AIR MAIL September 12, 1946

Mr. F. O. Case, Assistant to the President
Anaconda Copper Mining Company
Room 1960 - 25 Broadway
New York 4, New York

Dear Mr. Case:

Since our telephone conversation yesterday, I have discussed with Messrs. Stolte and Milne the attached statement which has been prepared by the Accounting Department to show the estimated amount of cash to be realized by liquidation of the liquid assets other than the supply items. In preparation of this statement we have used the date of August 1st, 1946 as the base period from which the figures are prepared. The statement shows that $1,122,000 cash should be realized by the liquidation.

Refinery Department

Some explanatory remarks might be helpful in studying the attached tabulation. The by-products shipped to Omaha, Tooele and U.S.S. Lead represent inventories that would normally be frozen when the Refinery was in operation. The value of these metals frozen as inventories in the Refinery approximate $410,000. These frozen inventories are exclusive of the Mixed Metal inventories of $88,000.

White Lead Department

The accounts receivable are largely from sale of White Lead and Lead-in-Oil. The inventory of finished White Lead and finished Lead-in-Oil is close to a frozen inventory of these materials when the plant is operating. You will note that there is no inventory item of raw material or "in process" material. The "in process" material in a normal operating plant would approximate $30,000 and this inventory value added to the $57,000 of finished White Lead and Lead-in-Oil would indicate a normal frozen inventory of $87,000 for the White Lead Plant.

Zinc Oxide Department

The "in process" materials amounting to $32,000 is largely the Refuse Oxide which we have in stock at the American Block. The by-products shown at a value of $41,000 is largely the value of the residue metal which we treated in the Muffle Furnaces during August to produce Prime Western Zinc and a Low Zinc Residue Metal which has been sold and shipped.

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The probable frozen inventories at the Oxide Plant would approximate the following:

Zinc Scrap Inventories	$200,000
Other Raw Materials	50,000
Finished Materials	150,000
	$400,000

Summary of Normal Inventories

For all three plants we could summarize the probable frozen inventories as follows:

Lead Refinery	$410,000
White Lead Plant	87,000
Zinc Oxide Department	400,000
	$897,000

Refinery Metal Recoveries

In this letter I should like to discuss the figures which Mr. Stolte has submitted to Mr. [illegible] under date of September 11th, copy of which was sent to your office, Mr. Laist and Mr. Daly. The tabulation attached to Mr. Stolte's letter gives an estimate of metal recovered from by-products in process at East Chicago at shut down. The significant thing about this tabulation is the fact that the lead, antimony, silver and gold shown on our books as "in process" has almost entirely been accounted for by materials that we have shipped to Omaha, U.S.S. Lead or Tooele. While these figures are not final they are reasonably correct.

In the case of the material still in the plant, I believe the residue furnace dismantlement estimates are conservative. In the case of the high grade blast furnace slag, which is shown as containing 180,000 pounds of lead, this material is difficult to estimate its recoverable lead content because of the presence of metallics which make any satisfactory sample difficult to obtain. It should also be mentioned that these metal gains on lead, antimony and silver are over and above the assumed metal recoveries which we have been carrying on our books for the year 1946.

Zinc Oxide Metal Recoveries

In our July cost sheets we showed a metal gain of 319,705 pounds of zinc which would be our indicated gain of metal as of August 1st, 1946. This gain of zinc may be slightly altered when the final disposition of Great Falls Dross, Refuse Oxide, Dust Collector Oxide and Liquation Dross are disposed of but we believe the physical inventory and the book inventories are reasonably correct on these items.

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White Lead Metal Recoveries

The White Lead Plant lead recovery at the close of July indicates a gain of 71,000 pounds of lead.

We trust that this is the information you desire.

Very truly yours,

G.E. Johnson.

GEJ/bm
cc: Mr.F.Laist
Mr.W.K.Daly
Mr.F.E.Stolte

ESTIMATED AMOUNT OF CASH TO BE REALIZED FROM LIQUID PLANT ASSETS AS OF AUGUST 1st, 1946

Refinery Department			
Accounts Receivable (Principally Mixed Metal Department)		$ 33,263.00	
By-Products to Omaha		292,795.00	
By-Products to Tooele		113,657.00	
By-Products to U.S.S. Lead		4,429.00	
Slag Pile		20,000.00	
Bismuth (Refined)		7,525.00	
Mixed Metal Inventory		88,000.00	
Miscellaneous Scrap		15,300.00	
			$ 574,969.00
White Lead Department			
Accounts Receivable		$ 84,921.00	
Inventory			
Finished White Lead	$ 38,708.00		
Finished Lead-in-Oil	18,473.00		
Finished Sulphate	-	57,181.00	
			$ 142,102.00
Zinc Oxide Department			
Accounts Receivable		110,817.00	
Inventory			
Finished	$114,270.00		
In Process (Refuse Oxide)	32,000.00		
Raw Material			
Electrolytic Zinc	85,000.00		
Great Falls Dross	22,000.00		
By-Products (Residue Metal)	41,000.00	294,270.00	
			$ 405,087.00
			$1,122,158.00

Material and Supply Items not included in above $100,000

LAM/bm
9/12/46

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