

INTERNATIONAL SMELTING AND REFINING COMPANY

MEMORANDUM FOR DIRECTORS' MEETING - AUGUST 22ND 1939

ESTIMATED NET INCOME

	Month of July 1939	Month of June 1939	Seven Months ended July 31st 1939	Seven Months ended July 31st 1938
Smelting Department	\$ 6,920	\$ 22,327	\$ 49,558	\$ 45,345
Marion Copper Works -				
Refinery Department	94,878	77,902	678,282	361,333
Secondary Department	21,183	16,873	185,113	20,426
Lead Refining Department	5,000	917	3,045	23,278
Lime Oxide Department	20,238	18,137	122,791	20,329
White Lead Department	1,270	5,550	28,084	25,855
Total	\$149,489	\$141,706	\$1,066,873	\$ 49,080
Add - Miscellaneous Income	3,715	3,884	25,185	1,090
	<u>\$153,204</u>	<u>\$145,590</u>	<u>\$1,092,058</u>	<u>\$ 50,170</u>
Deduct:				
Administrative Expenses	\$ 6,000	\$ 5,599	\$ 46,025	\$ 29,657
Miscellaneous Taxes	90	228	1,097	11,371
Capital Stock Tax	1,000	1,000	7,000	7,835
Interest -				
Six Percent. Debentures	40,000	40,000	278,901	278,901
Anaconda Copper Mining Company	9,375	9,375	65,625	65,343
Anaconda Sales Company	12,500	13,542	98,958	101,884
	<u>\$ 68,965</u>	<u>\$ 69,744</u>	<u>\$ 497,606</u>	<u>\$ 494,991</u>
	\$ 84,239	\$ 75,846	\$ 594,452	\$ 444,821
Less - Depreciation	<u>47,225</u>	<u>58,514</u>	<u>395,077</u>	<u>316,462</u>
	\$ 37,014	\$ 17,332	\$ 199,375	\$ 761,283
Less - Federal Income Tax	<u>10,600</u>	<u>4,900</u>	<u>56,900</u>	-
<u>NET INCOME</u>	<u>\$ 26,414</u>	<u>\$ 12,432</u>	<u>\$ 142,475</u>	<u>\$ 761,283</u>
Add - Net Income of Subsidiary Companies	<u>128</u>	<u>128</u>	<u>543</u>	<u>206</u>
<u>CONSOLIDATED NET INCOME</u>	<u>\$ 26,286</u>	<u>\$ 12,304</u>	<u>\$ 141,932</u>	<u>\$ 761,489</u>

CONSOLIDATED SURPLUS ACCOUNT

<u>BALANCE - January 1st 1939</u>	\$1,980,437
Add - Net Income - Seven Months ended July 31st 1939	<u>141,932</u>
<u>BALANCE - JULY 31ST 1939</u>	<u>\$1,844,765</u>

INTERNATIONAL SMELTING AND REFINING COMPANY

MEMORANDUM FOR DIRECTORS' MEETING - AUGUST 22ND 1939

ESTIMATED NET INCOME - SMELTING DEPARTMENT

	Month of July 1939	Month of June 1939	Seven Months ended July 31st 1939	Seven Months ended July 31st 1938
Tecoma Lead Plant	\$ 6,317	\$ 4,953	\$ 5,885	\$ 30,907
Tecoma Copper Plant	10,000	1,670	82,571	28,109
Tecoma Sulphide Concentrator	2,380	8,231	9,355	48,007
Ophir Hill Plant	5,131	6,461	85,722	-
Miami Plant	-	9,805	11,850	9,567
	<u>\$ 23,828</u>	<u>\$ 31,120</u>	<u>\$195,383</u>	<u>\$ 60,372</u>
Deduct:				
Silver Affidavit Adjustment	\$ -	\$ -	\$ 43,175	\$ -
Expenses - Operating Tramway	700	1,101	6,396	5,986
Shutdown Expenses -				
Miami Plant	8,506	-	8,506	23,470
Rice Plant	600	608	2,993	4,000
Tecoma Sulphide Concentrator	402	464	4,058	4,722
Tecoma Oxide Concentrator	1,000	1,120	1,120	5,270
Outside Exploration	3,500	3,583	67,353	22,722
Selling Commission	<u>2,000</u>	<u>1,917</u>	<u>12,244</u>	<u>18,823</u>
	<u>\$ 16,708</u>	<u>\$ 8,793</u>	<u>\$145,825</u>	<u>\$ 84,993</u>
	\$ 6,980	\$ 22,327	\$ 49,558	\$145,365
Loss - Depreciation	<u>19,217</u>	<u>25,854</u>	<u>171,713</u>	<u>110,857</u>
<u>NET INCOME</u>	<u>\$ 12,297</u>	<u>\$ 3,527</u>	<u>\$122,155</u>	<u>\$258,222</u>

