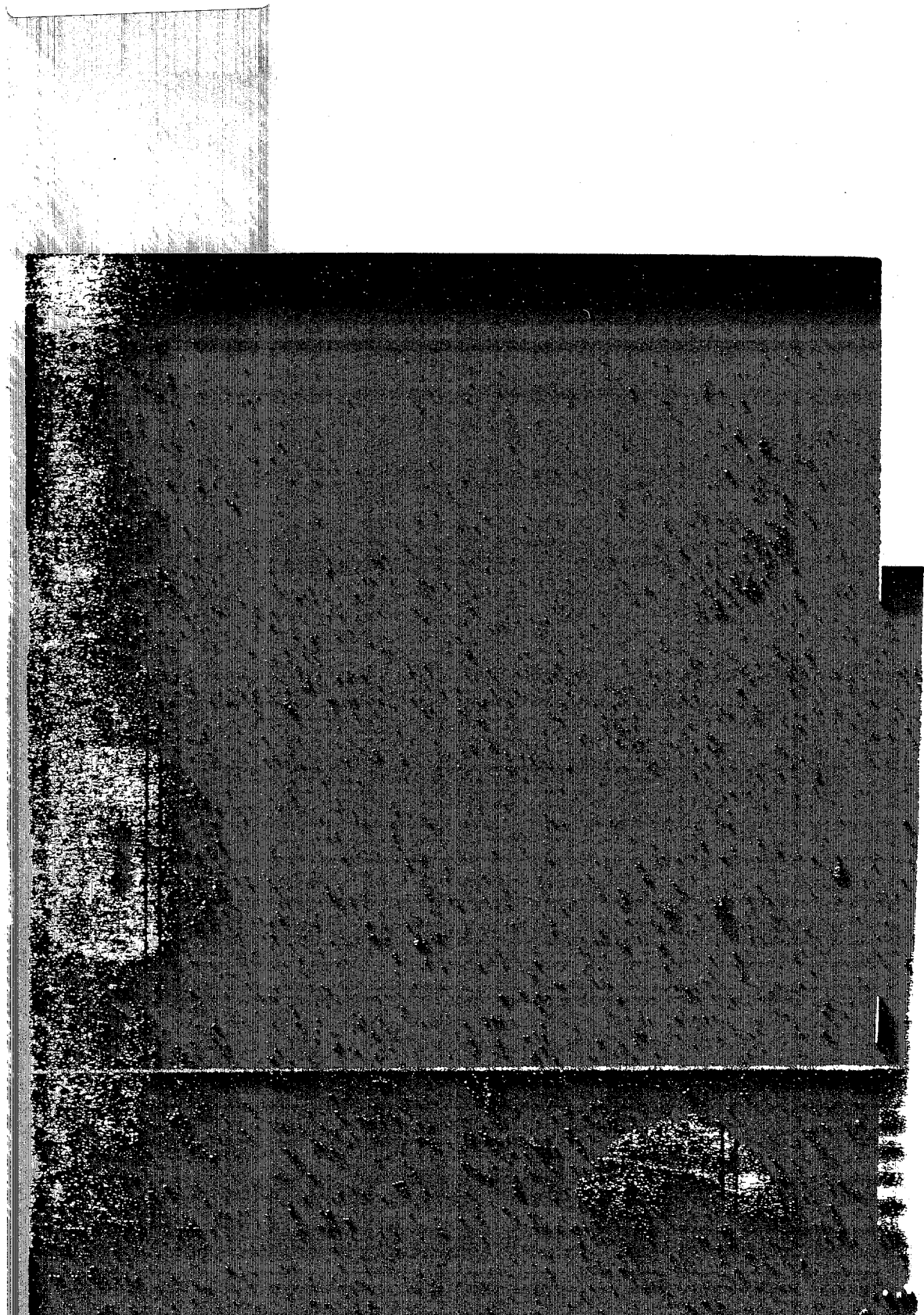


PNYCO0009635

N11751



Anaconda Copper Mining Company

CAPITAL STOCK

December 31, 1925
 Authorized, 6,000,000 shares, \$50 each . . . \$300,000,000
 Issued, 3,000,000 shares, \$50 each . . . \$150,000,000

OFFICERS

Chairman of the Board . . . JOHN D. RYAN
 President . . . CORNELIUS F. KELLEY
 Vice-President . . . BENJAMIN B. THAYER
 Vice-President . . . JAMES R. HOBBS
 Secretary and Treasurer . . . ALBERT H. MELIN
 General Auditor . . . ROBERT E. DWYER
 Assistant Secretary . . . RALPH D. COLE
 Assistant Treasurer . . . DAVID B. HENNESSY

