

WALKER MINING CO.

PLANT FACILITIES FOR EMPLOYEES

Townsite. Townsite comprises 114 company owned houses and 45 privately owned houses.

Bunkhouses. Two 3-1/2 and one 4 story wooden buildings 36' x 110', 36' x 78', and 56' x 78', respectively, with corrugated iron roofs. Respective capacities 74, 122 and 102 beds. Total capacity 298. Each bunkhouse has a change room with toilets, showers and change facilities. No. 1 bunkhouse includes the pool hall with pool and billiard tables, card tables and bar, also a two-chair barber shop and a beauty shop.

Staff Houses. Two 2-story wooden buildings 22' x 38' and 26' x 30' respectively, with corrugated iron roofs. Each house is equipped with toilets and showers. Capacities are 16 and 10 beds, respectively.

Mess Hall. One-story building 45' x 85', wooden frame with corrugated iron roof. Mess hall is equipped with complete kitchen equipment and has a seating capacity of 176.

Commissary Employees' Dormitory. One-story, wooden building with corrugated iron roof, 25' x 65', with accommodations for 21.

Store. Two-story wooden building with corrugated roof, 45' x 105', containing necessary store equipment, butcher shop, soda fountain and refrigerating plant. Upper floor of store is divided into four living apartments.

Storage Houses. Three buildings, 20' x 40', 16' x 20' and 18' x 20'. Two of these are wooden frame with corrugated iron roofs, and one is a concrete oil storage building.

Theater. One-story wooden building with corrugated iron roof, 24' x 75', with seating capacity for 175. Equipment consists of two Western Electric system projectors and sound apparatus.

Schoolhouse. One-story wooden building with corrugated iron roof, 55' x 80'. Equipped with heating unit in basement and necessary school equipment. Contains living quarters for school principal. Present enrollment, grade school and high school is 65.

Recreation Hall. One-story wooden building with corrugated iron roof, 20' x 66', equipped with game tables, punching bag, etc.

WALKER MINING COMPANY

PLANT FACILITIES FOR EMPLOYEES (Cont'd)

Other recreational facilities include two bocce ball courts, three horse shoe courts and baseball diamond.

Public Gasoline Station. Wooden building, 15' x 12', with corrugated iron roof. Operated by the Standard Oil Co.

Post Office. Wooden one-story building with corrugated iron roof, 20' x 50', equipped with safe, office equipment, and 220 rental boxes.

WALKER MINING COMPANY

PERSONNEL

OFFICES

Manager's Office

**Manager
Secretary to Manager**

Accounting Dept.

**Chief Clerk
Asst. Chief Clerk
Timekeeper
Asst. Timekeeper**

Engineering Dept.

**Chief Engr. & Geologist
Asst. Geologist
2 Engineers
2 Jr. Engineers
2 Samplers**

Mill

**Mill Supt.
Asst. Mill Supt.
Assayer
Asst. Assayer**

Mine

Mine Foreman

Tramway

Tramway Foreman

Mechanical Dept.

Master Mechanic

46304.19

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MIN 000012006

ENGINEERING AND GEOLOGICAL DEPT.

Staff. The engineering and geological departments are combined, and work under one head called the Chief Engineer and Geologist. He and an assistant geologist do all necessary geological work. In the engineering department are the assistant chief engineer and an engineer, who are responsible for all surveying, stope measurements, keeping up of all maps, etc. An office engineer compiles all report data, keeps daily records posted, and does odd drafting work. Two samplers spend part of each working day underground, and the other part in the office posting the records of their samples and keeping assay maps up to date. An efficiency engineer does cost work. Four times a month all members go underground to measure period advance in headings and stopes, and twice a month contracts are calculated.

Quarters & Equipment. The engineering office is 17' x 25', with a vault and print room adjoining. The geological office is a 15' x 20' room above the engineering office. Both are equipped with drafting tables, desks, files, and equipment ample to maintain a modern, up-to-date department.

The engineering department maintains a complete set of 50 scale base maps and longitudinal vertical projections for each of the separate orebodies. Stopping records are kept on 10 scale vertical cross sections and vertical longitudinal projections with individual records for each stope.

The geological department maintains 50 scale geological base maps with vertical cross sections numerous enough to keep geological structures correlated from level to level. Geologic cross sections through stopes are posted four times a month to keep a clear picture of stope operations with regards to ore limits and faulting.

50 scale composite maps of the entire mine are kept for general study and for development assay records. All samples are run for copper, gold and silver.

Numerous maps, plans and records, incidental to maintaining a technical department for a property of this size, are kept on file and are available for use.

List of Equipment

- 1 Y level - Curley - 24" telescope, with tripod
- 1 Curley mine type transit 8" telescope with tripod
- 1 Berger mine type transit 10" telescope with tripod
- 1 Lietz mine type transit 8" telescope with tripod
- Assorted tapes from 50 to 500 feet and stadia and level rods

WALKER MINING COMPANY

ENGINEERING AND GEOLOGICAL DEPT. (Cont'd)

List of Equipment (Cont'd)

- 1 Keuffel & Esser large suspended type, invar steel, precision pantograph No. 1131, Serial 3542
- 1 Eugene Dietzgen 3-1/2'x6' tilting swivel sun printing table and ammonia developer
- 1 2-1/2' x 2' light table
- 1 3' x 2' " "
- 1 4' x 8' drafting table
- 1 4' x10' " "
- 1 4' x12' " "
- 1 Monroe hand operated adding calculator
- 1 small two-drawer fire proof filing cabinet
- 1 1-1/2'x4' 4-drawer filing cabinet
- 3 2-1/2'x4' flat top desks
- 1 large cabinet for drawings and books
- 1 small stationery cabinet
- 1 vault (shared with Accounting Dept.)
- 1 Monroe high speed adding calculator

MIN 000015342

Mine Machinery

Pumps - Electric Centrifugal

- 3 Byron Jackson 4 stage 500 gal. 500 ft. head. Motor 125 HP, 2200 volt, 1800 RPM, horizontal type
- 2 Byron Jackson single stage 1200 gal. 70 ft. head. Motor 30 HP, 440 volt, 1750 RPM. Angle type.
- 1 Byron-Jackson single stage 200 gal. 200 ft. head. Motor 20 HP, 440 volt, 3475 RPM. Horizontal type.
- 1 Byron-Jackson 2 stage, 140 gal., 200 ft. head. Motor 10 HP, 440 volt, 1750 RPM. Horiz. type.
- 2 Byron-Jackson single stage sponge, 140 gal., 40 ft. head. Motor 5 HP, 220 volt, 1740 RPM. Vert. type.
- 1 Allis-Chalmers single stage, 250 gal., 70 ft. head. Motor 25 HP, 440 volt, 1750 RPM. Horiz. type.
- 1 Krough single stage, 200 gal., 100 ft. head. Motor 15 HP, 440 volt, 1800 RPM. Horiz. type.
- 1 Kimball-Krough 2 stage, 200 gal., 350 ft. head. Motor 30 HP, 220/440 volt, 3500 RPM. Any angle type.
- 1 Oliver single stage 150 gal., 60 ft. head. Motor 5 HP, 440 volt, 1260 RPM. Horiz. type.

Pumps - Electric Reciprocating.

- 1 Aldrich 6" x 9" triplex single acting. Cap. 3 gal. per revolution. Head 230 ft. Motor 30 HP, 440 volt, 860 RPM. Double reduction gears. Speed of pump 64 RPM. Upright type.
- 1 Worthington 2-3/4"x5" triplex single acting, 1/3 gal. per rev. Head 300 ft. Single reduction gears enclosed in C.I. case. Ratio 6 to 1. Motor 25 HP, 440 volt, 1200 RPM. Horiz. type.
- 4 Gould Pyramid 2-1/4" x 2-3/4" single plunger double acting. Belt driven.

Steam or Air Pumps.

- | | | | | | |
|---|-----------------|----------|--------------|---|---|
| 1 | Cameron No. 9-A | 200 gal. | 200 ft. head | | |
| 1 | " No. 9 | 150 " | 250 " | " | " |
| 1 | " No. 6 | 80 " | 250 " | " | " |
| 1 | " No. 3 | 40 " | 250 " | " | " |

Mine Machinery (Continued)

Steam or Air Pumps (Continued)

- 2 Worthington duplex double acting outside packed, 4-1/4" x 3-1/2" x 5"
- 1 Worthington duplex double acting, inside packed, 4-1/2" x 2-3/4" x 4"
- 1 Platt Iron Works, duplex double acting inside packed, 6" x 4" x 6"

Air Sump Pumps:

- 1 Chicago Pneumatic-Byron Jackson, 20 gals. at 16 ft. head
- 4 Ingersoll-Rand Size 25. 200 gals. at 10 ft., 140 gals. at 40 ft.

Hoists:

- 1 Hendrie & Bolthoff, two drum, double reduction. Size of drums 67" diameter, 29" wide, cap. 3500 ft. of 1" cable. Foot brakes hand operated. Air cyl. on clutch gear. Lilly Simplex controllers. Speed of cable 500 ft. per minute. Motor 150 HP, 2200 volt, 480 RPM. 706 shaft
- 1 Denver Eng. works, two drum double red. Size of drums 3 ft. dia., 27" wide. Cap. 5000 ft. of 7/8" cable. Band brakes and clutches. Speed of cable 380 ft. per minute. Motor 100 HP, 440 volt, 575 RPM. 784 shaft
- 1 Taylor Foundry & Mach. Co. Grace Valley, Calif. Two-drum double red. Size 42" dia. 24" wide. Cap. 2000 ft. of 7/8" cable. Band brakes, jaw clutch on counter shaft for clutches. Speed of rope 528 ft. per minute. Motor 55 HP, 440 volt, 520 RPM. Plate Shaft.
- 1 Single drum of 4 ft. dia., 3 ft. wide, cap. 5400 ft. of 3/4" cable. Band brakes, solid drive, double reduct. Motor 52 HP, 440 volt, 900 RPM. Speed of rope 350 ft. per minute. Plate at surface.
- 1 Ottumwa I. V. single drum, double red. Size of drum 3 ft. dia., 2 ft. wide. Cap. 1700 ft. of 3/4" rope. Band brakes, solid drive. Speed of rope 350 ft. per min. Motor 60 HP, 440 volt, 855 RPM. 712 Raise
- 1 Joshua Handy single drum, 18" dia., 18" wide, cap. 1000 ft. of 3/4" cable. Double reduct. Band brakes, solid drive. Speed of rope 210 ft. per minute. Motor 20 HP 440 volt, 1160 RPM. 797 Winze
- 1 Single drum 24" dia., 20" wide, cap. 1200 ft. of 3/4" rope. Band brakes, solid drive. Speed of rope 350 ft. per minute. Motor 30 HP, 440 volt, 830 RPM. 794 Raise
- 1 Single drum 12" dia., 32" wide, cap. 1100 ft. of e/x" rope, double reduct. Band brake, solid drive. Speed 300 ft. per minute. Motor 37 HP, 440 volt, 570 RPM. Sinking Hoist - now in Machine Shop

Mine Machinery (Continued)

Blowers - Stationary

- 1 Jeffrey 35,000 cu. ft. belt driven by a 50 HP 2200 volt, 870 RPM motor. Flute
- 1 Jeffrey 40,000 cu. ft. belt driven by a 50 HP 2200 volt, 870 RPM motor. 700 Portal

Blowers - Portable

- 1 Buffalo No. 8, belt driven
- 1 Buffalo No. 4, " "
- 1 Starveant 16" discharge, belt driven
- 4 Sirocco American Blower Corp. Size SA.H.S. Series 30, direct connected to 5 HP 220/440 volt. 3450 RPM ball bearing motor.
- 1 Coppus Vano blower, type 3, P, 250. Air turbine.

Mechanical Loaders

- 1 Finlay No. 20
- 1 Finlay No. 11

Ore Cars

- 30 C. S. Card Co. Walker special gable bottom. 14" wheels mounted on Timken roller bearings. Cap. 157 cu. ft. Gage 24"
- 10 Home made cars of 70 cu. ft. cap., 16" manganese steel wheels, Timken bearings, gable bottom, toggle operated doors. Gage 24"
- 20 Home made cars of 60 cu. ft. cap., 16" manganese steel wheels, Timken bearings, gable bottom, toggle operated doors. Gage 24"
- 6 Phoenix Iron Works, side dump, 58 cu. ft. cap., Hyatt roller bearings, 14" C.I. wheels. Gage 24"
- 30 Rock-a-Dump 12" wheel, Hyatt bearings, cap. 18 cu. ft. Gage 18"
- 18 10-man capacity transportation buggies, 14" wheel, Hyatt roller bearings. 24" ga.
- 10 Timber trucks mounted on 16" Timken mounted C.I. wheels. 24" ga.
- 1 Totally enclosed, insulated, Powder Car of 30 case capacity. 24" ga.

Mine Machinery (Continued)

Tuggers - Air

- 3 I. R. K.A. type double drum
- 6 I. R. E.U. type single drum
- 1 I. R. C.U. type single drum
- 4 I. R. 11-H type single drum
- 1 I. R. 9-H type single drum
- 1 Sullivan turbineir single drum
- 1 " " double drum
- 1 Chicago Pneumatic M.H.1 type
- 3 Anaconda type
- 1 Locomotive type, reversible valve gear
- 1 Sullivan Electric H.D.X.2 Motor 15 HP, 440 volt, cap. of hoist 2150, at a speed of 250 ft. per min. (Now in mill fine ore bin)

Rock Drills, Column Bars

- 51 I. R. H-75 Leyners
- 7 I. R. S-70 Leyners
- 6 I. R. D.A. 35 Leyners
- 2 I. R. R-51 stopers
- 4 I. R. S.A.R. stopers
- 19 Cariner-Denver R-111S stopers
- 4 I. R. 450 Jackhamers
- 3 I. R. RA12 "
- 10 I. R. R-39 "
- 10 I. R. X-59 "

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Mine Machinery (Continued)

Rock Drills, Column Bars (Cont'd)

- 80 4" outside dia. column bars, ranging in length from 3-1/2ft. to 10 ft.
- 60 arms of 3 different lengths
- 50 Clamps
Safety clamps, wrenches, oilers, etc.
- 90 Jackbit carriers of 35 bit capacity.
- 50 Tons of drills of various types and dimensions

Skips, Ore & Passenger

- 3 33" ga. of 53 cu. ft. cap. for 706 shaft
- 3 33" ga. of 40 cu. ft. cap. for Pinte shaft
- 2 27" ga. of 30 cu. ft. cap. for 784 shaft
- 2 27" ga. of 20 cu. ft. cap. for shaft sinking
- 1 27" ga. of 8-man cap. for 794 Raise
- 1 27" ga. of 8-man cap. for 712 Raise
- 1 24" ga. of 6-man cap. for Pinte Raise
- 1 33" ga. skip cage of 3-man cap. for 915 Raise
- 1 27" or 33" gage skip built for mounting pumps when dewatering shafts.

All skips mounted on cast iron axle housing, bronze bushed. wheels 10" dia., C.I. with chilled tread.

MIN 000015350

DEPARTMENT OF THE INTERIOR
FRANKLIN K. LANE, Secretary

UNITED STATES GEOLOGICAL SURVEY
GEORGE OTIS SMITH, Director

MINERAL RESOURCES
OF THE
UNITED STATES

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H. D. McCASKEY
Geologist in Charge, Division of Mineral Resources

PART I—METALS
H. D. McCASKEY, Geologist in Charge



WASHINGTON
GOVERNMENT PRINTING OFFICE
1919

JOHN BARTON PAYNE, Secretary

UNITED STATES GEOLOGICAL SURVEY
GEORGE OTIS SMITH, Director

MINERAL RESOURCES
OF THE
UNITED STATES

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1917

H. D. McCASKEY
Geologist in Charge, Division of Mineral Resources

PART I—METALS

H. D. McCASKEY, Geologist in Charge



WASHINGTON
GOVERNMENT PRINTING OFFICE
1921

Of the deep mines the Oro Fino Mining Co., at Auburn, operated full time until June, when a shortage of labor compelled a reduction of operations for the remainder of the year. During some months they employed two shifts a day and in others only one shift. The mine is opened by a 600-foot incline shaft, of which 200 feet were sunk during 1917; 2,434 feet of drifting was also done. The reduction plant consists of a 10-stamp amalgamation and concentration mill, the concentrates being shipped to a smelter on San Francisco Bay. Very little productive work was done on the Reno Consolidated mine, at Forest Hill. The most productive deep mine in the county was the Dairy Farm copper mine, owned by the Van Trent Mining Co., near Lincoln, which was operated for nine months and then closed down and abandoned. There was no reduction plant at the mine, the copper ores having been shipped to smelters. The Valley View copper mine, near Lincoln, carried on development and experimental work most of the year, but shipped some concentrates to a smelter. During the year a 30-ton ball mill and concentrators were put in. The Pioneer Gold Mining Co., at Towle, operated productively during the year.

On Quartz Flat, near Auburn, the Lincoln gold dredge worked bench gravel from January to July 10, 1917. The Pacific Gold Dredge Co. dredged stream gravel on Middle Fork of American River, near Auburn, for eight months, half of the time in virgin gravel. A few small surface placers in the vicinity of Auburn were producers. The Haub drift mine worked an ancient river channel 5 miles from Blue Canyon for 10 months of the year; and the Lost Camp, a mile and a half from Blue Canyon, worked quartz gravel by sluicing, and obtained a good many nuggets during the work. The Eldorado and Placer Counties Gold Mining & Power Co. dredged stream gravel at the Poverty Bar mine on Middle Fork of American River, three-quarters of a mile from Butcher Ranch. The work was continued from January 1 to August 20, on which date the dredge sunk and operations were not renewed until December 8. A nominal output of gold was obtained from sluicing at the old Miner claim, at Colfax. The Union placer, at Dutch Flat, and a number of small claims produced some gold. Small amounts of gold were produced by the Golden Channel, at Emigrant Gap, and by the Dardanelles at Forest Hill, where some smaller mines also produced. The largest producing drift mine in the county was the Excelsior, or Reamer Mining Co., at Forest Hill. At Iowa Hill, the Gleason Consolidated and other drift mines made considerable production. At Last Chance, the following drift mines were producers: Red Star, Dixie Queen, Home Ticket (Frankmont), Glen, and Pacific Slab. There was some output from Chinese miners at Michigan Bluff.

PLUMAS COUNTY.

The total yield in metals from Plumas County in 1917 was \$799,196 greater in value than in 1916, and in 1916 it was \$713,725 greater than in 1915, which increase really shows the marked growth of the copper mining industry in the county, as the output of gold has decreased slightly. The quantity of ore treated in the county in 1917 was 8,995 tons larger than in 1916.

