

REPORT
of the
**Anaconda
Copper Mining Company**

For

1920

December 31st, 1919

N11521

PNYC00009791

Anaconda Copper Mining Company

CAPITAL STOCK

Authorized, 3,000,000 shares, \$50 each . . . \$150,000,000
Issued, 2,331,250 shares, \$50 each . . . \$116,562,500

OFFICERS

Chairman of the Board . . . JOHN D. RYAN
President . . . C. F. KELLEY
Vice-President . . . B. B. THAYER
Secretary and Treasurer . . . A. H. MELIN
General Auditor . . . J. T. ROBERTS
Assistant Secretary . . . R. D. COLE
Assistant Treasurer . . . D. B. HENNESSY

DIRECTORS

William Rockefeller . . . John D. Ryan
B. B. Thayer . . . C. F. Kelley
H. H. Rogers . . . J. Horace Harding
Nicholas F. Brady . . . Andrew J. Miller
George H. Church

OFFICES

ANACONDA, MONTANA
42 BROADWAY, NEW YORK

PNYC00009792

1

9)

*To the Shareholders of the
Anaconda Copper Mining Company:*

The following report, covering in a general way the operations and activities of your Company, for the year 1919, is submitted.

The beginning of the year found the non-ferrous metal industries in a state of profound depression. The production of copper, lead and zinc, which, during the war period had reached unprecedented outputs, was necessarily sharply curtailed to enable the consumption of stocks and the re-establishment of these industries upon a stable basis.

During the year, the consumption of copper in domestic business rapidly increased and, since the first quarter, has been conducted upon a scale far in excess of any previous peace-time period.

The resumption of export trade, however, due to obvious reasons, has been disappointingly slow, and while it is believed that urgent demand exists for all the copper which could be produced, the problems incidental to financial and political re-establishment of the European countries have been the limiting factors in the volume of business transacted.

The situation which has existed is reflected by a comparison of the production of copper from the mines of your Company, excluding the product of custom ores and the output of subsidiary Companies, for the years 1916, 1917 and 1918, respectively with that of the year 1919:

1916	283,305,657 pounds
1917	211,356,917 pounds
1918	235,385,478 pounds
Average	243,349,350 pounds
1919	103,759,351 pounds

The combination of curtailed output and increased cost of production in every department has had the effect of greatly reducing the revenues of the Company.

The year shows a net income, after payment of all direct expenses, of \$9,308,023.76, or, after interest and depreciation charges, a net income of \$5,103,641.11.

Dividends were declared during the year amounting to the sum of \$9,325,000.00, thereby reducing the surplus from \$66,232,484.34 to \$62,011,125.45.

Advantage was taken of the curtailed operation to carry out extensive improvements at the mines in Butte, and construction under way at various plants was con-

tinued and largely completed. The South American undertakings were advanced uninterruptedly, and all plants and equipment of the Company are in first-class condition.

A summary of operations and activities follows:

Mining Department

Mine Tonnage

The mines of the Company produced during the year 2,103,098.71 tons of ore and 10,420.67 tons of precipitates, or a total of 2,113,519.38 tons.

Development and Exploration

Due to many of the mines being idle on account of curtailed operations, the amount of development and exploration work done during the year 1919 was considerably reduced as compared with previous years.

During the year there was done in the mines of the Company in the form of drifts, crosscuts, upraises, shafts and winzes, 20.39 miles of development, as compared with 41.85 miles in the year 1918. The shafts of the Company were sunk additional depths aggregating 1749 feet.

The shaft on the Orphan Girl claim was sunk to a depth of 1036 feet. A station was cut at this point and a crosscut was started in a northerly direction to cut the veins apexing on the Orphan Boy and the Anglo-Saxon claims.

The results obtained from the development and exploration work in the mines of the Company throughout the year were quite satisfactory.

Notwithstanding the fact that development and exploration were somewhat curtailed, a large amount of repair work was performed.

At the Anaconda Mine two compartments of the main shaft were retimbered for a distance of 1938 feet; two compartments of the west air shaft were retimbered for a distance of 225 feet.

At the Never Sweat Mine, the Ramsdell-Parrot shaft was enlarged and retimbered from surface to the 900 foot level while the shaft itself was sunk from the 900 to the 1200 foot level. The Parrot shaft was retimbered for a distance of 225 feet.

The St. Lawrence Mine main shaft was retimbered for a distance of 1043 feet, together with the stations at the 200, 400, 500, 600, 800 and 1,000 foot levels. Two compartments of No. 7 shaft were retimbered for a distance of 800 feet.

At the Diamond Mine both hoisting compartments of the main shaft were retimbered for a distance of 600 feet. The Cora shaft was retimbered for a distance of 453 feet.

At the Original Mine the pump compartment in the main shaft was raised for a distance of 659 feet above the 1000 foot level and the entire shaft was retimbered for the same distance.

At the Moonlight Mine the stations on the 400, 500, 600, 700, 900, 1000, 1100, 1200, 1300, 1500 and 1700 foot levels were partially retimbered.

At the Leonard Mine four compartments of the main shaft were retimbered for a distance of 652 feet.

In addition to the above, general repairs were carried on throughout the mines of the Company.

Construction

At the Ramsdell-Parrot shaft one hoisting engine and head frame were installed.

At the Anaconda mine one building 25 x 106 feet was erected for use as a canvas shop.

At the Original Mine one steel frame iron clad building 89 x 98 feet was erected for use as a garage for Company cars.

At the Poulin Mine one double drum electric hoist was put into operation and a new hoist house erected; the old hoist and hoist house were dismantled.

At the Rocker Framing Mill one 1000 gallon electrically driven fire pump, together with a 1000 gallon fire tank, were installed.

A reinforced concrete and brick fire proof building was erected in the City of Butte for use as a Pay Office.

At the Bell-Diamond Mine one steel armored cable was installed from surface to the 2800 foot level; also one lead steel armored cable from the 1300 to the 3400 foot level for carrying power to the tram motors; in addition to this one lead steel armored cable from the 2400 to the 3400 foot level was installed in the shaft, and two bell cables from the 2800 to the 3400 foot level.

At the High Ore Mine two steel armored cables were installed in the drill hole from the surface to the pumps on the 2800 foot level; two steel armored cables were also installed in the shaft from the collar to the 2800 foot level for carrying power to the pumps, and one steel armored cable from the surface to the 2800 foot level for ventilation purposes. In addition to the above all of the switchboards and connections formerly in use were taken out and new switchboards installed. All stations were rewired for bells and lights.

At the Pennsylvania Mine one steel armored lead cable was installed in the shaft from the surface to the 1400 foot level for use on the ventilating fans. One steel armored cable was also installed in the shaft from the 1400 to the 2000 foot level. Ten stations of the Pennsylvania mine were rewired.