DIRECTORS

Percy A. Rockefeller
 Benjamin B. Thayer
 George H. Church
 Nicholas F. Brady
 Albert H. Melin
 John D. Ryan
 Cornelius F. Kelley
 Charles F. Brooker
 Andrew J. Miller

OFFICES

ANACONDA, MONTANA
 25 BROADWAY, NEW YORK

To the Shareholders of the Anaconda Copper Mining Company:

The year 1925 was characterized by a record production and consumption in all of the non-ferrous metals. The available statistics indicate that the world's production of copper exceeded 3,175,000,000 pounds, lead 3,218,000,000 pounds and zinc 2,493,000,000 pounds; and that the apparent consumption of copper was 3,260,100,000 pounds, lead 3,181,300,000 pounds and zinc 2,493,100,000 pounds. The consumption of copper materially exceeded production.

The increase in the volume of business was accompanied by a gratifying increase in the prices of both lead and zinc, the prices of these metals fluctuating between a low of 7.985 cents per pound and a high of 10.109 cents per pound for lead, and a low of 6.951 cents per pound and a high of 8.614 cents per pound for zinc, with averages, respectively, of 9.020 and 7.622 cents per pound for the year; while, on the other hand, the price of copper fluctuated between the low price of 13.252 cents per pound and a high of 14.709 cents per pound, with an average of 14.042 cents per pound for the year. The explanation for the failure of the price of copper to advance correspondingly with the prices of other metals, and in line with the increase in consumption over production, is to be found:

- (a) in the intensely competitive effort of the various copper selling agencies, both in the United States and abroad; and
- (b) in the activity of the speculative dealers abroad whose available supplies of copper have been during the past few years largely increased.

Financial Results

The operations of your Company and its subsidiary and affiliated companies were conducted continuously throughout the year, although copper production was upon a curtailed basis. The gross income from sales and tolls amounted to \$212,770,498.33 as against \$166,467,901.80 for the year 1924. Operating profit and income from investments amounted to \$33,077,229.48 as against \$21,744,965.25 for the previous year. The net profit, after deducting all charges, depreciation, bond interest and discount, etc., amounted to \$17,540,532.32 as against \$6,719,215.49 for the previous year.

Von Giesecke Negotiations

During the year your Company, associated with other American interests, entered into negotiations with Bergwerks Gesellschaft Georg von Giesecke's Erben and Giesecke Spolka Akcyjna, looking toward the possible participation in the reconstitution and financing of the latter named companies. The Bergwerks Gesellschaft Georg von Giesecke's Erben is the oldest operating mining company in Europe. It had a uniformly successful financial history from about the middle of the eighteenth century to the post war period, being one of the largest producers of coal in Europe and the largest producer of zinc. The company, and its subsidiary above named, own extensive zinc ore deposits in Upper Silesia on the newly created border between East Prussia and Poland. Due to difficulties of operation encountered since the war and the depreciation in value of securities payable in Marks, held by

the company, it became involved in financial difficulties. Your Company has participated in the making of a temporary loan of \$10,000,000 to the above mentioned companies upon adequate security and has obtained in connection with its associates in the business a six months option within which to determine whether your company will participate in the re-constitution and refinancing of the above companies. At the close of the year an examination was being made into the mines, smelteries and business of the above companies by members of the staff of your company.

Results of Operations

Following is a summary of the results of the operations of your Company, its departments and its subsidiary and affiliated companies, during the year:

Butte Mines

Development

During the year 1925 there were done in the mines of the Company, in the form of drifts, cross-cuts, laterals, raises, winzes and shafts, 34.19 miles of development work, as compared with 25.14 miles during the year 1924, an increase of 36 per cent.

Production

The bonnages mined during the year were as follows:

Copper Ore

The mines of the Company produced during the year 2,847,158.45 tons of copper ore. 7,990.04 tons of precipitates were produced from the water pumped from the mines.

Zinc Ore

The mines of the Company produced 25,109.68 tons of zinc ore.

Construction

There was expended on new construction during the year \$416,297.39, in mechanical and electrical equipment. Of this amount \$157,897.23 was expended at the Orphan Girl mine in equipping this mine for the production of zinc ore. The Rocker Timber Framing Plant on December 15 was totally destroyed by fire. The reconstruction of this plant has been authorized. Expenditures aggregating \$2,276,854, to provide for the equipping and installing of electrical hoists, with auxiliary hoists, at the Badger State, Mountain Con and Belmont mines, were authorized.

Conda Phosphate Mines

During the year the total advance in drifts, cross-cuts and raises in the mines amounted to 2,991 linear feet, as compared with 1,062 feet in 1924.