The production of gold from deep mines was \$78,739; the silver amounted to 90,222 fine ounces, valued at \$74,343, and the copper to

7,471,092 pounds, valued at \$2,039,608. The increase in the copper was 2,321,088 pounds in quantity and \$772,707 in value. There were 189,973 tons of ore treated, of which 13,879 tons was siliceous (and 176,094 tons copper ore. The copper ores of the county yield a concentrate high in copper but low in gold and silver. The concentrate to gold and silver mills produced \$51,326 in gold in the bullion and 335 ounces of silver, valued at \$276, a total of \$51,602. From 1 ore treated at concentrating plants there were derived 12,409 tons concentrates yielding \$25,902 in gold and 80,848 ounces of silver valued at \$66,619, or an average per ton of \$7.45 in gold and silver. The 3,797 tons of ore sent to smelters yielded \$1,511 in gold and 9,600 ounces of silver, valued at \$7,448, or a total of \$8,959. The 7,471,092 pounds of copper was derived partly from the concentrates a partly from crude ore shipped to smelters. Of the producing mines 20 were placers and 12 deep mines. Of the placers 7 were hydraulic mines, 7 were drift, and 6 were surface placers. The hydraulic mines produced \$22,361 in gold and silver, the drift mines \$23,028, and surface placers \$7,949, a total of \$53,334. There was an increase \$4,260 in the production of gold from all classes of placer mines in 1917.

Of the deep mines the Last Chance copper property was the producer at Chilcoot. The Five Bears, at Genesee, produced copper ore carrying some silver but no gold. The Jamison Mining Co., Johnsville, a gold mine, was compelled to close down early in November until provision was made for the storage of mill tailings, which is one of the burdens imposed by the Government on gold mining in California. This property is opened by a shaft 165 feet deep, 1,800-foot drain tunnel, and 5,532 feet of drifts, raises, and crosscuts. It is equipped with a 20-stamp amalgamation mill. The Plur Eureka Corporation, at Johnsville, is opened through an adit 7,300 feet in length, though there was a small yield, only prospecting was under way in 1917. The mine has a 20-stamp amalgamation mill. The Walker Mining Co. (copper), at Portola, installed in 1917 a new Marcy mill, a Dorr thickener, an Ingersoll-Rand 9-mill compressor, new bunk houses and dwellings, and a power line 14 miles long. A 100-ton flotation plant was also installed. The concentrates are shipped to Utah for treatment. Among the smaller producers were the Crown Point group, at Quincy; Empire Mines Co., Seneca; Seneca Consolidated Gold Mining Co., at Seneca; Berkeley (copper), Sierra Range Copper Co., and Ruby Copper, at Taylorville. The largest producing deep mine in the county was the Encanto Copper Mining Co., at Taylorsville, which is opened principally by adits having a total length of 11,000 feet. Two 3-compartment shafts were being sunk in 1917. The reduction works consist of a 500-ton concentrating plant at the copper mine and a 600-ton unit of a ball mill at Superior, completed at the last of the year. Ball and tube mills are used for crushing the ore and the oil flotation process concentration; concentrates are shipped to Garfield, Utah. The Placer Bar, Oak Flat, and a few other small placers were produced at Belden. At Crescent Mills the placer producers were the Golden Key and Great Divide. There were also some small placers produced at Greenville; and at Johnsville the Continental mine and

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DEPARTMENT OF THE INTERIOR
ALBERT B. FALL, Secretary

UNITED STATES GEOLOGICAL SURVEY
GEORGE OTIS SMITH, Director

MINERAL RESOURCES OF THE UNITED STATES

1918

G. F. LOUGHLIN
Geologist in Charge, Division of Mineral Resources

PART I—METALS

G. F. LOUGHLIN, Geologist in Charge



its mine being virtually closed down. The mine is opened by two adits, 3,000 and 1,600 feet long, and about 3 miles of drifts. It has a 20-stamp amalgamation and concentration mill and a 2-ton cyanide plant for concentrates.

Among the placers the Pacific Gold Dredge Co. operated productively for six months of 1918 on North Fork of American River, 10 miles from Auburn. A number of small and Chinese mines were doing more or less placering in the vicinity of Auburn. At Blue Canyon the Aiken and Lost Camp placers operated. At Butcher Ranch the principal producer was the El Dorado & Placer Counties Gold Mining & Power Co., which operates a dredge at that point. The Christmas Hill is also a small placer producer there. In and near Dutch Flat are the Hadsel, Chin Mow, Ah Hee, Nichols, Holland, Michigan & Wisconsin, Wong On Wo, and several other productive small placers, and near Emigrant Gap there were some placers making small outputs. In and around Forest Hill the largest producer is the Reamer Mining Co. (Excelsior.) Others in the same vicinity are the Ah Jim, Baltimore Canyon (tailings), Delorsi, De Maria, Hadix, Mahoney, Mayflower, Paragon, Wah Hop, and a few smaller ones. The total gold output of the Forest Hill section in 1918 was \$40,402. At Iowa Hill are the Gleason Consolidated Drift and Lowell mines. The principal placer near Last Chance is owned by the Red Star Mining Co. Other placers near Last Chance are the Dixie Queen, Glen, Kavanaugh, and Pacific Slab Consolidated mines. The productive placers at Michigan Bluff are the Big Gun, Dooley, Gorman Consolidated, Hard Climb, and a number of smaller placers worked in the creeks during the rainy season. There are a few small placers worked near Rocklin and Yankee Jim.

PLUMAS COUNTY.

The total yield in all metals from Plumas County in 1918 was \$800,294 greater in value than in 1917, and in 1917 it was \$799,196 greater than in 1916, which increase really shows the marked growth of the copper mining industry in the county. The quantity of ore treated in the county in 1918 was 112,920 tons larger than in 1917.

The production of gold from deep mines was \$96,857; the silver amounted to 156,589 fine ounces, valued at \$156,589; and the copper to 11,191,743 pounds, valued at \$2,764,361. The increase in the copper was 3,720,651 pounds, valued at \$724,753. There were 302,893 tons of ore treated, of which 9,067 tons were siliceous ore and 293,826 tons copper ore. The ore sent to gold and silver mills produced \$58,122 in gold in the bullion and 362 ounces of silver, valued at \$362, a total of \$58,484. From the ore treated at concentrating plants there were derived 22,086 tons of concentrates, yielding \$37,744 in gold and 149,568 ounces of silver, valued at \$149,568, or an average per ton of \$8.48 in gold and silver. The 1,484 tons of ore sent to smelters yielded \$991 in gold and 6,659 ounces of silver, valued at \$6,659, or a total of \$7,650. The 11,191,743 pounds of copper was derived mainly from the flotation concentrates and to a less degree from crude copper ore shipped to smelters. Of the producing mines 27 were placers and 12 were deep. Of the placers 5 were hydraulic mines, 8 were drift, and 14 were surface placers. The hydraulic mines produced \$18,402 in gold, the drift mines \$4,589.

and the surface placers \$5,359, a total of \$28,350 from placers. The was a decrease of \$24,866 in the production of gold from all class of placer mines in 1918.

Of the deep mines of the county only a nominal quantity of go was produced by the Jackson group, at Crescent Mills. At Greeville the only deep producer was the Droege, which ran from June 15 to December 31 with periods of inactivity. The mine has a 20-stamp amalgamation and concentration mill. The Jamison Mini Co. owns the principal mine at Johnsville, which is opened by vertical shaft 165 feet deep and an 1800-foot drain tunnel, with 5.5 feet of drifts, raises, and crosscuts. The mine has a 20-stamp amalgamation mill, but owing to shortage of labor only 10 stamps of the mill were kept dropping 188 days. The Walker Mining Co., Portola, has one of the largest copper mines in the county and produces considerable gold and silver in addition to the copper. The mine is equipped with an 80-ton flotation process plant for concentration of the ores, the concentrates being sold to the International Smelting Co., of Tooele, Utah. The Seneca Consolidated Mining (White Lily) made a considerable output of gold at Seneca and small quantity came from the Gold Leaf, at Spring Garden. The Beetle and Beetle Extension mines (Trask Copper Mining Co.), Taylorsville, were operated eight months in 1918, and a 15-ton concentration mill was put up during the year. The products were sent to the Garfield smelter for treatment. The Engels Copper Mini Co., at Taylorsville, was, in 1918, the largest copper-producing mine in California. With the exception of a few hundred tons of crude ore shipped to a smelter, all the copper produced was from flotation concentrates. The mine has two oil flotation concentration mills with a total capacity of 1,100 tons a day, and the concentrates are shipped to the Garfield smelter, Utah. These concentrates average 27 per cent copper, with high values in gold and silver. Ball atube mills are used for crushing the ore. Mine and plant were operated continuously throughout the year. The property is developed mainly through tunnels and drifts, but two vertical shafts are also being sunk. The Ruby and Fielding copper mines are also being worked productively at Taylorsville.

Twenty-seven placer mines were productive in Plumas County 1918, of which 5 were hydraulic, 8 drift, and 14 surface place. At Belden are the Ellis, Caribou, Indian Hill, and Pioneer drift mines and several small mines were worked at Blairsden. The Coamus and Grant Divide are at Crescent Mills and the Red Ravine Continental, and Standard Mining Co. are at Johnsville. The Plumas Grass Valley Mining Co., near La Porte, was drilling to find the main gravel channel but obtained a small quantity of gold from tailings from ancient river-bed mining. The St. Louis is a large producer near La Porte, and there are other smaller mines. The New York, Old Rutherford, and Little Annie are small placers Meadow Valley, but water for washing gravel was scarce and not enough was available for a few weeks' washing. The Schley and few other mines were operated at Quincy. The River Leasing Co. Seneca Development Co., Wiedener, and Yankee Bar (or Dea) made small outputs of gold at Seneca, as did the Spring Garden at Buckhorn, at Spring Garden, and the Twelvemile Creek mine,

324,298 tons was treated by flotation concentration and yielded 20,126 tons of concentrates, from which \$40,210 in gold, 155,807 ounces of silver, and 10,826,125 pounds of copper were recovered. The concentrates therefore were valued at \$110.72 a ton. There was also 126 tons of copper ore sent direct to smelters, which carried \$412 in gold, 904 ounces of silver, and 33,733 pounds of copper, having a total value of \$61.09 a ton.

Of the deep mines of the county which reported production 8 were gold mines and 6 copper mines. Five hydraulic mines, 6 drift mines, and 10 surface placers reported operations.

Hydraulic mines produced \$6,843; drift mines, \$6,584; and surface placers, \$3,075 of the \$16,502 in gold recovered by placer mines. The production of gold by placer mines in 1919 was \$11,848 less than the production in 1918.

Of the deep mines of Plumas County the Plinco Copper Mining Co. made only a small shipment of copper ore. The Engels Copper Mining Co., at Engelmine, is now the most productive copper-mining enterprise in California, and is equipped with a 1,200-ton concentration or flotation mill. The mine is developed by 4,937 feet of shafts and raises, and 27,561 feet of drifts. The development work in 1919 consisted of 5,824 feet of drifts, 1,248 feet of raises, 255 feet of shaft, and 4,644 feet of diamond drilling. The copper concentrates are shipped to the Garfield Smelting Co., Salt Lake City, Utah. Considerable silver and gold are derived from the copper ores in addition to the copper content. The Pilot gold mine, at Genesee, and the Droege, at Greenville, are small producers. The Jamison Mining Co. and the Plumas-Eureka Corporation were the only producers at Johnsville. Both were run for part time in 1919. The Walker Mining Co., at Portola, has a 200-ton flotation mill. An extensive aerial tramway has recently been completed at this property for transporting ore. The Trask & Coffey Mining Co. operated the Moonlight mine, near Engelmine. It has a 5-stamp concentration mill, and electric power and new compressors were installed during the year. Some little production was made by the Ruby and Little Joe claims, near Engelmine, in 1919. The copper ore, carrying gold and silver also, was shipped to the Garfield smelter.

There were no extensive placer-mining operations in Plumas County in 1919, but a number of drift, hydraulic, and sluicing properties produced in a small way. These were the Pioneer, at Belden; Cadmus and Great Divide, at Crescent Mills; Glacier and Sing Suey, at Greenville; Continental, Red Ravine, and Standard, at Johnsville; Blue Gravel, Plumas Grass Valley, and Smith Fork Mining Co., at La Porte; Gold Mountain and Old Rutherford, at Meadow Valley; Grizzly Creek, at Portola; Willow Creek Mining Co., at Quincy; Sunnyside and Yankee Bar, at Seneca; and Santa Cruz, at Spring Garden.

SACRAMENTO COUNTY.

Sacramento was fourth in rank among California gold-producing counties in 1919, and its total output of gold was \$1,714,193, or \$1,719,469, or \$20,108 more than in 1918. Almost the entire gold output of the county was derived from dredging operations in the vicinity of Folsom. There was only one deep mine in the county,

with a nominal output of gold and silver. Of the placers there was one drift mine, all the others being dredging mines. The Natomas Co. of California operated 9 dredges in the American River field and the Indiana Gold Dredging Co. 1 dredge near Michigan Bar. The dredge output of \$1,712,705 in gold in 1919 was \$22,426 more than in 1918. Considerable platinum was recovered in these dredging operations. The Natomas Co. of California handled 18,394,000 cubic yards of gravel during 1919 and used 2,520 pounds of quick-silver for amalgamation. There are two rock-crushing plants at Fair Oaks, where the cobbles, screened out, are utilized for building roads.

SAN BERNARDINO COUNTY.

The total value of the metals produced in San Bernardino County by the 27 deep mines (no placers) reporting output in 1919 was \$520,075, as compared with \$496,691 in 1918. This was an increase of \$23,384. The ore treated amounted to 31,748 tons, which yielded 1,923.83 fine ounces of gold, valued at \$39,769; silver, 381,890 ounces, valued at \$427,717; copper, 252,024 pounds, valued at \$46,876; and lead, 107,800 pounds, valued at \$5,713.

Of the 1,923.83 ounces of gold produced, 1,836.56 ounces was obtained from siliceous ores, 76.92 ounces from copper ores, and 10.35 ounces from lead ores. The silver derived from siliceous ores was 361,974 ounces, from copper ores, 8,148 ounces, and from lead ores, 11,768 ounces. Of the total output of copper, 247,547 pounds was derived from copper ores, 3,373 pounds from lead ores, and 1,104 pounds from siliceous ores. More lead was derived from ores classed as copper (59,700 pounds) than from strictly lead ores, which carried 46,800 pounds, and 1,300 pounds was obtained by treating the ores classed as siliceous.

The ore from San Bernardino County treated in 1919 was 31,748 tons, of which 28,856 tons was siliceous ore (22,103 tons strictly silver ore), 607 tons copper ore, and 2,285 tons lead ore. The siliceous silver ore (22,103 tons) carried \$21 in gold, 40,809 ounces of silver, and 148 pounds of copper, with a total value of \$45,755, or an average of \$2.07 a ton. The 6,753 tons of siliceous gold-silver ore carried \$37,944 in gold, 321,165 ounces of silver, 956 pounds of copper, and 1,300 pounds of lead, having a total value of \$397,895, or \$58.92 a ton. The small quantity of copper ore treated (607 tons) carried \$1,590 in gold, 8,148 ounces of copper, 247,547 pounds of copper, and 59,700 pounds of lead, with a total value of \$59,924, or an average of \$98.72 a ton. The lead ores (2,285 tons) carried \$214 in gold, 11,768 ounces of silver, 3,373 pounds of copper, and 46,800 pounds of lead, having a combined value of \$16,501, or an average of \$7.22 a ton.

Gold and silver mills treated 2,784 tons of ore produced in San Bernardino County in 1919, recovering \$12,341 in gold and 215 ounces of silver as bullion, a recovery of \$2.54 a ton. A total of 65 tons of concentrates was produced from 2,160 tons of ore, which carried \$1,493 in gold, 10,516 ounces of silver, and 15,800 pounds of lead, showing a total value of \$14,108, or \$217.04 a ton of concentrates. Smelters received 3,397 tons of ore in 1919, which carried \$22,031 in gold, 337,449 ounces of silver, 252,024 pounds of copper, and 92,000 pounds of lead, having a combined value of \$451,726, or an average value of \$132.98 a ton.

DEPARTMENT OF THE INTERIOR
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UNITED STATES GEOLOGICAL SURVEY
GEORGE OTIS SMITH, Director

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G. F. LOUGHLIN
Geologist in Charge, Division of Mineral Resources

PART I—METALS
G. F. LOUGHLIN, Geologist in Charge



WASHINGTON
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The Oro Fino Mining Co., Auburn, operated its plant only one shift a day in 1920, although occasionally the 10-stamp amalgamation and concentration mill was run two shifts. Little development work was done during the year. A small quantity of ore was produced by William Schindler at his mine 7 miles east of Auburn, and some gold was produced at the Rising Sun mine at Colfax. Small quantities of gold were obtained from the Dry Hill & Blue Jay Consolidated, Johnny Rafael, and Snow Bird, in the Forest Hill section. The Pioneer Gold Mines Co., at Towle, did very little work in 1920, though a small output was made.

The Pacific Gold Dredge Co. operated one dredge for nine months on American River 3 miles from Applegate. Very little gold came from five months' work on the Haub drift mine, at Blue Canyon, but considerable gold was won by panning or sluicing by J. Schilling on Bear River and gulches 7 miles from Colfax. The producing drift mines at Michigan Bluff were the Albonos, Bigelow, Glenn, and Last Chance; and a little placer gold was obtained at Towle, Yankee Jim, Gold Run, Dutch Flat, Forest Hill, and Iowa Hill.

PLUMAS COUNTY.

The total value of all metals produced in Plumas County in 1920 was \$2,017,025, or \$262,360 less than in 1919. The production of 1920 was distributed as follows: Gold, 4,938.94 fine ounces; silver, 139,792 fine ounces; copper, 9,579,105 pounds. Twelve deep mines produced \$86,423 in gold, 139,688 fine ounces of silver, and copper valued at \$1,762,555, a total value from the deep mines of \$2,001,238. The six hydraulic mines yielded \$8,376 in gold, five drift mines \$5,886 and five surface placers \$1,412, a total of \$15,674, or \$828 less than in 1919. The placer silver was valued at \$113. The output of copper in 1920 was 9,579,105 pounds, as compared with 10,859,885 pounds in 1919.

In 1920 the ore treated was 289,856 tons, as compared with 328,431 tons in 1919. It comprised 282,004 tons of copper ore and 7,852 tons of siliceous ore. The siliceous ore carried \$59,767 in gold and \$549 in silver, a total of \$60,316, or an average of \$7.68 a ton. The copper ore had a total value of \$1,940,922, or an average of \$6.88 a ton. All the siliceous ore was treated at gold and silver mills. Of the copper ore 281,994 tons was treated by flotation concentration and yielded 16,750 tons of concentrates. The 10 tons of copper ore sent to a smelter yielded \$21 in gold, 341 ounces of silver, and 1,699 pounds of copper.

