

INTERNATIONAL SMELTING AND REFINING COMPANY

MEMORANDUM FOR DIRECTORS' MEETING - AUGUST 27TH 1940

ESTIMATED NET INCOME

	Month of July 1940	Month of June 1940	Seven months ended July 31, 1940	Seven months ended July 31, 1939
Smelting Department	\$ 47,148	\$ 24,913	\$ 469,085	\$ 130,733
Marion Copper Works:				
Refinery Department	127,077	120,633	1,400,910	679,607
Secondary Department	30,129	11,106	64,827	114,944
Lead Refining Department	16,500	27,500	109,369	
Zinc Oxide Department	9,236	1,000	5,468	122,357
White Lead Department	5,768	4,362	15,418	28,538
Totals	232,828	188,816	1,859,077	1,072,229
Add - Miscellaneous Income	2,521	17,277	32,947	24,577
	<u>235,349</u>	<u>206,093</u>	<u>1,892,024</u>	<u>1,096,806</u>
DEBIT:				
Administrative Expenses	\$ 6,000	\$ 8,442	\$ 43,494	\$ 46,642
Miscellaneous Taxes	-	287	2,479	1,105
Capital Stock Tax	1,042	1,042	6,392	7,000
Silver Affidavit Adjustment	-	-	-	43,175
Interest:				
Six Percent Debentures	40,000	40,000	278,901	278,901
Anasconda Copper Mining Company	9,375	9,375	65,625	65,625
Anasconda Sales Company	9,831	6,062	45,125	98,958
	<u>62,206</u>	<u>55,439</u>	<u>433,816</u>	<u>541,406</u>
	173,099	158,905	1,458,208	555,400
Less - Depreciation	<u>60,864</u>	<u>68,226</u>	<u>490,155</u>	<u>400,679</u>
	112,265	70,679	968,053	154,721
Less - Federal Income Tax	<u>21,500</u>	<u>14,800</u>	<u>203,200</u>	<u>29,400</u>
NET INCOME	\$ 88,765	\$ 55,879	\$ 768,853	\$ 125,321
Add - Net Income of Subsidiary Companies	107			
CONSOLIDATED NET INCOME	<u>\$ 88,872</u>	<u>\$ 55,879</u>	<u>\$ 768,960</u>	<u>\$ 125,321</u>

CONSOLIDATED SURPLUS ACCOUNT

BALANCE - January 1, 1940

ADD - Net Income - Seven months ended July 31, 1940

BALANCE - JULY 31, 1940

767,965

767,965

\$ 125,321

INTERNATIONAL SMELTING AND REFINING COMPANY
MEMORANDUM FOR DIRECTOR'S MEETING - AUGUST 27TH 1940
ESTIMATED NET INCOME - SMELTING DEPARTMENT

	<u>Month of July 1940</u>	<u>Month of June 1940</u>	<u>Seven Months ended July 31, 1940</u>	<u>Seven Months ended July 31, 1939</u>
Tooele Lead Plant	\$23,258	\$30,379	\$128,962	\$ 22,528
Tooele Copper Plant	7,553	24,911	97,912	89,115
Tooele Sulphide Concentrator	11,393	4,960	75,220	8,496
Ophir Mill Plant	1,344	10,571	133,264	89,374
Miami Plant	<u>12,000</u>	<u>11,560</u>	<u>89,977</u>	<u>22,500</u>
	<u>\$55,048</u>	<u>\$32,752</u>	<u>\$525,335</u>	<u>\$232,213</u>
Deduct -				
Tramway Operations	\$ 350	\$ 350	\$ 2,459	\$ 8,640
Outside Exploration	5,000	5,500	51,449	67,464
Rolling Commission	4,000	2,646	17,424	16,571
Shutdown Expenses:				
Oxide Concentrator	750	750	866	7,844
Rice Concentrator	<u>600</u>	<u>600</u>	<u>4,052</u>	<u>2,961</u>
	<u>\$ 8,900</u>	<u>\$ 7,846</u>	<u>\$ 56,250</u>	<u>\$101,450</u>
	<u>\$47,148</u>	<u>\$24,913</u>	<u>\$469,085</u>	<u>\$130,733</u>
Loss - Depreciation	<u>21,043</u>	<u>25,963</u>	<u>179,673</u>	<u>176,313</u>
<u>NET INCOME</u>	<u>\$26,105</u>	<u>\$ 1,052</u>	<u>\$239,414</u>	<u>\$ 45,580</u>