The mines at Conda, Idaho, produced 78,768.64 tons of rock, averaging 31.84% P₂O₅. Of this amount 2,430.65 tons were sold and the balance shipped to the Phosphate Plant at Anaconda.

Reduction Works—Anaconda

Copper

At the concentrator there were treated 2,999,891.77 tons of copper ore, and 16,079 tons of copper tailings were treated by the new combined leaching and flotation process. The Anaconda Reduction Works treated for all companies 3,145,626.63 tons of copper ore and other cupreous material. Of the total amount, 2,750,735.99 tons of ore were produced by the mines of the Company; 363,811.72 tons of ore were either purchased from or treated for other companies; 27,983.70 tons of material were shipped from the old plants at Anaconda and Great Falls, and 3,095.22 tons from the Great Falls Zinc Plant. There were produced 266,864.833 pounds of fine copper, 9,071,359.67 ounces of silver and 38,390,320 ounces of gold. Of this production 266,373.956 pounds of fine copper, 9,054,740.99 ounces of silver and 38,390,320 ounces of gold were produced for your Company.

Zinc

The rebuilding of the Zinc Concentrator, after the fire of November 15, 1924, was finished and the plant put into operation January 19, 1925. During the year 419,887.70 tons of zinc ore were concentrated. Of this amount 24,839.45 tons were from the mines of the Company and 395,048.25 tons were purchased from other producers located in the Butte District. From this ore there were produced 5,894.10 tons of lead concentrates and 81,062.01 tons of zinc concentrates.

Arsenic

As a by-product of copper smelting operations, 8,817,109 pounds of arsenic were produced, of which 8,789,626 pounds were refined. During the year 7,275,552 pounds were sold. Of this amount, 21,401 pounds were crude and 7,254,151 pounds were refined.

Sulphuric Acid

The Sulphuric Acid Plant at Anaconda produced 52,304.40 tons of sulphuric acid, averaging 60 Deg. Beaumé. This was used principally by the Fertilizer Department.

Fertilizer

The Phosphate Plant at Anaconda treated 68,733 tons of rock, from which there were produced 800 tons of merchantable phosphoric acid and 33,660 tons of Anaconda Triple Superphosphate assaying more than 45% available P₂O₅.

Construction

No important construction work was undertaken at the Reduction Works at Anaconda during the year.

Reduction Works—Great Falls

Copper Refinery

Construction of an extension to the Refineries was authorized at an estimated cost of \$1,180,000. This extension will increase the annual capacity of the Refineries from 216,000,000 to about 300,000,000 pounds per annum. An anode scrap melting furnace is also included in the proposed extension. The provision of these facilities will enable the company to refine in Montana all copper produced there and deliver it to Western and Middle West points, thereby saving freight to the Atlantic Seaboard. Work on this extension is proceeding satisfactorily and it is expected that it will be completed about the middle of the current year.

The output of the Copper Refinery at Great Falls was 210,552,163 pounds of cathodes, of which 197,952,750 pounds were melted into shapes at that point.

Zinc Plant

The mechanical acid leaching and purification residue leaching steps, begun in 1924, were completed during the year. On July 25th authorization was given for the construction of a two unit extension to the Zinc Plant at a cost of \$1,250,000. This extension will increase the capacity of the plant from 180,000,000 pounds to 240,000,000 pounds per annum. Work was begun at once and pushed as rapidly as possible, with the result that both units were put into commission soon after the close of the year.

The zinc plants treated 508,786.07 tons of ore and other zinciferous material. Of this amount 26,064.55 tons were produced by mines of the Company and 482,721.52 tons of ore and concentrates were purchased.

The electrolytic zinc plant produced 161,795,891 pounds of zinc, 8,414,359 pounds of zinc in dross, 105,200.13 pounds of cadmium, and residue from which there were recovered 20,626,664 pounds of lead, 1,365,762 pounds of copper, 2,631,494.00 ounces of silver and 6,368,930 ounces of gold.

Rod and Wire Mill

During the month of August an extension of the Rod Mill was authorized at an estimated cost of \$382,000. Work on this extension was partially completed at the end of the year.

The mill at Great Falls rolled into rods 133,851,764 pounds of copper; 40,867,277 pounds of rods were drawn into wire, of which 14,453,655 pounds were made into strand. 43,041,411 pounds of rods were shipped from this mill to the Kenosha Plant of The American Brass Company to be drawn into wire.

Miscellaneous Products

Lumber

The year 1925 opened with a favorable promise for the lumber industry, but the year had run but little when production exceeded movement of stocks from the mills, weakness in the national market developing and continuing throughout the year.