The Engels Copper Mining Co., at Engelmine, was by far the largest producer in the county, as it is the largest copper producer in the State. Nearly 9,000 feet of development work was done during 1920 and operations were continuous. The company has a 1,200-ton oil flotation plant, the concentrates from which are sold to the Garfield Smelting Co., Garfield, Utah. The Ruby Mining Co., near Engelmine, has a 5-stamp wet concentrating mill, and shipped the copper concentrates to Garfield. A small output of gold was made by the Long Valley Mining Co. at Greenville, where it has a 5-stamp mill. Sobrero & Co., lessees on the old Jamison mine, at Johnsonville, obtained considerable gold in stopping and ran some development drifts. Only about two months' active operation was carried on by the Plumas-

Eureka Corporation, at Johnsonville. The property is equipped with a 20-stamp mill. The Walker Mining Co., at Spring Garden, equipped with a flotation plant of 200 to 225 tons capacity is the second largest copper producer in the county. It has an adit 4,900 feet long and a 225-foot shaft. In 1920 the adit was completed and much drifting done in the mine. The mine and mill were closed October 25, and arrangements were made for consolidating the mine and mill camps at the mill camp; all operations will be conducted through the adit instead of by aerial tram from the mine. The concentrates from the flotation plant are shipped to the International Smelting Co., Tooele, Utah. The Apex mine, at Quincy, made some production, using its 6-ton Gibson mill for amalgamation. A small output of gold was also made by the Crown Point group and Oversight mines, at the same place. The White Lily mine of the Seneca Consolidated Mining Co., at Seneca, had a good production. The Trask & Coffey Mining Co. operated the Beetle, Beetle Extension, and Moonlight copper mines, at Paxton, and shipped the concentrates to the Garfield smelter. The ore is crushed in a 5-stamp concentrating mill, with table and vanners.

No extensive placer-mining operations have been carried on in Plumas County for several years, but there are a number of small producers. In 1920 these were the small mines near Blairsden and Greenville; Lincoln, Continental, and Nelson Creek at Johnsonville; Wood Estate Co. (Little Grass Valley, Quigley, and Sweet Oil Diggings); Smith Fork Mining Co. and other small mines, at La Porte; Butte Bar drift, Mount Ararat hydraulic, and Little Annie sluicing, at Meadow Valley; Grizzly Creek hydraulic, at Portola; Yankee Bar, at Seneca; and Jenkins and Twelvemile Bar drift, at T'wain.

SACRAMENTO COUNTY.

Sacramento was fourth in rank among California gold-producing counties in 1920, entirely by reason of the activities in the dredging industry. The total gold output of the county was \$1,575,033, or \$139,160 less than in 1919. All the gold except \$289 was derived from dredging operations in the vicinity of Folsom. The Natomas Co. of California operated eight dredges at Natomas, in the American River field. The Indiana Dredging Co., at Michigan Bluff, ceased operations and the corporation was dissolved December 29, 1919, but a little "clean-up" yield was obtained in 1920. Considerable platinum was also recovered in these gold-dredging operations. Only one deep mine was worked in the county in 1920, and its gold output was nominal.

SAN BERNARDINO COUNTY.

The total value of the metals produced in San Bernardino County from the 19 deep gold and silver mines and 4 lead mines reporting output in 1920 was \$1,298,261, or \$778,186 more than in 1919. This is a larger increase than that of any other county in the State and places San Bernardino among the counties of California producing more than a million dollars annually. It was due wholly to the operations of the California Rand Silver (Inc.), the largest silver mine of the State, which was first productive in 1919. The increase in value of silver alone in San Bernardino County in 1920, as com-

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G. F. LOUGHLIN
Geologist in Charge, Division of Mineral Resources

PART I—METALS

G. F. LOUGHLIN, Geologist in Charge



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1924

Small quantities of gold were recovered from the Jersey Cow mine, at Rough and Ready; the Penrose, at Washington; and the Gold Bug, near Emigrant Gap. The Gold Bug mine uses a 5-ton arrastre. The Quaker Hill drift mine, owned by the Quaker Hill Gold Mining Corporation, is in the Quaker Hill district, near Nevada City. The You Bet and Red Dog, on Greenhorn and Steep Hollow creeks, in the You Bet district, is worked by drifting. This property is being developed, and a dam is being constructed for hydraulicking. Some small mines were worked by drifting and sluicing at North Bloomfield, Grass Valley, and North Columbia. At the Lucky Strike, near Washington, the gold nuggets mined come from crevices in the bedrock. The You Bet mine of the California Placer Mines Co., at You Bet, is worked by the drifting system; and the Liberty Hill mine, on Bear River, is a hydraulic property, operated by William Maguire.

PLACER COUNTY.

The total value of metals produced in Placer County in 1921 was \$133,536, of which \$132,468 was in gold and \$1,068 in silver, a decrease in total value, as compared with 1920, of \$19,730. Of the 34 mines reporting production 1 was a dredge, 16 were drift mines, 8 surface placers, and 9 deep-gold mines. The production of gold from deep mines was \$47,928 and from placer mines \$84,540, a total decrease of \$18,620, compared with 1920. Deep mines produced \$587 in silver and placer mines \$481, a decrease in total silver of \$1,110.

The ore mined in Placer County amounted to 7,712 tons, all siliceous and all treated at gold and silver mills. Of the gold and silver recovered in milling \$46,915 in gold and \$505 in silver were saved as bullion, and \$1,013 in gold and \$82 in silver were recovered from the 19 tons of concentrates treated.

Of the gold won by placers \$24,884 came from 16 drift mines, \$13,971 from 8 sluicing mines, and \$45,685 from dredging operations. At the Oro Fino Mining Co.'s property, at Auburn, practically all work done in 1921 was development work, and barren rock was struck. The intention was to sink to a lower level, but on the death of the manager the mine was closed. The Rising Sun, at Colfax, and the Dry Hill and Blue Jay, at Foresthill, yielded small quantities of gold. At the Johnny Rafael mine 350 feet of tunnel was run. The gold came from pockets and seams. Very little was done at the Reno Consolidated mines, at Foresthill, or at the Daniel Webster, Champion, and New Hope, at Michigan Bluff. The Pioneer Gold Mines Co., at Towle, the only deep-mine producer of note in the county, did not begin operating the mine and 20-stamp amalgamating mill until August, and only stoping was done in the mine. The Pacific Gold Dredging Co. operated a dredge on the North Fork of American River, near Applegate, for eight and one-half months. Considerable placer gold was bought in Auburn from small mines in that section of the county. The Haub mine drifted in an ancient river bed near Blue Canyon for about six months, and small quantities of gold came from the Lost Camp and other mines around Blue Canyon. The Acacia, American Hill, Baltimore Canyon, and other small mines around Foresthill produced some gold. The Paragon drift mine in Volcano Canyon, Bath mining district, recovered some gold

in the course of development work. The Juno, the New Zealand, and the Jupiter mine of the McGeachin Placer Mining Co., at Iowa Hill, were productive drift mines. The Glenn Consolidated Gold Mines, operating on Duncan Creek, Last Chance district, Michigan Bluff post office, owns the most productive drift mine in the county and worked it the entire year. The Last Chance and other small drift mines at Michigan Bluff were productive. Reeves & Rogers, under agreement with the Roseville Placer Mining Co. at Roseville, worked cemented gravel in an ancient river bed for about two months, crushing the gravel in a Beers mill, with plates and sluice boxes. A little gold came from the Dorer, in Humbug Canyon, near Towle, and other mines in that section.

PLUMAS COUNTY.

The total value of all metals produced in Plumas County in 1921 was \$1,792,502, or \$224,523 less than in 1920. The production was distributed as follows: Gold, \$127,148; silver, \$171,090; copper, \$1,494,264. Ten deep mines produced \$89,984 in gold, \$170,913 in silver, and 11,583,441 pounds of copper. The 2 hydraulic mines yielded \$2,646 in gold, 13 drift mines \$32,269, and 13 surface or sluicing mines \$2,249, a total of \$37,164, or \$21,490 more than in 1920. The placer silver was valued at \$177. The output of copper was 2,004,336 pounds more than in 1920.

In 1921 the ore treated in the county amounted to 321,723 tons, as compared with 289,856 tons in 1920. It comprised 306,037 tons of copper ore and 15,686 tons of siliceous ore. The siliceous ore milled carried \$59,100 in gold and \$636 in silver, or an average of \$3.81 a ton. The copper ore had a value of \$1,694,009, or an average of \$5.54 a ton. Of the copper ore 306,024 tons was treated by flotation concentration and yielded 19,850 tons of concentrates. The 13 tons of copper ore sent to a smelter yielded \$21 in gold, \$488 in silver, and 2,614 pounds of copper, valued at \$337.

The Engels Copper Mining Co., at Engelmine, was much the largest producer in the county, as it is the largest copper producer in the State. The mines are developed by adits and shafts, and 8,637 feet of development work (including diamond-drill footages) was done during 1921. The property is equipped with a 1,200-ton concentrating plant, using the oil-flotation process, and the concentrates are shipped to the smelter at Garfield, Utah. In the Engels mine 90 per cent of the work done was development work preparatory to stoping. In the Superior mine only such development work was done as was needed to produce the greatest quantity of ore at the least expense. Operations continued throughout the year. The 306,024 tons of ore treated averaged 2.22 per cent of copper, the actual extraction being 84.48 per cent. The average assay value of the concentrates was \$29 a ton. During the year the ore reserves have been increased to 3,342,118 tons, or 47 per cent, even after deducting the ore sent to the mill, and the expense of shutting down has been avoided. A reduction in operating costs of 3.49 cents a pound of copper has been effected. The net cost of copper production was 14.69 cents a pound. The net receipts from concentrates delivered to and in transit to the smelter, together with other earnings, was \$1,037,388.97. The total operating expense was \$1,088,555.34,

leaving an operating deficit of \$51,166.37. Reserves for depreciation and liability for compensation, less profit and loss, December 31, 1920, and stock premium bring the total deficit up to \$119,616.73 for the year. Capital expenditures for 1921 amounted to \$275,468.86.

The mine of the Gruss Mining Co., at Genesee, is opened by a 400-foot vertical shaft and 1,000 feet of drifts. The development work in 1921 consisted of drifting, stopping, and open-cut and quarry work. There is a 10-stamp amalgamation and concentration mill on the property, and a ball mill was added during the year. The Long Valley Mining Co., at Greenville, ran some drifts, cuts, and trenches. There is a 5-stamp mill on this property. Lessees on the mines of the Jamison Mining Co., at Johnsonville (now owned by the Plumas-Eureka Annex Mining Co.), mined considerable good ore. The Plumas-Eureka, at Johnsonville, is one of the oldest of the deep mines of the State and was worked the entire year, although the 20-stamp amalgamation and concentration mill was run only for 19 days. The property is opened by an adit 7,300 feet in length. The Trask & Coffey Mining Co. did not operate the Beetle or Moonlight mines, at Paxton, although it shipped a little ore. Lessees on the White Lily mine of the Seneca Consolidated Gold Mining Co., at Seneca, took out a few thousand dollars in gold.

No especially large placer-mining enterprises are now being carried on in Plumas County. The Caribou, Hetty Jane, Trippe, and other small placers were producers near Belden, and the Cadmus, at Crescent Mills, was worked about a month. Placers at Greenville yielded a few thousand dollars, and the Continental, Grendona, and Red, White, and Blue were producers near Johnsonville. On the South Fork of Feather River, 10 miles north of La Porte, the Feather Fork Gold Gravel Co. worked its drift mine for five months of underground operations. The Maxine drift mine was productive at La Porte. At Meadow Valley the old Rutherford made a small production, with 50 days water for ground sluicing. On Little Grizzly Creek, 10 miles from Genesee, the Little Grizzly Placers hydraulicked for a short time. The Australia Placer Mining Co. did hydraulic mining on its claim near Quincy, and 12 miles from there the Willow Creek Mining Co. worked the New Hope mine, sluicing with a self-acting reservoir. At Quincy the Crown Point, Schley, and other small mines were worked, some by the "shooter" system. The Independent, Sunny-side, and Yankee Bar were producers near Seneca. Some placer gold was taken out at Spring Garden. The Twelvemile Bar, on the east branch of the North Fork of Feather River, near Twain, was drifted.

SACRAMENTO COUNTY.

Sacramento was fourth in rank among California gold-producing counties in 1921, this high rank being entirely due to the extensive dredging activities. The total gold output of the county was \$1,690,662, which is an increase over 1920 of \$115,629. The Natomas Co. of California operated seven dredges in what is known as the Folsom field for the entire year. The total material dredged was 21,253,288 cubic yards, resulting in a profit of \$292,529. It is estimated that the remaining proved dredging ground of the company, at present costs, contains 125,600,000 cubic yards, sufficient for 10 years' operation. Considerable platinum and osmiridium was obtained during the dredging operations. At several points around Folsom and Blue

Ravine small quantities of gold were obtained in drift and sluice mining by individual miners. The silver output of the county was valued at \$5,254, and the total yield in gold and silver was \$1,695,916.

SAN BERNARDINO COUNTY.

The total value of all metals produced in San Bernardino County in 1921 was \$3,431,366, or \$2,133,105 more than the total in 1920. This is a larger increase in value than is shown by any other county in the State and brings San Bernardino to second rank, Yuba being first. This increase is due almost entirely to the large silver output of the California Rand Silver (Inc.). That mine and the Grady-Sill-Jones lease on Uranium No. 5 claim of the same company are the most productive silver properties in the State. The silver derived from siliceous ores amounted to 3,205,110 fine ounces, from copper ores 62 ounces, and from lead ores 5,530 ounces. The increase in the value of silver alone in San Bernardino County was \$1,997,719. There was also a gain of \$138,373 in gold and \$1,827 in copper. The lead production, however, fell off 49,801 pounds in quantity and \$4,814 in value. Deep mines yielded \$217,175 in gold, \$3,210,702 in silver, 15,702 pounds of copper, valued at \$2,026, and 23,694 pounds of lead, valued at \$1,066. No zinc was produced in the county in 1921.

The ore from San Bernardino County treated in 1921 was 45,839 tons from 30 deep mines, of which 45,582 tons was siliceous, 36 tons copper ore, and 221 tons lead ore. Of the siliceous ore 38,506 tons came from 12 silver mines and yielded \$3,196,054 in silver and \$184,246 in gold. Four lead mines produced 221 tons of ore, which yielded 23,054 pounds of lead, \$5,530 in silver, and \$145 in gold. There are more silver mines in San Bernardino County than in any other county in the State, and the most productive are new mines opened within the last few years.

Gold and silver mills treated 4,765 tons of ore, yielding \$26,479 in gold and \$2,300 in silver as bullion; and 480 tons of ore was sent to concentrating mills and produced 17 tons of concentrates, from which was recovered \$124 in gold, \$2,226 in silver, and 4,313 pounds of lead. Crude ore shipped to smelters amounted to 38,593 tons, yielding \$188,608 in gold, 3,200,837 ounces of silver, 15,702 pounds of copper, and 19,381 pounds of lead. Of old tailings 2,001 tons was treated, yielding \$1,964 in gold and \$5,339 in silver.

The Gateway, a new mine which made its first production in 1921, is half a mile from Fremont Peak and 14 miles from Atolia, in the Fremont district. The property is in process of further development. Roth Bros. worked mill clean-up and old tailings from the old Bagdad-Chase mine, near Barstow, by the cyanide process. The Gold Dollar, at Camp Baldy, near the head of Dry Gulch, a mile north of Coldwater Creek, had its ore crushed in a Gibson mill. The shaft in the mine is only 150 feet deep. Some lead-silver ore was shipped by J. L. Carden from Bagdad. Small shipments were made by lessees of the Dutch Silver mine and a few other claims near Cima. Silver ore was treated by the Dagget Reduction & Mining Co. at Dagget, and a few other mines there, including the American, Ontario, Red Jacket-King, and Sioux, produced small quantities of silver. The Sioux mine used a test cyanide plant for two months. A little silver

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U. S. GEOLOGICAL SURVEY
George Otis Smith, Director

MINERAL RESOURCES OF THE UNITED STATES

1922

G. F. LOUGHLIN
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PART I—METALS
G. F. LOUGHLIN, Geologist in Charge



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1921. The 5 drift mines in the county produced 82 per cent, and the 4 hydraulic mines and 13 surface mines each about 9 per cent of the gold produced by placer mines. The largest producer of placer gold was the Feather Fork drift mine, near La Porte, but a fair production was made at the Little Grizzly, near Genesee; the Slate Creek hydraulic, near La Porte; and the Lucky S. placer, near Taylorsville.

There was 438,836 tons of ore mined in Plumas County, of which 434,961 tons was copper ore and 3,875 tons was siliceous gold ore. The metal content of this ore was 6,866.26 ounces of gold, 296,764 ounces of silver, and 20,677,771 pounds of copper, having a total value of \$3,230,201. This is an increase of 84 per cent, as compared with 1921, and is attributable entirely to the greater production of the Engels and Walker copper mines.

Practically all the copper ore was concentrated, and the gold ore was treated at amalgamation mills without concentration. Bullion saved at gold mills in 1922 contained 1,378.20 ounces of gold and 186 ounces of silver. There were 39,167 tons of copper concentrates produced, which carried 5,207.64 ounces of gold, 285,283 ounces of silver, and 19,890,598 pounds of copper. The smelting ore yielded 280.42 ounces of gold, 11,295 ounces of silver, and 787,173 pounds of copper.

A small amount of gold was taken from the Santa Rosa placer, near Clio. At the 2-stamp mill of the Wonder mine, near Blairsden, a small amount of gold ore was milled. Near Crescent Mills a small amount of bullion was saved at the Silent Friend mine, but operations at the Green Mountain mine were discontinued. At Engelmine the Engels and Superior copper mines were actively worked throughout the year. The 1,400-ton flotation mill handled 362,959 tons of ore, from which 24,652 tons of concentrates were made and shipped. The gross value of gold, silver, and copper recovered was \$2,116,055, and the net cost per pound of copper was 12.21 cents.⁴ At the Engels mine the lower or No. 10 tunnel was driven 4,100 feet to cut the ore body 500 feet below the lowest levels previously opened. A total of 7,574 feet of drifting and 2,478 feet of diamond drilling was done, and 1,900 feet of raises were put through the ore body to develop the stopes. The ore reserves of the two mines are estimated at 2,952,766 tons, carrying 2 per cent or more copper.⁵ Of this amount 418,521 tons is broken and 1,637,445 tons is blocked out. This estimate does not include any ore below the tenth level of the Engels mine, though the existence of ore has been demonstrated by drilling. The Lucky S. placer, between Engelmine and Taylorsville, was worked through the season by its new owners. The Little Grizzly Creek hydraulic mine, near Genesee, was in operation. A small quantity of placer gold was won by sluice operations in the vicinity of Greenville. The Jamison mine, at Johnsville, was worked by Sobrero & Co., under lease until October, when the property reverted to the Plumas-Eureka Annex Mining Co. A test run was made at the Plumas-Eureka during the course of development work, and some placer gold was saved from the streams in the vicinity. A large production of gold was made as a result of drift operations on the South Fork of Feather River 10 miles from La Porte, by

⁴ Engels Copper Mining Co. Ninth Ann. Rept., for year ending Dec. 31, 1922, p. 6.

⁵ *Ibid.*, p. 17.

the Feather Fork Gold Gravel Co. The Maxine drift mine and the La Plante and Slate Creek hydraulic mines, near La Porte, were also worked. Near Pilot Peak the Pilot Peak, Willow Creek, and New Hope drift mines were under development, and some gold was recovered. The Pioneer and Sunnyside drift mines, at Seneca, were productive, but no deep mines in this section were worked. The Iron Dyke mine, near Taylorsville, was reopened under lease and developed for a few months. A small amount of placer gold was sold to local storekeepers. At Twain gold was recovered from bars of the Middle Fork of Feather River. The Walker mine, 8 miles north of Spring Garden, was a large producer of copper ore. Part of the ore was treated in a 225-ton flotation mill and part sent direct to Utah smelters. A considerable body of chalcocopyrite ore has been developed during the last two years of operation.

