INTERNATIONAL SMELTING AND REFINING COMPANY

and Subsidiary Companies

REPORT ON AUDIT

YEAR ENDED DECEMBER 31ST 1938

Pogson, Peloubet & Co.

Certified Public Accountants

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NEW YORK

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To the Board of Directors,
International Smelting and Refining Company,
25 Broadway, New York

Dear Sirs:

We have made a general audit of the books and accounts of INTERNATIONAL SMELTING AND REFINING COMPANY for the year ended December 31st 1938, and present herewith a Comparative Balance Sheet, Comparative Income Account and Surplus Account, followed by various supporting schedules.

INVESTMENT IN AND OPERATIONS OF SUBSIDIARIES

The accounts of wholly owned subsidiaries have not been consolidated with those of International Smelting and Refining Company in this report.

The principal subsidiary, Utah-Delaware Mining Company, was consolidated on March 14th 1937 with Utah Apex Mining Company to form National Tunnel & Mines Company and ceased to be a subsidiary on that date. Investment in National Tunnel & Mines Company in this report is at the amount shown on the books of International Smelting and Refining Company which differs from that shown in the report on Anaconda Copper Mining Company and consolidated subsidiaries, in that the investment and Consolidated Surplus have there been reduced by $136,307.60, the amount of the deficit of Utah-Delaware Mining Company on dissolution.

Three of the remaining subsidiaries, New Jersey Storage and Warehouse Company, Raritan Copper Works, and Raritan Terminal and Transportation Company, are not operating, and the operations of the fourth subsidiary, International Building Association, are not an integral part of the operations of the parent company. The investment, including net advances, of International Smelting and Refining Company in its wholly owned subsidiaries amounted to $155,365.04 at December 31st 1938 and combined net loss of such companies amounted to $3,340.21 for the year 1938 (details page 19).

Investment, including noncurrent advances, in subsidiaries not wholly owned by the company amounted at December 31st 1938 to $3,501,422.03. The equity of the company in the combined net losses of these companies amounted to $5,546.13 for the year 1938 (details page 17).

OPERATIONS

For the year 1938 International Smelting and Refining Company operated at a net loss of $969,994.57, compared with a loss of $1,301,021.38 for the year 1937.

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Income or loss of the various plants and departments of the company compared with the respective investments, may be summarized as follows:

	Investment at December 31st 1938	Income or [illegible] of the year 1938	Income or [illegible] of the year 1937
Tooele plant	$ 5,109,556.36	[illegible]	[illegible]
Miami plant	1,318,947.93	[illegible]	205,355.64
Lead refinery	979,155.69	[illegible]	[illegible]
Zinc oxide department	1,624,359.09	[illegible]	[illegible]
White lead department	686,736.75	[illegible]	[illegible]
Raritan refinery	6,264,051.12	419,256.27	754,709.49
Raritan secondary metals department	3,910,760.50	[illegible]	[illegible]
Raritan electro-sheet department	304,964.64	[illegible]	[illegible]
	20,198,531.08	[illegible]	[illegible]
Investments and advances - details page 34	6,688,371.57	[illegible]	58,469.76
	26,886,902.65	[illegible]	[illegible]
Items not allocated to departments (similar items of cost and expense for 1937 amounting to $67,057.35 were allocated to the various departments on the basis of all other costs) - details page 35	[illegible]	[illegible]	
Net loss before interest on debentures and notes payable to affiliates		202,374.14	[illegible]
Interest on debentures		[illegible]	[illegible]
Interest on notes payable to affiliates		[illegible]	[illegible]
Net loss of the year		[illegible]	[illegible]
Capital stock, deficit, and debentures and notes payable to affiliates	$ 25,571,883.57		

Comparative losses at Tooele and Raritan secondary metals department do not indicate actual changes in operating conditions. In 1937 both these plants made operating profits which were offset by losses on metals of a greater amount. In 1937 Tooele treated approximately double and Raritan secondary metals department approximately 3-1/2 times the quantities of metals treated in 1938, and this loss of volume resulted in operating losses for 1938 of approximately the amount shown above, 1938 metal gains or losses not being of important amount. In 1937 the product of the Zinc oxide department was sold for $111,005.20 less than the cost of the untreated zinc. The loss of 1937, therefore, consists of this amount plus $753,969.07 operating expenses. In 1938, on a smaller volume, the total loss for the department amounted to $12,194.65 which is more nearly representative of normal conditions.

While entirely accurate figures for metal gains or losses at the Tooele plant and the Raritan secondary metals department can not be arrived at, our investigation into these two departments for the year 1937 indicated that these losses were in excess of the total loss shown for these two departments in 1937. On this basis we might eliminate from the total loss for the year 1937 the losses of these three departments which would give a figure on approximately the same basis as the loss for 1938 except that the profit thus shown for 1937 would be too small by any amount by which the operating profits of the Tooele plant and the Raritan secondary metals department exceeded the net losses shown above.

Net loss year 1937 as above		$ 1,301,021.38
Net losses - Tooele plant	$ 200,498.13	
- Zinc oxide department	864,974.27	
- Raritan secondary metals department	457,592.16	1,523,064.56
Profit for year 1937 on the assumption that the entire loss shown for Tooele plant and Raritan secondary metals department was due to metal losses and that the Zinc oxide department would have made no loss if operated on the same basis as in 1938		$ 222,04[illegible]

While the foregoing figures are not exact, the comparison indicates [illegible] actual operating results were better in 1937 than in 1938, principally due [illegible] greater volume in 1937. In our opinion, if the exact figures could be obtained they would show a larger rather than a smaller operating profit for the year 1937.

WORKING CAPITAL

Changes in current position were as follows:

	December 31st 1937	December 31st 1938	Incr[illegible]
Current assets	$ 11,801,024.25	11,171,961.58	
Current liabilities	1,409,259.45	2,272,143.65	[illegible]
	$ 10,391,764.80	8,899,817.93	
Ratio	8.4 to 1	4.9 to 1	

In the foregoing comparison advances by affiliates evidenced by [illegible] $5,000,000 payable to Anaconda Sales Company and $2,250,000 payable to [illegible] Copper Mining Company, are not considered current liabilities. Included in [illegible] increase in current liabilities shown above is an increase of $1,170,410.44 [illegible] indebtedness to Anaconda Sales Company on open account.

DISTRIBUTION OF BALANCE SHEET AND INCOME ACCOUNT TO DEPARTMENTS

The detail schedules which support the Balance Sheet and Income [illegible] are presented in ten divisions, the eight principal operating departments:

1. Tooele plant,
2. Miami plant,
3. Lead refinery,
4. Zinc oxide department,
5. White lead department,
6. Raritan refinery,
7. Raritan secondary metals department,
8. Raritan electro-sheet department, and

a ninth division,

9. Investments and advances,

which includes the activities of the company other than the principal smelting, refining and manufacturing operations, and a tenth division,

10. Items not allocated to departments.

In making this rearrangement, the accounts of the company as shown on its various ledgers have been redistributed and allocated to the departments to which they apply, except for a few items for which there is no exact basis for allocation and which are shown separately in the tenth division mentioned above. Details of accounts which appear in this tenth division are shown on page 35.

Land at East Chicago, and land, buildings and machinery, and reserve for depreciation at Perth Amboy have been allocated among the various departments on a basis believed to be approximately correct.