The sawmill at Bonner cut 82,882,062 feet of lumber and purchased 3,436,128 feet, of which 57,058,579 feet were shipped to the departments of the Company; 30,528,429 feet

The demand for Anaconda products during the year showed a gratifying increase, and in the attainment of the above output each plant increased its poundage over that of the previous year. At the close of the year the unfulfilled orders on the books amounted to an appreciably larger poundage than at the beginning of the year and the outlook for 1926 is good.

The policy of consistent expansion of Anaconda advertising is bringing cumulative results. This advertising, combined with the work of sales representatives in the field, has developed many new outlets for Anaconda products and is reflected by increased sales and profits.

Expenditures for improvements to buildings and machinery during the year totalled \$1,210,715.54.

Ansonia	170,775.594
Buffalo	79,793.835
Hastings	101,884.543
Kenosha	126,486.022
Torrington	62,228.802
Waterbury	96,887.891
Toronto	15,212.286
	653,268.973

The output of manufactured products of the various plants exceeded the production for the year 1924, the previous record year, by 133,519,308 pounds, an increase of approximately 26%, establishing a new record of 653,268,973 pounds of copper, brass and nickel-silver, the manufacture of which was distributed among the various plants as follows:

The American Brass Company

The Copperclad Shingle Plant at Rutherford, New Jersey, operated during the year. Difficulties encountered in the operation of this new plant were overcome and it is now operating on a satisfactory basis. The production of copperclad shingles for the year amounted to 33,548 squares.

Metal Roofing

At Sand Coulee, Montana, no operations of any kind were conducted during the year. 1,288 tons were used at the coal mines.

Shipped to other departments of the Company: 113,327.10 tons were sold commercially.

At Washoe, Montana, 179,700.00 tons of coal were produced; 65,084.90 tons were shipped to other departments of the Company; 126,336.80 tons were sold commercially, and 31,480.20 tons were used at the coal mines.

At Diamondville, Wyoming, 456,643.05 tons of coal were produced; 298,826.05 tons were shipped to other departments of the Company; 126,336.80 tons were sold commercially, and 31,480.20 tons were used at the coal mines.

Coal

were sold commercially; 392,909 feet were used at the mill for repairs and construction, and 1,940,139 feet were supplied to the factory for manufacturing, or a total disposition of 89,920,056 feet; decreasing the stock of finished lumber on hand by 3,601,866 feet, making a stock on hand at December 31, 1925, of 60,026,594 feet.

Karitan Copper Works

During the year a thorough study of power conditions of the plant was undertaken, resulting in the adoption of a plan for changing the power arrangements, and new equipment is now being installed. The expenditure on this improvement will amount to about \$1,600,000. The capacity of the plant will be increased from 38,000,000 to 45,000,000 pounds of copper per month, and the cost of refining will be materially reduced. The increased capacity is being provided in anticipation of the production of copper from the Andes mines in Chile.

The nickel department was enlarged to increase the production of nickel sulphate from 20,000 pounds to 50,000 pounds per month.

The metal output of the plant was 405,803.075 pounds of fine copper, 20,578,003.06 ounces of silver, 128,590.602 ounces of gold, 28.335 pounds of selenium, 570 pounds of tellurium, 454.815 pounds of nickel sulphate, 1,054,000 pounds of copper sulphate, 253.92 ounces of platinum, and 748.14 ounces of palladium.

International Smelting Company International, Utah

Both the Copper and Lead Plants operated continuously during the year. The Concentrator was enlarged to a capacity of 1,000 tons per day and the first of the new Mineral Separation units placed in operation February 4, 1925.

The Concentrator Plant treated 284,766.33 tons of ore, from which there were produced 93,323.43 tons of concentrates, of which 40,696.92 tons were zinc concentrates, which were shipped to the electrolytic zinc plant at Great Falls.

The Copper Plant treated 78,761.95 tons of ore and concentrates, from which there were produced 20,669,490 pounds of fine copper, 1,735,051.82 ounces of silver and 15,821.781 ounces of gold.

The Lead Plant treated 234,046.20 tons of ore and concentrates, from which there were produced 112,105.154 pounds of lead, 6,744,037.98 ounces of silver, and 18,019.467 ounces of gold. From the treatment of fume and flue dust there were obtained 240.60 tons of crude arsenic, averaging 92.06% As_2O_3 .

The Tooele Valley Railway Company handled during the year 750,249 tons of ore and miscellaneous freight, and 463,893 passengers.

Expenditures on improvements during the year, mainly at the Concentrator, totalled \$190,078.70.

Miami, Arizona

During the year the plant treated a larger tonnage than in 1924, but, owing to a decrease in the grade of material, the production for the year was somewhat lower than the year previous.

At the Miami Smelter there were treated 387,789.88 tons of concentrates and purchased ores, from which there were produced 177,227.211 pounds of copper, 536,498.90 ounces of silver, and 9,737.287 ounces of gold.