SACRAMENTO COUNTY.

The gold and silver produced in Sacramento County came largely from the seven gold dredges operated by the Natomas Co. of California at Natoma, though some placer bullion was obtained by small sluice operations in the streams near Folsom. The placer bullion produced in 1922 contained 65,342.50 ounces of gold and 3,392 ounces of silver, valued at \$1,354,141, a decrease of \$341,775 as compared with 1921.

According to the annual report of the Natomas Co., the net operating profit for the year was \$457,400, which was considerably larger than in 1921, owing to lower power and material costs and to improvement in the recovery from the ground worked. The No. 1 dredge at Natoma finished its profitable ground on September 13 and was dismantled. The company estimates that there remains to be dug in the Natoma field about 110,000,000 cubic yards of paying gravel, which would indicate a life of seven or eight years at the present rate of extraction.

SAN BERNARDINO COUNTY.

There were 22 deep mines in operation in San Bernardino County in 1922, as compared with 30 deep mines and 3 placers in 1921. The production of the county was 64,381 tons of ore, containing 6,082.08 ounces of gold, 2,374,948 ounces of silver, 13,190 pounds of copper, and 12,320 pounds of lead, valued at \$2,503,134. The value of metals produced by deep and placer mines in 1921 was \$3,431,366. The production of all metals in 1922 was less than in 1921, but the chief loss was in silver, the output of which was 835,758 ounces less. Of the ore mined 92 per cent came from the silver mines at Randsburg, and this ore carried nearly 85 per cent of the gold and about 99 per cent of the silver produced in the county. The 64,381 tons of ore mined included 4,453 tons of dry gold ore, 59,839 tons of dry silver ore, 40 tons of lead ore, 48 tons of copper ore, and 1 ton of copper-lead ore.

Gold and silver mills handled 4,650 tons of ore and recovered 791.08 ounces of gold and 4,203 ounces of silver; most of the silver was recovered by two cyanide plants and the bulk of the gold at four amalgamation mills. Besides the ore, 300 tons of old tailings

DEPARTMENT OF THE INTERIOR
Hubert Work, Secretary

U. S. GEOLOGICAL SURVEY
George Otis Smith, Director

MINERAL RESOURCES OF THE UNITED STATES

1923

F. J. KATZ

Geologist in Charge, Division of Mineral Resources

PART I—METALS



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON
1927

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the plant. By increasing the percentage of copper in the smelting charge to a point not higher than the average of past shipments to custom smelters, it is possible, according to the company, to increase the capacity of the present plant to nearly 4,000,000 pounds a month. The plant embodies advanced ideas in smelter design and is the first new smelter constructed in the United States since the United Verde Extension Mining Co.'s plant was put in operation in July, 1918.

CALIFORNIA

In 1923 California produced 27,042,835 pounds of copper and ranked eighth among the copper-producing States of the country, with 1.88 per cent of the total production. From the beginning of operations in 1862 through 1923 California's production has been 843,668,318 pounds of copper, or 2.60 per cent of the total production for the United States. Thus California ranks sixth among the copper-producing States in total production. Although the Plumas district is now the largest producer in the State, both the Shasta and Foothill districts have made larger total outputs.

Shasta district.—The total production of copper in the Shasta district, inclusive of 1923, has been 579,131,000 pounds, 1.78 per cent of the total for the country.

The Mammoth mine and smelter of the United States Smelting, Refining & Mining Co., which have been idle for several years, were prepared in 1923 for a resumption of operations. One furnace was started late in November. Up to the end of the year 13,443 tons of ore was smelted. Additional geologic study of the mine suggested certain exploratory work, which is in progress, and the company hopes it will uncover additional ore.

Early in the fall of 1923 the Mountain Copper Co. (Ltd.) resumed operations at its mine and smelter and produced 907 tons of blister copper. Later in the year, owing to the low price of copper, operations were discontinued. The company believes that resumption of operations, when it occurs again, will not be nearly so expensive or take so long as it did in 1923.

Foothill district.—The Foothill district did not produce any copper in 1921 or 1922 but yielded 1,598,726 pounds in 1923, most of which was from Calaveras County.

Plumas district.—The Engels Copper Mining Co., which is by far the largest producer in the Plumas district, produced 14,450,243 pounds of copper, 165,441 ounces of silver, and 2,592 ounces of gold in 1923. This compares with a copper production for 1922 of 14,075,947 pounds. The net operating cost was 11.35 cents a pound, or 12.93 cents after adding reserves for depreciation, compensation insurance, and amortization of development charges, as shown below, compared with 11 and 12.21 cents in 1922, an increase for 1923 of 0.72 cent a pound. The increase is due to decreased credits on account of the drop in the price of silver and increased charges for depreciation and amortization of development costs.

Cost of producing copper by Engels Copper Mining Co., 1923

	Total	Per pound of copper
Ore on cars at Engels		Cents
Freight and smelting charges	\$1,078,802.80	7.4684
Credit value of gold and silver recovered	560,834.86	3.8811
Operating and marketing cost	1,639,637.06	11.3467
Cost of depreciation and insurance, reserves, and development	228,935.62	1.5843
	1,868,573.28	12.9310

The company reports that the No. 10 level project is nearing completion, and that excellent bornite ore has been disclosed on this level, assuring a material increase in proved ore reserves when the intermediate levels are opened. Experimental work carried on throughout the year in an effort to improve operating practice resulted in an increase of 1.557 per cent in the percentage extraction of copper in the mill over that in 1922.

Operations at Superior mill, 1923

Ore milled	381,420	short tons
Average heads	2,1347	per cent
Average tails	2459	do
Actual extraction	88,787	do
Concentrates produced	49,838,787	pounds
Average content of concentrates	28,994	per cent
Copper produced	14,450,243	pounds
Silver produced	165,444.76	ounces
Gold produced	2,591.81	do

Ore reserves of Engels and Superior mines, December 31, 1923, in short tons •

Mine	Blocked ore		Probable ore	Total
	In place	Broken in stopes		
Engels	873,243	233,375	646,800	1,753,418
Superior	416,800	149,797	250,000	816,647
	1,290,043	383,172	896,800	2,570,065

• Estimate includes ore in pillars.

The company states that the above estimate of ore reserves is based on a technical interpretation of the conditions as found in the mines December 31, 1923, and should not be construed to mean that it includes all ore, both probable and possible, that is contained in the mines.

The mines of the Walker Mining Co., a subsidiary of the Anaconda Copper Mining Co., were operated throughout the year, and 166,953 tons of ore was broken. The new concentrator, with a capacity of 750 tons of ore a day, completed during the year and put in operation in November, treated 87,041 tons of ore averaging 4.123 per cent of copper, from which 14,566.64 tons of concentrates averaging 22.782

DEPARTMENT OF COMMERCE
HERBERT HOOVER, SECRETARY
BUREAU OF MINES
SCOTT TURNER, DIRECTOR

MINERAL RESOURCES OF THE UNITED STATES

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FRANK J. KATZ
Chief Engineer, Division of Mineral Resources and Statistics

PART I—METALS



Mining Co. at Michigan Bluff worked all the year and reequipped the mill with heavy stamps. Pockets were extracted at the Annie Laurie, Adventure, Red Jacket, and Johnny Rafael properties.

PLUMAS COUNTY

The largest producing placer mine in Plumas County was the Marguerite drift, out from La Porte, though several small hydraulic mines in the district were operated. The Little Grizzly hydraulic near Genesee had water for only a very short run. The Sunnyside and Yankee Bar drift mines near Seneca were operated. The Twelve Mile Bar and French Ravine sluice properties near Twain were operated, and a number of snipers were at work on Spanish Creek, Indian Creek, and Feather River.

The Engels Copper Co. curtailed output during the first part of the year during the completion of the No. 10 tunnel of the Engels mine. Additions were made to the flotation plant at the Superior mill, and considerable development was accomplished at the Superior mine. During the year the production of the Engels Copper Co. was 12,870,111 pounds of copper, 150,427 ounces of silver, and 2,593 ounces of gold, recovered from 350,445 tons of ore milled. In 1924, recovery at the Superior mill was 89 per cent. The annual report of the company says that operating costs for copper produced in 1924, with gold and silver credited, were 11.30 cents a pound, as compared with 11.35 cents a pound in 1923. During the year a total of 6,480 feet of development was completed at the Engels mine, about one-third of which was in the No. 10 tunnel, and 4,657 feet of work in the Superior mine, most of which was on the No. 1 and No. 2 levels. Ore reserves carrying 2 per cent or more in copper are given as 2,849,397 tons at the end of 1924, two-thirds of which are at the Engels mine and one-third at the Superior. Less than a million tons of the total is estimated as probable ore.

The Walker mine, north of Spring Garden, operated at full capacity. The new flotation mill treated 205,903 tons of ore, averaging 3.27 per cent copper, and made a 96 per cent recovery. The output of the mine was 12,659,429 pounds of copper, 217,764 ounces of silver, and 8,216.40 ounces of gold, according to the annual report of the Anaconda Copper Mining Co.

The Jamison mine at Johnsville was worked until September by lessees; little development work was done, but several hundred tons of ore was milled. This was the largest deep-gold mine in operation in the county. The Gold Leaf Consolidated mine near Spring Garden built a small cyanide mill to handle tailings from the Lane mill. A few tons of copper ore was shipped from mines near Taylorsville, and the Standard mines near Greenville were developed further, but no production was reported.

RIVERSIDE COUNTY

The Meleta mine out from Mecca shipped lead ore, and the Overton mines near Vidal some copper ore during the year. It is reported that the Overton Mining Co. will erect a 50-ton concentrating mill.

SACRAMENTO COUNTY

The Natomas Co. of California operated six dredges near Natom during 1924. The No. 10 dredge finished its ground in June; it was dismantled, rebuilt at a new location, and began digging again early in 1925. The output of gold by Sacramento County dredges was considerably less, because for half the year only five boats were in operation. The annual report of the company says that the gross return of the gravels worked at Natoma was 9.66 cents a yard, 0.2 cent less than in 1923, but operating costs decreased 0.07 cent yard also. Several hundred dollars in gold was obtained by small operators in the Blue Ravine diggings, 3 miles above Folsom, and at various points along the American River between Folsom and Sacramento.

SAN BERNARDINO COUNTY

In the Calico district the Olympus Gold Mines Co. rebuilt its water system, erected a 50-ton Denver quartz mill, and made a test run. The Mulcahy brothers worked the Homestake, Silver King, and Red Jacket mines. Weeks¹ has recently described the geology of the district; he concludes that the rich silver veins of the Tertiary volcanic rocks that were so productive between 1883 and 1890 hold enough promise of ore bodies at depth to warrant further development. There was very little activity in the Cima district, though at a few mines some development was done.

In the Rand district tributary to Osdick the California Rand Silver was the most important mining operation. The mine produced 86,519 tons of ore, practically all of which was milled; the flotation concentrates were shipped to the smelter. Colman² has described milling at the California Rand. The milling costs were \$2 a ton, of which 60 cents was for water; recovery 84 per cent of the gold and 97 per cent of the silver. The annual report of the company for the year ended September 30, 1924, shows that the gross value of the product was \$1,454,106.85, the total gross production of the mine since its discovery \$10,384,537.74, and total dividends \$2,885,966.31 of which \$486,400 was paid in 1924. Late in 1924 eastern capitalist had the property examined but did not exercise the option to purchase. The Black Hawk mine was operated on company account until May and after that by lessees. The Black Hawk mill treated custom ore from several mines in San Bernardino and Kern Counties. Lead or produced at the Hillside mine in the Shadow Mountains was shipped from Valjean.

SAN DIEGO COUNTY

The Golden Chariot mine at Julian was developed further, and a little ore was milled. The Lone Pine Mining & Development Co. operated the North Hubbard and Ready Relief groups at Julian; ore was milled in the 50-ton Denver quartz mill.

¹ Weeks, F. B., "Possibilities of the Calico mining district"; Eng. and Min. Jour.-Press, vol. 119, 192 pp. 757-762.
² Colman, M. W., "Metallurgical history of the California Rand"; Eng. and Min. Jour.-Press, vol. 12 1924, pp. 175-181.

UNITED STATES DEPARTMENT OF THE INTERIOR
HAROLD L. ICKES, Secretary
BUREAU OF MINES
R. R. SAYERS, Director

MINERALS YEARBOOK

1940

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Compiled under the supervision of
H. HERBERT HUGHES
Economics and Statistics Branch



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1940

plant; and 525 ounces of gold were recovered. F. R. Croft operated a dry-bank plant on the Shorty Jefferies mine from January 1 to June 15; a bulldozer and $\frac{3}{4}$ -cubic yard gasoline shovel were used in delivering gravel to a stationary washing plant; and 351 ounces of gold were recovered.

ORANGE COUNTY

Santa Rosa district.—The Blue Light Silver Mines Co. operated the Silverado or Blue Light mine in Silverado Canyon from May 15, 1939, until the end of the year; 800 tons of ore were treated by flotation, and a bulk concentrate containing 9 ounces of gold, 4,095 ounces of silver, 10,476 pounds of lead, and 9,549 pounds of zinc was shipped to another mill for selective flotation.

PLACER COUNTY

Auburn district.—The Gaylord La Valle drift mine was operated in 1939 (in succession) by Swinburn & Associates, Jose Oro Mining Co., J. A. Conner, and Conner and Swinburn; 1,975 cubic yards of gravel yielded 326 ounces of gold.

Butcher Ranch district.—The Monarch Syndicate cyanided ore from the Monarch mine during the early months of 1939.

Damascus district.—The Lost Camp Mining Co. worked the Lost Camp hydraulic mine in Blue Canyon for 45 days in 1939.

Dutch Flat district.—The Canyon Mines Corporation treated ore from the Rawhide mine throughout 1939 in the company 100-ton amalgamation and concentration mill.

Foresthill district.—The Volcano Mining Co., Ltd., worked the Volcano drift mine throughout 1939; 1,400 cubic yards of gravel yielded 271 ounces of gold and 35 ounces of silver.

Lincoln district.—Pantle Bros. operated a dry-land dredge on the Stevens, Clark, and Ahart ranches and in Auburn Ravine in 1939; in all, 329,000 cubic yards of gravel were excavated with a 1-cubic yard gasoline dragline excavator and delivered to a dry-land washing plant carrying four Ainlay bowls. Fay Placer mine operated a dragline dredge on the Guilford ranch throughout the year; the dragline excavator had a $\frac{1}{2}$ -cubic yard bucket. W. K. Jansen treated 245,162 cubic yards of gravel on the Jones and Finney ranches; a dragline excavator with a $1\frac{1}{2}$ -cubic yard bucket was used to deliver gravel to a dry-land washing plant. The Midland Co. operated a dragline dredge intermittently during 1939 and treated 250,000 yards of gravel yielding 715 ounces of gold and 104 ounces of silver; the dragline excavator had a $1\frac{1}{4}$ -cubic yard bucket. Four miles east of Lincoln the Jasper-Stacy Co. operated throughout the year an electrically powered dragline dredge using a dragline excavator with a 2-cubic yard bucket. The gravels of this district carry zircon, which was produced as a byproduct at plants using jigs; no market has yet been developed for this product.

Ophir district.—The Panob Gold Dredging Co. operated a non-floating washing plant, using a dragline excavator with a $1\frac{1}{4}$ -cubic yard bucket, on the F. E. Kayo and the G. E. Stoll properties near Loomis in 1939. The Gold Hill Dredging Co. operated an electrically powered connected-bucket dredge with eighty-seven $8\frac{1}{2}$ -cubic foot buckets on the Chabot property 2 miles east of Loomis from January

1 to May 14. F. O. Bohnett operated a dry-land plant on several properties during the year. The Alabama California Gold Mines Co. worked the Alabama mine throughout 1939 and treated 74,539 tons of ore in the company 300-ton amalgamation and flotation mill to yield bullion, containing 10,157 ounces of gold and 3,266 ounces of silver, and 652 tons of concentrates, containing 3,231 ounces of gold, 39,530 ounces of silver, 5,771 pounds of copper, and 26,826 pounds of lead. The Oro Fino Consolidated Mines operated the Oro Fino mine. The Burm Ball Mining Co. operated the Sisley mine throughout the year.

PLUMAS COUNTY

Crescent Mills district.—A. A. Merritt and F. Humphrey, under the name of "Cherokee Mine", produced 8,635 tons of ore from the Cherokee mine between January 16, 1939, and the end of the year; the ore was treated in a 100-ton amalgamation and flotation mill (built during the year) and yielded 165 ounces of gold and 40 ounces of silver in bullion and 1,046 ounces of gold, 277 ounces of silver, and 904 pounds of copper in 35 tons of flotation concentrates. The North Canyon Mines, Inc., worked the Droege and New York mines in 1939. The Indian Valley Mining Co., Inc., worked the Standart mine from January 1 until February 27, when a fire destroyed the 150-ton mill built in 1938; a new 250-ton amalgamation and flotation mill was built and placed in operation August 16, and 24,000 tons of ore treated yielded 1,410 ounces of gold and 347 ounces of silver.

Genesee district.—The Walker mine of the Walker Mining Co. (affiliate of the Anaconda Copper Mining Co.) has been the outstanding mine in Plumas County for many years and was the State's principal copper producer in 1939. According to the company printed annual report for the year ended December 31, 1939, 367,041 tons of ore were milled and 17,342 tons of concentrates produced. Shipments consisted of 17,056 tons of concentrates, lime scale, and precipitates, with a net recovery of 8,010,226 pounds of copper, 180,039 ounces of silver, and 11,777 ounces of gold.

Granite Basin district.—The Robinson mine was operated in 1939 from May until November 10; ore was treated in the 50-ton amalgamation and flotation mill on the property.

Quincy district.—The Imperial mine was active during 1939.

Rich Bar district.—Lord & Bishop operated a dragline dredge at Grays Flat during the early months of 1939. The Virgilia Mining Corporation continued operations at the Ohio Point Group during 1939.

RIVERSIDE COUNTY

Dale district.—A large number of small operations in 1939 were reported in the Riverside County part of the Dale district.

Eagle Mountain district.—The Imperial Smelting & Refining Co. treated 7,903 tons of ore in the 100-ton flotation mill at the Black Eagle mine in 1939; 1,195 ounces of gold, 16,451 ounces of silver, 88,220 pounds of copper, and 676,180 pounds of lead were contained in the concentrates produced. The company contributed 62 percent of the total lead produced in the State in 1939.

Pinacate district.—The Ida Leona Mine & Milling Co. worked the Ida Leona mine throughout 1939.

STATEMENT 1939

Walker Mining Company

PLUMAS COUNTY, CALIFORNIA

INCORPORATED IN CALIFORNIA
OFFICE OF THE
SECRETARY OF STATE, SACRAMENTO, CALIFORNIA

CAPITAL STOCK

Common - Authorized 1,750,000 shares at \$1.00 per share
Issued 1,749,308 shares at \$1.00 per share

Directors

J. R. WALKER, E. L. MAY, J. O. ELTON, R. B. WHITEHILL,
E. E. HOWELL, J. F. DUGAN, GEORGE E. BAGLINS

Officers

J. R. WALKER, President
J. O. ELTON, Vice-President
R. B. WHITEHILL, Secretary-Treasurer

Transfer Agents

H. L. CARSON, Transfer Agent, 25 Broadway, New York City, N. Y.
ROM WARBURTON, Transfer Agent, 820 Kearns Building, Salt Lake City, Utah

Annual Meeting: May 7th, 1940, at 3 P. M. in Phoenix, Arizona.