FUNDS RECEIVED AND DISBURSED

Funds received and disbursed were as follows:

Funds made available:		
Increase in indebtedness to Anaconda Sales Company	$ 1,170,410.44	
Decrease in inventories (details below)	413,642.35	
Decrease in trade accounts receivable	105,912.29	
Cash operating profit (details below)	301,633.40	1,991,598.48
Funds disbursed:		
Interest paid on debentures and notes payable to affiliates	767,120.43	
Expended for fixed assets (details below)	478,410.21	
Decrease in current liabilities, other than to Anaconda Sales Company	307,526.24	
Increase in investment in and advances to subsidiaries (details below)	233,508.22	
Decrease in deferred items, reserves, etc.	30,378.58	
Increase in noncurrent accounts receivable	24,317.12	1,841,260.80
Increase in cash		$ 150,337.68

DECREASE IN INVENTORIES

Metals and manufactured products - finished - (details below)	$ 734,832.37
- in process	434,332.72
Supplies on hand	113,142.70
Net decrease - as above	$ 413,642.35

DECREASE IN INVENTORY OF FINISHED METALS AND MANUFACTURED PRODUCTS

	Decrease or increase		
	Quantity		Amount
Finished metals:			
Copper (details below)	132,272	lb.	$ 29,504.10
Zinc (accumulations in 1938 - Zinc oxide department)	1,459,435	lb.	[illegible]
Lead (details below)	5,027,652	lb.	138,997.01
Silver (details below)	23,965.77	oz.	54,334.08
Gold	4,502.927	oz.	152,692.71
			305,138.88
Metals in manufactured products, fabricating costs, etc.:			
Miscellaneous metals			[illegible]
Zinc oxide			61,629.95
White lead			23,082.46
Electro-sheet fabricating cost			[illegible]
Prepaid billet cost - Raritan refinery			64,772.35
Freight on consigned stocks, etc.			12,944.33
			449,587.11
Reserves for freight and refining (increase)			[illegible]
Decrease as shown by comparative balance sheet - page 9			754,460.48
Less decrease in depreciation included in inventories - (details below)			19,628.11
As above			$ 734,832.37

DECREASE IN DEPRECIATION INCLUDED IN INVENTORY

Depreciation on December 31st 1937 inventory sold in 1938:

	Pounds	Cents per pound	Amount
Tooele - copper	3,556,589	.289	$ 10,276.54
- lead	3,980,964	.131	5,215.06
Zinc oxide	3,305,775	.091	2,998.42
White lead	528,409	.215	1,136.09
Decrease - as above			$ 19,628.11

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DECREASE IN FINISHED METALS

	Quantity (pounds)	Price (cents)	Amount
COPPER			
Deliveries from 1937 inventory:			
Tooele plant	451,156	12.272	$ 55,366.32
Raritan refinery	103,174	8.170	8,415.44
Raritan secondary metals department - excess 1937 stock	9,221,147	9.900	912,893.55
Raritan electro-sheet department	287,611	10.608	30,509.34
	10,063,088	10.009	1,007,184.65
Less accumulations in 1938:			
Miami plant	906,729	11.025	99,966.87
Raritan secondary metals department	9,024,087	9.728	877,713.68
	9,930,816	9.845	977,380.55
Net decrease - as above	132,272		$ 29,504.10
LEAD			
Deliveries from 1937 inventory:			
Tooele plant	8,469,236	4.857	$ 411,344.30
Lead refinery	2,601,371	5.112	132,994.35
	11,070,607	4.917	544,338.65
Less accumulations in 1938:			
Tooele plant	4,488,272	5.198	233,319.75
Lead refinery	3,546,890	4.840	171,672.61
White lead department	7,593	4.600	349.28
	8,042,755	5.040	405,341.64
Net decrease - as above	3,027,852		$ 138,997.01
SILVER	(ounces)		
Covered by affidavits:			
Sales of 1937 inventory	473,516.39	77.311	$ 366,080.26
Unsold 1938 production	550,873.69	64.561	355,649.57
Net increase in quantity	77,357.30		
Net decrease in amount			10,430.69
Not covered by affidavits:			
Decrease in quantities - net	53,391.53	44.000	23,492.27
Decrease due to reduction in market price - 1,487,139.94 ounces		1.373	20,411.12
Net increase in quantity	23,965.77		
Net decrease in amount - as above			$ 54,334.08

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CASH OPERATING PROFIT

Loss per Income Account - page 10	$ 969,994.57	
Interest on debentures and notes payable to affiliates, shown separately	767,180.43	202,874.14
Add back:		
Depreciation - additions to reserve	448,465.03	
- automotive equipment written off	1,653.60	
Raritan Trust Company stock written off	14,000.00	
Loss on disposal or dismantlement of fixed assets	40,388.91	504,507.54
As above		$ 301,633.40

EXPENDED FOR FIXED ASSETS

Buildings and machinery:		
Perth Amboy plants	$ 290,276.23	
Ophir Hill mill	114,297.91	
Other plants	87,415.74	491,989.88
Less salvage		18,624.61
		473,365.27
Mines and lands:		
Additions	5,079.94	
Less sales price of land sold	35.00	5,044.94
As above		$ 478,410.21

INCREASE IN INVESTMENT IN AND ADVANCES TO SUBSIDIARIES

	Investment	Advances	Total
Subsidiaries not wholly owned:			
Mountain City Copper Company	$ 44,952.50	96,248.06	141,200.56
Walker Mining Company		69,697.45	69,697.45
Other subsidiaries - current		186.88	186.88
- not current	120.97	25,108.15	25,229.12
	$ 45,073.47	191,240.54	236,314.01
Subsidiaries wholly owned:			
Investment in Raritan Copper Works			1,000.00
Decrease in advances to International Building Association			3,805.79
As above			$ 233,508.22

SCOPE OF AUDIT

We have made a general audit of the books and records of International Smelting and Refining Company and its subsidiary corporations for the calendar year ended December 31st 1938. In connection with our audit we examined or tested the accounting records of International Smelting and Refining Company and subsidiaries and other supporting evidence and made a general review of the accounting methods, including the system of internal check and control, and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions except in the case of the Miami smelter which is not examined by the Company's own internal auditors. In the case of all other companies and departments we satisfied ourselves that International Smelting and Refining Company and subsidiaries are included in the scope of the work of the internal auditors of the company. We examined into the sufficiency of the internal audit and examined the records of the reports of the internal auditors.

Investments, securities, cash, notes receivable and payable, debentures and capital stock have been verified by inspection, certificate, or correspondence and found in order. Accounts receivable were examined in detail and those considered bad or doubtful have been written off or have been provided for in reserve.

Certificates of responsible officials have been received certifying to the correctness of the quantities, description and ownership of inventories and we have made tests of their clerical accuracy.

The accounts are presented in the same form and on the same basis as those for Anaconda Copper Mining Company, the parent of International Smelting and Refining Company, with whose accounts those of International Smelting and Refining Company are consolidated.

Respectfully submitted,

COPY

Certified Public Accountants

New York, July 27th 1939

Page	ASSETS	December 3
	FIXED ASSETS:	
14	Mines and mining claims and lands for metal producing and manufacturing plants	
15	Buildings and machinery at reduction works, refineries and manufacturing plants	$ 26,158,138.82
16	Less reserve for depreciation	16,142,397.30
	Patents	
	Investments:	
17	Securities of subsidiaries - not wholly owned	
19	- wholly owned	
20	Other security investments (including, at December 31st 1938, marketable securities previously shown separately as current assets)	
	Indebtedness of subsidiaries - not current:	
18	Not wholly owned	
19	Wholly owned	
	DEFERRED CHARGES:	
21	Prepaid expenses	[illegible]
22	Deferred expenses	[illegible]
	CURRENT AND OTHER ASSETS:	
	Current assets:	
	Supplies on hand	[illegible]
	Metals and manufactured products - in process	[illegible]
23	- finished	[illegible]
	Accounts and notes receivable:	
25	Trade, less reserve	[illegible]
24	Affiliates	[illegible]
18	Subsidiaries - not wholly owned - current	[illegible]
	Marketable securities - at cost (market quotations $157,050)	[illegible]
26	Cash	[illegible]
	Other assets:	
	Other accounts receivable, less reserve	[illegible]
27	Advances to sundry mining companies, including advances on ores, less reserve	[illegible]
	Advances to Tooele Valley Railway Company	[illegible]

Page	LIABILITIES	
	CAPITAL STOCK of International Smelting and Refining Company, 163,500 shares of the par value of $75. each	
28	RESERVES:	
	For repairs	[illegible]
	For workmen's compensation insurance, etc.	[illegible]
	CURRENT LIABILITIES:	
29	Accounts payable - trade	[illegible]
	Wages payable	[illegible]
30	Accrued taxes	[illegible]
	Other accrued liabilities	[illegible]
24	Indebtedness - to affiliates	[illegible]
19	- to subsidiaries - not wholly owned	[illegible]
	- wholly owned	[illegible]
	Employees' deposits	[illegible]
31	DEBENTURES AND NOTES PAYABLE TO AFFILIATES	
	DEFERRED CREDITS TO INCOME	
13	DEFICIT	

