,767.93	594,284.19	423,317
Patents			5,020.00		
Investments:					
Securities of subsidiaries:					
Not wholly owned					
Wholly owned					
Other security investments				5,848.91	
Indebtedness of subsidiaries -					
not current:					
Not wholly owned					
Wholly owned					
Prepaid expenses	1,658.90	310.00	360.69	2,488.43	1,417.
Deferred expenses	5,934.62		1,812.88	2,649.37	
Supplies on hand	311,319.61	45,351.10	85,975.35	24,252.89	38,994.
Metals and manufactured products:					
In process	827,513.73	221,232.16	141,230.78	423,266.80	
Finished	2,038,115.84	589,527.04	352,365.08	504,409.60	283,394.
Accounts and notes receivable:					
Trade, less reserve	18,631.32	213,502.90	2,751.08	154,661.91	86,575.
Affiliates			376.17		
Subsidiaries not wholly owned - current	103,413.68				
Cash	99,381.84	33,229.08	2,869.07	25,000.00	
Advances to sundry mining companies, in- cluding advances on ores, less reserve	102,196.66				
Advances to Tooele Valley Railway Company					
	5,420,395.36	1,377,495.51	1,164,965.92	1,630,256.68	701,601.1
<u>LIABILITIES</u>					
Reserves:					
For repairs					
For workmen's compensation insurance, etc.	5,162.74		16,874.27	5,744.79	3,005.6
Accounts payable - trade	247,383.50	32,053.36	137,571.86	153.00	11,960.2
Notes payable	27,995.39	11,016.68	21,086.48		
Accrued taxes	10,873.81	15,366.60	9,104.62		
Other accrued liabilities	5,717.85	410.94			
Indebtedness - to affiliates	7,660.62		1,173.00		
- to subsidiaries wholly owned					
Employees' deposits	6,033.29				
Deferred credits to income					
	310,827.00	58,547.58	185,810.23	5,897.79	14,866.1
Net investment	\$ 5,109,556.36	1,318,947.93	979,155.69	1,624,359.09	686,735.7

INCOME ACCOUNT BY DEPARTMENTS

	Tecale plant	Miami plant	Lead refinery	Zinc oxide department	White lead department
Sales of copper	509,881.13				
silver	2,153,171.13	148,930.06	193,245.48		
gold	967,253.62	164,334.85	97,441.76		
lead	2,139,125.62		543,519.88		
miscellaneous metals					
zinc oxide				1,875,698.09	
white lead					871,596.4
copper sulphate					
electro-sheet copper					
ores and concentrates	297,789.61		6,318.36	60,895.38	
	148,838.50	173,161.07	363,691.28		
rolls	6,295,337.66	438,475.93	1,201,214.76	1,736,593.41	871,596.4
Cost of sales	4,080,904.01	497,302.59	1,176,213.32	1,703,004.97	438,944.1
Interdepartment	553,362.42	32,927.00	39,139.74	1,084.14	474,582.4
	6,374,159.63	520,229.59	1,215,353.06	1,704,089.11	913,426.5
Income or loss from operations, before deducting depreciation	73,321.97	31,753.31	14,134.30	32,504.30	41,830.04
Provision for depreciation	93,425.40	45,492.57	7,984.27	29,077.40	28,551.96
Income or loss from operations, after deducting depreciation	172,447.37	77,246.13	28,123.07	4,426.90	70,382.04
Other income:					
Interest received (paid) - net	393.34			348.57	235.68
Miscellaneous income (expense)	714.38	1,090.00			
Expenses pertaining to nonoperating units	46,638.95	37,419.47	27,430.28	15,706.48	
United States income taxes					
Loss on disposal or dismantlement of fixed assets				1,844.70	
Income or loss	213,558.73	113,735.65	49,693.29	12,194.65	70,146.36
Interest on debentures and notes payable to affiliates					
Net loss	213,558.73	113,735.65	49,693.29	12,194.65	70,146.36

100

PNYC00000576

Lead sheet	Raritan secondary metals department	Raritan electro- sheet department	Investments and advances - page 34	Items not allocated to departments - page 35	Inter- department eliminations	Total - page 10
	25,917.54	2,978,917.08			69,224.80	3,445,270.96
						2,495,396.72
						1,259,030.23
	48,804.30	301,737.59			474,582.44	2,258,063.06
						350,391.89
						1,675,698.09
96.49	16,576.14		123,654.27		1,180.16	870,416.33
				10,021.06		16,576.14
	3,473,828.65				68,414.99	123,654.27
					513,087.78	305,607.36
						3,447,927.81
96.49	3,365,174.66	3,280,654.67	123,654.27	10,021.06	1,124,490.11	16,248,432.96
44.14	2,643,275.88	3,099,746.82	50,482.03	51,361.97	65,606.92	15,746,641.86
24.44	15,199.47	163,334.03	54,365.67			1,124,490.11
24.56	2,668,475.05	3,263,582.86	104,847.70	51,361.97	65,606.92	1,124,490.11
						15,746,641.86
30.00	706,699.61	17,071.82	18,806.57	41,340.81	65,606.92	501,591.00
31.00	197,624.08	34,924.53	11,411.05	973.84		448,465.03
32.04	509,075.59	17,862.71	7,395.52	42,314.75	65,606.92	53,125.97
35.48	12,744.63			39,222.36	104.62	39,308.47
				1,206.00		9,744.76
	62,156.68	40,221.31	5,380.21	9,312.09		244,458.34
					716.58	716.58
	14,819.01	800.37	23,468.68	159.36		40,369.91
44.84	419,256.27	58,684.39	21,480.17	11,359.30	64,427.32	202,874.14
						767,120.43
						767,120.43
46.84	419,256.27	58,684.39	21,480.17	11,359.30	533,547.75	969,974.57