To the Stockholders of
Walker Mining Company

Your property was on an operating basis throughout the year 1939, but during the first five months production was somewhat below normal due to the complete shut-down of the mill during the previous year.

Development work was carried on during the entire year. The program consisted of the deeper exploration of the North and Central parts of the mine and the exploration of the area around the mill. The results of these explorations are not yet known.

The total amount of concentrates produced during the year 1939 was 17,342 dry tons, of which 14,066 dry tons were shipped to the smelter and 3,276 dry tons were retained at the mill.

The total amount of silver and gold produced during the year 1939 was 1,526,000 pounds, of which 1,526,000 pounds were sold for delivery in 1940.

The total amount of copper produced during the year 1939 was 1,526,000 pounds, of which 1,526,000 pounds were sold for delivery in 1940.

The total amount of silver and gold produced during the year 1939 was 1,526,000 pounds, of which 1,526,000 pounds were sold for delivery in 1940.

There were shipped to the smelter 14,066 dry tons of concentrates, 1,526,000 pounds of silver and gold, and 1,526,000 pounds of copper, with a recoverable content of 1,526,000 pounds copper, 1,526,000 ounces silver, and 1,526,000 ounces gold.

The entire production of silver and gold was sold. Deliveries of copper amounted to 7,735,124 pounds, leaving 7,553,490 pounds on hand at the end of the year, of which 1,526,000 pounds have been sold for delivery in 1940.

The year's operation resulted in a loss of \$206,204.54 as indicated in the Income Account. This loss includes writing down to market price the finished copper on hand at the end of the year.

The mine and mill are in good operating condition.

The financial statements of your company for the year ending December 31, 1939, certified by Messrs. Fogson, Peloubet & Co., Certified Public Accountants, are herewith submitted for your information.

Respectfully,
J. R. WALKER,
President

Walker Mining Company

BALANCE SHEET—DECEMBER 31st, 1939

ASSETS		
FIXED ASSETS—See Note		
Mines and mining claims	\$1,284,143.64	
Plant and equipment at mine, mill, camp and shops and aerial tramway	\$1,667,334.58	
Less reserve for depreciation	1,108,625.99	\$1,847,952.23
INSURANCE FUND DEPOSIT (securities at cost)		31,887.50
EXPENSES PREPAID		9,246.59
CURRENT ASSETS		
Supplies on hand	140,787.28	
Ores and concentrates on hand	236,385.20	
Copper on hand	318,440.90	
Accounts Receivable	8,216.26	
Cash	12,820.00	\$1,527,691.17
\$2,600,639.92		
LIABILITIES		
CAPITAL STOCK		
Authorized—500,000 shares of the \$15.00 par value		
Of which 317,877 shares are outstanding		\$4,768,155.00
RESERVE FOR WORKMEN'S COMPENSATION		
INSURANCE		37,892.71
SURPLUSES		
Surplus, December 31st, 1938	395,490.86	
Additional Federal Income Tax for 1938	17,691.67	
Net loss of the year 1939, without deduction for depletion	206,204.54	\$2,600,639.92

INCOME ACCOUNT—YEAR ENDED DECEMBER 31st, 1939

Sales of metals	\$1,341,249.62	
Cost of sales:		
Copper on hand at December 31st, 1938—		
at market	\$ 229,042.51	
Production cost	1,532,116.24	
	1,761,158.85	
Less copper on hand at December 31st, 1939—		
at market	318,440.90	1,447,717.95
Operating loss without deduction for depreciation and depletion		106,468.33
Interest paid	13,116.39	
Less interest received	1,131.96	11,984.93
Depreciation and obsolescence		118,453.28
		87,751.28
Net loss, without deduction for depletion		\$ 206,204.54

Walker Mining Company

NOTE TO FINANCIAL STATEMENTS

NOTE - FIXED ASSETS - BASIS OF VALUATION

Mines and mining plant and other fixed equipment of mine units and non-ferrous metal plant of Walker Mining Company are carried on the books at cost less accumulated depreciation. The cost of mines and mining plant and other fixed equipment is determined by the cost of the property at the time of acquisition, including the cost of transportation, installation and other expenses incurred in connection with the acquisition.

The cost of the property is determined by the cost of the property at the time of acquisition, including the cost of transportation, installation and other expenses incurred in connection with the acquisition. The cost of the property is determined by the cost of the property at the time of acquisition, including the cost of transportation, installation and other expenses incurred in connection with the acquisition.

Walker Mining Company
Salt Lake City, Utah

We have examined the financial statements of Walker Mining Company for the calendar year 1939 and the Income and Surplus Account for the calendar year 1939, have reviewed the system of internal control and the accounting records of the Company and without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence by methods and to the extent we deemed appropriate.

The practice of the Company in computing its net income without deduction for depletion of metal mines is in accordance with accepted accounting procedures in industries engaged in the mining of copper, silver and gold and is in agreement with the accounting practices and procedures consistently maintained by this Company and others similarly situated, and the Company is advised by counsel that such procedure is in accordance with legal requirements.

In our opinion, the accompanying Balance Sheet, Income and Surplus Account, together with the notes attached thereto or appearing thereon, present fairly the position of Walker Mining Company as of December 31st, 1939, and the results of its operations for the calendar year 1939, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

POGSON, PELOUBET & CO.
Certified Public Accountants

New York, March 16th, 1940.

ANACONDA
COPPER MINING COMPANY



REPORT
FOR THE YEAR ENDED DECEMBER 31st
1939

LYACONDA COPPER MINING COMPANY

ARGONDA

THE AMERICAN BRASS COMPANY

LOCATION OF MANUFACTURING PLANTS

ARGONDA CONN., BUFFALO N. Y., DETROIT MICH., LYACONDA CONN., WATERBURY CONN.,
WATERLUT CONN., NEW TORONTO, ONTARIO CANADA

SOME OF THE INDUSTRIES SERVED

Air Conditioning	Electrical Equipment	Machinery	Plumbing
Automotive	Hardware	Marine	Pipe and Fittings
Aviation	Heating	Metal Fabricating	Railroad
Brewing	Jewelry	Mining	Refrigeration
Building	Light and Power	Paints	Terrace
Chemical			Welding

PRINCIPAL PRODUCTS

COPPER, BRASS, BRONZE AND NICKEL SILVER - SHEETS, WIRE, RODS, TUBES

Architectural Shapes	Drawn Sections	Nickel Alloys
Brass and Copper Pipe	Everdur Electrical Conduit	Phosphor Brasses
Brazing Solder	Everdur and Super-Nickel Tank Plates	Pressure Die Castings
Brass Screen Wire	Extruded Shapes	Hot Pressed Parts
Bus Bars and Shapes	Exotic Alloys, etc.	Roofing Copper
Condensers - Heat Exchangers	Flexible Metal Hose and Tubing	Tank Brasses
Condensers and Heater Tubes	Free Cutting Brass Rods	Turbine Blading
Copper Tubes and Fittings		Welding Rods

Continuous research has resulted in the practical development of many copper base alloys with special properties, such as high strength, corrosion resistance, and improved fabricating and welding characteristics.

Members of the Company's Technical and Engineering Staffs are constantly cooperating with

metal consuming industries in finding the solution for special metal problems and in suggesting the correct fabricating procedure.

Warehouses and distributors of the Company are located in principal industrial centers, resulting in efficient service and economical distribution.

SALES OFFICES ARE LOCATED IN THE FOLLOWING CITIES:

Atlanta, Ga.	Detroit, Mich.	Newark, N. J.	St. Louis, Mo.
Boston, Mass.	Houston, Texas	New York, N. Y.	Wichita, Kan.
Chicago, Ill.	Yonkers, N. Y.	Philadelphia, Pa.	
Cleveland, Ohio	Los Angeles, Calif.	Pittsburgh, Pa.	
Memphis, Tenn.	Minneapolis, Minn.	Roseville, Cal.	
Portland, Ore.	St. Paul, Minn.	San Francisco, Cal.	
San Diego, Calif.			

General Office: Waterbury, Conn.

MIN 00005150

ANACONDA COPPER MINING COMPANY

CAPITAL STOCK

December 31, 1939

Authorized, 12,000,000 shares, \$50 each	\$600,000,000
Issued, 8,919,086 shares, \$50 each	445,954,300

OFFICERS

<i>President</i>	CORNELIUS F. KELLEY
<i>Executive Vice-President</i>	JAMES R. HOBBS
<i>Vice-President and Treasurer</i>	ROBERT E. DWYER
<i>Vice-President</i>	DANIEL M. KELLY
<i>Assistant to the President</i>	ELBERT O. SOWERWINE
<i>Secretary and Assistant Treasurer</i>	DAVID B. HENNESSY
<i>Comptroller</i>	JAMES DICKSON
<i>General Auditor</i>	W. KENNETH DALY
<i>Assistant Secretary</i>	KENNETH B. FRAZER

DIRECTORS

JOHN A. COE	CORNELIUS F. KELLEY
ROBERT E. DWYER	HARRY H. MOORE
E. ROLAND HARRIMAN	JAMES H. PERKINS
JAMES R. HOBBS	WILLIAM C. POTTER
WILLIAM D. THORNTON	

OFFICES

ANACONDA, MONTANA
BUTTE, MONTANA
25 BROADWAY, NEW YORK

MIN 00005151

To the Shareholders of

ANACONDA COPPER MINING COMPANY

DURING the first four months of 1939 the rate of copper consumption both at home and abroad was below that prevailing in the latter part of 1938 but improved slightly in May, June and July. Immediately prior to and following the declaration of war extraordinarily large tonnages of copper were sold and both production and deliveries increased rapidly.

Compilation of domestic statistics, suspended following the declaration of war, was resumed after the close of the year and showed for the last five months of the year more than 35% increase in monthly rate of production and more than 88% increase in consumption of primary copper, as compared with average of the first seven months of the year.

Production of duty free refined copper during the year was 836,074 short tons, of which 91,884 tons were secondary. Production of primary copper, 744,190 tons, was 28% more than in 1938. Domestic deliveries of primary duty free copper increased to 722,523 tons, a gain of 73% over 1938. Consumption was the highest since 1929 and equalled 84% of tonnage for that record year. Exports of duty free copper increased from 125,869 tons in 1938 to 134,152 tons in 1939.

Data as to foreign production is not available as statistics were not furnished by producers in the belligerent countries and data for the industry as a whole was not compiled. Following the declaration of war production was increased and a ready market has existed for all copper available for foreign markets. Based upon available data total foreign production is estimated at approximately 1,605,000 short tons, and world production at 2,350,000 tons, or about 9% more than in 1938.

Stocks of duty free refined copper in the United States increased from 289,755 tons on January 1st to 316,543 tons on July 31st but decreased to 159,485 tons on December 31st, a net decrease of 130,270 tons. Foreign stocks increased slightly from 169,072 tons at January 1st to 173,876 tons at July 31st, since when no data is available.

Production of zinc in the United States increased 17.8% over the prior year to 538,198 tons, while consumption amounted to 598,972 tons, a gain of 51%. Stocks of zinc on hand at the close of the year were 65,995 tons, a decrease of 60,774 tons during the year.

The domestic price of copper f.o.b. refinery declined from 11.025¢ per pound at the beginning of the year to a low of 9.775¢ on April 21st. Except for a minor brief advance this quotation continued in effect until July 8th, following which progressive advances resulted in price of 12.275¢ on October 5th, which continued to the end of the year. Prices of zinc and lead improved throughout the year except for a slight reduction of zinc price in December below the high point of the year.

The price of domestic silver remained unchanged at 64 $\frac{1}{8}$ ¢ per ounce for all silver in ores mined prior to July 2nd. The Act of Congress July 6, 1939, applicable to silver

in ores mined in the United States after July 1st, fixed a seigniorage of 45%, which was equivalent to a price of 71.11¢ per ounce f.o.b. Mint, or approximately 70⁵/₈¢ per ounce f.o.b. smelter. The price of foreign silver was 42.75¢ per ounce to June 27th, after which the price declined steadily to 34.75¢ per ounce, which price with minor fluctuations prevailed to the end of the year.

The U. S. Treasury price of \$35.00 per ounce for gold was not changed during the year.

The prices of the principal metals, as reported by the Engineering and Mining Journal, were as follows:

	<u>Jan. 3</u>	<u>High</u>	<u>Low</u>	<u>Dec. 30</u>	<u>Year Average</u>
COPPER—Duty free f.o.b. Refinery—cents per lb. . . .	11.025¢	12.275¢	9.775¢	12.275¢	10.965¢
COPPER—Export f.o.b. Refinery—cents per lb.	10.100	12.950	9.575	12.400	10.727
LEAD —New York—cents per lb.	4.85	5.50	4.75	5.50	5.053
ZINC —St. Louis—cents per lb.	4.50	6.50	4.50	5.75	5.110
SILVER —New York—(not covered by Silver Act) cents per oz.	42.75	42.75	34.75	34.75	39.082

FINANCIAL

The gross sales and earnings of the Company upon a consolidated basis (after elimination of inter-company items) totaled \$183,674,976.26, an increase of \$39,468,421.29 or 27.4% compared with the prior year.

The cost of sales, including all operating expenses, development and maintenance charges, repairs, administrative, selling and general expenses, and all taxes except income and undistributed profits taxes, amounted to \$141,461,416.85.

The income from operations was	\$42,213,559.41
Other Income, including Dividends from non-consolidated subsidiaries, was	799,530.59
Total Income was	\$43,013,090.00
Deductions from Income for Interest on Debentures and Serial Notes \$2,185,821.25; Expenses pertaining to Non-operating units \$2,239,272.11; United States and Foreign Income Taxes \$8,942,509.21, and Discount, etc., on Debentures retired through Sinking Fund Operations \$204,500.77, amounted to	13,572,103.34
Leaving a Balance of	\$29,440,986.66
Provision for Depreciation and Obsolescence and for Depletion of Coal Mines, Timber Lands and Phosphate Deposits was \$8,825,594.32, and Current Discount and Expenses on Debentures was \$133,018.39, a total of	8,958,612.71
Net Income, without deduction for Depletion of Metal Mines, was	\$20,482,373.95
Of which Minority Share amounted to	245,821.93
Leaving Consolidated Net Income of	<u>\$20,236,552.02</u>

The net income reflects sales of metals and manufactured products invoiced to customers. Forward sales contracts are not reflected in the income account. Inventory valuations were below market prices for the various metals and products at December 31, 1939.

The funded debt of the Company and its subsidiaries was reduced during the year by the retirement through the operation of the sinking fund, of \$2,671,000 par value of the 4½% Debentures of the Company, and the payment of \$5,000,000 of the serial notes of Chile Exploration Company; a total reduction of \$7,671,000; leaving the total funded debt of the Company and its subsidiaries at December 31, 1939, at \$50,015,000.

Under the terms of the Indenture covering the 4½% Sinking Fund Debentures of the Company, there will be paid into the sinking fund on August 15, 1940, approximately \$4,711,000 in cash, or in lieu thereof, in whole or in part, debentures at cost.

The indebtedness of Inspiration Consolidated Copper Company represented by notes issued to this Company, amounting to \$7,043,000, was discharged during the year, in part from funds in its treasury and the balance from funds received from the sale of its First Mortgage Convertible 4% Bonds, due April 1, 1952. Your Company, exercising its rights as a shareholder, subscribed at par to \$1,665,000 of the total \$5,910,000 offering of said bonds.

Capital expenditures during the year amounted to \$3,416,423.18, summarized as follows:

Mines, Mining Claims and Lands (less Sales)	\$ 60,567.79
Buildings, Machinery and Equipment at the Mines, Smelting, Refining and Manufacturing Plants of the Company and its subsidiaries (less Sales)	3,140,633.20
Miscellaneous—Including acquisition of shares of stock of other subsidiary companies	215,222.19

Current assets at the close of the year amounted to \$112,014,116.43 compared with \$93,980,397.59 at the close of the prior year, and current liabilities amounted to \$20,592,617.34 compared with \$15,038,186.47. Cash on hand increased from \$16,732,903.45 to \$30,155,531.80.

The dividends declared and paid during the year on the capital stock of your Company amounted to \$10,842,922.50 or \$1.25 per share.

There has been no change in the list of principal subsidiary companies included in the consolidated report.

CORPORATE TRANSACTIONS

During 1939 the Company acquired 2,500 shares of the stock of Anaconda Wire and Cable Company and 11 shares of the stock of Andes Copper Mining Company, increasing its holdings to 287,522 shares and 3,502,473 shares, or 68.14% and 97.77% respectively of the total outstanding shares of those companies.

As stated above, \$5,000,000 of the serial notes of Chile Exploration Company were paid. On May 1st the remaining indebtedness of \$12,000,000 was covered by new notes,

which, like the prior notes issued, are guaranteed as to principal and interest by Anaconda Copper Mining Company, maturing as follows:

<u>Due</u>	<u>Amount</u>	<u>Interest Rate</u>
May 1, 1940	\$2,000,000	1½%
May 1, 1941	2,000,000	2%
May 1, 1942	2,000,000	2½%
May 1, 1943	2,000,000	2¾%
May 1, 1944	4,000,000	3%

OPERATIONS

All of the plants of your Company and its consolidated subsidiaries operated continuously during the year. Production of the various metals was increased proportionately with the enlarged demand particularly for copper and zinc during the last quarter.

Copper:

The total output of copper by the plants of the Company and its subsidiaries aggregated 934,587,689 pounds. The metallic copper production, after deduction of 175,013 pounds (of which 127,438 pounds were from Company mines) contained in by-product materials sold to others, was 934,412,676 pounds obtained from the following sources: 203,216,783 pounds were treated on toll for the account of others; 49,783,474 pounds were produced from purchased ores, concentrates and secondary metals; leaving a net production from the mines of your Company and its consolidated subsidiary mining companies through copper plant operations of 681,412,419 pounds (200,417,863 pounds domestic—480,994,556 pounds foreign), compared with 633,671,825 pounds (154,208,961 pounds domestic—479,462,864 pounds foreign) in 1938, an increase of 7.5%.

Total deliveries in both the domestic and foreign markets of copper from all sources including purchased copper amounted to 883,235,702 pounds, compared with 790,083,357 pounds in 1938.

Zinc:

Total zinc production was 224,056,850 pounds of which 141,693,675 pounds were from purchased materials, toll zinc returnable 60,285,317 pounds, and 22,077,858 pounds from the mines of the Company. Of total production 7,955 pounds were contained in by-product materials sold to other companies; 6,732,164 pounds were in the form of zinc dross, and 217,316,731 pounds were electrolytic zinc produced by the plants of the Company. Deliveries of zinc (produced and purchased) including zinc delivered to the manufacturing and zinc oxide plants of the Company, amounted to 201,127,612 pounds, compared with 150,393,070 pounds in 1938.

Lead:

The total production of lead was 90,663,398 pounds. Of this amount 79,476,853 pounds were produced from purchased ores, concentrates, etc., and 11,186,545 pounds

from the mines of the Company. Of the aggregate production 25,523,450 pounds were included in by-products sold to other companies and 65,139,948 pounds were produced in metallic form by the plants of the Company. Deliveries of lead during the year, including that used in the manufacture of white lead, were 83,577,841 pounds, compared with 60,829,021 pounds in 1938.