Ventilation

The plan of ventilation which was undertaken by the Company a year ago was carried on, and the results are most gratifying. Ten electrically driven fans were installed on surface, having a capacity of 1,100,000 cubic feet. Six fans were installed under-ground, while eighty-seven blowers were installed in the different mines.

The Parnell, Mountain Con, Silver Bow No. 2 and East Colusa air shafts were equipped with the concrete slabs mentioned in the last report for the purpose of removing the air resistance caused by exposed shaft timbers, and thereby improving the ventilation.

Fireproofing

The fireproofing of the High Ore shaft was completed during the year.

The Moonlight shaft was fireproofed to the 1700 foot level.

Two compartments of the shaft of the Tramway Mine were fireproofed for a distance of 580 feet and the stations on the 1200, 1400 and 2200 foot levels were fireproofed.

At the Mountain View Mine the main shaft was fireproofed for a distance of 2000 feet.

The main shaft of the Pennsylvania mine was fireproofed for a distance of 1000 feet, together with all stations from the 1300 to the 2200 foot level.

At the Leonard Mine the main shaft four compartments were fireproofed for a distance of 1741 feet.

Reduction Department

Copper

The Copper Reduction Works treated for all companies during the year 2,340,100 tons of ore and other cupriferous material at Anaconda. No copper ores were treated at Great Falls, except a small tonnage of copper concentrates from Anaconda used for the fluxing of Zinc Plant residue. Of the total amount, 1,794,358 tons of ore were produced by Company mines, 511,847 tons of ore were either purchased from or treated for other companies, and 33,895 tons of precipitates and cleanings were from the old plants at Anaconda and Butte.

At Anaconda there were produced 144,112,285 pounds of fine copper, 7,377,476.85 ounces of silver, and 42,525.781 ounces of gold. Of this production, 129,781,031 pounds of fine copper, 6,744,262.03 ounces of silver, and 42,525.781 ounces of gold were produced for your Company.

The Electrolytic Copper Refinery at Great Falls produced during the year 129,022,057 pounds of cathodes, 121,338,737 pounds of which were melted into shapes at Great Falls.

The Copper Leaching Plant at Anaconda treated during the year 184,700 tons of tailings and 61,400 tons of purchased ore, from which there were produced 2,500 tons of cement copper.

The Copper Concentrator also treated by flotation 44,500 tons of slimes from the ponds and 31,000 tons of tailings.

Zinc

The zinc plants at Anaconda and Great Falls treated during the year 284,599.29 tons of ore and other zinciferous material, of which amount 191,418.99 tons of ore were produced by mines of the Company, and 93,180.30 tons of ore and concentrates were purchased from other companies.

At Great Falls there were produced during the year 48,459,727 pounds of electrolytic zinc, 3,994,251 pounds of zinc in dross, and residue from which were produced 15,256,441 pounds of lead, 5,157,220 pounds of copper, 2,282,955.64 ounces of silver, and 7,150.108 ounces of gold.

Rod and Wire Mill

Of the Company's production there were rolled into rods 43,241,497 pounds of copper. Of this amount, 13,914,008 pounds were manufactured into wire, of which 6,405,782 pounds were made into strand.

Construction

Anaconda

The smoke treatment plant at Anaconda, consisting of 20 Cottrell treater units, was put into commission during the year. It has been demonstrated that this plant is capable of producing the results expected from it; conditions within the smelting plant have been improved, owing to the increased draught available from the new stack. The old stack was dismantled.

The special reverberatory furnace with its treaters was completed during the year, and is smelting all of the dust from the main treaters as well as dust from a stock pile which had accumulated. The new plant is making a satisfactory recovery of copper, silver, gold and arsenic contained in the dust.

Construction of an arsenic refining plant capable of producing 400 tons per month of refined arsenic was begun and partially completed during the year. This when completed will refine the crude arsenical dust from the treaters connected with the special reverberatory.

The earth dams for impounding tailings, which were begun during 1918, as a part of the program of improving conditions around the reduction works, were practically completed, and have been in commission for several months. All of the muddy

water from the concentrator and reduction works is now being settled and a clear overflow is being maintained.

Owing to the extreme drouth which prevailed in Montana during the summer of 1919, an additional source of water had to be provided for the reduction works. This was done during the Fall by the construction of a pumping plant and a two mile flume, by means of which it is possible to pump water from Georgetown Lake into Silver Lake. This supply will be needed only in case of extreme conditions.

The experimental 25-ton tower acid plant was completed, and was operated with very satisfactory results. This new system of acid making has been demonstrated to be an unqualified success and will be used in connection with the production of acid for the treatment of phosphate rock at Anaconda.

The erection of an experimental 50-ton phosphate plant was begun and this plant when completed will treat about 50 tons of phosphate rock per day and will produce about 35 tons of a product which will be placed upon the market under the name of "Treble Acid Phosphate" and will contain about 48% of soluble phosphoric acid.

The old No. 1 brick plant was dismantled during the year and its operations consolidated with brick plant No. 2, thereby effecting considerable economies.

Great Falls

At the zinc plant substation a sixth rotary converter was installed in order to have a spare when operating the plant at full capacity.

A humidifying system for cleaning the air used to ventilate the electrical machinery in the zinc plant substation was installed and put into operation during the year.

No other construction of importance was done in any other department of the Great Falls reduction works.

Subsidiary Departments

Coal Department

The mines at Diamondville, Wyoming, produced during the year 408,868.90 tons of coal, 216,631.80 tons of which were shipped to other departments of the Company, 151,841.65 tons were sold commercially, and 40,395.45 tons were used at the coal mines.

The mines at Washoe, Montana, produced 124,867.35 tons of coal, 63,996.00 tons were shipped to other departments of the Company, 50,691.90 tons were sold commercially, and 10,179.45 tons were used at the coal mines.

The mines at Sand Coulee, Montana, produced 183,674.30 tons of coal, 78,454.20 tons were shipped to other departments of the Company, 104,812.10 tons were sold commercially, and 408 tons were used at the coal mines.

PNYC00009798

Lumber Department

The sawmills at Bonner, St. Regis and Hope, during the year, cut 29,793,693 feet of lumber, and purchased 18,058,369 feet, of which 36,010,965 feet were shipped to the mines of the Company, 33,199,523 feet were sold commercially, 2,119,374 feet were used at the mills for repairs and construction, and 1,788,389 feet were supplied to the factory for manufacturing; or a total disposition of 73,118,251 feet, decreasing the stock of finished lumber on hand by 25,266,189 feet, leaving a balance on December 31st, 1919, of 28,761,371 feet.

The sawmill building at Bonner, with all of its contents, was destroyed by fire on the evening of January 16th, 1919. Immediate steps were taken to provide plans for a new plant and to get the same into operation at the earliest possible date. The new sawmill was erected and began operations on October 1st, 1919.

The Subsidiary Departments of the Company realized a profit from the year's business of \$203,139.93.