INTERNATIONAL SMELTING AND REFINING COMPANY

COMPARATIVE BALANCE SHEET

DECEMBER 31ST 1937 AND 1938

	December 31st 1937		December 31st 1938		Increase or Decrease	
ducing and		$ 1,323,948.11		$ 1,293,835.54		$ 30,112.57
'ineries and	$ 26,158,198.82		$ 26,463,191.81		$ 304,992.99	
	16,142,997.30	10,015,201.52	16,445,154.45	10,018,037.36	308,157.15	2,835.84
		5,020.00		5,020.00		- -
		2,755,520.53		2,800,594.00		45,073.47
		42,000.00		43,000.00		1,000.00
ember 31st n separately						
		952,663.69		1,379,821.19		427,157.50
		675,719.88		700,828.03		25,108.15
		155,349.75		151,543.96		3,805.79
		15,905,423.48		16,372,680.08		467,256.60
	30,540.17		23,089.26		7,450.91	
	1,221.77	31,761.94	18,537.46	41,626.72	17,315.69	9,864.78
	822,689.58		709,546.88		113,142.70	
	1,181,078.11		1,650,218.34		469,140.23	
	7,882,796.38		7,098,336.90		784,460.48	
	731,058.17		630,633.33		100,424.84	
	14,099.40		8,611.95		5,487.45	
	696,472.02		862,604.41		166,132.39	
tions $157,050)	441,157.50		- -		441,157.50	
	61,673.09	11,801,024.25	212,010.77	11,171,961.58	150,337.68	[illegible]
	176.50		- -		176.50	
g advances on						
	122,118.86		139,023.73		16,904.87	
	148,138.54	270,433.90	155,727.29	294,751.02	7,588.75	24,317.12
		$ 28,008,643.57		$ 27,881,019.40		$ [illegible]
ing Company,		$ 12,262,500.00		$ 12,262,500.00		$ - -
	$ 18,890.88		$ 1,340.50		$ 17,550.38	
	38,615.10	57,505.98	35,171.68	36,512.18	3,443.42	[illegible]
	995,629.59		717,200.16		278,429.43	
	101,056.44		92,238.19		8,818.25	
	51,533.57		73,118.13		21,584.56	
	- -		6,149.40		6,149.40	
	204,672.87		1,358,219.18		1,153,546.31	
ed	33,111.87		- -		33,111.87	
	17,865.55		19,158.92		1,293.37	
	5,389.56	1,409,259.45	6,059.67	2,272,143.65	670.11	[illegible]
		15,250,000.00		15,250,000.00		- -
		- -		480.00		[illegible]
		970,621.86		1,940,616.43		[illegible]
		$ 28,008,643.57		$ 27,881,019.40		$ [illegible]

[redacted]

INTERNATIONAL SMELTING AND REFINING COMPANY

COMPARATIVE INCOME ACCOUNT

YEARS ENDED DECEMBER 31ST 1937 AND 1938

Page		Year ended December 31st 1937		Year ended December 31st 1938		Increase or decrease	
	Sales and tolls		$ 33,861,098.77		$ 15,848,232.85		$ 17,012,8[illegible]
	Cost of sales (Metals delivered in 1938 from that portion of metal inventories adjusted to market at December 31st 1937 are reflected in Cost of Sales at such market value, the difference between purchase cost and market, amounting to $183,703.49 (see page 32) having been deducted from income in the Income Account of the year ended December 31st 1937)		33,874,690.34		15,746,641.85		18,128,0[illegible]
	Income or loss from operations, before deducting depreciation		13,591.57		501,591.00		515,18[illegible]
33	Other income:						
	Dividends from subsidiaries not wholly owned	$ 409,660.60		$ - -		$ 409,660.60	
	Other dividends and interest-net	36,932.35		39,306.47		2,374.12	
	Miscellaneous income (expense)	7,288.39	453,881.34	9,744.75	29,561.72	17,033.14	424,31[illegible]
	Income		440,289.77		531,154.78		90,864.[illegible]
31	Interest on debentures and notes payable to affiliates	600,171.23		767,120.43		166,949.20	
	Expenses pertaining to nonoperating units	- -		244,458.34		244,458.34	
	United States income taxes	- -	600,171.23	716.58	1,012,295.35	716.58	412,124[illegible]
	Loss		159,881.46		481,140.63		321,25[illegible]
14	Provision for depreciation	854,128.07		448,465.03		405,663.04	
15	Loss on disposal or dismantlement of fixed assets	49,867.12		40,388.91		9,478.21	
32	Reduction to market quotations of excess copper inventory at secondary metals department	237,144.73	1,141,139.92	- -	488,853.94	237,144.73	652,2[illegible]
13	Net loss		$ 1,301,021.38		$ 969,994.57		$ 331,0[illegible]

	Tooele plant	Miami plant	Lead refinery	Zinc oxide department	White [illegible] departm[illegible]
ASSETS					
Mines and mining claims and lands	$ 351,492.95	66,406.60	130,665.27	60,822.81	13,243
Buildings and machinery	7,106,640.20	3,096,892.52	1,090,162.72	1,081,060.65	714,295
Reserve for depreciation	5,348,365.99	2,894,455.39	642,767.95	594,224.19	453,317
Patents			5,020.00		
Investments:					
Securities of subsidiaries:					
Not wholly owned					
Wholly owned					
Other security investments				5,848.91	
Indebtedness of subsidiaries - not current:					
Not wholly owned					
Wholly owned					
Prepaid expenses	1,658.90	810.00	360.59	2,488.43	1,417.
Deferred expenses	5,934.62		1,812.88	2,649.37	
Supplies on hand	311,319.61	45,351.10	85,978.35	24,252.89	36,994.
Metals and manufactured products:					
In process	827,513.73	221,252.16	141,230.78	423,266.80	
Finished	2,038,115.84	589,527.04	352,365.08	504,409.60	283,394.
Accounts and notes receivable:					
Trade, less reserve	18,631.32	219,502.90	2,731.08	154,661.91	66,575.
Affiliates			376.17		
Subsidiaries not wholly owned - current	103,413.68				
Cash	99,381.84	33,229.08	2,869.07	25,000.00	
Advances to sundry mining companies, including advances on ores, less reserve	102,196.66				
Advances to Tooele Valley Railway Company					
	5,420,383.36	1,377,495.51	1,164,965.92	1,630,256.88	701,601.
LIABILITIES					
Reserves:					
For repairs					
For workmen's compensation insurance, etc.	5,162.74		16,874.27	5,744.79	3,005.
Accounts payable - trade	247,383.30	32,053.36	137,571.86	153.00	11,860.
Wages payable	27,995.39	11,016.68	21,086.48		
Accrued taxes	10,873.81	15,366.60	9,104.62		
Other accrued liabilities	5,717.85	410.94			
Indebtedness - to affiliates	7,660.62		1,173.00		
- to subsidiaries wholly owned					
Employees' deposits	6,033.29				
Deferred credits to income					
	310,827.00	58,547.58	185,810.23	5,897.79	14,866.1
Net investment	$ 5,109,556.36	1,318,947.93	979,155.69	1,624,359.09	686,735.7