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INTERNATIONAL SMELTING AND REFINING COMPANY
MEMORANDUM FOR DIRECTORS' MEETING - AUGUST 22ND 1939
ESTIMATED NET INCOME - PHOENIX HILL OPERATIONS

	<u>July 1939</u>	<u>June 1939</u>	<u>Seven Months ended July 31st 1939</u>
Concentrator Sales	\$ 33,522	\$ 32,754	\$21,663
Cost of Sales	<u>28,391</u>	<u>26,326</u>	<u>186,045</u>
Operating Profit	\$ 5,131	\$ 6,428	\$ 85,618
Other Income	<u>-</u>	<u>33</u>	<u>104</u>
	\$ 5,131	\$ 6,461	\$ 85,722
Depreciation and Depletion	<u>10,000</u>	<u>10,096</u>	<u>60,934</u>
<u>NET INCOME</u>	<u>\$ 4,869</u>	<u>\$ 3,635</u>	<u>\$ 24,788</u>

Note: Investment of International Smelting and Refining Company in the above plant at July 31st 1939 amounted to \$171,350.

INTERNATIONAL SMELTING AND REFINING COMPANY
MEMORANDUM FOR DIRECTORS' MEETING - AUGUST 22ND 1939
ESTIMATED NET INCOME - RARITAN COPPER WORKS

	Month of July 1939	Month of June 1939	Seven Months ended July 31st 1939	Seven Months ended July 31st 1938
<u>REFINERY DEPARTMENT:</u>				
Profit on Tolls	\$ 71,112	\$ 47,913	\$ 457,822	\$ 269,184
Profit on Premiums	23,032	25,367	181,439	89,415
Profit on Sales	2,677	676	15,136	16,009
Electro Sheet Department	<u>1,299</u>	<u>2,333</u>	<u>12,153</u>	<u>7,930</u>
	\$ 98,120	\$ 76,489	\$ 666,550	\$ 382,538
Add - Miscellaneous Earnings	<u>5,000</u>	<u>6,930</u>	<u>39,818</u>	<u>31,614</u>
	\$103,120	\$ 83,419	\$ 706,368	\$ 414,152
Deduct - General Expenses	\$ 2,000	\$ 855	\$ 9,476	\$ 9,191
Shutdown Expenses	-	-	-	23,387
Experimental Expenses	<u>6,242</u>	<u>4,662</u>	<u>18,610</u>	<u>20,241</u>
	\$ 8,242	\$ 5,517	\$ 28,086	\$ 52,819
	\$ 94,878	\$ 77,902	\$ 678,282	\$ 361,333
Less - Depreciation	<u>21,712</u>	<u>22,250</u>	<u>153,658</u>	<u>166,788</u>
<u>NET INCOME</u>	<u>\$ 73,166</u>	<u>\$ 55,652</u>	<u>\$ 524,624</u>	<u>\$ 194,545</u>
<u>SECONDARY METAL DEPARTMENT:</u>				
Sales of Copper	\$444,910	\$351,612	\$2,527,626	\$1,410,846
Cost of Sales	<u>421,469</u>	<u>331,379</u>	<u>2,318,554</u>	<u>1,407,176</u>
	\$ 23,441	\$ 20,233	\$ 209,072	\$ 3,670
Profit on By-Products	<u>3,469</u>	<u>1,193</u>	<u>13,200</u>	<u>550</u>
	\$ 26,910	\$ 21,426	\$ 222,272	\$ 3,120
Deduct - Selling Commissions	\$ 5,727	\$ 4,550	\$ 31,570	\$ 19,434
Shutdown Expenses	-	-	-	12,760
Experimental Expenses	-	<u>3</u>	<u>5,589</u>	<u>352</u>
	\$ 5,727	\$ 4,553	\$ 37,159	\$ 32,546
	\$ 21,183	\$ 16,873	\$ 185,113	\$ 29,426
Less - Depreciation	-	<u>3,093</u>	<u>19,846</u>	<u>8,330</u>
<u>NET INCOME</u>	<u>\$ 21,183</u>	<u>\$ 13,780</u>	<u>\$ 165,267</u>	<u>\$ 37,756</u>
Pounds of Copper Sold	4,503,780	3,500,015	24,204,792	14,927,531
Sales Price	9.879¢	10.046¢	10.443¢	9.451¢
Cost of Sales	9.358¢	9.468¢	9.579¢	9.427¢