Utah-Idaho Mine

During the year there were produced 8,122.64 tons of copper ore and 90,715.13 tons of lead-zinc ore, which were shipped to International, Utah.

International Lead Refining Company

Lead Refinery

The refinery at East Chicago, Indiana, treated 67,137.21 tons of lead bullion, from which there were produced 124,616.850 pounds of common lead, 6,592.715 pounds of antimonial lead, 7,571.423.79 ounces of silver, and 21,932.080 ounces of gold.

Zinc Oxide

The manufacturing plants at East Chicago, Indiana, and at Akron, Ohio, were operated satisfactorily throughout the year.

There were produced 44,797.773 pounds of merchantable zinc oxide, of which 18,712.729 pounds were produced at East Chicago and 26,085.044 pounds were produced at Akron.

Butte, Anaconda & Pacific Railway Company

The Railway transported during the year 5,384,543 tons of ore and other freight, and 22,851 passengers. The gross revenues were \$1,725,586.04; operating expenses \$1,364,945.44; taxes, interest, rentals of leased lines and loss on road and equipment retired due to abandonment of Georgetown Extension, less miscellaneous receipts, \$188,255.50; net income, \$172,385.10.

Anaconda Lead Products Company

There were produced from the plant at East Chicago, Indiana, 11,323,101 pounds barrelled white lead, and 12,101,288 pounds were sold.

Walker Mining Company

Operations at the mine were conducted throughout the year. 229,616 tons of ore were broken. The concentrator made an average recovery of 94.488%. 263,411 tons of ore, averaging 2.432% copper were treated, from which 25,079.01 tons of concentrates, averaging 24.731% copper, were produced. There were sold to the smelter 26,015.58 tons of concentrates and ore containing 12,764,496 pounds of copper, 230,808.45 ounces of silver and 8,749,911 ounces of gold.

Arizona Oil Company

Operations of the Arizona Oil Company during the year resulted in the production of 362,413 barrels of oil. Distributions from Reserves to the extent of \$293,760 were made by the Oil Company in 1925. From these distributions your Company received \$146,880.

South American Companies Andes Copper Mining Company

Work on general plant construction and on the preparation for mining operations was resumed in February, 1925. From the time of resumption of construction all divisions of the work have been carried forward at a very satisfactory rate, and at the end of the year were in advance of the delivery of structural material and equipment.

Mine

Work during the year was done on the preparation of the South Sulphide orebody for mining; the removal of waste and storage of ore from the South Oxide orebody; the

removal of waste from the Central orebody, and the construction of housing accommodations for employees.

The total lineal feet of all classes of openings driven during the year was 21,133.39. The waste removed amounted to 376,834 short tons.

No direct exploration work was done during the year, consequently the estimate of ore reserves remains unchanged.

Reduction Works

The machine, carpenter and boiler shops, the foundry and the warehouse were practically complete and in full operation at the end of the year.

Concrete was poured at the Fine Crushing Plant to the extent of 82.2% of the total required, which was sufficient to permit the erection of the structural steel building.

The brick plant was completed except for the construction of the Oregon kilns. The plant was put in operation late in November and by the end of the year 484,600 bricks had been cut and 70,450 burned bricks produced from the round kiln, the balance being in the process of drying or burning.

Potterillos Townsite Construction

Construction in this department was directed principally toward the erection of workmen's family houses, workmen's dormitories, American family dwellings and American single men's dormitories.

La Oia Dam and Pipe Lines

Construction on the La Oia dam started in October. By the end of the year the cut-off trenches were 70% complete and the dam foundation and abutments 50% complete.

The driving of the Federnales tunnel and the lining of the Llanta tunnel were completed in December.

During the year 12.3 miles or 40% of the total pipe line trenching was completed. The Assembly plant for the manufacture of pipe was brought into production in August and 1583 twenty-foot lengths of 36 inch pipe were manufactured.

An incline railway, approximately 3400 feet in length, for the transportation of pipe-line material, was completed and put in operation in October.

The major portion of the potable water development in Quebrada Larga, Colorado and Aconillas canyons was completed during the year.

Six and eight-tenths miles of pipe line on the Colorado project, and 7.46 miles on the Quebrada Larga development were laid during the year.

Barquito

There are now in service 26 wooden lighters varying in capacity from 40 tons to 100 tons and two 100 ton steel lighters. Two more 100 ton steel lighters were ready for launching at the end of the year.

The excavation for the Barquito Power Plant was 97% complete and one 3000 KVA turbine for temporary use was in process of erection.

Labor

At the end of the year there were 5538 workmen employed in all departments.

Potrerillos Railway Company

The tonnage hauled by the Railway Company was 46,252 short tons.