PNYC00000574

INCOME ACCOUNT BY DEPARTMENTS

		Tooele plant	Miami plant	Lead refinery	Zinc oxide department	White le[ad] departme[nt]
Sales of copper	$	509,881.13				
silver		2,153,171.19	148,980.06	193,245.48		
gold		997,253.82	164,334.85	97,441.76		
lead		2,139,125.62		543,519.88		
miscellaneous metals						
zinc oxide					1,676,698.09	
white lead						871,596.4
copper sulphate						
electro-sheet copper						
ores and concentrates		297,789.61		3,316.36	60,895.32	
Tolls		148,336.50	175,161.07	363,691.28		
		6,295,237.66	438,475.93	1,201,214.76	1,736,593.41	871,596.4
Cost of sales		6,020,804.01	497,302.59	1,176,213.82	1,703,004.97	438,844.1
Interdepartment		353,355.62	22,927.00	39,139.74	1,084.14	474,582.4
		6,374,159.63	520,229.59	1,215,353.56	1,704,089.11	913,426.5
Income or loss from operations, before deducting depreciation		78,321.97	81,753.31	14,138.80	32,504.30	41,830.0
Provision for depreciation		93,425.40	45,492.57	7,984.27	28,077.40	28,551.9
Income or loss from operations, after deducting depreciation		172,247.37	77,246.13	22,123.07	4,426.90	70,382.04
Other income:						
Interest received (paid) - net		393.34			348.57	235.68
Miscellaneous income (expense)		714.38	1,080.00			
Expenses pertaining to nonoperating units		46,502.95	37,619.47	27,430.28	15,706.42	
United States income taxes						
Loss on disposal or dismantlement of fixed assets					1,264.70	
Income or loss		213,558.73	113,735.65	49,553.29	12,194.65	70,146.36
Interest on debentures and notes payable to affiliates						
Net loss	$	213,558.78	113,735.35	49,553.29	12,194.65	70,146.36

ite lead department	Raritan refinery	Raritan secondary metals department	Raritan electro-sheet department	Investments and advances details page 34	Items not allocated to departments - details page 35	Eliminations	Total - page 9
3,243.90	322,562.70	60,188.55	4,349.45	284,103.61			1,293,835.5
4,293.60	10,759,674.04	2,006,902.38	286,962.01	380,383.69			26,463,191.81
3,317.25	5,586,172.59	694,969.43	11,411.08	41,970.15			16,445,154.48
							5,020.00
				2,800,594.00			2,800,594.00
				43,000.00			43,000.00
				1,373,972.28			1,379,821.19
				700,828.03			700,828.03
				131,543.96			131,543.96
1,417.88	14,200.92			2,152.54			25,089.26
		8,190.59					19,537.46
5,994.46	159,672.39			47,078.08			709,546.88
				36,974.87			1,650,218.34
3,394.14	766,723.51	2,536,736.46	25,064.25				7,098,335.90
6,573.15	149,521.87			9.10			630,633.33
	8,976.47					740.89	8,611.95
				759,190.75			862,604.41
	13,537.14				43,731.78		212,010.77
				36,827.07			139,023.73
				155,727.29			155,727.29
1,601.90	6,610,696.65	3,917,048.58	304,964.64	6,710,615.10	43,731.78	740.89	27,881,019.40
	1,340.50						1,340.50
3,008.65	4,185.22			199.01			35,171.68
1,840.50	277,810.97	6,288.05		896.84	3,182.28		717,200.16
	32,159.64						92,238.19
	24,245.48			1,461.79	12,365.85		73,118.13
				20.61			6,149.40
	6,923.72				1,343,202.73	740.89	1,336,219.15
				19,158.92			19,158.92
				26.38			6,059.67
				480.00			480.00
,886.15	346,645.53	6,288.05		22,243.52	1,358,750.86	740.89	2,309,155.83
,735.75	6,264,051.12	3,910,760.50	304,964.64	6,688,371.58	1,315,019.08		25,571,883.57

Capital stock	$ 12,262,500.00
Deficit	1,940,616.43
	10,321,883.57
Debentures and notes payable to affiliates	15,250,000.00
	$ 25,571,883.57

[redacted]

lead ...tment	Raritan refinery	Raritan secondary metals department	Raritan electro-sheet department	Investments and advances - page 34	Items not allocated to departments - page 35	Inter-department eliminations	Total - page 10
	86,917.54	2,978,917.08				69,224.80	3,445,270.98
							2,495,396.72
							1,259,030.23
						474,582.44	2,258,063.06
	48,854.30	301,737.59					350,591.89
							1,675,698.09
96.49						1,180.16	870,416.33
	16,576.14						16,576.14
			123,654.27				123,654.27
				10,021.06		66,414.99	305,607.36
	3,273,826.68					513,087.72	3,447,927.81
96.49	3,365,174.66	3,280,654.67	123,654.27	10,081.06		1,124,490.11	18,248,[illegible].86
44.14	2,643,275.88	3,099,746.82	50,482.03	51,361.97	65,605.98		15,746,641.86
38.44	15,199.47	163,334.03	54,365.67			1,124,490.11	
26.56	2,658,475.05	3,263,582.86	104,847.70	51,361.97	65,605.92	1,124,490.11	15,746,641.86
30.00	706,699.61	17,071.82	18,806.57	41,340.91	65,605.92		501,591.00
51.96	197,624.02	34,924.53	11,411.05	973.84			448,465.03
32.04	509,075.59	17,862.71	7,395.52	42,314.75	65,606.92		53,125.97
35.66				39,282.36	104.82		39,308.47
	12,744.65			1,205.00			9,744.75
	62,156.66	40,221.31	5,360.21	9,312.03			244,458.34
					716.58		716.59
	14,919.01	950.37	23,485.48	159.36			40,388.91
46.36	419,256.27	56,624.36	21,480.17	11,369.80	64,427.38		202,674.14
					767,120.43		767,120.43
46.36	419,256.27	56,624.36	21,480.17	11,389.80	833,547.75		969,994.57

[redacted]

SURPLUS ACCOUNT (DEFICIT)

Balance December 31st 1937	970,621.86
Net loss year ended December 31st 1938	969,994.57
Per Balance Sheet December 31st 1938 - page 9	$ 1,940,616.43

Investment in National Tunnel & Mines Company in this report is at the amount shown on the books of International Smelting and Refining Company which differs from that shown in the report on Anaconda Copper Mining Company and consolidated subsidiaries, in that the investment and Consolidated Surplus have there been reduced by $136,307.60, the amount of the deficit of Utah-Delaware Mining Company on dissolution in 1937.

MINES AND MINING CLAIMS AND LANDS

	Balance December 31st 1937	Reallocation of land at East Chicago and Perth Amboy	Additions	Deductions	Transfers	Balance December 31st 1938
Lands for metal producing and manufacturing plants:						
Tooele plant	$ 347,310.88		3,567.07	35.00	650.00	351,492.95
Miami plant	66,406.80					66,406.80
Lead refinery	165,982.33	35,317.06				130,665.27
Zinc oxide department	38,749.35	22,073.16				60,822.51
White lead department		13,243.90				13,243.90
Raritan refinery	318,357.56	4,205.14				322,562.70
Raritan secondary metals department	64,393.69	4,206.14				60,188.55
Raritan electro-sheet department	4,349.45					4,349.45
Investments and advances - Rico plant	2,480.00					2,480.00
	1,008,029.86	- -	3,567.07	35.00	650.00	1,012,211.93
Mines and mining claims:						
Investments and advances:						
Mines department, etc. - mines, mining claims and options	275,423.61		230.00			275,623.61
Ophir Hill	40,494.64		1,312.87		)	
Cost of tailings dump transferred:					)	
to inventory in process					34,807.51)	
to buildings and machinery					1,000.00)	
(1938 balance consists of appraised value of mines and water rights)					)	6,000.00
Per Balance Sheet - page 9	$ 1,325,948.11	- -	5,079.94	35.00	36,457.51	1,293,835.54

BUILDINGS AND MACHINERY

	Balance December 31st 1937	Reallocation of plant at Perth Amboy	Additions	Sales and dismantlements - details below	Depreciation of automotive equipment written off	Transfers between land and plant accounts	Balance December 31st 1938
[illegible]le plant	$ 7,086,457.84		20,852.36			650.00	7,106,640.[illegible]
[illegible]i plant	3,096,892.52						3,096,892.5[illegible]
[illegible]d refinery	1,054,908.50		35,254.22				1,090,162.7[illegible]
[illegible]c oxide department	997,911.35		26,169.30	3,000.00			1,021,080.[illegible]
[illegible]te lead department	709,133.74		5,159.86				714,293.[illegible]
Raritan refinery	10,512,685.08	211,515.11	144,024.46	106,897.01	1,653.60		10,759,674.[illegible]
Raritan secondary metals department	2,125,182.68	211,515.11	93,906.81	672.00			2,006,902.[illegible]
Raritan electro-sheet department	309,396.65		52,344.96	74,779.60			286,962.[illegible]
Investments and advances - Ophir Hill	46,097.06		114,297.91			1,000.00	161,394.[illegible]
- Rico	219,533.40			344.68			219,188.7[illegible]
Per Balance Sheet - page 9	$ 26,158,198.82	- -	491,969.68	185,693.29	1,653.60	350.00	26,465,191.[illegible]