Phosphate Development

During the year, development was undertaken to open a deposit of phosphate rock on land acquired by the Company in the vicinity of Garrison, Montana. The results indicate that a large and valuable deposit probably exists, although sufficient work has not been done to demonstrate the fact.

As a result of negotiations conducted with the Southern California Orange Grove Fertilizer Company, your Company has acquired the right to purchase a very large deposit of phosphate rock of high grade, in Caribou County, Idaho. The deposit is located about seven miles from Soda Springs, on the Oregon Short Line Railway. Plans have been made for the construction of a spur to connect the property with the above Railway; also to attack the deposit through tunnels, through which about 25,000,000 tons of rock can be mined and to install necessary plant and townsite facilities to begin active operations, which stage should be reached during the current year. It is believed that the development of this industry will add a large and profitable business to the activities of your Company.

Butte, Anaconda and Pacific Railway

The Railway transported during the year 4,574,508 tons of ore and other freight and 244,976 passengers. The gross revenues were \$1,189,084.76; rental and miscellaneous receipts \$15,742.39; operating expenses \$1,145,343.84; taxes, interest and rental of leased lines \$231,013.32; net loss \$171,530.01.

Subsidiary Corporations International Smelting Company

The smeltery of this Company, at Tooele, Utah, treated during the year 131,395.05 tons of copper ore, and 237,164.36 tons of lead ore, from which there were produced 13,695,215 pounds of fine copper, 61,554,793 pounds of fine lead, 5,523,241.79 ounces of silver, and 28,536.806 ounces of gold.

The copper smelter at Miami, Arizona, treated during the year 351,119.36 tons of concentrates and purchased ores, from which there were produced 160,451,682 pounds of fine copper, 275,573.26 ounces of silver, and 5,379.814 ounces of gold.

International Lead Refining Company

The Lead Refinery of this Company at East Chicago, Indiana, treated during the year 32,237.68 tons of lead bullion from the Tooele plant, and 6,535.50 tons of purchased ore and other bullion, from which there were produced 69,884,930 pounds of common lead, 6,402,350 pounds of antimonial lead, 6,311,227.38 ounces of silver, and 24,427.984 ounces of gold.

Raritan Copper Works

The Refinery of this Company at Perth Amboy, New Jersey, treated for all companies during the year 165,442.79 tons of copper bullion and 6,514,987.90 ounces of silver bullion, from which there were produced 326,671,962 pounds of fine copper, 19,503,573.65 ounces of silver and 120,629.250 ounces of gold.

South America

Andes Copper Mining Company

Development

Churn drilling to the extent of 12,546 feet was done during the year, a portion of which was confined to an area south of the territory formerly drilled and by which approximately 33,000,000 tons of ore of average grade were added to the reserves. There still remains a large and promising area to be drilled. The total tonnage developed to December 31st, 1919, amounted to 120,000,000 tons of ore having an average copper value of 1.48% per ton.

Water Supply

Work on the "La Ola," or main water supply, was confined to completing the surveys, road building for handling material and tunnel work. Of the six tunnels on this line, aggregating 7921 feet in length, 5571 feet have been driven, 3068 feet of which were driven during the year 1919.

The water line for domestic use was completed during the year, together with a large reservoir above the townsite; this furnishes an abundant supply of potable water.

The work at the townsite has progressed most satisfactorily, furnishing attractive homes for the employees.

Potrerillos Railway

The entire construction program was completed during the year. The first train arrived at the millsite on May 1st, 1919.

The interconnecting line between the main line and the mine railway, two and one-half miles in length, was completed.

Mine to Mill Railway

This is divided into two sections, one from the millsite to the mouth of the main adit, the other from the main adit to the mine. The first section is practically completed, including the three tunnels, aggregating 6364 feet in length.

The main adit was driven 4270 feet during the year, making a total of 8000 feet in length.

Shaft sinking, which was started in order to facilitate the driving of the tunnel, was abandoned, due to the fact that a larger volume of water than could be handled was encountered in the shaft.

In the month of November a large amount of water amounting to 3000 gallons of water per minute was encountered in the main adit.

Property

The title to all mining claims, millsites, rights of way, water rights and other property was perfected. The Company owns 270,994 acres of land, 1250 of which were acquired during the year 1919.

Reduction Works

All of the general drawings for the Reduction Works were practically completed, and a pilot plant, located at the mines, was put into operation, in which working unit tests are being conducted demonstrating the process which has been evolved.

Santiago Mining Company

Lo Aguirre Mine

Development work was confined chiefly to preparing the property for the mining of the ore by the caving system. Haulage drifts, raises, etc., to the extent of 8264 feet were driven during the year. A new body of sulphide ore was cut in the central section of the mine on the haulage level, which, when developed, will add a substantial tonnage of approximately 3% copper to the ore reserves.

Africana Mine

The main shaft was sunk 330 feet during the year, making a total depth of 588 feet. The total advance in all workings was 3672 feet.

Shaft No. 2, located 2000 feet distant from Shaft No. 1, was sunk to a total depth of 233 feet; a level connecting the bottom of this shaft with Shaft No. 1 was driven, showing the vein to be continuous. The shafts were equipped with hoisting engines and head frames, and a full equipment of pumps, compressor and air drills was installed.

The developments throughout the property were satisfactory.

Townsites

At both the Lo Aguirre and Africana properties townsites were established and dwellings built in sufficient number to house the present employees in a most satisfactory manner.

Investments

During the year your Company expended in adding to its investments the sum of \$9,894,170.39, substantially all of which was advanced to the South American Companies, and for which your Company is entitled to receive stock of those companies, issued at par.

(a) Walker Mining Company—The operations of the Walker Mining Company were continued in the year 1919 under difficulties, due to shortage of labor.

There were mined and milled 38,785.3 tons of ore, producing 5,982.5 tons of concentrates.

There were shipped to the International Smelter, Tooele, Utah, 4,270 tons of concentrates containing 1,597,430 pounds of copper, 29,077.54 ounces of silver, and 677.734 ounces of gold.

Exploration work during year amounted to 1,819 feet.

The capacity of concentrator was increased to 200 tons per day.

The erection of a new tailings dam was completed.

The new aerial tramway to handle concentrates to and from the railroad was 87% completed.

The crosscut tunnel from the concentrator site to the extension of the vein is complete. The extension of this tunnel on the vein toward the shaft was commenced January 1, 1920.

Additional housing facilities are under construction.

(b) Arizona Oil Company—During the year this company produced 456,174 barrels of oil and paid \$8.50 per share in dividends, of which your Company received \$69,360.00.

(c) Anaconda Lead Products Company—After extensive experimentation for the purpose of determining the practicability of an electrolytic process for the production of white lead, and satisfactory results being obtained therefrom, the Anaconda Lead Products Company was formed and a plant erected at East Chicago, Indiana, adjacent to the plant of the International Lead Refining Company. This plant will be put in operation early in 1920, and will have a capacity of 20 tons of white lead per day.