During the year there were added to the rolling stock, three Mikado locomotives of 128,000 pounds weight on drivers, one switch engine of 97,000 pounds weight on drivers.

The work of reconstructing the Chanaral branch of the State Railway between Pueblo Huidido and Chanaral was begun. For a distance of 20.50 miles, the old 40 pound rail was replaced with 60 pound rail and ties were replaced where needed. On the 60 pound rail section between Salado and Pueblo Huidido approximately 7.46 miles were repaired. The railroad is now operating satisfactorily.

Santiago Mining Company

There was no change in the condition of Santiago Mining Company's affairs.

Chile Copper Company

There is attached hereto for your information a copy of the annual report of the Chile Copper Company.

Financial

There is also attached hereto a Consolidated Balance Sheet showing the financial condition of the Company and its subsidiary companies at the close of business December 31, 1925, and an Income Statement for the year, certified to by Messrs. Pogson, Peloubet & Company, Certified Public Accountants.

JOHN D. RYAN,

Chairman of the Board.

CORNELIUS F. KELLEY,

President.

New York, N. Y., May 3, 1926.

ANACONDA COPPER MINING COMPANY

and Subsidiary Companies

Consolidated Balance Sheet—31st December, 1925

ASSETS

Fixed:

Mines and Mining Claims, Coal Mines, Timber Lands,
Phosphate Deposits, Water Rights and Lands for
Reduction Works and Refineries, etc. \$130,447,161.33

Buildings and Machinery at Mines, Reduction Works,
Refineries, Manufacturing Plants, Saw-mills,
Foundries, Waterworks, Railroads, etc. 126,496,891.25

Investments in sundry companies 100,523,913.47

Deferred charges and discount on bonds 14,665,182.67

Current:

Supplies on hand, advances on Ores and Expenses
prepaid \$ 20,640,595.38

Metals and Manufactured Products in process and on
hand—at cost 50,645,457.86

Accounts Receivable 23,434,216.75

Marketable Securities 15,347,868.75

Cash 12,224,315.26

\$494,425,602.72

We have examined into the affairs of Anaconda Copper Mining Company and of its Subsidiary Companies and have verified the Assets, Liabilities and Income shown above. The Net Income is after deducting all Development expenditure of the year, Depletion of Coal and Timber Lands and Depreciation of Plants and Equipment.
We hereby certify that this Balance Sheet shows the financial condition at 31st December, 1925, of the Companies as an aggregate whole and that the accompanying Income Account for the year ending that date is correct as stated.

New York and Butte, 16th April 1926.

POGSON, PELOUBET & CO.,
Certified Public Accountants.

ANACONDA COPPER MINING COMPANY
and Subsidiary Companies

Consolidated Income Account—Year Ending 31st December, 1925

EXPENSE

Metals and Manufactured Products in process and on hand at beginning of year	\$ 46,645,598.28
Ores and Metals Purchased	73,404,146.39
Mining, Reduction and Refining of Metals	45,797,717.30
Manufacturing Expenses, including Selling	66,616,862.39
Cost of Merchandise sold and Operation of Public Service Companies	2,457,792.72
Administration and Federal Taxes	1,939,600.88
Balance from Operations carried down	26,554,238.23
	<u>\$263,415,956.19</u>

Amount charged off this year for Depreciation and Obsolescence \$ 5,049,347.20

Interest, including discount on bonds, less income from marketable securities 10,482,519.35

Balance, Net Income:

Carried to foregoing Balance Sheet \$17,540,532.32

Apportioned to Minority Interest 4,830.61

17,545,362.93

\$ 33,077,229.48

ANACONDA COPPER MINING COMPANY

and Subsidiary Companies

Consolidated Income Account—Year Ending 31st December, 1925

INCOME

Sales of Metals and Manufactured Products	\$198,698,144.86
Tolls, Royalties, Rentals, etc.	10,593,875.78
Sales of Merchandise and Revenue from Public Service Companies	3,478,477.69
Metals and Manufactured Products in process and on hand at end of year—	50,645,457.86

\$263,415,956.19

Balance from Operations brought down	\$ 26,554,238.23
Income from Investments in sundry companies	6,522,991.25

\$ 33,077,229.48

Chile Copper Company

CAPITAL STOCK

December 31, 1925
Authorized, 5,400,000 shares, \$25 each \$135,000,000
Issued, 4,391,302 shares, \$25 each 109,782,550

Chile Copper Company and Chile Exploration Company

OFFICERS

Chairman of the Board JOHN D. RYAN
President CORNELIUS F. KELLEY
Vice-President BENJAMIN B. THAYER
Vice-President HERMAN C. BELLINGER
Secretary and Treasurer CHARLES W. WELCH