INTERNATIONAL SMELTING AND REFINING COMPANY

MEMORANDUM FOR DIRECTORS' MEETING - AUGUST 22ND 1939

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

	Month of July 1939	Month of June 1939	Seven Months ended July 31st 1939	Seven Months ended July 31st 1938
<u>LEAD REFINING DEPARTMENT:</u>				
Operating Income	\$ 5,000	\$ 717	\$ 3,045	\$ 13,278
Less: Depreciation	<u>850</u>	<u>737</u>	<u>5,200</u>	<u>4,546</u>
<u>NET INCOME</u>	<u>\$ 4,150</u>	<u>\$ 180</u>	<u>\$ 2,155</u>	<u>\$ 87,824</u>
<u>ZINC OXIDE DEPARTMENT:</u>				
Sales of Zinc Oxide	\$205,488	\$206,395	\$1,314,864	\$ 759,639
Cost of Sales	<u>184,250</u>	<u>187,358</u>	<u>1,184,984</u>	<u>778,881</u>
	\$ 21,238	\$ 19,037	\$ 129,878	\$ 19,242
Less: Shutdown Expenses - Akron Plant	<u>1,000</u>	<u>900</u>	<u>7,087</u>	<u>9,087</u>
	\$ 20,238	\$ 18,137	\$ 122,791	\$ 28,329
Less: Depreciation and Obsolescence	<u>2,371</u>	<u>3,380</u>	<u>29,819</u>	<u>12,650</u>
<u>NET INCOME</u>	<u>\$ 16,867</u>	<u>\$ 14,757</u>	<u>\$ 92,972</u>	<u>\$ 40,979</u>
Pounds of Zinc Oxide Sold	3,550,305	3,562,155	22,430,978	13,417,636
Sales Price	5.789¢	5.794¢	5.861¢	5.661¢
Cost of Sales	5.190¢	5.260¢	5.289¢	5.804¢
<u>WHITE LEAD DEPARTMENT:</u>				
Sales of Lead Products	\$ 80,528	\$120,565	\$ 554,150	\$ 449,689
Cost of Sales	<u>79,313</u>	<u>115,015</u>	<u>526,066</u>	<u>475,544</u>
	\$ 1,215	\$ 5,550	\$ 28,084	\$ 25,855
Less: Depreciation	<u>2,075</u>	<u>3,200</u>	<u>14,841</u>	<u>13,291</u>
<u>NET INCOME</u>	<u>\$ 805</u>	<u>\$ 2,350</u>	<u>\$ 13,243</u>	<u>\$ 37,246</u>
Pounds of Lead Products Sold	1,011,941	1,565,332	7,189,505	6,455,583
Sales Price	7.963¢	7.712¢	7.708¢	6.966¢
Cost of Sales	7.838¢	7.387¢	7.517¢	7.366¢