(d) Copper Export Association, Inc.—Early in the year an Association was formed under the provisions of the Webb Act for the purpose of conducting the export business of a number of American copper producers. Working capital was supplied by the various members of the Association, in proportion to their production.

Financial Condition

Attached hereto you will find a consolidated balance sheet showing the financial condition of the Company, and its Subsidiary Corporations, at the close of business, December 31, 1919, and an income statement for the year, both certified to by Messrs. Pogson, Peloubet & Company, Certified Public Accountants.

New York, N. Y., May 5, 1920.

JOHN D. RYAN,
Chairman of the Board of Directors.

Balance Sheet, 31st December, 1919
(Including Assets and Liabilities of Subsidiary Companies Owned)

ASSETS

FIXED:

Mines and Mining Claims, Coal Mines, Water Rights and Lands for Reduction Works and Refineries, etc.	\$75,614,652.52	
Buildings and Machinery at Mines, Reduction Works, Refineries, Sawmills, Foundries, Water-works, etc.	57,458,373.08	
Timber Lands	5,267,338.83	
Investments in Sundry Companies not entirely owned	38,487,026.16	
		176,827,390.59

CURRENT:

Supplies on hand and Expenses paid in advance....	\$12,020,579.75	
Merchandise held for sale.....	1,398,396.89	
Metals in process and on hand—at cost.....	28,705,375.47	
Accounts Receivable and Cash.....	35,242,891.19	
		77,367,243.30
		\$254,194,633.89

We have examined into the affairs of the Anaconda Copper Mining Company and have verified the Assets, Liabilities and Income shown above. The Net Income of \$3,103,641.11 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 of the Company at 31st December, 1919, and that the accompanying Income Account for the year ending 31st December, 1919, is correct as stated.

New York and Butte, 22nd April, 1920.

POGSON, PELOUBET & CO.,
Certified Public Accountants

PNYC00009803

Balance Sheet, 31st December, 1919

(Including Assets and Liabilities of Subsidiary Companies Owned)

LIABILITIES

CAPITAL STOCK:

Authorized—3,000,000 shares of \$50.00 each; issued— 2,331,250 shares	\$116,562,500.00
--	------------------

TEN YEAR SECURED GOLD BONDS, due 1st January, 1929:

Authorized—\$50,000,000; issued—Series A, 6%....	25,000,000.00
--	---------------

RESERVE FOR DEPRECIATION	17,630,967.60
--------------------------------	---------------

CURRENT:

Accounts and Wages Payable and Taxes and Interest

Accrued	\$30,658,790.84
Dividend No. 78, payable 24th February, 1920.....	2,331,250.00
	32,990,040.84

SURPLUS:

Balance 31st December, 1918.....	\$66,232,484.34
Net Income for the year ending 31st December, 1919, per Income Account annexed.....	5,103,641.11

	71,336,125.45
--	---------------------

Deduct Dividends Nos. 75 to 78.....	9,325,000.00
	62,011,125.45

	\$254,194,633.89
--	------------------------------

NOTE.—The Balance Sheet and Income statement are made up on the same basis as heretofore. In order, however, 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, for the sake of uniformity, the result of those entries has been omitted from the current statements.

Income Account—Year Ending 31st December, 1919

(Including Subsidiary Companies Owned)

Metals in process and on hand at beginning of year.....	\$27,865,266.24
Mining Expenses, including Development.....	17,294,929.42
Ore Purchases	12,968,643.78
Reduction Expenses, including Transportation of Ore.....	16,216,915.83
Refining and Selling Expenses, including Transportation of Metals..	6,247,392.26
Cost of Merchandise sold.....	11,186,549.83
Administration Expenses and Taxes on Income and on Timber Lands	1,518,566.22
Balance carried down	7,415,235.69
	<u>\$100,713,499.27</u>

Amount charged off this year for Depreciation and Obsolescence of Mining Plants, Smelters, Refineries, etc.	\$2,928,237.16
Interest	1,276,145.49
Balance, being Net Income, carried to foregoing Balance Sheet.....	5,103,641.11

\$9,308,023.76

Income Account—Year Ending 31st December, 1919

(Including Subsidiary Companies Owned)

Sales of Metals.....	\$52,633,640.33
Sales of Merchandise	11,937,530.52
Royalties, Tolls, Rentals, etc.	7,436,952.95
Metals in process and on hand at end of year.....	28,705,375.47

\$100,713,499.27

Balance brought down	\$7,415,235.69
Income from Investments in Companies not entirely owned.....	1,892,788.07

\$9,308,023.76

Anaconda Copper Mining Company

CAPITAL STOCK

Authorized.	3,000,000 shares, \$50 each	\$150,000,000
Issued,	2,331,250 shares, \$50 each	116,562,500

OFFICERS

<i>Chairman of the Board</i>	JOHN D. RYAN
<i>President</i>	CORNELIUS F. KELLEY
<i>Vice-President</i>	B. B. THAYER
<i>Secretary and Treasurer</i>	A. H. MELIN
<i>General Auditor</i>	J. T. ROBERTS
<i>Assistant Secretary</i>	R. D. COLE
<i>Assistant Treasurer</i>	D. B. HENNESSY

DIRECTORS

William Rockefeller	John D. Ryan
B. B. Thayer	Cornelius F. Kelley
George H. Church	J. Horace Harding
Nicholas F. Brady	Andrew J. Miller
A. H. Melin	

OFFICES

ANACONDA, MONTANA
25 BROADWAY, NEW YORK.

PNYC00009807

To the Shareholders of the Anaconda Copper Mining Company:

The following report covering the operations and business of the Company for the year 1920 is submitted:

The year opened with a strong demand for both copper and zinc, a broad buying movement which began in November, 1919, extending into February, and sales of metals covering deliveries to the end of the second quarter at fair prices seemed to promise a recovery from the depression resulting from the ending of the war and the unsettlement of the world's business due to that event.

The promise failed of fulfillment, for the buying of metals ceased during the first quarter and deliveries after August were at a rate below production, until during the last quarter the collapse in general business and industry, both domestic and foreign, brought business almost to a standstill. Prices were reduced below the cost of production and metals were forced upon the market, without attracting buyers of any reasonable quantities.

The reduced rate of production resulted in excessive costs, and rapidly accumulating stocks of unsold metals forced the closing of the mines in March and April of the present year.

The condition of the markets in metals since the Autumn of last year and until the present time is not different from that in all lines of industry, and in our opinion recovery will depend upon the revival of general business in this country and Europe.

It is our belief that signs are commencing to appear indicating a business and industrial recovery in which the metal producers will share, and that the demand for the products of our mines is certain to be restored as normal business conditions return.

The income for the year after payment of all direct expenses was \$9,335,253.18, and after deduction for interest paid and depreciation reserve, the net income was \$2,691,660.62.