Details of loss on sales and dismantlements of fixed assets

	Cost as above	Accumulated depreciation page 16	Net book value	Salvage	Dismantling expense	Loss on disposal or dismantlement of fixed assets
Zinc oxide department	$ 3,000.00	2,418.61	581.39	25.00	708.31	1,264.70
Raritan refinery	106,897.01	93,176.29	13,720.72	1,807.84	3,006.13	14,919.01
Raritan secondary metals department	672.00	56.67	615.33	181.72	116.76	550.37
Raritan electro-sheet department	74,779.60	30,924.12	43,855.48	20,360.00		23,495.48
Investments and advances - Rico	344.68	104.08	240.60	81.25		159.35
	$ 185,693.29	126,679.77	59,013.52	22,455.81	3,831.20	
Per Income Account, year ended December 31st 1938 - page 10						40,388.91

PNYC00000580

	Balance December 31st 1937	plant items at Perth Amboy reallocated	on 1938 operations - details below	for sales and dismantlements - page 15	Balance December 31st 1938
Tooele plant	$ 5,467,934.19		77,931.80		5,545,865.99
Miami plant	2,848,963.32		45,492.57		2,894,455.89
Lead refinery	634,783.66		7,984.27		642,767.93
Zinc oxide department	571,563.82		25,078.98	2,418.61	594,224.19
White lead department	405,901.37		27,415.86		433,317.23
Raritan refinery	5,299,718.44	182,006.42	197,624.02	93,175.89	5,586,172.99
Raritan secondary metals department	842,107.99	182,006.42	34,984.53	56.67	694,969.43
Raritan electro-sheet department	30,924.12		11,411.05	30,924.12	11,411.05
Investments and advances - Kioo	41,100.39			104.08	40,996.31
- Ophir Hill	- -		973.84		973.84
Per Balance Sheet - page 9	$ 16,142,997.30		428,836.92	126,679.77	16,445,154.48

Details of depreciation on operations

	Depreciation on 1938 operations - as above			Depreciation applicable to inventory		Depreciation applicable to 1938 sales - per Income Account - page 12
	Quantity	Rate	Amount	December 31st 1937	December 31st 1938	
Tooele plant:						
Copper plant (fully depreciated at December 31st 1937)			$ - -	27,618.54	17,340.00	10,278.54
Lead plant	46,283,832 lbs.	.131¢	60,631.82	18,954.70	13,739.64	65,846.88
Sulphide concentrator	75,313 tons	22.500¢	16,945.45			16,945.45
Salt Lake furniture and ranch buildings			354.55			354.55
			77,931.80	46,573.24	31,079.64	93,425.40
Miami plant:						
Copper plant			41,423.64			41,423.64
Anode furnace			4,068.93			4,068.93
			45,492.57			45,492.57
Lead refinery	29,571.37 tons	27.000¢	7,984.27			7,984.27
Zinc oxide department:						
Akron plant	127,156 lbs.	.089¢	113.17	2,219.86	112.54	2,220.49
East Chicago plant	26,279,795 lbs.	.095¢	24,965.81	5,343.95	4,452.85	25,856.91
			25,078.98	7,563.81	4,565.39	28,077.40
White lead department	12,751,568 lbs.	.215¢	27,415.86	9,663.84	8,527.76	28,551.94
Raritan refinery - cathodes	109,673.982 tons	$2.00	219,347.96			219,347.96
Less amount applicable to plant used by secondary metals department			21,723.94			21,723.94
			197,624.02			197,624.02
Raritan secondary metals department - cathodes	5,866.931 tons	$2.25	13,200.59			13,200.59
Depreciation on refinery plant - as above			21,723.94			21,723.94
			34,924.53			34,924.53
Raritan electro-sheet department			11,411.05			11,411.05
Ophir Hill	3,600 tons	27.05¢	973.84			973.84

PNYC00000581

INVESTMENT IN SUBSIDIARIES NOT WHOLLY OWNED

	Shares		Amount
Balance December 31st 1937			$ 2,755,520.53
Additions:			
Mountain City Copper Company (including expense in connection with acquisition of interest in Mountain City Copper Company not heretofore determined - $40,000)	700	$ 44,952.50	
Pelleyre Mining and Milling Company		120.97	45,073.47
Per Balance Sheet, December 31st 1938 - page 9			$ 2,800,594.00

Details of balance at December 31st 1938

	Shares	Par value	Amount	Equity in income or loss
Mountain City Copper Company	1,462,934	$ 73,116.70	$ 1,143,281.33	$ 45,636.11
Walker Mining Company	882,042	882,042.00	882,049.50	44,842.80
Other unconsolidated subsidiaries:				
Comet Coalition Lines Company	760,246	190,071.50	340,891.71	- -
Eureka Bullion Mining Company	756,000	37,800.00	187,923.49	- -
Mountain View Mining Company	728,420	728,420.00	68,808.25	1,080.39
North Lily Mining Company	475,000	475,000.00	66,527.78	6,448.06
Park Konold Mines Corporation	755,000	377,500.00	37,644.27	- -
Park Nelson Mining Company	755,000	377,500.00	1.00	- -
Park Premier Mining Company	1,015,000	253,750.00	1.00	- -
Pelleyre Mining and Milling Company	51	5,100.00	35,120.97	- -
Victor Consolidated Mining Company	365,390	182,695.00	16,306.52	.71
Yankee Consolidated Mining Company	501,005	50,100.50	20,040.20	1,222.20
			775,263.17	
As above			$ 2,800,594.00	$ 5,046.15

PNYC00000582

INVESTMENT IN AND ADVANCES TO SUBSIDIARIES NOT WHOLLY OWNED

	Advances			Investment - page 17	Total investment and advances	Market quotation
	Noncurrent	Current	Total			
Securities quoted on stock exchanges:						
Mountain City Copper Company	$	459,499.52	459,499.52	1,143,281.33	1,602,780.85	$ 9,326,204.25
Walker Mining Company		402,724.58	402,724.58	882,049.50	1,284,774.08	1,433,318.25
Comet Coalition Mines Company	27,432.32		27,432.32	340,891.71	368,324.03	133,043.05
Eureka Bullion Mining Company	18,194.07		18,194.07	187,923.49	206,117.56	192,780.00
Mountain View Mining Company		45.50	45.50	68,806.23	68,851.73	50,989.40
North Lily Mining Company		213.43	213.43	66,527.78	66,741.21	261,250.00
Park Nelson Mining Company	28,756.43		28,756.43	1.00	28,757.43	18,875.00
Yankee Consolidated Mining Company		81.38	81.38	20,040.20	20,121.58	70,140.70
	74,382.82	862,564.41	936,947.23	2,709,321.24	3,646,468.47	$ 11,486,600.85
Securities not quoted:						
Park Komold Mines Corporation	112,077.36		112,077.36	37,644.27	149,721.63	
Park Premier Mining Company	227,994.79		227,994.79	1.00	227,995.79	
Pelleyre Mining and Milling Company	286,303.06		286,303.06	35,120.97	321,424.03	
Victor Consolidated Mining Company				18,306.52	18,306.52	
Indebtedness of sundry indirect subsidiaries	70.00	40.00	110.00		110.00	
Per Balance Sheet, December 31st 1938 - page 9	$ 700,828.03	862,604.41	1,563,432.44	2,800,594.00	4,364,026.44	