SURPLUS ACCOUNT (DEFICIT)

Balance December 31st 1937	970,621.86
Net loss year ended December 31st 1938	969,994.37
Per Balance Sheet December 31st 1938 - page 9	1,940,616.43

Investment in National Tunnel & 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.

PNYC00000578

MINES AND MINING CLAIMS AND LANDS

	Balance December 31st 1937	Reallocation of land at East Chicago and Perth Amboy	Additions	Deductions	Transfers	Balance December 31st 1938
Leads for metal producing and manufacturing plants:						
Tocole plant	347,310.48					351,492.98
Miami plant	66,406.40					66,406.40
Lead refinery	165,982.33					130,548.27
Zinc oxide department	39,749.35	35,317.04				60,281.21
White lead department		22,073.16				13,243.90
Baritan refinery	318,307.56	13,243.90				331,551.46
Baritan secondary metals department	64,393.89	4,203.14				68,597.03
Baritan electro-sheet department	4,349.45	4,203.14				8,552.59
Investments and advances - Rico plant	2,480.00					2,480.00
	1,008,029.96	-	3,567.07	36.00	650.00	1,015,811.93
Mines and mining claims:						
Investments and advances:						
Mines department, etc. - mines, mining						
claims and options						
Ophir Hill	275,423.61		200.00			275,623.61
Cost of tailings dump transferred:	40,194.64		1,312.67			
to inventory in process						
to buildings and machinery						
(1939 balance consists of appraised value						
of mines and water rights)						
					24,807.21	
					1,000.00	
						6,000.00
Per Balance sheet - page 9	\$ 1,325,948.11	-	5,079.94	36.00	26,197.21	1,383,835.94

BUILDINGS AND MACHINERY

	Balance December 31st 1937	Reallocation of plant at Parth Abbey	Additions	Sales and dismantlements - details below	Depreciation of automotive equipment written off	Transfer between land and plant accounts	Balance December 31st 1938
Steel plant	\$ 7,086,467.84		20,822.36			680.00	7,106,940.20
Lead plant	3,046,892.52		35,254.22				3,082,146.74
Lead refinery	1,064,908.50		28,169.30	2,000.00			1,091,077.80
Zinc oxide department	997,911.36		8,159.86				1,006,071.22
White lead department	709,133.74						709,133.74
Maritan refinery	10,512,686.08	211,515.11	144,024.46	106,897.01	1,625.60		10,779,874.06
Maritan secondary metals department	2,125,182.68	211,218.11	92,908.81	672.00			2,429,901.60
Maritan electro-sheet department	309,396.65		52,244.96	74,779.60			426,421.21
Investments and advances - Ophir Mill	46,097.06		114,297.91			1,000.00	161,394.97
Investments and advances - Rice	219,533.40			244.68			219,778.08
Per Balance Sheet - page 9	\$ 26,158,198.82	- -	491,989.86	185,698.29	1,625.60	380.00	\$ 26,465,181.61

Details of loss on sales and dismantlements of fixed assets

	Cost as shown	Accumulated depreciation same as	Net book value	Salvage	Dismantling expense	Loss on disposal or dismantlement of fixed assets
Zinc oxide department	\$ 2,000.00	2,418.61	681.39	25.00	708.31	1,264.70
Maritan refinery	106,897.01	92,178.29	13,720.72	1,807.84	3,006.13	14,919.01
Maritan secondary metals department	672.00	54.67	615.33	181.72	116.78	250.87
Maritan electro-sheet department	74,779.60	30,924.12	43,855.48	20,540.00		23,315.48
Investments and advances - Rice	244.68	104.08	140.60	81.28		59.32
Per Income Account, year ended December 31st 1938 - page 10	\$ 185,698.29	125,676.77	59,021.52	22,465.81	3,831.20	\$ 40,308.91