Dividends were declared during the year amounting to \$6,993,750.00, or \$3.00 per share. Your Directors in December decided to omit the quarterly declaration, due to existing financial and business conditions.

A summary of operations and activities follows:

Mining Department

Mine Tonnage

The mines of the Company produced during the year 2,152,763.30 tons of ore and 7,557.11 tons of precipitates, or a total of 2,160,320.41 tons.

Development and Exploration

The operation of the Company's mines was curtailed throughout the entire year, but notwithstanding this fact, an amount of development work greater than that done the previous year was carried on, with very satisfactory results, and a large amount of repair work was done in the various shafts and levels of the different mines.

During the year there was done in the mines of the Company in the form of drifts, crosscuts, laterals, upraises and winzes, 22.55 miles of development, as compared with 20.39

miles in the year 1919. The shafts of the Company were sunk additional depths aggregating 829 feet.

The main shaft of the Steward mine was sunk 406 feet during the year, making a total depth of 3633 feet, and the ore disclosed by this work was of a better grade than that in many of the upper levels. This is the greatest depth yet attained in any of the shafts of the Company's mines, and the discovery of the ore referred to at depth encountered is considered of much importance.

At the Silver Bow mine, the No. 2 air shaft was sunk an additional 120 feet.

The Emily shaft of the Badger State mine was sunk 303 feet to the 1600 foot level.

Advantage was taken of the curtailment to complete repair work in a number of the shafts which were not producing during the year. The shafts of the Anaconda, Never Sweat, St. Lawrence, Bell, Original, Gold Hill, Pennsylvania air shaft, Leonard, Liquidator, Alex Scott, Moose and Nettie mines were retimbered for distances varying from 100 feet to 575 feet.

At the Tramway mine the station at the 1350 foot level was retimbered.

The Alex Scott shaft was enlarged to three compartments for a distance of 392 feet, while an additional compartment was added to the Moose and Nettie shafts for distances of 200 feet and 125 feet respectively.

Construction

At the High Ore mine three quintuplex electric pumps were installed on the 1200, 2200 and 2800 foot levels, and a ten inch lead-lined water column was placed in the shaft between the 2200 and 2800 foot levels.

A hoisting engine and head frame was put in place and operated on the Gold Hill shaft.

A triplex electric pump was placed on the 2100 foot level of the Berkeley mine, while a new ten inch air column was installed from the surface to the 1000 foot level.

At the Leonard mine, the blacksmith shop, boiler shop and construction shop were provided with new roofs, and an eleven inch wood-lined pump column was installed in the shaft.

A new roof was placed on the main hoist house of the West Colusa mine.

At the Badger State mine an ironclad building 40 x 40 feet was added to the carpenter shop. A new office building, constructed of steel, 33 x 60 feet was built. In the shaft a ten inch air column was put in place.

In addition to the above, all of the underground electrical fixtures and wiring, some of which had become somewhat antiquated, were replaced with the most modern appliances.

All of the stations and the shaft of the Anaconda mine were rewired, for lighting as well as power. One leaded steel armored 5000 volt, 3 conductor cable was put in place from the surface to the 2000 foot level. Steel armored cables have been placed in most of the mines in place of the old system, and everything possible has been done to safeguard the use of electric power underground, as well as at all other points.

Storage battery locomotives have been installed for underground haulage in all the new levels of the mines in place of the trolley system, and excellent results have been obtained from their use.

Ventilation

There was no diminution in the work of improving the ventilation in the mines, and it has made itself felt most appreciably throughout the underground workings.

In connection with this work nine electrically driven fans were installed at the different mines, having in total a capacity of 2,000,000 cubic feet of air per minute. Forty-two blowers were also installed, also 9.88 miles of canvas tubing for distributing the air.

The air shafts of the Never Sweat, St. Lawrence, Original, Pennsylvania and West Colusa mines, were smooth-surfaced with concrete slabs, in order to overcome the air friction occasioned by exposed shaft timbers.

Fireproofing

Fireproofing by means of the application of "gunite" was carried on in many of the mines. Both hoisting compartments of the Bel mine for a distance of 1681 feet were completed, the main station on the 2800 foot level and the power station on the same level were completed. All of the powder, fuse and cap magazines in many of the mines were fireproofed, and many thousand feet of crosscuts, mine exits, and surface adits to the shafts were covered. Every precaution known was taken to guard against underground fires and with very good success.

Reduction Department

Copper

The Copper Reduction Works treated for all companies during the year 2,319,336.76 tons of ore and other cupriferous material at Anaconda. No copper ores were treated at Great Falls, except a small tonnage of copper concentrates from Anaconda used for the fluxing of Zinc Plant residue. Of the total amount, 1,828,379.39 tons of ore were produced by the Company mines, 458,339.30 tons of ore were either purchased from or treated for other Companies, and 32,617.87 tons of precipitates and cleanings were from the old plants at Anaconda and Butte.

At Anaconda there were produced 155,339.575 pounds of fine copper, 7,113,659.22 ounces of silver, and 32,530.302 ounces of gold. Of this production 138,763,065 pounds of fine copper, 6,420,026.20 ounces of silver, and 32,530.302 ounces of gold were produced by your Company.

The Electrolytic Copper Refinery at Great Falls produced during the year 145,149,892 pounds of cathodes, which were melted into shapes at Great Falls.

The Copper Leaching Plant at Anaconda treated during the year 484,352.61 tons of tailings and 43,271.94 tons of purchased ore, from which there were produced 5,037.30 tons of cement copper.

The Copper Concentrator also treated by flotation 181,033.83 tons of slimes from the ponds and 722,769.61 tons of tailings.

Zinc

The zinc plants at Anaconda and Great Falls treated during the year 443,582.39 tons of ore and other zinciferous material, of which amount 310,572.35 tons of ore were produced by the mines of the Company, and 133,010.04 tons of ore and concentrates were purchased from other companies.

At Great Falls there were produced during the year 101,332,458 pounds of electrolytic zinc, 5,235,432 pounds of zinc in dross, and residue from which were produced 12,536.-

888 pounds of lead, 2,173,080 pounds of copper, 2,073,348.56 ounces of silver, and 6,150,964 ounces of gold.

Rod and Wire Mill

Of the Company's production there were rolled into rods 74,596,737 pounds of copper. Of this amount, 22,326,473 pounds were manufactured into wire, of which 5,292,944 pounds were made into strand.

Construction

Anaconda

Very little construction work was done at Anaconda during the year 1920, the principal items being the completion of the 50-ton phosphate plant, which was begun in the latter part of 1919, and the completion of the arsenic refining plant, work on which was begun at the same time. Both of these plants were operated in a very satisfactory manner.

The 50-ton phosphate plant treated approximately 1500 tons per month of rock and produced about 900 tons per month of treble super-phosphate, containing about 47% available phosphoric acid.