	Total Advances			Current advances - per Balance Sheet by departments - page 11		
	December 31st 1937	December 31st 1938	Increase	Tooele plant	"Investments and advances"	Total
Mountain City Copper Company	$ 363,251.46	459,499.52	96,248.06	$ 97,466.34	362,033.18	459,499.52
Walker Mining Company	333,027.13	402,724.58	69,697.45	5,567.03	397,157.55	402,724.58
Comet Coalition Mines Company	15,425.01	27,432.32	12,007.31			
Eureka Bullion Mining Company	17,054.66	18,194.07	1,139.41			
Mountain View Mining Company	43.21	45.50	2.29	45.50		45.50
North Lily Mining Company		213.43	213.43	213.43		213.43
Park Komold Mines Corporation	111,745.55	112,077.36	331.81			
Park Nelson Mining Company	28,636.94	28,756.43	119.49			
Park Premier Mining Company	227,191.43	227,994.79	803.36			
Pelleyre Mining and Milling Company	275,668.29	286,303.06	10,634.77			
Yankee Consolidated Mining Company	60.08	81.58	21.50	81.38		81.58
Indebtedness of sundry indirect subsidiaries	90.14	110.00	19.86	40.00		40.00
	$ 1,372,191.90	1,563,432.44	191,240.54	$ 103,413.66	759,190.73	862,604.41

PNYC00000583

INVESTMENT IN AND ADVANCES TO WHOLLY OWNED SUBSIDIARIES

	Shares	Par Value	Investment	Advances not current	Total	Net loss of the year 19[illegible]
International Building Association	10	$ 1,000.00	$ 1,000.00	131,543.96	132,543.96	$ 2,641.72
New Jersey Storage and Warehouse Company	10	1,000.00	1,000.00		1,000.00	6.00
Raritan Copper Works	10	1,000.00	1,000.00		1,000.00	- -
Raritan Terminal and Transportation Company	400	40,000.00	40,000.00		40,000.00	692.[illegible]
Per Balance Sheet, December 31st 1938 - page 9			$ 43,000.00	131,543.96	174,543.96	3,340.[illegible]

Less, indebtedness to wholly owned subsidiaries

New Jersey Storage and Warehouse Company	$ 752.97	
Raritan Copper Works	1,000.00	
Raritan Terminal and Transportation Company	17,433.95	
Per Balance Sheet, December 31st 1938 - page 9		19,186.92
Net Investment		$ 155,357.04

The above net investment represents the following net assets at December 31st 1938, the difference $25,[illegible] being accumulated operating deficits to that date:

Assets:		
Lands, principally for resale		$ 42,902.37
Buildings and railroad construction	$ 33,063.64	
Less reserve for depreciation	20,698.97	12,364.67
Prepaid expenses		60.00
Installment house and land sales contracts		80,960.71
Other accounts receivable		272.47
Cash		320.68
		136,880.90
Less liabilities:		
Accounts payable	6,782.25	
Taxes accrued	48.43	
Deferred credits to income	26.00	6,856.68
		179,964.22

PNYC00000584

OTHER SECURITY INVESTMENTS

Balance December 31st 1937	$ 952,663.69
Deduction - Raritan Trust Company preferred stock written off	14,000.00
	938,663.69
Additions - Securities formerly shown separately on Balance Sheet as "Marketable securities": 69,800 shares Park-Utah Consolidated Mines Company stock including 3,000 shares received in exchange in 1938 for 3,000 shares of Park-Utah Mining Company stock	441,157.50
Per Balance Sheet, December 31st 1938 - page 9	$ 1,379,821.19

Details of balance at December 31st 1938

	Par value	Shares	Amount
Zinc oxide department:			
Delaware Floor Products Company:			
Common stock	no par	26	$ 2,580.50
Second mortgage bonds	$ 2,600		2,600.00
National Fireproofing Corporation:			
Common stock	no par	7	65.01
Income debentures	200		200.00
Northwestern Terra Cotta Corporation stock	18.75	18.75	367.78
Viscosity Oil Corporation stock	no par	.75	35.62
			5,848.91
Investments and advances:			
National Tunnel and Mines Company stock	no par	328,200	915,693.92
Park-Utah Consolidated Mines Company stock	69,800	69,800	441,157.50
Prince Consolidated Mining Company stock	50,000	500,000	17,120.86
			1,373,972.28
As above			$ 1,379,821.19

Investment in National Tunnel & Mines Company in this report is at the amount shown on the books of International Smelting and Refining Company which differs from that shown in the report on Anaconda Copper Mining Company and consolidated subsidiaries, in that the investment and Consolidated Surplus have there been reduced by $136,307.60, the amount of the deficit of Utah-Delaware Mining Company on dissolution in 1937.

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PREPAID EXPENSES

	December 31st 1937	December 31st 1938	Increase or Decrease
Prepaid insurance	$ 20,863.38	22,984.87	2,121.49
Prepaid royalty	9,098.52		[illegible]
Sundry	578.27	104.39	[illegible]
Per Balance Sheet - page 9	$ 30,540.17	23,089.26	[illegible]

DEFERRED EXPENSES

	December 31st 1937	December 31st 1938	Increase or Decrease
Deferred dismantling expense:			
Tooele plant	$	5,384.62	
Lead refinery		1,649.37	
Zinc oxide department		1,312.88	
		9,346.87	9,346.87
Club memberships - Zinc oxide department	1,000.00	1,000.00	
Deferred repairs - Raritan secondary metals department		8,190.59	8,190.59
Experiment, lease and other expenses - Ophir Hill	221.77		221.77
Per Balance Sheet - page 9	$ 1,221.77	18,537.46	17,315.69

METALS AND MANUFACTURED PRODUCTS - FINISHED

	Tooele plant	Miami plant	Lead refinery	Zinc oxide department	White lead department	Raritan refinery	Raritan secondary metals department	Raritan electro-sheet department	TOTAL
AMOUNT									
Copper	$ 898,901.90	605,569.08				877,280.19	2,443,940.62	4,314.43	4,830,006.22
Silver	607,046.76	31,185.95	173,568.75			179,602.47			991,401.89
Gold	220,902.96	52,835.59	7,497.37			166,631.32			447,867.24
Zinc				178,009.77					178,009.77
Lead	466,679.75		171,672.61		13,767.56				653,999.92
Miscellaneous metals	500.00					8,665.25	394,708.92		405,874.15
Manufactured products:									
Zinc oxide				326,300.81					326,300.81
White lead					260,184.09				260,184.09
Electro-sheet copper								20,749.80	20,749.80
Prepaid freight, etc.		8,661.38		6,099.02	9,442.49		207.00		24,449.89
Reserves for freight, refining, etc. to finish metals	157,815.53	108,742.94	373.63			163,455.70	302,120.08		732,507.88
Per Balance Sheet, December 31st 1938 - page 9	$ 2,036,115.84	569,527.04	352,365.06	504,409.60	283,394.14	768,723.51	2,534,736.46	25,064.23	7,092,255.90
POUNDS									
Copper	9,105,433	6,013,622				7,065,653	26,060,878	39,371	48,285,357
Zinc				3,611,850					3,611,850
Lead	10,488,272		3,546,890		298,860				14,334,022
CENTS PER POUND									
Copper	9.872	10.070				8.170	9.378	10.958	9.382
Zinc				4.926					4.924
Lead	4.468		4.840		4.600				4.863

	Ounces	Price	Amount - as above
SILVER - total for all departments - covered by affidavits	550,873.69	64.561¢	$ 355,649.57
- not covered by affidavits	1,487,134.94	42.750¢	635,752.32
	2,038,013.63	48.645¢	$ 991,401.89
GOLD	13,140.498	$ 34.083	447,867.24