INTERNATIONAL SMOELTING AND REFINING COMPANY

MEMORANDUM FOR MANAGEMENT'S REVIEW - AUGUST 27TH 1940

ADJUSTED NET INCOME - WHISKY MILL OPERATIONS

	<u>Month of</u> <u>July</u> <u>1940</u>	<u>Month of</u> <u>June</u> <u>1940</u>	<u>Seven Months</u> <u>ended July</u> <u>31, 1940</u>	<u>Seven Months</u> <u>ended July</u> <u>31, 1939</u>
Concentrator Sales	32,655	40,493	333,132	271,633
Cost of Sales	<u>31,311</u>	<u>29,922</u>	<u>209,868</u>	<u>182,259</u>
Operating Profit	\$ 1,344	\$10,571	\$133,264	\$ 89,374
Depreciation	<u>4,827</u>	<u>11,145</u>	<u>64,153</u>	<u>60,934</u>
<u>NET INCOME</u>	<u>\$ 5,483</u>	<u>\$ 574</u>	<u>\$ 69,111</u>	<u>\$ 28,440</u>

Note:- Investment of International Smelting and Refining Company in the above plant at July 31, 1940, amounted to \$191,350 (Depreciated Value \$47,471)

INTERNATIONAL MINTING AND REFINING COMPANY
MEMORANDUM FOR DIRECTOR'S MEETING - AUGUST 27TH 1940
STATED NET INCOME - Running Copper Smelter

	Month of July 1940	Month of June 1940	Seven Months ended July 31, 1940	Seven Months ended July 31, 1939
<u>REFINING DEPARTMENT:</u>				
Profit on Tolls	75,242	\$ 85,457	\$ 723,409	\$ 457,672
Profit on Premiums	55,527	22,139	379,015	181,439
Profit on Sales	11,989	5,855	43,030	10,617
Interest - Heat Department	4,314	1,173	2,075	12,152
	127,092	114,624	1,147,529	667,880
Add - Miscellaneous earnings	7,300	8,409	70,530	41,413
	134,392	123,033	1,218,059	709,293
Less - General expenses	\$ 2,000	\$ 1,356	\$ 9,289	\$ 9,393
Experimental expenses	4,160	474	4,634	18,610
Selling expenses	855	570	3,426	1,483
	\$ 7,015	\$ 2,400	\$ 17,349	\$ 29,486
	127,377	120,633	1,200,710	679,807
Less - Depreciation	26,140	27,893	219,268	153,859
<u>NET INCOME</u>	<u>101,237</u>	<u>\$ 92,740</u>	<u>\$ 981,342</u>	<u>\$ 525,448</u>
<u>SMELTING METAL DEPARTMENT:</u>				
Proceeds of Copper Deliveries	\$533,995	\$397,875	\$5,497,799	\$2,510,871
Value of Copper Deliveries	284,337	401,249	2,360,438	2,560,733
Trading Profit	\$ 4,058	\$ 1,000	\$ 1,000	\$ 1,000
Add - Freight Differential	2,258	2,768	22,646	16,755
	\$ 6,316	\$ 3,768	\$ 23,646	\$ 17,755
Operating Profit	28,413	16,305	141,007	179,630
	\$ 34,529	\$ 15,073	\$ 101,594	\$ 146,513
Less - Buying & Selling Expenses	4,400	4,593	36,767	31,509
	\$ 30,129	\$ 11,106	\$ 64,827	\$ 114,944
Less - Depreciation	3,017	4,754	44,438	19,840
<u>NET INCOME</u>	<u>27,112</u>	<u>\$ 6,319</u>	<u>\$ 42,389</u>	<u>\$ 95,739</u>
Deliveries - Pounds	3,450,365	3,500,023	28,421,260	24,404,792
Trading Profit per pound	.118¢	.05¢	.004¢	.007¢
Operating Profit per pound	.818¢	.458¢	.502¢	.742¢
Net Income per pound	.786¢	.173¢	.150¢	.393¢

INTERNATIONAL SELLING AND REFINING COMPANY

MEMORANDUM FOR DIRECTORS' MEETING - AUGUST 27, 1940

ESTIMATED NET INCOME - LEAD REFINING, LIME OXIDE AND WHITE LEAD DEPARTMENTS

	Month of July 1940	Month of June 1940	Seven months ended July 31st 1940	even months ended July 31st 1939
<u>LEAD REFINING DEPARTMENT:</u>				
Operating Income	\$ 16,500	\$ 27,500	\$ 105,369	\$ 105,369
Less - Depreciation	4,700	3,692	26,500	6,294
<u>NET INCOME</u>	<u>\$ 11,800</u>	<u>\$ 23,808</u>	<u>\$ 78,869</u>	<u>\$ 99,075</u>
<u>LIME OXIDE DEPARTMENT:</u>				
Sales of lime oxide	1185,844	1191,354	11,153,766	11,315,138
Cost of Sales	179,378	192,717	1,148,523	1,185,442
Less - Shutdown expenses - Akron Plant	6,466	3,325	3,243	129,696
Less - Depreciation and Obsolescence	3,016	2,760	18,554	29,819
<u>NET INCOME</u>	<u>\$ 3,190</u>	<u>\$ 3,556</u>	<u>\$ 9,386</u>	<u>\$ 92,538</u>
Pounds of Lime Oxide Sold	3,174,322	3,264,958	19,530,129	22,430,897
Sales Price	5.949¢	5.861¢	5.908¢	5.863¢
Cost of Sales	5.650¢	5.908¢	5.881¢	5.285¢
<u>WHITE LEAD DEPARTMENT:</u>				
Sales of Lead Products	1108,140	1116,417	\$ 539,658	\$ 554,150
Cost of Sales	102,372	112,055	524,240	525,814
Less - Depreciation	3,768	4,362	15,418	28,336
<u>NET INCOME</u>	<u>\$ 3,050</u>	<u>\$ 1,400</u>	<u>\$ 1,409</u>	<u>\$ 15,488</u>
Pounds of Lead Products Sold	1,324,380	1,440,635	6,773,085	7,159,505
Sales Price	8.165¢	8.081¢	7.968¢	7.707¢
Cost of Sales	7.729¢	7.778¢	7.740¢	7.314¢