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INTERNATIONAL SMELTING AND REFINING COMPANY

MEMORANDUM FOR DIRECTORS' MEETING - AUGUST 22ND 1939

NET CURRENT AND OTHER ASSETS - JULY 31ST 1939

CURRENT ASSETS:

Supplies					\$ 746,271
Metals:					
In Process					1,537,959
Finished:					
Lead	15,938,979	lbs. @	4.540¢	\$ 723,690	
Copper	48,773,981	lbs. @	9.378¢	4,574,280	
Silver	2,530,532	oss. @	49.222¢	1,245,583	
Gold	30,546	oss. @	\$34.041	1,039,834	
By-Products				380,460	
				\$7,943,847	
Less - Reserve for Freight and Refining Charges				486,050	7,477,797
Manufactured Products:					
Lead Products				\$ 342,002	
Zinc Oxide - Finished				543,507	
Baritan Copper Works - Electro Sheet				12,316	904,825
Accounts Receivable:					
Tolls				\$ 492,662	
Zinc Oxide				162,948	
Mountain City Copper Company				577,937	
Walker Mining Company				558,347	
Others				557,284	2,351,378
Cash					364,334
					\$13,382,564

CURRENT LIABILITIES:

Taxes	\$ 168,145	
Interest	144,375	
Inter-Company:		
Anasconda Sales Company - Current Account	2,266,444	
Anasconda Sales Company - Note Payable	5,000,000	
Anasconda Copper Mining Company - Note Payable	2,250,000	
Other	32,801	
Other Accounts Payable	1,309,186	
Wages Payable	101,844	11,272,735

BALANCE - NET CURRENT ASSETS

\$ 2,109,769

OTHER ASSETS:

Advances to sundry mining companies, including advances on ores, lease reserve	\$ 133,860	
Installment House and land sales and other accounts receivable, lease reserve	72,738	206,648

BALANCE - NET CURRENT AND OTHER ASSETS

\$ 2,316,417

INTERNATIONAL SMELTING AND REFINING COMPANY

MEMORANDUM FOR DIRECTORS' MEETING - AUGUST 22ND 1939

SALES, DELIVERIES AND PRODUCTION - ALL DEPARTMENTS

	<u>Month of July 1939</u>	<u>Seven Months ended July 31st 1939</u>	<u>Seven Months ended July 31st 1938</u>	<u>Percent. Increase Decrease</u>
<u>SMELTER PRODUCTION</u>				
Copper - Lbs. - Totals	3,036,845	21,654,631	10,782,921	100.8
- Miami	-	<u>30,665,725</u>	<u>17,675,403</u>	73.5
	<u>3,036,845</u>	<u>52,320,356</u>	<u>28,458,324</u>	83.8
Lead - Lbs. - Totals	5,724,930	28,228,422	28,239,807	11
<u>SCRAP COPPER RECEIVED AT PERTH ABERY</u>				
Recoverable Contents - Lbs.	3,623,540	26,965,747	18,009,790	49.7
<u>REFINERY PRODUCTION</u>				
Copper - Lbs.	30,724,272	209,520,798	120,759,721	73.5
Lead - Lbs.	6,245,059	45,178,820	34,347,435	31.5
Silver - Oms.	1,006,381	7,034,139	7,258,886	3.1
Gold - Oms.	15,782	105,641	87,210	21.1
<u>SALES:</u>				
Copper - Lbs.	12,500,081	34,898,798	21,374,938	63.3
Lead - Lbs.	7,124,785	47,504,993	40,550,443	17.2
<u>DELIVERIES:</u>				
Copper - Lbs.	3,503,864	25,773,242	18,685,337	37.9
Lead - Lbs.	6,569,106	44,183,840	36,191,428	22.1
<u>ZINC OXIDE:</u>				
Production - Lbs.	3,560,400	22,525,955	12,766,671	76.4
Deliveries - Lbs.	3,551,400	22,436,543	13,422,099	67.2