Silver:

The Company produced 14,582,530 ounces of silver, of which 866,480 ounces were treated on toll for account of others, 6,855,912 ounces were produced from purchased ores and concentrates, and 6,860,138 ounces were produced from Company ores. Of the above total 2,052,717 ounces were contained in by-product materials sold to other companies.

Gold:

Gold production amounted to 245,993 ounces, of which 40,432 ounces were contained in materials treated on toll for the account of others, 165,086 ounces came from purchased materials, and 40,475 ounces from the mines of the Company. Of this amount 8,641 ounces were sold in the form of various by-product materials to other companies.

Miscellaneous:

The principal miscellaneous products consisted of 89,775,271 feet of lumber; 57,205 tons treble-superphosphate and phosphoric acid; 8,709 tons arsenic; 986,304 pounds cadmium, including 159,537 pounds produced on toll.

Fabricating Plants:

The shipments of manufactured products from the plants of The American Brass Company (including Toronto Plant) and Anaconda Wire and Cable Company amounted to 612,031,416 pounds, an increase of 35.9% from the prior year.

Non-Consolidated Subsidiary Mining Companies:

The Mountain City Copper Company produced 27,988,176 pounds of recoverable copper from ores and concentrates shipped. The Walker Mining Company produced 8,010,226 pounds of recoverable copper from concentrates shipped. Operation of these properties was continuous for the entire year.

The National Tunnel & Mines Company produced from company and leasing operations 250,870 pounds of copper, 3,506,683 pounds of lead, 1,480,112 pounds of zinc, 90,268 ounces of silver and 3,902 ounces of gold.

SILESIA-AMERICAN CORPORATION

The properties of Giesche Spolka Akcyjna, a subsidiary company of Silesian-American Corporation in Poland, were taken over by the Polish military authorities in the latter part of August, 1939 and the members of the American Staff moved from Poland to Rotterdam, Holland. (Most of the members of the staff have since returned

to the United States). Early in September Germany obtained control of that district and a commissar appointed by the German Government was placed in charge of the properties. Since that time no reports of operations are available. It is impossible to conjecture how long this situation will continue.

The principal amount of bonds of Silesian-American Corporation outstanding at the end of the year was reduced to \$2,510,500.

EMPLOYEES

During the year 1939 the average number of employees of the Company and its consolidated subsidiary companies was 38,727. Of these 24,082 were within the United States, compared with 21,168 in 1938. The number of employees in the United States averaged 23,795 in January, decreased to 22,545 in June, but increased to 27,999 in December.

GROUP INSURANCE

The Group Insurance in force at the close of the year amounted to \$45,165,257, covering 29,913 employees. The amount of insurance paid to beneficiaries during the year was \$515,613.

NUMBER OF SHAREHOLDERS

The number of registered shareholders appearing on the transfer books of the Company at December 31, 1939 was 110,581, compared with 107,917 at the beginning of the year.

FINANCIAL STATEMENTS

There is attached hereto as a part of this report a Consolidated Balance Sheet showing the financial condition of the Company and consolidated subsidiary companies at the close of business December 31, 1939, together with a Consolidated Income Account and a Consolidated Surplus Account for the year, certified by Messrs. Pogson, Peloubet & Co., Certified Public Accountants.

By Order of the Board of Directors.

CORNELIUS F. KELLEY,
President.

New York, N. Y., March 23, 1940.

POGSON, PELOUBET & CO.

CABLE ADDRESS "CERTIFIED" NEW YORK

PERCY W. POGSON
MAURICE E. PELOUBET
LEWIS M. NORTON
SIDNEY W. PELOUBET
HOWARD L. GUYETT

NEW YORK - 25 BROADWAY
EL PASO, TEXAS - MILLS BLDG.

AGENTS

EUROPE - KEMP, CHATTERIS, NICHOLS, SENDELL & CO.
LONDON AND PARIS

EGYPT - HEWAT, BRIDSON & NEWBY
ALEXANDRIA AND CAIRO

To the Board of Directors,

Anaconda Copper Mining Company,
25 Broadway, New York, N. Y.

We have examined the Consolidated Balance Sheet as of December 31st, 1939 of Anaconda Copper Mining Company and the other corporations whose accounts are consolidated with its accounts as stated in Note A to the Consolidated Balance Sheet (which other corporations are hereinafter referred to as consolidated subsidiaries) and their Consolidated Income and Surplus Accounts for the calendar year 1939, have reviewed the system of internal control and the accounting procedures of the Company and its subsidiaries and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and its subsidiaries and other supporting evidence, by methods and to the extent we deemed appropriate.

The practice of the Company and its subsidiaries in computing their net income or net loss without deduction for depletion of metal mines is in accordance with accepted accounting procedures in industries engaged in the mining of copper, zinc, lead, silver and gold, and is in agreement with long established and consistently maintained accounting practices and procedures of this Company and its subsidiaries and others similarly situated, and the Company is advised by counsel that such procedure is in accordance with legal requirements.

In our opinion, the accompanying Balance Sheet and related Income and Surplus Accounts, together with the notes attached thereto or appearing thereon, present fairly the consolidated position of the Company and its consolidated subsidiaries at December 31st, 1939 and the combined results of their operations for the calendar year 1939 in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

POGSON, PELOUBET & CO.,
Certified Public Accountants.

New York, March 11th, 1940.

ANACONDA COPPER MINING COMPANY
and Subsidiary Companies

Consolidated Balance Sheet—December 31st, 1939

ASSETS

FIXED ASSETS:

Mines and mining claims, water rights and lands for metal producing and manufacturing plants—see note G.....	\$290,212,076.21	
Coal mines, timber lands and phosphate deposits—see note G.....	\$ 9,547,024.40	
Less reserve for depletion.....	2,268,038.02	7,278,986.38
Buildings and machinery at mines, reduction works, refineries, manufacturing plants, sawmills, foundries, waterworks and railroads (including railroad concessions to the extent of \$887,385.71)—see note G.....	\$287,418,168.41	
Less reserve for depreciation.....	156,517,218.10	130,900,950.31
Patents.....		1,086.00
Investments:		
Securities of subsidiaries not consolidated—see notes C and F.....	\$ 15,974,594.07	
Other security investments—see note F.....	17,944,988.14	
Indebtedness of subsidiaries not consolidated—not current.....	962,845.51	34,882,427.72
		<u>\$463,275,526.62</u>

DEFERRED CHARGES:

Stripping and development.....	\$ 5,331,118.14	
Prepaid expenses.....		317,409.36
Deferred expenses.....		565,619.34
Discount and expense on debentures.....		1,358,366.74
		<u>7,572,513.58</u>

CURRENT AND OTHER ASSETS:

Current assets:		
Supplies on hand—see note E.....	\$ 15,007,139.97	
Metals and manufactured products:		
In process—see note D.....	6,340,930.35	
Finished—see note D.....	48,477,502.18	
Accounts and notes receivable—trade, less reserve.....	10,917,766.71	
Indebtedness of subsidiaries not consolidated—current.....	1,115,245.42	
Cash.....	30,155,531.80	\$112,014,116.43
Other assets:		
Installment house and land sales and other accounts receivable, less reserve.....	\$ 775,124.31	
Advances to sundry mining companies, including advances on ores, less reserve..	39,734.26	
Ores produced during development operations held for future treatment—see note H.....	1,158,820.62	
Cupriferous material held for future treatment—see note H.....	3,047,005.32	5,070,684.51
		<u>117,084,800.94</u>
		<u>\$587,932,841.14</u>

See explanatory notes, pages 13 and 14.

ANACONDA COPPER MINING COMPANY
and Subsidiary Companies

Consolidated Balance Sheet—December 31st, 1939

LIABILITIES

CAPITAL STOCK of Anaconda Copper Mining Company:

Authorized—12,000,000 shares of the par value of \$50.00 each		
Issued.....	8,919,086 shares	\$445,954,300.00
Held in treasury or through subsidiaries.....	244,748 shares	12,237,400.00
Outstanding.....	<u>8,674,338 shares</u>	<u>\$433,716,900.00</u>

CAPITAL STOCK AND SURPLUS of consolidated subsidiaries owned by minority interest..... 4,645,651.08

DEBENTURES AND NOTES OUTSTANDING:

Anaconda Copper Mining Company—4½% Sinking Fund Debentures due 1950—see note J.....	\$ 38,015,000.00 ✓	
Chile Exploration Company—Serial Notes—payable to banks, \$2,000,000 due annually May 1st, 1941 to May 1st, 1943, both inclusive, and \$4,000,000 due May 1st, 1944, interest at 2% to 3% (guaranteed as to both principal and interest by Anaconda Copper Mining Company).....	10,000,000.00	48,015,000.00 /

RESERVES:

For repairs, renewals and replacements.....	\$ 532,058.00	
For workmen's compensation insurance, etc.....	924,380.25	
For contingencies.....	<u>275,000.00</u>	1,731,438.25

CURRENT LIABILITIES:

Chile Exploration Company—Serial Notes—payable to banks, due May 1st, 1940 (guaranteed as to both principal and interest by Anaconda Copper Mining Company).....	\$ 2,000,000.00	
Accounts payable—trade.....	6,112,271.16	
Wages payable.....	1,431,228.03	
Accrued taxes.....	8,948,164.51	
Accrued interest.....	476,937.74	
Other accrued liabilities including advance payments by customers.....	1,461,292.32	
Other accounts payable.....	<u>162,723.58</u>	20,592,617.34

DEFERRED CREDITS TO INCOME..... 404,357.23

SURPLUS..... 78,826,877.29

\$587,932,841.14

See explanatory notes, pages 13 and 14.

ANACONDA COPPER MINING COMPANY
and Subsidiary Companies

Consolidated Income Account—Year Ended December 31st, 1939

Gross Sales and Earnings.....	\$183,674,976.26
Cost of Sales—operating expenses, development, maintenance and repairs, administrative, selling and general expenses and taxes except income taxes—sales to the extent of current production being applied at cost on the basis of last-in, first-out.....	<u>141,461,416.85</u>
Income from operations of mining, smelting, refining and manufacturing plants, before deducting depreciation and depletion.....	\$ 42,213,559.41
Other Income—Dividends from subsidiaries not consolidated.....	\$ 229,613.66
—Other dividends and interest.....	389,822.21
—Miscellaneous income.....	<u>180,094.72</u> 799,530.59
	\$ 43,013,090.00
Interest on debentures and serial notes.....	\$ 2,185,821.25
Expenses pertaining to non-operating units.....	2,239,272.11
United States and foreign income and excess profits taxes—estimated.....	8,942,509.21
Discount and expense, and premium on debentures retired through sinking fund operations.....	<u>204,500.77</u> 13,572,103.34
	\$ 29,440,986.66
Provision for depreciation and obsolescence.....	\$ 8,750,570.72
Provision for depletion of coal mines, timber lands and phosphate deposits (not including depletion of metal mines).....	75,023.60
Current discount and expense on debentures.....	<u>133,018.39</u> 8,958,612.71
Net Income, without deduction for depletion of metal mines.....	\$ 20,482,373.95
Minority share of income.....	245,821.93
Consolidated Net Income, without deduction for depletion of metal mines.....	<u>\$ 20,236,552.02</u>

Consolidated Surplus Account—Year Ended December 31st, 1939

Surplus, December 31st, 1938.....	\$ 71,812,401.91
Minority interest.....	504,125.10 \$ 71,308,276.81
Consolidated Net Income, without deduction for depletion of metal mines.....	<u>20,236,552.02</u>
	\$ 91,544,828.83
Dividends Nos. 123, 124, 125 and 126.....	<u>10,842,922.50</u>
	\$ 80,701,906.33
United States and Mexican income taxes for years 1934 to 1938 together with interest accrued thereon to December 31st, 1938 and additional Chilean income taxes on income of the year 1938.....	<u>1,875,029.04</u>
Surplus, December 31st, 1939.....	\$ 79,307,629.07
Minority interest.....	<u>480,751.78</u>
Consolidated Surplus, December 31st, 1939.....	<u>\$ 78,826,877.29</u>

See explanatory notes, page 14.

NOTES TO CONSOLIDATED BALANCE SHEET—DECEMBER 31st, 1939

NOTE A—PRINCIPLES APPLYING IN CONSOLIDATION

In order to present the status of the Company's interest in subsidiaries where the interest owned (directly or through other subsidiaries) is 75% or more of the issued stock, the assets and liabilities of said subsidiaries, as they appear upon the books of said subsidiaries, are distributed under appropriate headings on the Consolidated Balance Sheet, together with adjustments to property, plant and equipment as described in Note G, except that four small subsidiaries more than 75% owned, the operations of which are not an integral part of the operations of the consolidated group, are carried as investments in the Consolidated Balance Sheet. The interest of minority stockholders of subsidiaries, the accounts of which are consolidated, is shown on the Consolidated Balance Sheet. Accounts of subsidiaries in which the Company's interest is less than 75% of the issued stock are not consolidated and the shares owned in these subsidiaries are carried as investments in the Consolidated Balance Sheet. The term "subsidiaries" is intended to mean corporations in which a majority of the voting stock is owned directly by the Company or through other corporations in which the stock interest of the Company is more than 95%.

NOTE B—ASSETS IN FOREIGN COUNTRIES

Assets in foreign countries fall principally into three groups: those of metal producing subsidiaries operating in Mexico and South America; of a manufacturing subsidiary in Canada; and investments in shares of companies representing property in Europe.

Of the net fixed assets and investments as shown on the Consolidated Balance Sheet, approximately fifty-eight per cent are located in Mexico and South America, one-third of one per cent in Canada and one-third of one per cent are investments in shares of companies representing property in Europe. Of the net current assets, consisting of current assets less current liabilities, included in the Consolidated Balance Sheet, approximately eight per cent are located in Mexico and South America and two per cent are located in Canada. Cash balances in foreign currencies amount to \$990,755.23 and consist principally of working balances held in South America, Mexico and Canada. Of miscellaneous assets (after deducting reserves and deferred credits to income) approximately fifty-four per cent apply to operations in Mexico and South America.

Fixed assets in foreign countries are carried in United States dollars on the basis explained in Note G as to property, plant and equipment, and Note F as to investments. Current and miscellaneous assets of metal producing subsidiaries operating in Mexico and South America are reflected in the accounts of those subsidiaries at approximately the current rate of exchange at the date of the transaction and the balances expressed in United States dollars reflect, therefore, the balances in foreign currencies at the cost thereof. Current assets of the Canadian subsidiary have been converted at the rate of exchange current at December 31st, 1939. No data is available at this time on which to base any estimate of possible losses on European investments. (See pages 7 and 8 of Report of President).

NOTE C—EQUITY OF COMPANY IN UNCONSOLIDATED SUBSIDIARIES

The equity of the Company in the assets of the principal unconsolidated subsidiaries (Anaconda Wire and Cable Company, Mountain City Copper Company and Walker Mining Company) and the four unconsolidated subsidiaries referred to in Note A had increased at December 31st, 1939, to the extent of \$96,802.74 since the dates of acquisition as the result of profits, losses, distributions and surplus adjustments as shown by the books of said unconsolidated subsidiaries (without, in the case of mining companies, making any provision for depletion of metal mines), but the cost of the shares of said subsidiaries owned by the Company as shown on the Consolidated Balance Sheet has not been adjusted for such increase.

NOTE D—INVENTORIES OF METALS AND MANUFACTURED PRODUCTS

The metallic contents of copper ores, concentrates, and cupriferos materials, and zinc and lead ores and concentrates, while in treatment at reduction plants up to the production of blister copper, electrolytic copper, metallic zinc and lead bullion, are classified as metals in process. Blister and electrolytic copper, metallic zinc, lead bullion, and other products and metals produced in connection therewith or therefrom, including stock in works at fabricating plants, are classified as finished.

Inventory in process is calculated at cost which is below the equivalent of current market for metallic content of such inventories.

Finished metals and manufactured products on hand at December 31st, 1939 (except silver, gold and molybdenite, which are carried at market quotations or less), have been computed on the last-in, first-out basis. Inventories on hand at December 31st, 1938 are carried at December 31st, 1938 inventory valuations and accumulations since that date are valued at current costs. Inventory valuations determined in accordance with the foregoing method were below market prices for the various metals and products at December 31st, 1939.

NOTE E—SUPPLIES ON HAND

Supplies on hand, including replacement parts as well as current supply items, are carried at cost.

NOTE F—INVESTMENTS—BASIS

Investments in securities of unconsolidated subsidiaries and other security investments are carried at cost or less, such cost being cash cost, or in the case of securities issued in exchange for property transferred by the Company or a consolidated subsidiary, cost of such property to the consolidated group after deducting depreciation to date of transfer, and do not indicate current values. Other securities include \$1,665,000 principal amount of debentures carried at par and 333,000 shares carried at \$10,914,107.51 of Inspiration Consolidated Copper Company and \$1,807,976.50 of investments representing assets in Europe. See Note B.

NOTE G—PROPERTY, PLANT AND EQUIPMENT—BASIS OF VALUATION

(a) Property, plant and equipment of the Company are carried at cash cost or in the case of physical properties acquired for stock of the Company at par value of such stock.

(b) Property, plant and equipment of consolidated subsidiaries (except as to mining properties of Andes Copper Mining Company and Santiago Mining Company acquired by said companies respectively for shares of their capital stock, the basis for which is described below) are carried at cost to the subsidiary, plus or minus, as the case may be, the difference, if any, between the investment basis of the proportionate interest owned in the respective subsidiary (as set forth below) and a like proportionate interest of the net assets of such subsidiary as shown by the books of such subsidiary at the time when its accounts were first included in the Consolidated Balance Sheet of the Company and subsidiaries, to which is added cost of subsequent acquisitions.

Such investment basis is the cash cost to the consolidated group of the stock of the respective subsidiary owned by such group or where such stock was acquired by the consolidated group for stock of the Company, the par value of the stock of the Company issued therefor. Mining properties of Andes Copper Mining Company and Santiago Mining Company acquired by said companies respectively for shares of their capital stock, are included in the Consolidated Balance Sheet at the original par value of the shares of those companies issued therefor (i.e., \$25 per share), instead of the acquisition cost of such shares owned by the consolidated group. The total of the amounts credited to surplus of the Company and to consolidated surplus on account of the difference between the par value of the above-mentioned shares of Andes Copper Mining Company and Santiago Mining Company and cost thereof to the Company and its subsidiaries was \$23,429,105.38.

- (c) It has been the practice of the Company, consistently applied to its own properties and those of subsidiaries the stocks of which have been acquired and the accounts of which are included in the Consolidated Balance Sheet to carry property, plant and equipment as described above. Pursuant to the requirements of the United States Treasury Department, valuations as of March 1st, 1913 of mining properties then owned have been recorded on the books for the purpose of computing the amount allowable as a deduction for "depletion" in arriving at taxable income under the Federal income tax laws, but these values have not been included in the published accounts of the Company.

The Company has consistently followed the practice of not deducting in any of its published accounts, any amount for depletion on account of metals mined, and no such deduction is included in any of the financial statements submitted herewith.