DIRECTORS

John D. Ryan
Cornelius F. Kelley
Benjamin B. Thayer
George H. Church
Herman C. Bellinger
Percy A. Rockefeller
Nicholas F. Brady
Charles F. Brooker
Andrew J. Miller
Alfred Houston, Resident Director, Chile Exploration Company

Office at 25 Broadway, New York
Mines at Chuquibambilla, Chile

PNYCO00009650

To the Shareholders of Chile Copper Company:

Your Company and its subsidiary operating Company, Chile Exploration Company, which holds the title to all property in South America, conducted operations throughout the year upon a satisfactory though somewhat restricted basis. The Exploration Company produced during the year 219,516,420 pounds of electrolytic copper at a cost delivered of 8.369c per pound, including depreciation, taxes, interest and bond discount, but exclusive of depletion. This compares with the cost of 7.992c for the previous year, an increase of .377c per pound, which was due to the following causes: increased charge for depreciation; increased taxes resulting from the adjustment and settlement of capital stock taxes for 1925 and prior years; increased taxes due to increased income; and increased Chilean customs duties. The average price received for copper sold during the year was 14.273c per pound delivered.

The construction of additional units to the plant, which will increase the productive capacity to 350,000,000 pounds per annum, was authorized and was carried on during the year. It is estimated that these additional units will cost approximately \$16,000,000. Expenditures on construction during the year amounted to \$7,111,523.20. Charges to obsolescence, profit and loss, etc., totalled \$736,246.06. The book value of property accounts was thus increased from \$142,276,090.95 at the beginning of the year to \$148,651,368.09 at the close of the year, an increase of \$6,375,277.14.

Your Company had on hand at December 31, 1925, marketable securities and cash amounting to \$8,512,542.46, as compared with \$14,910,945.29 at the close of the previous year. This decrease was due to the large construction expenditures made during the year.

Mining Claims and Government Concessions

No additional property was acquired by the Company during the year 1925.

Mine

Two new benches were opened during the year, namely, E-2 and E-3. The total length of all bench faces developed as of December 31, 1925, amounted to 52,114 feet as compared with 33,304 feet as of December 31, 1924.

Ore mined during the year amounted to a total of 7,778,910 short tons, averaging 1.592% copper. The total of all ore shipped from the Mine to the Plant from the start of operations to December 31, 1925, amounted to 44,345,687 tons, averaging 1.651% copper. Waste removal during the year amounted to a total of 5,400,221 short tons, averaging 0.47% copper.

In blasting, 31,316 feet of main and auxiliary tunnels and 377,957 feet of churn drill holes were blasted during the year.

The following additional mine equipment, necessary to prepare the Mine for the increased rate of production and to handle the tonnage of ore required for the extension to the Plant, has practically all been delivered and placed in operation:

- 1 Large Revolving Electric Shovel
- 1 Standard Revolving Electric Shovel
- 4 Standard Electric Railway Type Shovels
- 2 Small Diesel Revolving Shovels
- 12 87-ton Superheater Locomotives
- 40 20-yard Air Dump Waste Cars
- 23 Churn Drills
- 6 50-ton Flat Cars
- 2 Oil Tank Cars
- 1 120-ton Locomotive Crane
- 1 40-ton Locomotive Crane
- 1 20-ton Locomotive Crane
- 1 Spreader Flow

The southern outlets to the individual benches are practically completed and are being connected to the Plant with a new main line. Northern outlets are being constructed for such of the intermediate benches as have not been previously connected to the system of northern approaches.

Plant

A total of 7,785,875 short tons of ore was crushed during the year.

The average leaching extraction obtained from the 731 charges treated was 90.05% as compared with 89.73% achieved during the previous year.

There were produced during the year 219,516,420 pounds of electrolytic copper. The following tabulation shows a comparison of results by quarters:

Period	Ore Crushed	Average Per Day	Copper in ore Leached	Efficiency	Net Recovery	Pounds of Copper Produced
1st quarter 1925	1,979,085	24,739	1,634	86.05	89.94	58,482,531
2nd quarter	1,897,919	24,024	1,527	86.03	89.46	51,697,582
3rd quarter	1,983,595	23,899	1,605	88.03	89.92	54,383,433
4th quarter	1,925,276	24,371	1,605	87.50	92.15	54,952,874
Year	7,785,875	24,255	1,593	86.91	90.36	219,516,420

The smelter melted 219,866,000 pounds of electrolytic copper into marketable shapes during the year.

Construction

During the year plans were drawn, orders placed and construction started on the additional units required to bring the plant capacity up to 350,000,000 pounds per year. Hous-

ing facilities and welfare provisions are also included in the program to accommodate the increased labor force necessary for the larger production.