This plant is a pilot plant intended for developing the process of producing high grade phosphate and demonstrating the marketability of the product. Plans are under way for the construction of a large commercial plant to treat 400 to 450 tons of rock per day, together with the necessary sulphuric acid plant.

The new arsenic refining plant, the remodeling of which was completed during the year, contains two refining furnaces each capable of producing about 200 tons per month of refined arsenic. Toward the end of the year a baghouse was constructed to recover the fume from the gases leaving the arsenic plant. The entire system operated in a most satisfactory manner.

The final dam for clarifying the water of the Deer Lodge River at Warm Springs was completed during the year.

A small experimental plant for the production of liquid sulphur dioxide and an experimental precipitator for the precipitation of copper from sulphate solutions by means of liquid sulphur dioxide were completed, and successfully operated during the year.

Great Falls

In connection with the zinc plant a warehouse 40 x 104 feet was constructed.

A very considerable advance was made during the year in connection with the treatment of zinc plant residue and bag house fume, by making the fume and the residue into briquettes and smelting the same in one of the old copper blast furnaces, which was remodeled for this purpose.

No construction work of note was done at either of the copper refineries.

At the rolling mill a double six-die wire drawing machine, a nine-die wire drawing machine and a seven-wire strander were added to the plant.

At the ferro-manganese plant considerable work was done during the year in the way of reconstructing the furnaces as they wore out. Two of the furnaces were rebuilt along new and improved lines and the electrode holders were very much improved. The plant for the last half of the year operated very satisfactorily, but as there was a decided falling off in the demand for ferro-manganese in the middle of December the operation of the plant was discontinued.

Subsidiary Departments and Companies

Coal Department

The mines at Diamondville, Wyoming, produced during the year 494,733.50 tons of coal, 260,112.50 tons of which were shipped to other departments of the Company, 189,771.25 tons were sold commercially and 44,899.75 tons were used at the coal mines.

The mines at Washoe, Montana, produced 207,767.90 tons of coal, 109,436.10 tons were shipped to other departments of the Company, 87,495.80 tons were sold commercially, and 10,836 tons were used at the coal mines.

The mines at Sand Coulee, Montana, produced 192,783.25 tons of coal, 89,332.95 tons were shipped to other departments of the Company, 103,042.30 tons were sold commercially, and 408.00 tons were used at the coal mines.

Lumber Department

The sawmills at Bonner, St. Regis, and Hope cut 92,865,620 feet of lumber and purchased 358,115 feet, of which 38,185,389 feet were shipped to the mines of the Company, 32,027,243 feet were sold commercially, 1,318,034 feet were used at the mills for repairs and construction, and 2,003,362 feet were supplied to the factory for manufacturing; or a total disposition of 73,534,028 feet, increasing the stock of finished lumber on hand by 19,689,707 feet, leaving a balance on December 31st, 1920, of 48,451,078 feet.

Phosphate Development

In the report covering operations for the year 1919, mention was made of a phosphate property which had been acquired in the vicinity of Garrison, Montana. Development work was begun in October, 1919, and during the remainder of that year a tunnel was driven on the phosphate bed for a distance of 74 feet, the last 60 feet of which averaged upwards of 4 feet in width, and a content of 30.15% phosphoric acid. During the year 1920 this tunnel was driven a distance of 518 feet, of which 478 feet was on the bed, the remainder being in crosscuts where faulting had occurred. The phosphate rock developed in this length of tunnel averaged about 4 feet in width and a content of 31.1% phosphoric acid.

Operations at this property were discontinued on September 27th, 1920, as it was deemed advisable to concentrate the work at the phosphate property located at Conda, near Soda Springs, Idaho.

Conda Phosphate Property

In addition to the claims originally purchased in the year 1919, arrangements for purchase of 21 additional claims were made in the year 1920, all containing phosphate rock, and 480 acres of land were purchased for plant site and townsite purposes. The townsite of Conda is located about 7½ miles southeast of Strachan, a station on the Oregon Short Line Railroad, and in order to develop the property it was necessary to construct 7½ miles of railroad connecting Conda and the mines with the main line of the Oregon Short Line Railroad. An agreement was arrived at with the Railroad Company, and contracts were let for the building of the railroad. Due to a comparatively open winter, work of building the railroad was carried on without interruption up to the end of the year, when all work was suspended until Spring. Track was, however, laid to the plant site and considerable ballasting was done. The first work train arrived at Conda on December 10th, and the first material was hauled over the road on December 31st.

Temporary buildings for housing the employees were built, a telephone line was completed to Soda Springs, and a 44,000 volt power line 7½ miles in length was built to the plant, which furnished electric power with which to conduct operations. An electrically driven compressor was installed.

The property will be opened up by two adit tunnels. No. 1 adit was driven a distance of 391 feet to cut the east dipping bed, while adit No. 2, the portal of which was completed at the end of the year will be driven to cut the west dipping bed. It is expected that adit No. 1 will reach the phosphate bed about April, 1921. The surface tram line connecting adits No. 1 and No. 2 was 83% completed at the end of the year. The excavation for the plant site was 30% completed. Excavation was started for the pipe line through which water will be brought to the plant site, a distance of 7400 feet.

Material for a crushing and drying plant, ore bins, trestles, etc., was ordered, also storage battery locomotives, cars and other necessary machinery.

It is estimated by the engineers in charge of the property that the plant will be ready to operate about August, 1921.

Butte, Anaconda and Pacific Railway

The Railway transported during the year 4,381,267 tons of ore and other freight and 241,250 passengers. The gross revenues were \$1,542,673.21; rental and miscellaneous receipts \$4,516.39; operating expenses \$1,295,241.69; taxes, interest and rental of leased lines \$232,146.79; net income \$19,803.12.

International Smelting Company

The smeltery of this Company, at Tooele, Utah, treated during the year 104,210.44 tons of copper ore, and 200,787.83 tons of lead ore, from which there were produced 9,909,763 pounds of fine copper, 46,130,752 pounds of fine lead, 4,182,881.41 ounces of silver, and 22,592.816 ounces of gold.

The copper smeltery at Miami, Arizona, treated during the year 355,912.41 tons of concentrates and purchased ores, from which there were produced 163,791,986 pounds of fine copper, 378,090.17 ounces of silver, and 5,379.814 ounces of gold.

International Lead Refining Company

The lead refinery of this Company at East Chicago, Indiana, treated during the year 23,457.38 tons of lead bullion from the Tooele plant, and 4,266.67 tons of purchased ore and other bullion, from which there were produced 49,173,237 pounds of common lead, 2,811,008 pounds of antimonial lead, 3,438,370.73 ounces of silver, and 11,897.158 ounces of gold.

Raritan Copper Works

The Raritan Copper Works, owing to the unsettled conditions of the copper trade, operated at reduced capacity in all departments during the entire year, the production of copper being only 46.3% of the total capacity of the plant, which caused a corresponding curtailment in the production of the precious metals.