Depletion based on cost has, in the case of timber, coal and phosphate lands, been deducted from income in the financial statements submitted herewith and also from the cost basis shown in the Consolidated Balance Sheet.

- (d) The values of property, plant and equipment are shown on the bases above set forth and do not indicate current values which could be established only by current appraisals.

NOTE H—ORES AND CUPRIFEROUS MATERIAL

Ores produced during development operations, held for future treatment, are carried at cost of extraction which is less than a conservatively estimated realizable value.

Cupriferous material held for future treatment is carried at a valuation which was assigned to a part thereof by United States Treasury Department for income tax purposes, such valuation being less than the value of the recoverable metals contained therein at current metal prices after deducting treatment costs, both as estimated by metallurgists of the Company.

NOTE I—SURPLUS

Included in Consolidated Surplus are: (a) a credit of \$23,429,105.38 referred to in Note G above, (b) a credit of \$20,816,158.49, being the excess of the proceeds of the issue of 3,109,598.54 shares of stock of Company over the par value thereof and (c) a charge of \$11,907,498.50, being discount and expense on issuance, and premium on redemption of bonds, redeemed through funds obtained by issuance of stock above referred to. See paragraph (c) of Note G as to practice regarding depletion.

NOTE J—SINKING FUND REQUIREMENTS

Under the sinking fund provisions of the indenture providing for the issue of the 4½% Sinking Fund Debentures of Anaconda Copper Mining Company, due 1950, the Company will be obligated on August 15th, 1940 and on August 15th of each year thereafter, to and including August 15th, 1949, unless the debentures are sooner redeemed, to pay to the Trustee under the indenture, for the purposes of the sinking fund for the retirement of debentures, an amount equal to \$1,000,000 plus 20% of the consolidated net income of the Company (as defined in the indenture) for the period of twelve months ended on the next preceding December 31st, or in lieu of such payment, the Company may deliver to the Trustee under the indenture debentures to be received by the Trustee under the indenture in lieu of an amount of cash equal to the purchase price of such debentures paid by the Company in the acquisition thereof. The Company has made all payments required under the indenture and has satisfied all other requirements from the date of issue to December 31st, 1939. The amount of the payment which the Company will be obligated to make to the Trustee under the said indenture on August 15th, 1940 will be approximately \$4,711,000.00.

NOTE K—CONTINGENT LIABILITIES

So far as is known, there are no contingent liabilities of material amount. All known liabilities are provided for in the Consolidated Balance Sheet. (As to investments in Europe, see Note B).

NOTES TO CONSOLIDATED INCOME ACCOUNT—YEAR ENDED DECEMBER 31st, 1939

Sales of metals and manufactured products are included in income as billed and delivered to customers. Undelivered sales contracts and purchase commitments are not given effect to in the Consolidated Income Account.

Intercompany sales and intercompany profits where these latter are material have been eliminated in the Consolidated Income Account.

In the year 1939 the share of the Company in the combined net income (without, in the case of mining companies, making any provision for depletion of metal mines) of the principal unconsolidated subsidiaries (Anaconda Wire and Cable Company, Mountain City Copper Company and Walker Mining Company) and the four small unconsolidated subsidiaries referred to in Note A, amounted to \$445,733.22, of which the Company received in dividends from two unconsolidated subsidiaries \$229,613.66 which is included in the Consolidated Income Account.

There is included in consolidated income \$14,366,847.20 as Anaconda Copper Mining Company's proportion of the income of its domestic and foreign consolidated subsidiaries operating in Mexico and South America and \$218,803.04 of the earnings of those companies has been apportioned to minority stockholders all of which income has been received in United States funds. Of the adjustment to consolidated surplus covering additional United States, Mexican and Chilean income taxes \$1,157,186.51 applies to Mexican and South American subsidiaries.

There is included in consolidated income \$745,534.96 which is the equivalent in United States currency of the net income for the year 1939 of Anaconda American Brass, Ltd., a wholly owned Canadian subsidiary, which subsidiary paid a dividend of \$500,000 in United States currency during the year.

ARIZONA COPPER MINING COMPANY

ANNOUNCES

THE NEW WIRE AND CABLE COMPANY

LOCATION OF MANUFACTURING PLANTS

ALBUQUERQUE, N.M.	MARICHA, N.D.	GRAND RAPIDS, MICH.
CHELTENHAM, N.Y.	MINNEAPOLIS, MINN.	SAWYER, N.Y.
HASTINGS, MINNESOTA, N.Y.	OAKLAND, CALIF.	SYCAMORE, ILL.

SOME OF THE INDUSTRIES SERVED

Automotive	Electrical Equipment	Radio	Telephone and Telegraph
Aviation	Industrial Power Plants	Railroad	Transmission Equipment
Boating	Metal Fabricating	Steam	Utilities
Electrical Apparatus	Marine	Electric	Power Companies
Electrical Appliances	Mining	Refrigeration	Municipal Plants
Electrical Contracting	Petroleum	Textile	Rural Electrification

PRODUCTS

ELECTRICAL WIRES AND CABLES OF EVERY DESCRIPTION

Bare Wire and Cable	Hollow Conductor Cable	Partway Cable
Cable Accessories	Ignition Cables	Rubber Covered Building Wires
Cable	Magnet Wire and Cables	Slow Burning Wires and Cables
Copper Rods	Power Cables	Tanned Cable Wires and Cables
Cords	Lead Rubber Paper, V.C.	Weatherproof Wires and Cables

During recent years many improvements in the design and construction of wire and cables have been developed in the industry to meet the needs of both the transportation and industrial fields. A staff of qualified engineers is maintained to advise the light power and manufacturing industries in the selection and installation of the Company's products in the most dependable and efficient manner. Our extensive sales and distribution network provides a complete and economical method of service.

During recent years many improvements in the design and construction of wire and cables have been developed in the industry to meet the needs of both the transportation and industrial fields. A staff of qualified engineers is maintained to advise the light power and manufacturing industries in the selection and installation of the Company's products in the most dependable and efficient manner. Our extensive sales and distribution network provides a complete and economical method of service.

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Albuquerque, N.M.	Denver, Colo.	Milwaukee, Wis.	Rochester, N.Y.
Chester, Pa.	Grand Rapids, Mich.	Minneapolis, Minn.	St. Louis, Mo.
Cincinnati, Ohio	Hastings, Minn.	New Orleans, La.	San Francisco, Calif.
Cleveland, Ohio	Mariccha, N.D.	Philadelphia, Pa.	Seattle, Wash.
Dallas, Texas	Oakland, Calif.	Pittsburgh, Pa.	Washington, D.C.

Head Office: 25 Broadway, New York
 Street: 25 Broadway, New York

ANACONDA COPPER MINING COMPANY

25 Broadway, New York



OFFICE OF THE
GENERAL MANAGER OF MINES

May 9, 1940.

AIR MAIL

Mr. Reno H. Sales, Chief Geologist,
Anaconda Copper Mining Company,
Hennessy Building,
Butte, Montana.

Dear Reno:

It has been decided that you and I should write a report covering the Walker Mine, which report will be submitted to the Directors of the Walker Mining Company for their consideration. These reports can be submitted as two individual reports, or as a combination report. Under the conditions, I think that a report signed by both of us would be better than two separate reports.

I have drafted a preliminary report which covers the situation approximately as we wish it presented to the Board of Directors of the Walker Company. Will you go over this, and make any additional comments or corrections you see fit to make, or change any part of the report with which you do not agree. After you have passed on it, I think we should send a preliminary copy to Elton and Lyon for their comments and remarks. After this is done, we can finish the report and sign it.

This matter should be kept confidential until we are ready to submit the report, reasons for which I will tell you the first time I see you.

With kindest personal regards, I am

Sincerely yours,

Chas. W. ...

CEW:F

P.S. Please return to me before sending to Lyon or Elton
Chas.

ANACONDA COPPER MINING CO.

C O P Y

May 18, 1940.

Mr. C. E. Weed, General Manager of Mines,
Anaconda Copper Mining Company,
25 Broadway, Room 1726,
New York City, New York.

Re: Walker Mine,
Plumas Co., Calif.

Dear Clyde:

I am in receipt of your letter of May 9th, relative to the Walker Mine, also the preliminary draft of a report.

I think you have covered the situation very well. I am suggesting a few changes and additions. As already indicated in a previous letter, I think we should not space the Walker surface drill holes more than 500 feet, because of the uncertainties of vein projection in a situation like that. Incidentally, it should be noted that any ore found in this north country will, of necessity, be below the tunnel level.

I am wondering if we should use the January 1, 1940, recoverable ore reserve figure of 1,869,000 tons in our report, rather than a revised estimate figured on the basis of what we think the mine would actually recover during its period of operation. Much of the ore included in that 1,869,000 figure is probable or possible, which might not be reached and developed for mining even if we started on a plan of cleaning up the property. I have in mind that if we took the January figure and later, at the end of operations, found that we actually mined only 75% of it, the stockholders might seize upon this as a basis for complaint. I think our estimate should be on the conservative

ANACONDA COPPER MINING CO.

C O P Y

Mr. C. E. Wood---2

May 15, 1940.

side. If it happens that we mine more than our estimate, all well and good. Wouldn't it be better to start with our March 4th reserve of 939,190 tons, and have the mine management add to that whatever additional tonnage they felt they could produce during a two or three years operation.

I am returning herewith one copy of the report, with certain indicated changes and additions.

Yours very truly,

Encl.
RHS:KM

HERNO E. SALES

✓

Report Covering Present Conditions At

The Walker Mine

The Walker Mine is located in Plumas County, California, about 70 miles northwest of Reno, Nevada, at an elevation of 6500 feet. The country is heavily wooded, with ample water available for all uses. Heavy snows make the camp difficult of access in winter, otherwise, operating conditions are good.

The mine is equipped with a fairly modern flotation concentrator, capable of handling approximately 1800 tons of ore per day. The concentrates produced are carried over an 2-mile aerial tramway which connects with the railway at Spring Garden, California. During the past summer, the concentrates were trucked to a railway siding near Portola, at some additional cost per ton compared to delivery by the aerial tramway. The concentrates are then shipped to Tooele for treatment at the International smelter.

The mine is operated through a tunnel which delivers the ore into the mill bins. The tunnel level is the 7th level of the mine. This level is connected to surface through the Piute shaft, the Central shaft, and a number of raises and stopes which have broken through to surface. The ore below the 7th level has been developed by underground incline shafts which follow the vein at an angle of about 70° from the horizontal.

The mineralization occurs along a N20°W striking shear zone which has been developed for a length of 8,000 feet. This is not continuous ore, the ore bodies usually being separated by waste areas. Starting from the south, there are five ore bodies, called the South, Central, North, "712", and Piute. The first ore body found, and the one for which the mine was opened, was the Central ore body, which, above the 7th level, averaged 3% to 4% copper and carried considerable gold values. The other ore bodies were of much lower grade averaging around 1.50% copper or less. All of them have gold and silver values. About \$1.35 per ton is being recovered from current production. The lowest precious metal values occur in the Piute ore body, which is the farthest north. Mining costs are comparatively high on account of the hardness of the ore.

Below the 7th level, the ore in general has become narrower and of lower average grade. The one exception is the North Ore body, which has shown a slight increase in grade at the 10th level. There are two main hoisting shafts below the 7th level, with several auxiliary winzes for ventilation and supplies. The shafts are small and of limited hoisting capacity. For this reason, hoisting costs on ore from below the 7th level are high and production low.

Up to comparatively recent years, most of the production has come from reserves above the 7th level, but, as these are now nearly exhausted, increasing proportions of a lower grade ore will have to come from the underground shafts, and at an increased cost. This eventuality was recognized some time ago, and in 1938, with the approval of the local staff, we recommended certain underground development and diamond drilling to determine if there was a possibility

The Walker Mine - 2.

of discovering other large ore bodies of the same grade, or, if there was a possibility of finding higher grade ore. If enough ore could be developed below the 7th level, a suitable hoisting shaft would be installed to lower hoisting costs and provide sufficient capacity to operate the mill. This exploration work was approved, and carried on during the fall of 1938 and in 1939.

In general, the results were disappointing. A surface hole to the north of the Piute ore body showed the vein to continue, but it is doubtful if the mineralization will prove to be as good as in the Piute. This work is now being checked underground by crosscutting on the 900 Piute level, and no final comment can be made until these developments are completed. This should be within the next two months. The balance of the diamond drilling and development was negative except for demonstrating the downward continuation of the "517" ore body located in the footwall of the "712" ore body, and adding some small extensions of present known ore.

The diamond drilling carried on during the past year showed that there was no commercial structure parallel to the Walker vein within the limits of the drilling. If one exists, it must be a great distance from the present workings.

There exists the possibility of ore coming in again below the lowest mine levels. However, this is a very "long" chance as the ore bodies, with a single exception, have gradually dropped in grade with depth, and this certainly does not make this an attractive prospect. At present, a drift on the 1200 level is being advanced under this North ore body, which showed some slight increase in grade on the 10th level as compared with higher levels. The results obtained in this work should determine whether any deeper prospecting by diamond drilling or shaft sinking is justified.

The Walker vein north of the Piute should be explored by surface drilling. There is about two miles of unexplored territory which should be tested by diamond drill holes located at strategic intervals. If commercial ore is indicated in any of the holes, this preliminary work should be followed by closer drilling. Owing to the depth of oxidation in this north area, any ore found will lie below the 7th or tunnel level, and, therefore, be subject to the comparatively higher mining costs incident to hoisting, pumping, etc.

At present, it is costing about 12¢ per pound to produce copper at the Walker Mine, exclusive of depreciation. Operating improvements which can now be foreseen are expected to improve costs, but later they will be offset to a large degree because of higher average costs on ore mined in increasing proportions of ore production from below the tunnel level. Development costs on deeper levels will also be relatively higher, because of water and ventilation problems.

For a limited time, with the diamond drilling program completed, and under a condition of a minimum amount of development work, the 12¢ copper pound cost will be lowered. However, looking forward to a normal operation, with a large proportion of the ore coming from below the tunnel, from ore bodies of such low grade and size as are known to exist, there is small chance of the Walker making an appreciable profit with copper at 12¢ or under.

The Walker Mine - 3.

The gross ore reserve of the Walker as of January 1st, 1940, is estimated at about 4,000,000 tons. Of this, 1,859,000 tons is listed by the Geological Department as probable recoverable ore. The balance is in pillars, or in such a position in the mine that its commercial extraction is not possible. Its average grade is estimated at 1.31% copper, .76 oz silver, and .038 oz gold per ton. The developed recoverable ore on January 1st, 1940, was 1,006,100 tons with a grade of 1.36% copper, .80 oz silver, and .042 oz gold. The total ore which should be recovered from the known ore reserve would probably be somewhere between these two estimates. At a normal rate of production, this gives the property a life of three to four years, provided, no further ore is developed.

The capacity of present shafts below the 7th level is limited. It is, therefore, necessary to produce some ore from above the 7th level to furnish enough tonnage to keep the mill operating. There are probably 400,000 tons of this ore which can be recovered from old pillars left from former mining. This work is now in progress, and these pillars are systematically being recovered. This phase of the operation appears to be successful, and will be continued along with mine operation.

With all of the above in mind, we wish to make the following recommendations:

1st. Continue present stope development and work in "517" ore body.

2nd. Diamond drill the Walker vein north of the Piute workings, beginning with a hole located on the surface 500 feet north of hole #21.

3rd. Continue 1201 drift north to explore the North ore body beneath the better grade portion disclosed on the 10th level.

4th. If and when completed recommendations #2 and #3 do not offer encouragement to the hope that the ore bodies will improve in value at deeper levels or to the north, all development and prospect work other than that incidental to mining should be stopped and the remaining reserve mined as rapidly as possible.

Respectfully submitted,

Chas. W. Deed

Paul H. Sales

New York, N. Y.
June 15, 1940.

October 7, 1940

Mr. C. F. Kelley,
Chairman of the Board,
Anaconda Copper Mining Company,
29 Broadway, New York City.

Dear Mr. Kelley:

I have completed an examination of the Walker Mining Company at Walker Mine, California in company with Mr. Salas and the Salt Lake and local officials. This is not submitted as an official report, but written to give you advance information in regard to conditions existing there.

I found the mine in as good operating condition as could be expected. Improvements have been made in working conditions; the tracks and stopes are in good shape. The room and pillar method of stoping has worked very well giving better ore extraction and better grade ore, but these improvements have not been able to offset the adverse factors.

A larger percentage of ore has had to come from below the 700 or tunnel level. This ore is hoisted through two very inefficient inclined shafts with a maximum capacity of 1000 tons per day. The large stopes in the North Orebody below the 700 level are practically worked out, and this part of the mine will be nearly exhausted within the next six months. Wages were increased 50% per day, or \$6,000 to \$7,000 per month from October 1, 1939 to March 4, 1940. In addition a development campaign costing about \$6,000 per month has been carried on; or an additional expense of \$12,000 to \$13,000 has come up since my last report on Walker. After March 4th, 1940, the wage increase was removed, therefore, the increased cost at this time is about \$6,000 per month.

On my visit to the mine last year I thought that it was possible for Walker to clean up its debt to the Anaconda Company but I do not now believe this is possible, except with a price for copper higher than anything we can see in the near future.

Oct. 7, 1940

During the first seven months of 1940 the Walker Company lost \$116,000 or about \$16,500 per month, before depreciation. The loss for August is close to this figure.

There are certain bright spots in the future picture which will be considered. The Walker vein is a strong mineralized fissure with a lateral extension of at least three miles. This has been developed for about 8,000 feet and produced at least two good ore bodies. Our development work has been fairly successful in that we have eliminated a large amount of area as non-commercial and have opened three or four very promising possibilities. In their order of importance these are as follows:

- 1st. The 900 level Piute Orebody south of the Piute shaft.
- 2nd. The 900 level Piute north of the Piute shaft.
- 3rd. The 1200 level below the North Orebody.
- 4th. The 517 fissure vein.

The 900 level to the south of the Piute shaft has opened an orebody over 200 feet long with a maximum horizontal width of 125 feet, and much better values than have been found in the Piute section previously. The drift going south is still in good ore although the vein is much narrower, probably about 20 feet. The last assay from this face was 1.55% Cu and .17 oz. Au. The vein dips at an angle of 32° from the horizontal and the hanging wall branch has a horizontal width of approximately 20 feet, averaging according to cut samples about 2.00% Cu, .85 oz. Ag and .045 oz. Au. The footwall branch is about 40 feet wide and averages 1.75% Cu, .85 oz. Ag and .045 oz. Au. Including the low grade material between the two branches the average assay across the whole width is 1.50% Cu. This orebody has a rake to the south and may well be the top of an important ore shoot. The mineralization is strong and contains considerable bornite.

The 900 level north under a surface drill hole which showed fair mineralization has been cross-cut by a diamond drill hole which showed 16 feet horizontal width of 3.55% Cu. A crosscut was extended to cut this vein at a point approximately 100 feet north of this drill hole. Block samples from the best point of the vein ran better than 1.50% Cu. Drifting has started north and south along the vein.

The 1200 level north of the central shaft shows ore of unknown width and length, but has the appearance of important mineralization. However, at the time of my visit the drift only averaged 1.00% Cu. A more recent sample showed 1.40% Cu and .025 oz. Au.