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ACCOUNTS WITH AFFILIATES

	December 31st 1937	December 31st 1938	Increase Decrease
Accounts receivable from:			
The American Brass Company	$ 5,864.69	15.68	5,849.01
Anaconda Wire and Cable Company	8,679.08	9,960.99	281.91
Butte, Anaconda and Pacific Railway Company		376.17	376.17
	14,543.77	9,352.84	5,190.93
Net off accounts payable to Anaconda Wire and Cable Company	444.37	740.89	296.52
Per Balance Sheet - page 9	$ 14,099.40	8,611.95	5,487.45
Accounts payable to:			
Anaconda Copper Mining Company	$ 21,098.90	21,098.90	- -
Anaconda Sales Company	151,693.39	1,322,103.83	1,170,410.44
Anaconda Wire and Cable Company	444.37	740.89	296.52
Chile Exploration Company	.50		.50
Chile Steamship Company Incorporated	8,626.33	3,369.05	4,757.28
Montana Hardware Company	14,289.39	3,945.20	10,344.19
Tooele Valley Railway Company	8,964.36	7,202.20	1,762.16
	205,117.24	1,358,960.07	1,153,842.83
Net off accounts receivable from Anaconda Wire and Cable Company	444.37	740.89	296.52
Per Balance Sheet - page 9	$ 204,672.87	1,358,219.18	1,153,546.31

ACCOUNTS RECEIVABLE - TRADE, LESS RESERVE

	Tooele plant	Miami plant	Lead refinery	Zinc oxide department	White lead department	Raritan refinery	Investments and advances - Ophir Hill	Total
From customers for tolls and for metals and manufactured products:								
Inspiration Consolidated Copper Company	$	17,910.97				23,402.25		41,313.22
Miami Copper Company		199,338.73				820.38		200,159.11
Phelps Dodge Refining Corporation						120,075.28		120,075.28
Sundry customers	3,484.62			189,271.09	86,575.15	75.30		279,406.16
	3,484.62	217,249.70		189,271.09	86,575.15	144,373.26		640,853.86
Sundry debtors	17,278.39	1,253.80	2,731.08			5,148.61	9.10	26,420.98
	20,763.01	218,502.90	2,731.08	189,271.09	86,575.15	149,521.87	9.10	667,274.86
Less reserve for doubtful notes and accounts	2,131.69			34,609.18				36,740.87
Per Balance Sheet, December 31st 1936 - page 9	$ 18,631.32	218,502.90	2,731.08	154,661.91	86,575.15	149,521.87	9.10	630,533.98

C A S H

Tooele plant:		
Continental National Bank and Trust Company of Salt Lake City	$ 80,800.05	
First National Bank of Salt Lake City, Tooele	19,868.58	
	100,668.63	
Outstanding drafts on New York office, deposited in banks	1,536.79	
Petty cash	250.00	99,381.84
Miami plant:		
Valley National Bank, Globe, Arizona	33,079.08	
Petty cash	150.00	33,229.08
Lead refinery:		
First National Bank in East Chicago	12,719.09	
Outstanding drafts on New York office, deposited in bank	15,900.96	
Petty cash	212.80	2,349.07
Zinc oxide department:		
Firestone Park Trust & Savings Bank		25,000.00
Raritan refinery:		
First Bank & Trust Company, Perth Amboy	13,426.76	
Outstanding drafts on New York office, deposited in bank	379.70	
Petty cash	490.08	13,537.14
Item not allocated to departments:		
Chase National Bank, New York		43,731.78
Per Balance Sheet, December 31st 1938 - page 9		$ 212,010.77

ADVANCES TO SUNDRY MINING COMPANIES
INCLUDING ADVANCES ON ORES, LESS RESERVE

	December 31st 1937	December 31st 1936	Increase decrease
Advances on ores - Tooele:			
Ore purchase accounts:			
Good	$ 24,352.02	25,369.43	1,017.41
Good but slow	1,050.44	10,031.78	8,981.34
Fair but slow	150,942.27	149,432.92	1,509.35
	176,344.73	184,834.13	8,489.40
Other notes and accounts:			
George Fruerman	991.33	991.33	- -
Panther Mines	10,078.39	10,019.15	59.24
Park City Mines Company	- -	2,325.41	2,325.41
Sundry	- -	211.42	211.42
	187,414.45	198,381.44	10,966.99
Advances for development, etc.:			
Afterthought Mines Corporation	530.80	2,211.19	1,680.39
Ophir Development Company	- -	408.00	408.00
Rico Enterprise Mining Company	9,393.66	9,393.66	- -
	9,924.46	12,012.85	2,088.39
Prince Consolidated Mining Company	17,371.72	24,814.22	7,442.50
	27,296.18	36,827.07	9,530.89
	214,710.63	235,208.51	20,497.88
Less reserve for doubtful accounts	92,591.77	96,184.78	3,593.01
Per Balance Sheet - page 9	$ 122,118.86	139,023.73	16,904.87

Advances on ores	$ 198,381.44
Less reserve for doubtful accounts	96,184.78
Tooele plant	102,196.66
Investments and advances	36,827.07
Total as above	$ 139,023.73

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RESERVES

Reserve for repairs

	Raritan refinery	Raritan secondary metals department	Total
Blast furnace reserve:			
Balance December 31st 1937	$ 5,422.93	13,467.95	18,890.[illegible]
Additions - charged operating costs	66,373.09	21,993.77	88,366.[illegible]
	71,796.02	35,461.72	107,257.74
Repairs and expenses in connection with blast furnace treatment	70,455.52	43,652.31	114,107.83
Included in deferred expenses - page 22		8,190.59	8,190.59
Per Balance Sheet, December 31st 1938 - page 9	$ 1,340.50		1,340.50

Reserve for workmen's compensation insurance, etc.

	Tooele plant	Lead refinery	Zinc oxide department	White lead department	Raritan refinery	Investments and advances - Ophir Hill	Total
Balance December 31st 1937	$ 12,033.25	16,803.06	3,266.10	2,093.80	4,416.89	- -	38,613.10
Additions:							
Charged costs	9,156.82	5,304.92	3,668.02	1,870.59	6,359.88	156.18	26,518.41
Pay roll deductions	5,893.11					45.12	5,9[illegible]
	14,049.93	5,304.92	3,668.02	1,870.59	6,359.88	201.30	32,456.64
Compensation paid, medical and hospital expenses, etc.	20,920.44	5,233.71	1,189.33	958.74	6,593.55	2.29	34,898.06
Per Balance Sheet, December 31st 1938 - page 9	$ 5,162.74	16,874.27	5,744.79	3,005.65	4,183.22	199.01	36,171.68

ACCOUNTS PAYABLE - TRADE

	Tooele plant	Miami plant	Lead refinery	Zinc oxide department	White lead department	Raritan refinery	Raritan secondary metals department	Investments and advances - Ophir Hill	Items not allocated to departments	Total
purchases	$ 97,575.80									97,57[illegible]
purchases							458.08			4[illegible]
...ve for unearned tolls						134,341.59				134,341[illegible]
...ers' prepayments					11,772.00					11,7[illegible]
...y creditors	149,807.50	32,063.36	137,571.86	155.00	88.50	143,469.38	5,829.97	898.84	3,182.28	475,06[illegible]
Balance Sheet, December ...st 1958 - page 9	$ 247,383.30	32,063.36	137,571.86	155.00	11,860.50	277,810.97	6,288.05	898.84	3,182.28	717,80[illegible]

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ACCRUED TAXES

	Tooele plant	Miami plant	Lead refinery	Raritan refinery	Investments and advances - Rico	Items not allocated to departments	Total
Federal old age benefits tax	$ 1,865.67	504.60	1,811.60	4,701.15		13.45	8,896.47
Federal and state unemployment insurance taxes	8,526.81	2,212.48	7,293.02	19,544.33		1,128.91	38,705.55
Federal income tax						4,468.49	4,468.49
Federal capital stock tax						6,755.00	6,755.00
Real estate taxes	200.07	11,948.74			1,461.77		13,610.58
Sundry	281.26	400.78					682.04
Per Balance Sheet, December 31st 1938 - page 9	$ 10,873.81	15,066.60	9,104.62	24,245.48	1,461.77	12,365.85	73,118.13

DEBENTURES AND NOTES PAYABLE TO AFFILIATES

		Anaconda Copper Mining Company		Anaconda Sales Company	
		15 year 6% debentures due 1950	Demand note, interest at 5%	Demand note, interest at 3-1/8%	Total
Per Balance Sheet - page 9	$	8,000,000.00	2,250,000.00	5,000,000.00	15,250,000.00
Interest accrued and paid					
Balance December 31st 1937	$	21,098.90	- -	7,671.23	28,770.13
Accrued year 1938, per Income Account - page 10		480,000.00	112,500.00	174,620.43	767,120.43
		501,098.90	112,500.00	182,291.66	795,890.56
Paid year 1938		480,000.00	112,500.00	175,000.00	767,500.00
Balance December 31st 1938	$	21,098.90	- -	7,291.66	28,390.56

