

INTERNATIONAL SMELTING AND REFINING COMPANY

MEMORANDUM FOR DIRECTORS' MEETING - AUGUST 27TH 1940

ESTIMATED NET INCOME

|                                          | Month of<br>July<br>1940 | Month of<br>June<br>1940 | Seven months<br>ended July<br>31, 1940 | Seven months<br>ended July<br>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                                | 122,357                                |
| Cine Oxide Department                    | 9,236                    | 4,362                    | 15,418                                 | 28,338                                 |
| White Lead Department                    | 5,768                    | 4,362                    | 15,418                                 | 28,338                                 |
| Totals                                   | 232,828                  | 186,816                  | 1,859,077                              | 1,072,229                              |
| Add - Miscellaneous Income               | 2,521                    | 17,277                   | 32,947                                 | 24,577                                 |
|                                          | <u>239,349</u>           | <u>204,093</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                  | 5,831                    | 6,342                    | 45,125                                 | 98,958                                 |
|                                          | <u>62,230</u>            | <u>65,188</u>            | <u>439,816</u>                         | <u>541,406</u>                         |
|                                          | 173,099                  | 138,905                  | 1,452,208                              | 555,400                                |
| Less - Depreciation                      | <u>60,844</u>            | <u>68,226</u>            | <u>490,155</u>                         | <u>400,679</u>                         |
|                                          | 112,265                  | 70,679                   | 972,053                                | 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 | 109                      | -                        | -                                      | -                                      |
| CONSOLIDATED NET INCOME                  | <u>\$ 88,874</u>         | <u>\$ 55,740</u>         | <u>\$ 767,865</u>                      | <u>\$ 124,841</u>                      |

CONSOLIDATED SURPLUS ACCOUNT

|                                                     |              |
|-----------------------------------------------------|--------------|
| BALANCE - January 1, 1940                           | 1,000,000.00 |
| ADD - Net Income - Seven months ended July 31, 1940 | 767,865      |
| BALANCE - JULY 31, 1940                             | \$ 1,767,865 |

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

|                              | <u>Month of<br/>July<br/>1940</u> | <u>Month of<br/>June<br/>1940</u> | <u>Seven Months<br/>ended July<br/>31, 1940</u> | <u>Seven Months<br/>ended July<br/>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                                          | 8,696                                           |
| 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><br><u>July</u><br><u>1940</u> | <u>Month of</u><br><u>June</u><br><u>1940</u> | <u>Seven Months</u><br><u>ended July</u><br><u>31, 1940</u> | <u>Seven Months</u><br><u>ended July</u><br><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                                      | \$123,264                                                   | \$ 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>\$ 59,111</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  
STATEMENT OF INCOME - Running Copper Smelter

|                                   | Month of<br>July<br>1940 | Month of<br>June<br>1940 | Seven Months<br>ended July<br>31, 1940 | Seven Months<br>ended July<br>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                                |
| Deduct - 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¢                    | .473¢                    | .498¢                                  | .595¢                                  |

INTERNATIONAL SELLING AND REFINING COMPANY

MEMORANDUM FOR DIRECTORS' MEETING - AUGUST 27, 1940

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

|                                        | Month of<br>July<br>1940 | Month of<br>June<br>1940 | Seven months<br>ended July<br>31st 1940 | even months<br>ended July<br>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                                  | 6,194                                  |
| <u>NET INCOME</u>                      | <u>\$ 11,800</u>         | <u>\$ 23,808</u>         | <u>\$ 78,869</u>                        | <u>\$ 99,175</u>                       |
| <u>ZINC OXIDE DEPARTMENT:</u>          |                          |                          |                                         |                                        |
| Sales of Zinc 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>\$ 9,236</u>                         | <u>\$ 92,538</u>                       |
| Pounds of Zinc 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                 | 5,539,658                               | 5,554,150                              |
| 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>\$ 13,488</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                                   |                 |         | 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

ISR002370

INTERNATIONAL SMELTING AND REFINING COMPANY

MEMORANDUM FOR DIRECTORS' MEETING - AUGUST 27, 1940

SALES, DELIVERIES AND PRODUCTION - ALL UNFINISHED

|                                             | Month of<br>July<br>1940 | Seven Months<br>ended July<br>1st 1940 | Seven Months<br>ended July<br>1st 1939 | Percent.<br>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<br/>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                | 10,060,063                             | 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                             | 10.0                 |
| <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                             | 10.0                 |
| <u>ZINC OXIDE</u>                           |                          |                                        |                                        |                      |
| Production - lbs.                           | 3,307,000                | 20,382,792                             | 22,561,466                             | 11.2                 |
| Deliveries - lbs.                           | 3,172,000                | 19,527,950                             | 22,430,150                             | 14.5                 |