During the year the installation of the oil system, whereby fuel oil was substituted for coal throughout the plant, was practically completed. This installation included the building of two storage tanks, each with a capacity of 55,000 barrels of oil, the laying of pipe lines from the docks to the storage tanks of the various departments of the plant, and the reconstruction of the fire boxes on the boilers of the furnaces to permit the use of fuel oil.

The copper furnaces have run more continuously with less repairs and labor charges than when using coal, while in the boiler-rooms results of tests have shown a marked increase of efficiency by the use of fuel oil over coal.

The Refinery of this Company at Perth Amboy, New Jersey, treated for all companies during the year 124,463.44 tons of copper bullion and 4,338,616.64 ounces of silver bullion, from which there were produced 245,473,190 pounds of fine copper, 14,320,831.81 ounces of silver, and 76,746,243 ounces of gold.

South America
Andes Copper Mining Company
Development

Churn drilling to the extent of 9,086 feet was done during the year, a large portion of which was confined to an area south of the main ore body, and a tonnage of 7,826,241 tons of ore, averaging 1.64% copper, was added to the ore reserves, making a total estimate of 128,262,303 tons, having a copper content of 1.49% copper.

About 2300 feet of the above drilling was represented by short holes drilled in order to more accurately determine the grade of ore in certain sections which had not been fully developed. There was also 4840 feet of small drifts, winzes and raises driven for the purpose of checking drill hole assays, and also for obtaining a sufficient tonnage of properly mixed ore that would represent an average sample of the oxide ore body and which could be used as feed to the experimental mill.

The amount of work done in drifts, up-raises and inclined shafts for the removal of waste and the development of the intermediate haulage level was 12,392 lineal feet.

108,000 tons of waste were removed during the year, the average tons per man per day in the latter part of the year was 22, demonstrating the efficiency of the caving system of mining as applied to this class of material.

An inclined shaft 422 feet in depth to facilitate development of a haulage level which will be used for mining the oxide ore body was completed during the year.

The main adit was advanced 3,142 feet, the total length at the end of the year being 11,142 feet. The work during the last half of the year was seriously interfered with on account of a large flow of water, amounting at times to upward of 10,000 gallons per minute. This, however, is gradually decreasing, and is lowering the water level in the ore body at the rate of three feet per day.

Water Supply

The survey of the proposed pipe line was finished in the month of May, 1920. The pipe line as located is 37.8 miles long, with an elevation at the intake of 11,715 feet and an elevation at the discharge of 9,695 feet. The total length of tunnels is 12,721 feet, of which 7,326 feet have been completed. The amount of tunnel work done during the past year was 1,955 feet.

Potrerillos Railway

The Potrerillos Railway, consisting of the main line from Pueblo Hundo to the town-site of Potrerillos and the line connecting Barquito with the Chilean State Railroad at Chañaral, was operated satisfactorily during the year.

Property

Additional acreage was taken up in the year 1920, making a total of 272,275 acres owned by the Company.

PNYC00009814

Construction

The hospital, the carabineros' quarters and 43 new houses were completed during the year. The status of dwellings at the end of the year was, at the mine, 5 dwellings 100% complete; at Potrerillos 217 dwellings 92% complete; and at Barquito 14 dwellings 100% complete.

The temporary machine shop was finished and equipped. Its capacity is sufficient to take care of the ordinary needs of the mine and railroad, as operated at present.

Operations in general at the property were curtailed during the year by inability to secure fuel.

The experimental mill at Potrerillos was started January 25th, 1920. Various alterations were made to permit of thorough tests on the oxide ores by a leaching process, to be followed by sulphur dioxide precipitation and iron cementation. The leaching experiments carried on during the year indicated a consistent extraction of 92% of the copper content in the oxide ores treated.

The sulphur dioxide plant has been shipped to South America and should be in operation early in the year 1921. In the meantime tests on similar ores have been made at Anaconda, Montana. These experiments have fully corroborated the results obtained originally in the leaching plant at Anaconda and warrant the expectation of a very satisfactory recovery from the ores treated.

Due to shortage of fuel, the mill was shut down in September, 1920, but will be started up early in the year 1921.

Santiago Mining Company

Lo Aguirre Mine

The principal work done during the year was confined to the work of preparing the ore body for caving by driving haulage drifts and raises; also the development of the sulphide ore body mentioned in the last report. Winzes were sunk showing the body to extend a considerable distance below the tunnel level, but on account of the presence of water in the bottom of the winzes it was impossible to determine the exact extent of the ore. The work, however, proved that there was a substantial body of sulphide ore below the tunnel level. It will require the erection of machinery and pumps to prosecute this work further. The total work done on all faces amounted to 8,121 feet.

The construction work during the year consisted of 12 two-family houses, 2 five-room staff houses, powder magazine and a telephone line from Africana to Lo Aguirre.

Africana Mine

The total development for the year was 8,403 feet, consisting of the sinking of an additional 270 feet in Shaft No. 1 to a total depth of 858 feet, while in Shaft No. 2, 190 feet were sunk to a total depth of 423 feet, the balance being represented in drifts and crosscuts.

The results of the development work were quite satisfactory and would tend to indicate an extension of the ore bodies to the north and a weakening of the ore bodies in a southerly direction.

The copper in the Africana ores appears entirely in sulphide form, assaying 3.73% copper for ore so far developed.

PNYC0009815

Investments

(a) Mines and Mining Claims.—During the year your Company added to the mining claims owned by it in the Butte District, by purchasing either the whole or undivided interests in a number of outlying properties situated in promising districts. The amount expended in making these purchases was \$191,694.65. In addition, the sum of \$147,873.28 was paid during the year upon the contract for the purchase of phosphate lands situated in Idaho, and in acquiring adjacent property necessary for operating purposes.

(b) Walker Mining Company.—The operations of the Walker Mining Company were continued in 1920 under difficulties, due to shortage of labor.

There were mined and milled 41,825 tons, producing 7,338.92 tons of concentrates.

There were shipped to the International Smelter, Tooele, Utah, 2,295.43 tons of concentrates, containing 907,988 pounds of copper, 17,128.57 ounces of silver and 448,444 ounces of gold.

There was on hand at the concentrator and in transit, December 31st, 1920, 7,660 tons, of which 2,572 was tonnage of concentrates on hand December 31st, 1919.

The new aerial tramway for the transportation of ore and concentrates to the railway and supplies from the railway to the mine, was completed in 1920.

The extension of the crosscut tunnel, a distance of 1,324 feet on the strike of the vein and through what is called the main ore body, was completed during the year.

A raise through this ore body from the tunnel to the No. 4 level, a distance of 348 feet, was completed during the year.

A raise from the tunnel to meet the incline shaft from the 3rd level was started.

The developments indicate that the ore body as now outlined will average better than 4% in copper values.

An electric haulage system was installed in the above mentioned tunnel, which will be used as the main haulage way from the ore body to the concentrator.