PNYC00000581

	Balance December 31st 1937	plant items at Perth Amboy reallocated	on 1938 operations - details below	for sales and dismantlements - page 12	Balance December 31st 1938
Tooele plant	5,487,934.19		77,931.80		5,565,865.99
Miami plant	2,048,963.32		45,492.57		2,094,455.89
Lead refinery	634,783.66		7,984.27		642,767.93
Zinc oxide department	571,563.82		23,078.88	2,418.81	594,284.19
White lead department	405,901.37		27,415.86		433,317.23
Keritan refinery	5,299,718.44	182,008.42	197,624.02	93,175.89	5,588,178.99
Keritan secondary metals department	842,107.99	182,008.42	34,924.53	58.67	894,989.48
Keritan electro-sheets department	30,924.12		11,411.05	30,924.12	11,411.05
Investments and advances - Kico	41,100.34			104.08	40,996.26
- Ophir Hill	-		973.84		973.84
Per Balance Sheet - page 9	16,142,997.30		428,836.92	124,279.77	16,448,154.48

Details of depreciation on operations

	Depreciation on 1938 operations - as above			Depreciation applicable to inventory		Depreciation applicable to 1938 sales - per Income Account - page 12
	Quantity	Rate	Amount	December 31st 1937	December 31st 1938	
Tooele plant:						
Copper plant (fully depreciated at December 31st 1937)			\$ -	27,618.54	17,340.00	10,278.54
Lead plant	46,283,632 lbs.	.131d	60,631.82	18,954.70	13,729.64	65,646.88
Sulphide concentrator	75,313 tons	22.500d	16,945.43			16,945.43
Salt Lake furniture and ranch buildings			354.55			354.55
			77,931.80	46,573.24	31,079.64	93,425.40
Miami plant:						
Copper plant			41,423.64			41,423.64
Anode furnaces			4,068.93			4,068.93
			45,492.57			45,492.57
Lead refinery	29,571.37 tons	27.000d	7,984.27			7,984.27
Zinc oxide department:						
Akron plant	127,156 lbs.	.089d	113.17	2,219.86	112.54	2,220.49
East Chicago plant	26,279,795 lbs.	.095d	24,965.91	5,343.95	4,452.85	25,864.91
			25,079.08	7,563.81	4,565.39	28,077.40
White lead department	12,751,568 lbs.	.215d	27,415.86	9,665.84	8,527.75	28,551.95
Keritan refinery - cathodes	109,673.982 tons	12.00	219,347.96			219,347.96
Less amount applicable to plant used by secondary metals department			21,723.94			21,723.94
			197,624.02			197,624.02
Keritan secondary metals depart- ment - cathodes	5,866,931 tons	2.25	13,200.59			13,200.59
Depreciation on refinery plant - as above			21,723.94			21,723.94
			34,924.53			34,924.53
Keritan electro-sheets department			11,411.05			11,411.05
Ophir Hill	3,600 tons	27.05d	973.84			973.84

INVESTMENT IN SUBSIDIARIES NOT WHOLLY OWNED

	<u>Shares</u>	<u>Amount</u>
Balance December 31st 1937		\$ 2,785,890.88
Additions:		
Mountain City Copper Company (including expense in connection with acquisition of interest in Mountain City Copper Company not heretofore determined - \$40,000)	700	\$ 44,952.80
Pelleyre Mining and Milling Company		<u>130.97</u>
		45,073.47
Per Balance Sheet, December 31st 1938 - page 9		<u>\$ 2,800,894.00</u>

Details of balance at December 31st 1938

	<u>Shares</u>	<u>Par value</u>	<u>Amount</u>	<u>Equity in income or loss</u>
Mountain City Copper Company	1,462,934	\$ 73,116.70	\$ 1,145,281.33	\$ 45,636.11
Walker Lining Company	882,042	882,042.00	882,049.80	44,848.80
Other unconsolidated subsidiaries:				
Comet Coalition Lines Company	760,246	190,071.50	340,691.71	-
Sureka Bullion Mining Company	756,000	37,800.00	187,823.49	-
Mountain View Mining Company	728,420	728,420.00	68,008.23	1,000.59
North Lily Mining Company	475,000	475,000.00	66,827.78	6,448.64
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	35,120.97	-
Victor Consolidated Mining Company	365,390	182,695.00	16,306.52	.71
Yankee Consolidated Mining Company	501,005	50,100.50	20,040.20	1,222.88
			<u>775,263.17</u>	
As above			<u>\$ 2,800,894.00</u>	<u>\$ 5,548.15</u>