INTERNATIONAL SELLING AND REFINING COMPANY

COMPARISON FOR MONTHS ENDING - AUGUST 27, 1940

NET CURRENT AND OTHER ASSETS - JULY 31, 1940

CURRENT ASSETS:

Supplies				\$ 880,459
Materials:				
In Process				2,078,916
Finished:				
Lead	18,553,056 lbs.	4.782¢	\$ 877,606	
Copper	32,337,685 lbs.	9.412¢	3,043,623	
Silver	2,396,030 ozs.	53.567¢	1,283,492	
Gold	28,936 ozs.	34.065	985,711	
By-products			270,727	
			<u>56,561,159</u>	
Reserve for Freight and Refining			535,214	6,025,945
Manufactured Products:				
Lead Products			\$ 332,665	
Cine Oxide - Finished			408,000	
Marion Copper Works - Electrolyte			<u>15,128</u>	755,793
Accounts Receivable:				
Marion Sales Company - Current Account			\$ 511,109	
Cine Oxide			732,824	
Cine Oxide			188,899	
Mountain City Copper Company			68,048	
Walker Mining Company			774,358	
Others			<u>526,015</u>	2,801,251
Cash				<u>212,211</u>
				<u>\$12,754,375</u>

CURRENT LIABILITIES:

Taxes		\$ 341,812	
Interest		134,375	
Accounts Payable:			
Inter-company:			
Marion Sales Company - Note Payable		4,000,000	
Marion Copper Mining Company - Note Payable		2,250,000	
Other		25,814	
Other Accounts Payable		1,445,347	
Notes Payable		<u>55,070</u>	
			<u>\$ 8,292,418</u>

BALANCE - NET CURRENT ASSETS

\$ 4,462,157

OTHER ASSETS:

Advances to sundry mining companies, including advances on ores, less reserve		\$ 89,770	
Installment house and land sales and other accounts receivable, less reserve		<u>56,474</u>	
			<u>146,244</u>

BALANCE - NET CURRENT AND OTHER ASSETS

\$ 4,608,401

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INTERNATIONAL SMELTING AND REFINING COMPANY

MEMORANDUM FOR DIRECTORS' MEETING - AUGUST 27, 1940

SALES, DELIVERIES AND PRODUCTION - ALL UNFINISHED

	Month of July 1940	Seven Months ended July 1st 1940	Seven Months ended July 1st 1939	Percent. Increase
<u>SMELTER PRODUCTION</u>				
Copper - lbs. - Tons	3,341,579	24,981,393	21,654,631	15.4
- tons	<u>3,375,754</u>	<u>33,375,754</u>	<u>30,665,723</u>	8.8
	<u>6,917,333</u>	<u>58,397,109</u>	<u>52,320,356</u>	11.5
Lead - lbs. - Tons	7,547,783	41,990,850	28,228,422	48.8
<u>SCRAP COPPER RECEIVED AT SMELTER</u>				
Recoverable Contents - lbs.	4,199,361	29,476,475	26,965,751	9.3
<u>REFINERY PRODUCTION</u>				
Copper - lbs.	39,284,717	293,297,278	209,520,798	39.9
Lead - lbs.	10,403,763	58,529,631	45,178,820	29.6
Silver - ozs.	1,468,827	10,066,063	7,034,139	43.1
Gold - ozs.	22,456	160,348	109,641	42.9
<u>SALES</u>				
Copper - lbs.	3,410,913	26,677,531	34,898,419	11.0
Lead - lbs.	3,379,231	40,723,949	44,136,181	8.8
<u>DELIVERIES</u>				
Copper - lbs.	4,325,045	30,645,037	23,773,263	18.9
Lead - lbs.	6,307,499	38,545,194	40,837,028	4.4
<u>ZINC OXIDE</u>				
Production - lbs.	3,307,000	20,382,792	22,561,466	11.2
Deliveries - lbs.	3,172,000	19,527,956	22,430,150	14.7