The installation of a new crusher, picking belt and conveyor is about 85% complete.

The additional housing facilities mentioned in last year's report were completed.

(c) Arizona Oil Company.—During the year this Company produced 395,641 barrels of oil and paid \$40.00 per share in dividends, of which your Company received \$325,400.00.

(d) Anaconda Lead Products Company.—The electrolytic white lead plant, located at East Chicago, Indiana, was put in operation on January 25, 1920, and immediately, as is usually the case in new process work, weaknesses in equipment and plant design developed, which from time to time were remedied and will be completely overcome in the near future.

The cellroom of the plant developed a greater tonnage than was anticipated, thereby throwing out of balance the filtering, drying and barreling departments.

The process operated satisfactorily, the grade of the product being excellent, establishing a new standard of whiteness for white lead. Construction and operation of the plant was seriously hampered by a scarcity of labor, which was remedied only toward the close of the year.

The plant made an output of 18 tons of white lead per day during the last month of the year.

(e) During the year your Company increased its holdings of stock of the Inspiration Consolidated Copper Company from 250,900 shares to 285,300 shares.

Financial Condition

Continued expenditures in South America, together with the carrying of abnormally heavy stocks of metals, necessitated the borrowing of additional money. Accordingly, your Directors in October authorized the sale of Series B, of the authorized bond issue, to the principal amount of \$25,000,000 at 7% per annum. These bonds were sold and the proceeds therefrom, and the distribution thereof, are reflected in the balance sheet attached hereto.

Attached hereto you will find a consolidated balance sheet showing the financial condition of the Company, and its Subsidiary Corporations, at the close of business December 31, 1920, and an income statement for the year, both certified to by Messrs. Pogson, Peloubet & Company, Certified Public Accountants.

You will note that certain changes have been made in the balance sheet, which are not the result of current operations for the year.

Up to the year 1914 Anaconda's balance sheet showed the status of that Company only. Since that date, because of the acquisition of subsidiary companies entirely owned by this Company, balance sheets of such Companies have been combined with that of this Company and so published.

Under the heading of "Investments" there has heretofore been included Anaconda's interest in Companies controlled though not entirely owned, as well as other investments. Due to the increasing importance of such Companies, particularly those owning the South American properties, and in order to more accurately present the status of this Company's interest, where more than 75% of the issued stock is owned, the assets and liabilities as the same appear upon their respective books are distributed under appropriate headings on the consolidated balance sheet attached hereto. The change does not imply a valuation of the properties of such Companies, which would show greatly in excess of the book values taken.

New York, N. Y., May 5th, 1921.

JOHN D. RYAN,
Chairman of the Board.

CORNELIUS F. KELLEY,
President.

ANACONDA COPPER MINING COMPANY
and Subsidiary Companies

Consolidated Balance Sheet—31st December, 1920

ASSETS

FIXED:

Mines and Mining Claims, Coal Mines, Timber Lands.	
Water Rights and Lands for Reduction Works and	
Refineries, etc.	\$118,364,459.16
Buildings and Machinery at Mines, Reduction Works,	
Refineries, Sawmills, Foundries, Waterworks, Rail-	
roads, Manufacturing Plants, etc.	75,019,735.27
Investments in sundry companies.	15,975,377.34
	<u>209,359,571.77</u>

CURRENT:

Supplies on hand, advances on Ores and Expenses	
prepaid	\$24,050,298.44
Manufactured products and Merchandise held for sale..	3,980,697.16
Metals in process and on hand—at cost.	32,536,182.89
Accounts Receivable and Cash.	24,868,981.96
	<u>85,436,160.45</u>
	<u>\$294,795,732.22</u>

We have examined into the affairs of the 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, 1920 of the Companies as an aggregate whole and that the accompanying Income Account for the year ending 31st December, 1920 is correct as stated.

POGSON, PELOUBET & CO.,
Certified Public Accountants.

New York and Butte, 23rd April, 1921.

ANACONDA COPPER MINING COMPANY
and Subsidiary Companies

Consolidated Balance Sheet—31st December, 1920

LIABILITIES

CAPITAL STOCK of Anaconda Copper Mining Company:	
Authorized—3,000,000 shares of \$50.00 each; issued— 2,331,250 shares	\$116,562,500.00
MINORITY INTERESTS in Subsidiary Companies.....	3,594,090.37
TEN YEAR SECURED GOLD BONDS, due 1st January, 1929:	
Authorized and issued—Series A, 6% \$25,000,000.00;	
Series B, 7% \$25,000,000.00.....	50,000,000.00
RESERVE FOR DEPRECIATION.....	22,310,819.88
CURRENT:	
Accounts and Wages Payable and Taxes and Interest Accrued	17,574,859.53
SURPLUS:	
Balance 31st December, 1919—Anaconda Copper Min- ing Company and Subsidiaries entirely owned.....	\$62,011,125.45
Additions through consolidating accounts of Subsidi- aries substantially owned and changes required in adjustment of prior years' taxes.....	27,044,426.37
	<u>89,055,551.82</u>
Net Income for the year ending 31st December, 1920, per Income Account annexed.....	2,691,660.62
	<u>91,747,212.44</u>
Deduct Dividends Nos. 79 to 81.....	6,993,750.00
	<u>84,753,462.44</u>
	<u><u>\$294,795,732.22</u></u>

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, for the sake of uniformity, the result of those entries has been omitted from the current statements.

ANACONDA COPPER MINING COMPANY
and Subsidiary Companies

Consolidated Income Account—Year Ending 31st December, 1920

EXPENSE

Metals in process and on hand at beginning of year.....	\$28,705,375.47
Mining, including Development.....	17,943,878.52
Ore Purchases	13,813,410.19
Reduction, including Transportation of Ore.....	19,248,563.22
Refining and Selling, including Transportation of Metals.....	4,963,639.08
Cost of Manufactured products and Merchandise sold.....	5,664,682.26
Administration, Federal Taxes and loss on Government securities sold...	1,935,451.94
Balance carried down.....	8,020,165.93
	<u>\$100,295,166.61</u>

Amount charged off this year for Depreciation and Obsolescence of Mining Plants, Smelters, Refineries, etc.....	\$4,300,349.22
Interest	2,343,243.34
Balance, Net Income, carried to foregoing Balance Sheet.....	2,691,660.62

\$9,335,253.18

PNYCC009820

ANACONDA COPPER MINING COMPANY
and Subsidiary Companies
Consolidated Income Account—Year Ending 31st December, 1920

INCOME

Sales of Metals	\$53,227,278.08
Sales of Manufactured products and Merchandise.....	7,716,975.88
Royalties, Tolls, Rentals, etc.....	6,814,729.76
Metals in process and on hand at end of year.....	32,536,182.89

\$100,295,166.61

Balance brought down	\$8,020,163.93
Income from Investments in sundry companies.....	1,315,087.25

\$9,335,253.18

PNYC00009821