INVESTMENT IN STOCK EXCHANGES - ADVANCES NOT QUOTED

	Advances		Total	Investment - Page 17	Total Investment and advances	Market quotation
	Noncurrent	Current				
Securities quoted on stock exchanges:						
Mountain City Copper Company	\$ 459,499.52	459,499.52	459,499.52	1,143,381.33	1,602,780.85	\$ 9,328,804.28
Walker Mining Company	408,724.06	408,724.06	408,724.06	883,048.90	1,291,772.06	1,433,318.25
Comet Coalitions Mines Company	27,432.32	27,432.32	27,432.32	340,891.71	368,324.03	133,043.08
Eureka Bullion Mining Company	16,194.07	16,194.07	16,194.07	187,913.49	204,107.56	191,780.08
Mountain View Mining Company	45.80	45.80	45.80	86,806.23	86,852.03	86,859.40
North Lily Mining Company	213.43	213.43	213.43	86,887.78	87,101.21	281,850.00
Park Nelson Mining Company	28,786.43	28,786.43	28,786.43	1,100	29,886.43	18,975.00
Yankee Consolidated Mining Company	81.38	81.38	81.38	20,040.20	20,121.58	70,140.70
	74,362.82	882,864.41	957,227.23	2,709,321.24	3,666,488.47	\$ 11,486,600.88
Securities not quoted:						
Park Kono Mines Corporation	112,077.36	112,077.36	112,077.36	37,644.27	149,721.63	
Park Premier Mining Company	227,994.79	227,994.79	227,994.79	1.00	227,995.79	
Pellayre Mining and Milling Company	256,303.06	256,303.06	256,303.06	35,120.87	291,423.93	
Victor Consolidated Mining Company				18,306.28	18,306.28	
Indebtedness of sundry indirect subsidiaries	70.00	40.00	110.00		110.00	
Per Balance Sheet, December 31st 1938 - page 9	\$ 700,828.03	882,864.41	1,583,692.44	2,800,394.00	4,384,086.44	

Total Advances		Current advances - per Balance Sheet by departments - page 11		Investments and advances		Total
December 31st 1937	December 31st 1938	December 31st 1937	December 31st 1938	December 31st 1937	December 31st 1938	
\$ 363,231.46	459,499.52	\$ 97,456.34	382,033.18	\$ 489,499.52	408,724.06	
333,027.13	408,724.06	6,867.08	397,157.55	408,724.06	408,724.06	
15,485.01	27,432.32					
17,084.86	16,194.07					
43.81	45.80					
111,745.00	112,077.36	48.50	213.43	48.50	213.43	
28,636.94	28,786.43					
227,191.43	227,994.79					
275,686.28	256,303.06					
81.38	81.38					
90.14	110.00					
\$ 1,372,191.90	1,583,692.44	\$ 103,413.68	759,190.73	\$ 848,804.41	848,804.41	

INVESTMENT IN AND ADVANCES TO WHOLLY OWNED SUBSIDIARIES

	Shares	Per Value	Investment	Advances not current	Total	Net loss of the year 1938
International Building Association	10	\$ 1,000.00	\$ 1,000.00	131,843.98	132,843.98	\$ 2,841.72
New Jersey Storage and Warehouse Company	10	1,000.00	1,000.00		1,000.00	6.00
Raritan Copper Works	10	1,000.00	1,000.00		1,000.00	-
Raritan Terminal and Transportation Company	400	40,000.00	40,000.00		40,000.00	\$22.00
Per Balance Sheet, December 31st 1938 - page 9			\$ 42,000.00	131,843.98	173,843.98	2,869.72

Less, indebtedness to wholly owned subsidiaries

New Jersey Storage and Warehouse Company	\$ 722.97
Raritan Copper Works	1,000.00
Raritan Terminal and Transportation Company	17,422.92
Per Balance Sheet, December 31st 1938 - page 9	19,145.89
Net Investment	\$ 154,698.09

The above net investment represents the following net assets at December 31st 1938, the difference \$25,420.22 being accumulated operating deficits to that date:

Assets:		\$ 42,902.37
Land, principally for resale		
Buildings and railroad construction	\$ 32,063.64	
Less reserve for depreciation	29,492.97	12,344.87
Prepaid expenses		60.00
Installment house and land sales contracts		80,940.71
Other accounts receivable		272.47
Cash		220.22
		134,320.90
Less liabilities:		
Accounts payable	6,782.25	
Taxes accrued	48.43	
Deferred credits to income	28.00	6,858.68
		127,464.22

PNY00000584

Balance December 31st 1937	\$ 952,663.69
Reduction - Haritan Trust Company preferred stock written off	<u>14,000.00</u>
	938,663.69

Additions - Securities formerly shown separately on Balance Sheet as "Marketable securities":	
69,800 shares Park-Utah Consolidated Mines Company stock including 3,000 shares received in exchange in 1938 for 3,000 shares of Park-Utah Mining Company stock	441,157.50

Per Balance Sheet, December 31st 1938 - page 9	<u>\$ 1,379,821.19</u>
--	------------------------

Details of balance at December 31st 1938

	<u>Par value</u>	<u>Shares</u>	<u>Amount</u>
Zinc oxide department:			
Delaware Floor Products Company:			
Common stock	no par	26	\$ 2,580.50
Second mortgage bonds	\$ 2,600		2,600.00
National Fireproofing Corporation:			
Common stock	no par	7	65.01
Income debentures	200		200.00
Northwestern Terra Cotta Corporation stock	18.75	18.75	367.78
Viscosity Oil Corporation stock	no par	.75	35.62
			<u>5,848.91</u>
Investments and advances:			
National Tunnel and Mines Company stock	no par	328,200	915,693.92
Park-Utah Consolidated Mines Company stock	69,800	69,800	441,157.50
Prince Consolidated Mining Company stock	50,000	500,000	<u>17,120.86</u>
			1,373,972.28
As above			<u>\$ 1,379,821.19</u>

Investment in National Tunnel & 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 \$136,307.80, the amount of the deficit of Utah-Delaware Mining Company on dissolution in 1937.