It is expected that the new units will be completed early in 1927.

Census

The average number of inhabitants—men, women and children—in camp in 1925 was 15,433 as compared with 13,339 for 1924. On December 31, 1925, the population of the Chilean Village was 16,807, and of the foreign section 1,378, a total of 18,185, which was the maximum month. The average working force for the year 1925 was 5,987 men, of whom 5,027 were on operation and 960 were on construction. For December, the average working force was 7,650 men, of whom 5,633 were on operation and 2,017 were on construction. The total number of men on the payroll for December was 10,497. This, based on the average working force of 7,650, shows an attendance of 72.9%. During the year the Company had a 37.6% labor movement. 6,643 men out of a total of 10,497 men on the December payroll, or 63.2%, received the attendance bonus. The labor movement figure is high, due to the large increase in the construction force.

There were 1,532 pupils enrolled in the Chilean Schools as of December 1, 1925. The average attendance during the year was 1,172. In the foreign school there were 69 pupils enrolled at the close of the term.

Tocopilla

An average of 38,857 K.W. was generated. The fuel oil consumption for the year in Tocopilla amounted to 1,077,740.44 barrels, which represents an oil factor of 1.056 pounds consumed per K.W. Hour generated or, conversely, 315.84 K.W. Hours generated per barrel (42 gallons) of fuel oil.

Financial

Attached hereto you will find a Consolidated Balance Sheet at the close of business December 31, 1925, together with an Income Statement for the year, certified to by Messrs. Fosson, Peloubet & Company, Certified Public Accountants.

JOHN D. RYAN,

Chairman of the Board.

CORNELIUS F. KELLEY,

President.

New York, N. Y., May 3, 1926.

CHILE COPPER COMPANY
and Subsidiary Companies
Consolidated Balance Sheet—31st December, 1925

ASSETS

Fixed:	
Property Investment	\$ 99,291,999.82
Plant and Equipment at Mines, Reduction Works, Power Plants, Railroads, Steamships, etc.	49,359,368.27
Less Reserve for Depreciation of Plant and Equipment	148,651,368.09
Deferred Charges including discount on bonds	19,180,705.68
Current:	
Supplies on hand and Expenses prepaid	7,509,395.20
Copper in process and on hand, at cost	2,537,028.65
Accounts Receivable	4,437,890.62
Marketable Securities	4,059,437.50
Cash and Call Loans	4,453,104.96
	22,996,856.93
	<u>\$155,782,919.30</u>

LIABILITIES

Capital Stock:	
Authorized—5,400,000 shares of \$25.00 each	
Issued—4,391,302 shares	
Collateral Trust Gold Bonds, due 1932:	
Authorized—\$100,000,000	
Issued—\$35,000,000 Series A, 6% Convertible	
Outstanding	
Reserve for Renewals and Replacements, Insurance, etc.	
Current:	
Interest and Taxes accrued	\$ 872,534.16
Accounts and Wages payable	1,451,617.33
Surplus:	
Surplus 31st December, 1924	7,164,095.17
Net Income of the year 1925, per statement annexed.	11,939,150.56
	19,103,245.73
Distributions to Stockholders	10,977,987.52
	8,125,258.21
	<u>\$155,782,919.30</u>

We have examined into the affairs of Chile Copper Company and of its subsidiary companies and have verified the Assets, Liabilities and Income shown above. We hereby certify that this Balance Sheet shows the financial condition at 31st December, 1925, of the companies as an aggregate whole and that the accompanying Income Account for the year ending that date is correct as stated.

POGSON, PELLOUBERT & CO.,
Certified Public Accountants.

New York, 31st March 1926.

CHILE COPPER COMPANY
and Subsidiary Companies

Consolidated Income Account—Year Ending 31st December, 1925

OPERATING REVENUE:		
Copper sold—207,978.026 pounds at an average of	14.273 cents per pound	
PRODUCTION COST		\$ 29,684,407.13
OPERATING PROFIT		11,293,499.32
OTHER INCOME		18,390,907.81
		997,100.28
		19,388,008.09
CHARGES AGAINST INCOME:		
Taxes and Miscellaneous Charges	\$ 2,567,923.25	
Interest and Discount on Bonds	2,239,958.92	
For Depreciation and Obsolescence of Plant and Equipment	2,640,975.36	
	7,448,857.53	
Net Income, carried to Balance Sheet		\$ 11,939,150.56

Note.—In order to comply with the Government Income Tax requirements for the purpose of computing depletion, an additional valuation of the mining property as of 1st March, 1913, has been recorded upon the books of the Company; but, being made for tax purposes only, the result of those entries has been omitted from the current statements.