DIFFERENCE BETWEEN MARKET VALUE AT DECEMBER 31ST 1937 AND COST OF SECONDARY METAL INTAKE DELIVERED IN 1938, SUCH METALS BEING INCLUDED IN COST OF SALES AT MARKET VALUE

	Cost: Pounds	Cost: Cents per lb.	Cost: Amount	Market - December 31st 1937: Cents per lb.	Market - December 31st 1937: Amount	Reduction at December 31st 1937	Portion of reduction remaining in inventories at December 31st 1938	Portion
Secondary metals department excess inventories of copper written down to market quotations at December 31st 1937:								
December 31st 1936 inventory	8,381,392	9.907	$ 830,350.05	9.900	$ 829,757.81			
1937 intake	11,876,546	11.892	1,412,330.54	9.900	1,175,778.05			
Total	20,257,938	11.071	2,242,680.59	9.900	2,005,535.86	237,144.73		
Portion thereof unsold at December 31st 1938:								
December 31st 1936 inventory	8,381,392	9.907	830,350.05	9.900	829,757.81			
1937 intake	2,655,399	11.892	315,733.50	9.900	262,884.50			
Total	11,036,791	10.384	1,146,083.55	9.900	1,092,642.31		53,441.24	
Sold 1938	9,221,147	11.892	$ 1,096,597.04	9.900	$ 912,893.55			183,703
Per Income Account, year ended December 31st 1938 - page 10						$ 237,144.73	53,441.24	183,703

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OTHER INCOME

Interest received (paid) - net

Tooele plant - miscellaneous interest paid	$ 422.30	
- miscellaneous interest received	28.96	393.34
Zinc oxide department - interest on Delaware Floor Products Company bonds	311.58	
- interest on notes and accounts receivable	36.99	348.57
White lead department - interest on notes and accounts receivable		235.68
Investments and advances:		
Interest received on advances:		
Subsidiaries not wholly owned:		
Comet Coalition Mines Company	1,227.94	
Eureka Bullion Mining Company	1,025.59	
	2,253.53	
Mountain City Copper Company	12,213.04	
Walker Mining Company	8,225.79	
	22,692.36	
Prince Consolidated Mining Company	995.00	
Tooele Valley Railway Company	9,855.59	
International Building Association	5,679.43	39,222.38
Items not allocated to departments - miscellaneous interest paid		104.82
Per Income Account, year ended December 31st 1938 - page 10		$ 39,308.47

Miscellaneous income (expense)

Tooele plant - rents, royalties, etc. - received		$ 714.88
Miami plant - rents received		1,330.00
Raritan refinery:		
Raritan Trust Company stock written off	$ 14,000.00	
Refund of patent royalty received in prior years	3,00[illegible].00	
Record storage rentals received	1,350.00	
Discount on prepayment of taxes	2,905.37	[illegible]
Investments and advances:		
Park-Utah Consolidated Mines Company - reimbursement for dividends of prior years not received by the Company	1,200.00	
Ophir Hill real estate income	5.00	1,205.00
Per Income Account, year ended December 31st 1938 - page 10		[illegible]

PNYC00000598

INVESTMENTS AND ADVANCES

DETAILS OF BALANCE SHEET AND INCOME ACCOUNT ITEMS

BALANCE SHEET ITEMS	Wholly owned subsidiaries	Mountain City Copper Company	Walker Mining Company	St... wh...
Mines and mining claims and lands	$			
Buildings and machinery				
Reserve for depreciation				
Investments:				
Securities of subsidiaries - not wholly owned		1,143,281.33	882,049.50	
- wholly owned	43,000.00			
Other security investments				
Indebtedness of subsidiaries - not current - not wholly owned				
- wholly owned	131,543.96			
Prepaid expenses				
Supplies on hand				
Metals in process				
Accounts receivable:				
Trade				
Subsidiaries not wholly owned - current		362,033.18	397,157.55	
Advances to sundry mining companies, including advances on ores, less reserve				
Advances to Tooele Valley Railway Company				
	174,543.96	1,505,314.51	1,279,207.05	1,

Reserve for workmen's compensation insurance, etc.				
Accounts payable - trade				
Accrued taxes				
Other accrued liabilities				
Indebtedness to subsidiaries wholly owned	19,158.92			
Employees' deposits				
Deferred credits to income				
	19,158.92			
Net investment	$ 155,385.04	1,505,314.51	1,279,207.05	1,

INCOME ACCOUNT ITEMS	Wholly owned subsidiaries	Mountain City Copper Company	Walker Mining Company	St... wh...
Sales of concentrates	$			
Cost of sales				
Income or loss before deducting depreciation				
Provision for depreciation				
Income or loss after deducting depreciation				
Other income:				
Interest received	5,679.43	12,213.04	8,225.79	
Miscellaneous income				
Expenses pertaining to nonoperating units				
Loss on disposal or dismantlement of fixed assets				
Net income or loss	$ 5,679.43	12,213.04	8,225.79	

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...r ...aries ...owned	National Tunnel and Mines Company	Park-Utah Consolidated Mines Company	Prince Consolidated Mining Company	Tooele Valley Railway Company	Ophir Hill	Rico	Mines department, outside exploration, etc.	Total - pages 11 and 12
					6,000.00	2,480.00	275,623.61	284,103.61
					161,394.97	219,188.72		380,583.69
					973.84	40,996.31		41,970.15
...33.17								2,800,594.00
								43,000.00
	915,693.92	441,157.50	17,120.86					1,373,972.28
28.05								700,828.03
								131,543.96
					23.60	2,128.94		2,152.54
					9,034.04	38,044.04		47,078.08
					36,974.87			36,974.87
					9.10			9.10
								759,190.73
			24,814.22				12,012.85	36,827.07
				155,727.29				155,727.29
...1.20	915,693.92	441,157.50	41,935.08	155,727.29	212,468.74	220,648.39	287,636.46	6,710,615.10
					199.01			199.01
					896.84			896.84
						1,441.77		1,461.77
					20.61			20.61
								19,158.92
					26.36			26.36
					480.00			480.00
				[illegible]	1,622.84	1,441.77		22,243.53
...1.20	915,693.92	441,157.50	41,935.08	155,727.29	210,839.90	219,383.62	287,636.46	6,688,371.57
					10,021.06			10,021.06
					9,680.17		41,681.80	51,361.97
					340.89		41,681.80	41,340.91
					973.84			973.84
					632.95		41,681.80	42,314.75
....53			995.00	...9,855.59				39,222.38
		1,200.00			5.00			1,205.00
						9,313.08		9,313.08
					159.35			159.35
....53		1,200.00	995.00	9,855.59	797.30	9,313.08	41,681.80	11,359.80

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DETAILS OF ITEMS NOT ALLOCATED TO DEPARTMENTS

BALANCE SHEET ITEMS

Cash		$ 43,731.78
Accounts payable - trade - Chadbourne, Wallace, Park & Whiteside	$ 3,169.75	
- Federal old age benefits tax of New York employees	12.53	3,182.28
Accrued taxes		12,365.85
Indebtedness to affiliates - Anaconda Sales Company - current account	1,314,812.17	
interest accrued	7,291.66	
	1,322,103.83	
- Anaconda Copper Mining Company - interest accrued	21,098.90	1,343,202.73
		1,358,750.86
Total - page 11		$ 1,315,019.08

INCOME ACCOUNT ITEMS

Cost of sales - General expense, New York office	$ 54,144.72	
Capital stock tax	11,750.00	
Sundry taxes	113.20	
	66,007.92	
Less purchasing department refund	402.00	65,605.92
Interest paid - principally on prior years' income taxes		104.82
United States income taxes - prior years		716.58
		66,427.32
Interest on debentures and notes payable to affiliates (page 31)		767,120.43
Total - page 12		$ 833,547.75