PREPAID EXPENSES

	December 31st 1937	December 31st 1938	Increase or Decrease
Prepaid insurance	\$ 20,863.38	22,984.87	2,121.49
Prepaid royalty	9,098.52		9,098.52
Sundry	578.27	104.39	473.88
Per Balance Sheet - page 9	\$ 30,540.17	23,089.26	7,450.91

DEFERRED EXPENSES

	December 31st 1937	December 31st 1938	Increase or Decrease
Deferred dismantling expense:			
Tocals plant	\$	5,384.82	
Lead refinery		1,649.37	
Zinc oxide department		<u>1,912.88</u>	
		9,346.87	9,346.87
Club memberships - Zinc oxide department	1,000.00	1,000.00	
Deferred repairs - Haritan secondary metals department		8,190.59	8,190.59
Experiment, lease and other expenses - Ophir Hill	221.77		221.77
Per Balance Sheet - page 9	<u>\$ 1,221.77</u>	<u>18,537.46</u>	<u>17,315.69</u>

PNYC00000587

METALS AND MANUFACTURED PRODUCTS - PERMANENT

MONTH	Tocole BANK	Miami BANK	Lead Refinery	Zinc oxide Department	White lead Department	Raritan Refinery	Raritan Secondary Metals Department	Raritan Electro-sheets Department	TOTAL
Copper	\$ 898,901.90	608,848.08				877,250.19	2,441,940.88	4,314.43	4,550,005.28
Silver	607,046.78	31,123.93	173,548.73			176,604.47			1,088,323.91
Gold	220,808.96	52,836.56	7,497.37			126,851.32			428,094.21
Zinc				178,009.77	12,747.56				190,757.33
Lead	466,879.75		171,672.61			8,448.23	384,704.92		931,695.51
Miscellaneous metals	500.00								500.00
Manufactured products:									
White lead				338,300.21					338,300.21
Electro-sheets copper					240,184.09				240,184.09
Prepaid freight, etc.		8,681.36		6,099.08	9,442.49		207.00	20,749.80	34,970.73
Reserves for freight, refining, etc. to finish metals	157,815.63	108,742.94	373.63			123,448.70	301,150.06		732,507.96

Per Balance Sheet, December 31st 1938 -
page 9

\$ 2,036,115.84 \$69,587.04 \$28,346.06 \$04,409.40 \$23,394.14 \$68,723.81 \$2,534,734.46 \$8,064.23 \$7,068,889.90

OTHER

Copper
Zinc
Lead

9,106,433 6,013,822 7,068,883 24,080,876 39,371 42,225,237
10,486,272 3,546,890 298,840

NETS PER POUND

Copper
Zinc
Lead

9.872 10.070 9.170 9.376 10.928 9.322 4.324 4.343

SILVER - total for all departments - covered by affidavits
- not covered by affidavits

Quantities	Prices	Amount - as above
250,872.49	\$4.8416	\$ 985,449.37
1,437,134.54	\$5.7608	\$ 8,285,758.32
2,036,012.63	\$4.8466	\$ 9,881,401.89
13,140.498	\$ 34.083	\$ 447,847.24

RJD

ACCOUNTS WITH AFFILIATES

	December 31st 1937	December 31st 1938	Increase Decrease
Accounts receivable from:			
The American Brass Company	\$ 3,364.69	15.68	5,349.01
Anaconda Wire and Cable Company	8,679.08	8,980.99	301.91
Butte, Anaconda and Pacific Railway Company		376.17	376.17
Net off accounts payable to Anaconda Wire and Cable Company	14,543.77	9,352.84	5,190.93
	444.37	740.89	296.52
Per Balance Sheet - page 9	\$ 14,099.40	8,611.95	5,487.45
Accounts payable to:			
Anaconda Copper Mining Company	\$ 21,098.90	21,098.90	-
Anaconda Sales Company	151,693.39	1,322,103.83	1,170,410.44
Anaconda Wire and Cable Company	444.37	740.89	296.52
Chile Exploration Company	.50		.50
Chile Steamship Company Incorporated	8,628.33	3,369.06	4,757.28
Montana Hardware Company	14,289.39	3,945.20	10,344.19
Tooele Valley Railway Company	8,944.36	7,208.20	1,736.16
Net off accounts receivable from Anaconda Wire and Cable Company	206,117.24	1,358,960.07	1,153,842.83
	444.37	740.89	296.52
Per Balance Sheet - page 9	\$ 204,672.87	1,359,219.18	1,153,546.31

PNYC00000589

ACCOUNTS RECEIVABLE - TRADE, LESS RESERVE

	Totals plant	Miami plant	Lead refinery	Zinc oxide department	White lead department	Investments and Maritan advances - Refinery Ophir Hill	Total
From customers for tolls and for metals and manufactured products:							
Inspiration Consolidated Copper Company		17,910.97				23,402.25	41,313.22
Miami Copper Company		199,338.73				820.38	200,159.11
Phelps Dodge Refining Corporation						120,075.25	120,075.25
Sundry customers	3,484.62			189,271.09	86,575.15	75.39	279,406.31
	3,484.62	217,249.70		189,271.09	86,575.15	144,373.24	640,953.80
Sundry debtors	17,278.39	1,253.20	2,731.08			9,149.61	20,312.28
	20,763.01	218,502.90	2,731.08	189,271.09	86,575.15	149,521.87	647,374.00
Less reserve for doubtful notes and accounts	2,131.69				34,609.18		36,740.87
Per Balance Sheet, December 31st 1936 - page 9	\$ 18,631.32	218,502.90	2,731.08	189,271.09	86,575.15	149,521.87	610,633.23

C A C H

Tooele plant:		
Continental National Bank and Trust Company of Salt Lake City	\$ 30,800.05	
First National Bank of Salt Lake City, Tooele	<u>19,868.58</u>	
Outstanding drafts on New York office, deposited in banks	100,863.63	
Petty cash	<u>1,536.79</u>	99,381.64
	250.00	
Miami plant:		
Valley National Bank, Globe, Arizona	33,079.33	
Petty cash	<u>150.30</u>	33,229.08
Lead refinery:		
First National Bank in East Chicago	12,719.09	
Outstanding drafts on New York office, deposited in bank	<u>15,900.96</u>	
Petty cash	<u>212.30</u>	2,849.07
Zinc oxide department:		
Firestone Park Trust & Savings Bank		25,000.00
Maritan refinery:		
First Bank & Trust Company, Perth Amboy	13,456.76	
Outstanding drafts on New York office, deposited in bank	<u>379.70</u>	
Petty cash	<u>490.08</u>	13,837.14
Item not allocated to departments:		
Chase National Bank, New York		43,731.73
Per Balance Sheet, December 31st 1938 - page 9		<u>212,010.77</u>

PNYC00000591

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

	December 31st 1937	December 31st 1938	Increase decrease
Advances on ores - Toole:			
Ore purchase accounts:			
Good	\$ 24,358.02	25,369.43	1,017.41
Good but slow	1,050.44	10,031.78	8,981.34
Fair but slow	180,942.87	149,432.92	1,509.36
	176,344.73	134,834.13	8,489.40
Other notes and accounts:			
George Gruerman	991.33	991.33	-
Panther Mines	10,078.39	10,019.15	59.24
Park City Mines Company	-	2,323.41	2,323.41
Sundry	-	211.42	211.42
	187,414.45	198,381.44	10,966.99
Advances for development, etc.:			
Afterthought Mines Corporation	530.80	2,211.19	1,680.39
Ophir Development Company	-	408.00	408.00
Rico Enterprise Mining Company	9,392.66	9,392.66	-
	9,924.46	12,012.85	2,088.39
Prince Consolidated Mining Company	17,371.72	24,814.22	7,442.50
	27,296.18	36,827.07	9,530.89
	214,710.63	235,208.51	20,497.88
Less reserve for doubtful accounts	92,591.77	96,184.78	3,593.01
Per Balance Sheet - page 9	\$ 122,118.86	139,023.73	16,904.87
Advances on ores		\$ 196,381.44	
Less reserve for doubtful accounts		96,184.78	
Toole plant		102,196.86	
Investments and advances		36,827.07	
Total as above		\$ 139,023.73	

2000
A. 2000

RECEIVED

Reserve for repairs

Blast furnace reserve:

Balance December 31st 1937

Additions - charged operating costs

Repairs and expenses in connection with blast
furnace treatment

Included in deferred expenses - page 22

Per Balance Sheet, December 31st 1938 - page 9

<u>Maritan refinery</u>	<u>Maritan secondary metals department</u>	<u>Total</u>
\$ 8,422.93	13,467.95	21,890.88
98,373.09	21,993.77	120,366.86
71,798.08	35,461.72	107,259.80
70,458.62	43,682.31	114,140.93
	8,190.69	8,190.69
\$ 1,340.50		1,340.50

Reserve for workmen's compensation insurance, etc.

Balance December 31st 1937

Additions:

Charged costs
Pay roll deductions

Compensation paid, medical and hospital
expenses, etc.

Per Balance Sheet, December 31st 1938 -
page 9

<u>Tonole plant</u>	<u>Lead refinery</u>	<u>Zinc oxide department</u>	<u>White lead department</u>	<u>Maritan refinery</u>	<u>Investments and Maritan advances - Ophir Hill</u>	<u>Total</u>
\$ 12,033.25	16,803.06	3,266.10	2,093.80	4,418.89	- -	38,615.10
3,156.82	5,304.92	3,668.02	1,870.59	6,359.68	150.18	20,510.21
5,893.11					45.12	5,938.23
14,049.93	5,304.92	3,668.02	1,870.59	6,359.68	201.30	31,454.44
20,920.44	5,233.71	1,199.33	958.74	6,593.65	2.29	34,908.19
\$ 5,162.74	16,874.27	5,744.79	3,005.65	4,186.22	199.01	35,172.78

PNY000000593

Total	97,895	124,341	11,778	475,082	717,206
-------	--------	---------	--------	---------	---------

727,200.34

ACCUMULATED TAXES

	Toole Plant	Miami Plant	Lead Refinery	Western Refinery	Investments and advances - RAC	Items not allocated to departments	Total
Federal old age benefits tax	\$ 1,845.67	504.60	1,811.60	4,101.15		15.45	8,268.47
Federal and state unemployment insurance taxes	8,526.81	2,212.45	7,283.02	19,144.23		1,126.91	29,700.54
Federal income tax						4,406.45	4,406.45
Federal capital stock tax						6,755.00	6,755.00
Real estate taxes	200.07	11,942.74			1,461.77		13,604.58
Sundry	281.25	400.78					682.03
Per Balance Sheet, December 31st 1938 - page 9	\$ 10,675.81	15,066.60	9,104.62	24,146.48	1,461.77	12,245.86	73,116.14

DEBENTURES AND NOTES PAYABLE TO AFFILIATES

	<u>Anaconda Copper Mining Company</u>		<u>Anaconda Sales Company</u>	
	15 year 6% debentures due 1950	Demand note, interest at 5%	Demand note, interest at 3-1/8%	Total
Per Balance Sheet - page 9	\$ 8,000,000.00	2,250,000.00	5,000,000.00	15,250,000.00

Interest accrued and paid

Balance December 31st 1937	\$ 21,098.90	- -	7,671.23	28,770.13
Accrued year 1938, per Income Account - page 10	480,000.00	112,500.00	174,620.43	767,120.43
	501,098.90	112,500.00	182,291.66	795,890.56
Paid year 1938	480,000.00	112,500.00	175,000.00	767,500.00
Balance December 31st 1938	\$ 21,098.90	- -	7,291.66	28,390.56

PNYC00000596

**DIFFERENCE BETWEEN MARKET VALUE AT DECEMBER 31ST 1937 AND COST OF SECONDARY METAL INTAKE
DELIVERED IN 1938. SUCH METALS BEING INCURRED IN COST OF SALES AT MARKET VALUE**

	Cost		Market - December 31st 1937		Reduction in December 31st 1937	Portion of reduction remaining in inventory as December 31st 1937
	Pounds	Cents per lb.	Pounds	Cents per lb.		
Secondary metal's department excess inventories of copper written down to market quotations at December 31st 1937:						
December 31st 1938 Inventory	8,381,382	9.907	850,840.08	9.900	839,787.21	
1937 Intake	11,571,544	11.894	1,318,340.14	11.890	1,179,779.08	
Total	20,257,926	11.071	2,248,480.89	9.900	2,006,538.86	237,144.73
Portion thereof unsold at December 31st 1938:						
December 31st 1938 Inventory	8,381,382	9.907	850,840.08	9.900	839,787.21	
1937 Intake	11,571,544	11.894	1,318,340.14	11.890	1,179,779.08	
Total	11,036,791	10.384	1,144,080.86	9.900	1,088,448.81	55,441.84
Sold 1938	9,821,147	11.894	1,094,897.04	9.900	918,593.85	183,703.48
Per Income Account, year ended December 31st 1938 - page 10					\$ 237,144.73	\$ 237,144.73

OTHER INCOMEInterest received (paid) - net

Tooele plant - miscellaneous interest paid	\$ 422.30	
- miscellaneous interest received	<u>28.96</u>	393.34
Line oxide department - interest on Delaware Floor Products Company bonds	311.58	
- interest on notes and accounts receivable	<u>36.99</u>	348.57
White lead department - interest on notes and accounts receivable		235.68
Investments and advances:		
Interest received on advances:		
Subsidiaries not wholly owned:		
Comet Coalition Mines Company	1,227.94	
Eureka Sullion Mining Company	<u>1,325.89</u>	
	2,253.83	
Mountain City Copper Company	12,213.04	
Walker Mining Company	<u>8,225.72</u>	
	22,692.36	
Prince Consolidated Mining Company	995.00	
Tooele Valley Railway Company	9,855.39	
International Building Association	<u>5,679.43</u>	39,222.38
Items not allocated to departments - miscellaneous interest paid		104.82
Per Income Account, year ended December 31st 1938 - page 10		<u>39,308.47</u>

Miscellaneous income (expense)

Tooele plant - rents, royalties, etc. - received	\$ 714.88	
Miami plant - rents received		1,090.00
Raritan refinery:		
Raritan Trust Company stock written off	\$ 14,000.00	
Refund of patent royalty received in prior years	3,301.00	
Record storage rentals received	1,350.00	
Discount on prepayment of taxes	<u>2,935.37</u>	1,000.00
Investments and advances:		
Park-Utah Consolidated Mines Company - reimbursement for dividends of prior years not received by the Company	1,200.00	
Ophir Hill real estate income	<u>5.00</u>	1,205.00
Per Income Account, year ended December 31st 1938 - page 10		<u>5</u>

PNYC00000598

INVESTMENTS AND ADVANCES
DETAILS OF BALANCE SHEET AND INCOME ACCOUNT ITEMS

	Wholly owned subsidiaries	Mountain City Copper Company	Walker Mining Company	st of
<u>BALANCE SHEET ITEMS</u>				
Mines and mining claims and lands	\$			
Buildings and machinery				
Reserve for depreciation				
Investments:				
Securities of subsidiaries - not wholly owned		1,143,281.33	882,049.50	
- wholly owned	43,000.00			
Other security investments				
Indebtedness of subsidiaries - not current - not wholly owned				
- wholly owned	131,543.96			
Prepaid expenses				
Supplies on hand				
Metals in process				
Accounts receivable:				
Trade				
Subsidiaries not wholly owned - current		348,033.18	397,157.65	
Advances to sundry mining companies, including advances on				
ore, lease reserve				
Advances to Tooele Valley Railway Company				
	174,543.96	1,505,314.51	1,279,207.05	1.
Reserve for workmen's compensation insurance, etc.				
Accounts payable - trade				
Accrued taxes				
Other accrued liabilities				
Indebtedness to subsidiaries wholly owned	19,158.92			
Employees' deposits				
Deferred credits to income				
	19,158.92			
Net investment	\$ 155,385.04	1,505,314.51	1,279,207.05	1.
<u>INCOME ACCOUNT ITEMS</u>				
Sales of concentrates	\$			
Cost of sales				
Income or loss before deducting depreciation				
Provision for depreciation				
Income or loss after deducting depreciation				
Other income:				
Interest received	5,679.43	12,213.04	8,225.79	
Miscellaneous income				
Expenses pertaining to nonoperating units				
Loss on disposal or dismantlement of fixed assets				
Net income or loss	\$ 5,679.43	12,213.04	8,225.79	

PNYC00000599

Series owned	National Tunnel and Mines COMPANY	Park-Utah Consolidated Mines COMPANY	Prince Consolidated Mining COMPANY	Tooele Valley Railway COMPANY	Ophir Hill	Rico	Mines department, outside exploration, etc.	Total - pages 11 and 12
					6,000.00 161,894.97 973.84	2,480.00 219,188.72 40,996.31	275,623.61	284,103.61 380,583.64 41,970.12
33.17								2,800,594.00 43,000.00
28.08	915,693.92	441,157.50	17,120.86					1,373,972.28 700,888.02 131,543.96 2,152.34 47,078.08 36,974.87
					23.60 9,054.04 36,974.87 9.10	2,122.94 38,044.04		9.10 739,190.73
					24,814.22		12,012.85	36,827.07 155,727.29
1.20	915,693.92	441,157.50	41,935.06	155,727.29	212,448.74	220,845.39	287,636.46	6,710,615.10
					199.01 896.84 20.61 26.38 480.00	1,441.77		199.01 896.84 1,441.77 20.61 19,158.92 26.38 480.00
					1,622.84	1,441.77		22,243.53
1.20	915,693.92	441,157.50	41,935.06	155,727.29	210,539.90	219,383.62	287,636.46	6,686,371.57
					10,021.06 9,690.17 340.89 973.84 632.98			10,021.06 51,341.97 41,340.91 973.84 42,314.75
.53		1,200.00	995.00	9,855.59	5.00 122.28	9,315.08		39,822.36 1,205.00 9,315.08 159.33
.53		1,200.00	995.00	9,855.59	797.20	9,315.08	41,681.60	11,369.80

BALANCE SHEET ITEMS

Cash		\$ 42,731.78
Accounts payable - trade - Chadbourne, Wallace, Park & Whiteside	\$ 3,169.75	
- Federal old age benefits tax of New York employees	12.55	3,182.30
Accrued taxes		12,365.85
Indebtedness to affiliates - Anaconda Sales Company - current account	1,314,812.17	
interest accrued	7,291.66	
- Anaconda Copper Mining Company - interest accrued	1,382,103.63	1,343,208.72
		1,358,750.56
Total - page 11		\$ 1,315,019.08

INCOME ACCOUNT ITEMS

Cost of sales - General expense, New York office	\$ 54,144.72	
Capital stock tax	11,750.00	
Sundry taxes	113.20	
Less purchasing department refund	66,007.92	65,603.92
Interest paid - principally on prior years' income taxes		104.82
United States income taxes - prior years		716.58
Interest on debentures and notes payable to affiliates (page 31)		66,427.32
		767,190.43
Total - page 12		\$ 833,547.75