Oct. 7, 1940

The 517 fissure is of minor importance as far as future ore is concerned, but should furnish a small tonnage of good grade ore. It has some geologic importance as the ore seems to rake in the direction of the 900 south Piute and may in some way be connected with it. The mineralization is strong and consists of chalcopyrite and bornite.

The balance sheet of current assets and liabilities as of July 31, 1940 shows a debit balance of \$416,000, offset partially by \$154,000 in the supply account and \$197,000 in broken ore inventory in stopes. Certain changes were made in the mining practice during our visit which I am confident will allow the Walker to approximately break even during the next four to six months provided copper remains at 12%.

Considering the financial picture, the ore and geologic possibilities, the limited capacity of the Piute shaft, I believe the following plan to be the correct procedure for the Walker Mine, and if it meets with your approval will recommend it to Mr. Sifton:

1. Continue operations as at present with the changes made at the mine during our visit.
2. As the Piute shaft is up to capacity the good ore showing on the 900 level south should be developed by driving 1017 drift from the 706 shaft about 800 feet to develop this ore. The results desired can be obtained quicker and cheaper in this manner. This level will cut this ore approximately 280 feet below the 900 level measured along the dip of the vein.
3. Continue exploration of the 900 north Piute to determine the character and extent of this mineralization.
4. Continue the exploration of the 1200 level north of the Central shaft.
5. Some incidental diamond drilling to take the place of cross-cutting in order to speed up this work.
6. If this work is successful in finding commercial ore the Walker Mining Company should be reorganized with enough money to pay its existing debts, equip a proper operating shaft and provide operating capital to continue operations. This has been discussed with Mr. J.O. Sifton and I will give you his ideas in regard to future financing on my return to New York.

Mr. Kelley - 4

Oct. 7, 1940

Will you please advise me if these recommendations meet with your approval, sending a copy of your letter to Mr. Elton so that he will be advised as quickly as possible.

Yours very truly,

G. E. Wood.

OWH:H
cc: JWH
RED
K

INTERNATIONAL SMELTING AND REFINING COMPANY

Salt Lake City, Utah



J. F. DUGAN
General Supt. of Mines

513 Kearns Bldg.,

October 12, 1940

*Please
File
"Walker Mine"*

Mr. M. H. Gidel,
Assistant Chief Geologist,
Anaconda Copper Mining Company,
Butte, Montana.

0301
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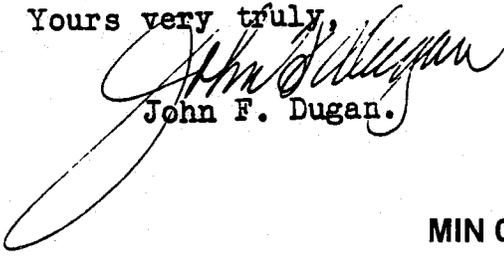
Dear Murl:

At Mr. Sales' suggestion we are sending S. K. Droubay, chief engineer and geologist at Walker Mine, to Butte to familiarize himself with your methods in regard to engineering and sampling. We wish him to thoroughly learn your sampling and contract methods, and I would very much appreciate it if you would have Vivian and O'Kelly go over this carefully with him. I know also that you will see that he gets a very good insight into your method of taking geological notes and keeping records.

We are not any too well satisfied with the way sampling is carried on at Walker. Droubay is very conscientious, and smart, but needs help. This is one of the reasons we are sending him to Butte. I think it would be a good idea if he would go through the mines with some of the samplers, and personally see how the work is done and the records kept up.

With kindest personal regards.

Yours very truly,


John F. Dugan.

JFD:H

MIN 000014278

BEST POSSIBLE COPY

WALKER MINING COMPANY

WALKERMINE

PLUMAS COUNTY, CALIFORNIA

November 5, 1940

H. M. HARTMANN, MANAGER

Mr. John P. Dugan, Gen. Supt. of Mines
International Smelting & Refining Co.
818 Kearns Building
Salt Lake City, Utah

Dear Mr. Dugan:

In response to your letter of October 12th, I have completed a trip to Butte, to study the methods of their Geological, Sampling and Engineering departments, and as you suggested, visited the Phosphate Mine at Conda, Idaho, the Tunnel at Tocoila, and the Consolidated Copper Company's workings at Kimberly, Nevada, on the road back to Walkermine.

The following is a resume of the trip:

- Oct. 13, - Sunday
Monday I left Walkermine, Sunday, October 13th, and drove to Tocoila, Utah. I spent Monday afternoon in the face of the Elton Tunnel, where I watched a round of muck cleaned up, but had to leave before the timbering or drilling started. A power failure caused me to miss seeing a complete cycle.
- Oct. 15, - Tuesday Visited the Salt Lake office and talked to you and Mr. Lyon, then drove to Butte with Mrs. Droubay. Mrs. Droubay spent over a week in Butte, but came back to Walkermine a week sooner than I did, to teach school.
- Oct. 16, - Wednesday Spent the day in office, getting a general idea of the Geological, Sampling and Engineering Departments from Mr. Shea, Mr. Vivian and Mr. Strandberg. Mr. Gidel and Mr. Steele suggested a schedule to be followed and Mr. Shea was kind enough to attend to this.
- Oct. 17, - Thursday Went to the Mountain Cox Mine with Mr. Foote and spent the day with him while he mapped the geology of numerous drifts and crosscuts.

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Mr. John F. Dugan
Sheet 2.

- Oct. 18, - Friday Returned to the Mountain Con. Mine and accompanied a sample man around his beat, and noted the methods he used in taking his samples and keeping the records. We came out of the mine by noon, then I spent the rest of the day in the Sampling Department office, making sketches of a stope, a raise, and a drift, to illustrate the method of recording samples. The Chief Sampler explained analysis sheets for stopes, raises and drifts, to me and explained how they were tabulated from time to time.
- Oct. 19, - Saturday I spent the morning in Mr. Vivian's office, getting a more complete picture of sample records and discussed Walker Mine's particular problems with him. I was very much impressed with the analysis sheets and feel that a record of this sort, if supplemented with sample sketches, would be very helpful to our Operating Department. These would not be difficult to get out.
- Oct. 21, - Monday The day was spent with Mr. Robertson at the Leonard Mine, where some of the horsetail country was seen. Mr. Robertson mapped a number of stopes, and explained the difficulty in sampling these places.
- Oct. 22, - Tuesday The first half of the day was spent measuring contracts at the Belmont Mine with Mr. Steyh; then I stayed at the Mine Office until all the contracts were figured. We measured drifts, raises and narrow stopes of various types.
- Oct. 23, - Wednesday I accompanied Mr. Piper to the Anselmo Mine and accompanied him on a measure beat through a number of headings and numerous large stopes.
- Oct. 24, - Thursday Accompanied Mr. Lacy to the Belmont Mine and tried my hand at mapping a floor of a raise on the vein, and two drifts - one a lateral through which a number of weak sprays from the vein passed. Perspiration through heat, also water from the back, afforded me an opportunity to realize the difficult conditions these fellows have to work under at times. It bothered me considerably, but I was able to draw a fair picture of what existed. I made a trip to the assay office in the afternoon.

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- Oct. 25, - Friday
Mr. Bishop of the Reasearch Department, took me to the Anselmo Mine, where we visited the Calver Drill, and saw the hole in the stages of mucking, then drilling. We visited the new pocket on the 4100 Level, and several x-cuts between there and the 3700 level, where the Syndicate Vein had been cut. We went to these places with Mr. Steels and Mr. Smith. The afternoon was spent visiting surface plants.
- Oct. 26, - Saturday
The morning was spent ~~working~~ talking to Mr. Gidel, Mr. Steels, Mr. Shea, and the fellows in the geological and sampling departments. I then drove to Idaho Falls, where I met Mr. Sales and discussed my trip with him.
- Oct. 27, - Sunday
Drove to Pocatello and called up Mr. Norris, at Conda. As the Mine was down on Sunday, I stayed there over-night and drove to the Mine earl Monday.
- Oct. 28, - Monday
Mr. Norris had the Mine Engineer show me the surface plant at Conda during the morning and I visited their mill, or drying and grinding plant, the assay office and the shops. I was also given an excellent picture of their underground workings by their office maps. The Engineer took me underground in the afternoon and I saw their very unique method of mining by means of top slice and scraper. I had dinner with Mr. and Mrs. Norris and enjoyed their hospitality very much. I drove to Salt Lake late that night.
- Oct. 29, - Tuesday
The day was spent in Salt Lake City. I had talks with you and Mr. Lyon and tended to miscellaneous business around the city.
- Oct. 30, - Wednesday
I spent the morning in the Elton Tunnel and watched how bad ground was handled. They were advancing through the second spur of the Occidental fault, and a small stream of water on the right side made it necessary to spile very closely and even use excelsior to fill the smallest openings. You and Mr. Fillion gave me an excellent picture of the entire cycle of operation in bad ground. I drove back to the Salt Lake Office and made preparations to leave for Ely and Kimberly, Nevada.

Mr. John F. Dugan
heet 4

Oct. 31, - Thursday I drove to Kimberly and presented my letter of introduction to Mr. Serkegian. He turned me over to Mr. Richard, the Chief Geologist, who spent the rest of the afternoon showing me the geology of the district and the Mine, and how the Engineering and Geological Departments function. Arrangements were made for me to spend the next day in the Mine.

Nov. 1, - Friday Mr. Frank Bezzis, Mine Supt., and Mr. Joe McLellan, Mine Foreman, gave me a picture of their mining operations by showing me maps and a glass model of their underground workings, then took me through the mine. It was an exceptionally interesting trip, as I saw how 9,000 tons of ore per day could be mined, transported over a single track and hoisted up one shaft. I came out of the mine early enough to spend a little time in the Engineering Department.

Nov. 2, - Saturday I drove back to Falkermine from Ely, and traveled from Reno through quite a severe snow storm.

The trip was very educational to me, and I feel that I learned many things that will help our work here at Walker. I will have a discussion with Mr. Hartmann and Mr. Warren, and will recommend certain changes in our sampling methods, which I am quite sure will be of material benefit to the Company.

I was very cordially treated where ever I went and was given the fullest co-operation, so that I could get the maximum benefit of limited time.

Very truly yours,

S. K. Droubay

SKD:DM

CC Mr. Lyon
Mr. Lane

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ANACONDA COPPER MINING COMPANY

NOTES TO CONSOLIDATED BALANCE SHEET - DECEMBER 31ST 1940

NOTE A - PRINCIPLES APPLYING IN CONSOLIDATION

In order to present the status of the Company's interest in subsidiaries where the interest owned (directly or through other subsidiaries) is 75% or more of the issued stock, the assets and liabilities of said subsidiaries, as they appear upon the books of said subsidiaries, are distributed under appropriate headings on the Consolidated Balance Sheet, together with adjustments to property, plant and equipment as described in Note G, except that four small subsidiaries more than 75% owned, the operations of which are not an integral part of the operations of the consolidated group, are carried as investments in the Consolidated Balance Sheet. The interest of minority stockholders of subsidiaries, the accounts of which are consolidated, is shown on the Consolidated Balance Sheet. Accounts of subsidiaries in which the Company's interest is less than 75% of the issued stock are not consolidated and the shares owned in these subsidiaries are carried as investments in the Consolidated Balance Sheet. The term "subsidiaries" is intended to mean corporations in which a majority of the voting stock is owned directly by the Company or through other corporations in which the stock interest of the Company is more than 95%.

NOTE B - ASSETS IN FOREIGN COUNTRIES

Assets in foreign countries fall principally into three groups: those of metal producing subsidiaries operating in Mexico and South America; of a manufacturing subsidiary in Canada; and investments in shares of companies representing property in Europe.

Of the net fixed assets and investments as shown on the Consolidated Balance Sheet, approximately fifty-eight per cent. are located in Mexico and South America, less than one-half of one per cent. in Canada and one-third of one per cent. are investments in shares of companies representing property in Europe. Of the net current assets, consisting of current assets less current liabilities, included in the Consolidated Balance Sheet, approximately six per cent. are located in Mexico and South America and two per cent. are located in Canada. Cash balances in foreign countries amount to \$723,877.65 and consist principally of working balances held in South America, Mexico and Canada. Of miscellaneous assets (after deducting reserves and deferred credits to income) approximately sixty per cent. apply to operations in Mexico and South America.

Fixed assets in foreign countries are carried in United States dollars on the basis explained in Note G as to property, plant and equipment, and Note F as to investments. Current and miscellaneous assets of metal producing subsidiaries operating in Mexico and South America are carried in the accounts of those subsidiaries in United States dollars. The portion thereof originating in foreign currencies, less than 1%, has been converted into dollars at the rate of exchange prevailing at the date of the transaction. Current assets of the Canadian subsidiary have been converted at the rate of exchange current at December 31st 1940. No data is available at this time on which to base any estimate of possible losses on European investments.

NOTE C - EQUITY OF COMPANY IN UNCONSOLIDATED SUBSIDIARIES

The equity of the Company in the assets of the principal unconsolidated subsidiaries (Anaconda Wire and Cable Company, Mountain City Copper Company and Walker Mining Company) and the four unconsolidated subsidiaries referred to in Note A, as shown by their books, was in excess of the investment of the Company in such subsidiaries at December 31st 1940 in the amount of \$1,792,904.36 but the cost of the shares of said subsidiaries shown as investments on the Consolidated Balance Sheet has not been adjusted for such difference. Of this amount \$1,016,289.15 represents equity in the undistributed earnings of such subsidiaries since dates of acquisition, the remainder being differences at dates of acquisition.

MIN 00006335

(as published)

NOTE D - INVENTORIES OF METALS AND MANUFACTURED PRODUCTS

The metallic contents of copper ores, concentrates, and cupriferous materials, and zinc and lead ores and concentrates, while in treatment at reduction plants up to the production of blister copper, electrolytic copper, metallic zinc and lead bullion, are classified as metals in process. Blister and electrolytic copper, metallic zinc, lead bullion, and other products and metals produced in connection therewith or therefrom, including stock in works at fabricating plants, are classified as finished.

Inventory in process is calculated at cost which is below the equivalent of current market for metallic content of such inventories.

Finished metals and manufactured products on hand at December 31st 1940 (except silver and gold, which are carried at market quotations or less), have been computed on the last-in, first-out basis. Inventories on hand at December 31st 1939 are carried at December 31st 1939 inventory valuations and accumulations since that date are valued at current costs. Inventory valuations determined in accordance with the foregoing method were below market prices for the various metals and products at December 31st 1940.

NOTE E - SUPPLIES ON HAND

Supplies on hand, including replacement parts as well as current supply items, are carried at cost.

NOTE F - INVESTMENTS - BASIS

Investments in securities of unconsolidated subsidiaries and other security investments are carried at cost or less, such cost being cash cost, or in the case of securities issued in exchange for property transferred by the Company or a consolidated subsidiary, cost of such property to the consolidated group after deducting depreciation to date of transfer, and do not indicate current values. Other securities include 333,000 shares of Inspiration Consolidated Copper Company carried at \$10,914,107.51, \$1,665,000 principal amount of First Mortgage Bonds of that company carried at par and \$1,503,250 of investments representing assets in Europe.

NOTE G - PROPERTY, PLANT AND EQUIPMENT - BASIS OF VALUATION

- (a) Property, plant and equipment of the Company are carried at cash cost or in the case of physical properties acquired for stock of the Company at par value of such stock.
- (b) Property, plant and equipment of consolidated subsidiaries (except as to mining properties of Andes Copper Mining Company and Santiago Mining Company acquired by said companies respectively for shares of their capital stock, the basis for which is described below) are carried at cost to the subsidiary, plus or minus, as the case may be, the difference, if any, between the investment basis of the proportionate interest owned in the respective subsidiary (as set forth below) and a like proportionate interest of the net assets of such subsidiary as shown by the books of such subsidiary at the time when its accounts were first included in the Consolidated Balance Sheet of the Company and subsidiaries; to such cost is added cost of subsequent acquisitions. Such investment basis is the cash cost to the consolidated group of the stock of the respective subsidiary owned by such group or where such stock was acquired by the consolidated group for stock of the Company, the par value of the stock of the Company issued therefor. Mining properties of Andes Copper Mining Company and Santiago Mining Company acquired by said companies respectively for shares of their capital stock, are included in the Consolidated Balance Sheet at the original par value of the shares of those companies issued therefor (i.e., \$25 per share), instead of the acquisition cost of such shares owned by the consolidated group. The total of the amounts credited to surplus of the Company and to the consolidated surplus on account of the difference between the par value of the above-mentioned shares of Andes Copper Mining Company and Santiago Mining Company and cost thereof to the Company and its subsidiaries was \$23,429,105.38.

MIN 00006336 (as published)

(c) It has been the practice of the Company, consistently applied to its own properties and those of subsidiaries the stocks of which have been acquired and the accounts of which are included in the Consolidated Balance Sheet to carry property, plant and equipment as described above. Pursuant to the requirements of the United States Treasury Department, valuations as of March 1st 1913 of mining properties then owned have been recorded on the books for the purpose of computing the amount allowable as a deduction for depletion in arriving at taxable income under the Federal income tax laws, but these values have not been reflected in the published accounts of the Company.

The Company has consistently followed the practice of not deducting in any of its published accounts, any amount for depletion on account of metals mined, and no such deduction is included in any of the financial statements submitted herewith.

Depletion based on cost has, in the case of timber, coal and phosphate lands, been deducted from income in the financial statements submitted herewith and also from the cost basis shown in the Consolidated Balance Sheet.

(d) The values of property, plant and equipment are shown on the bases above set forth and do not indicate current values which could be established only by current appraisals.

NOTE H - ORES AND CUPRIFEROUS MATERIAL

Ores produced during development operations, held for future treatment, are carried at cost of extraction which is less than a conservatively estimated realizable value.

Cupriferous material held for future treatment is carried at a valuation which was assigned to a part thereof by United States Treasury Department for income tax purposes, such valuation being less than the value of the recoverable metals contained therein at current metal prices after deducting treatments costs, both as estimated by metallurgists of the Company.

NOTE I - SURPLUS

Included in Consolidated Surplus are: (a) a credit of \$23,429,105.38 referred to in Note G above, (b) a credit of \$20,816,158.49, being the excess of the proceeds of the issue of 3,109,598.54 shares of stock of Company over the par value thereof and (c) a charge of \$11,907,498.50, being discount and expense on issuance, and premium on redemption of bonds, redeemed through funds obtained by issuance of stock above referred to. See paragraph (c) of Note G as to practice regarding depletion.

NOTE J - SINKING FUND REQUIREMENTS

Under the sinking fund provisions of the indenture providing for the issue of the 4-1/2% Sinking Fund Debentures of Anaconda Copper Mining Company, due 1950, the Company will be obligated on August 15th 1941 and on August 15th of each year thereafter, while any of said debentures are outstanding, to pay to the Trustee under the indenture \$1,000,000, for the purposes of the sinking fund for the retirement of debentures, or in lieu of such payment, the Company may deliver to the Trustee under the indenture debentures to be received by said Trustee in lieu of an amount of cash equal to the purchase price of such debentures paid by the Company in the acquisition thereof. The Company has made all payments required under the indenture and has satisfied all other requirements from the date of issue to December 31st 1940.

NOTE K - CONTINGENCIES

So far as is known, there are no contingent liabilities of material amount. All known liabilities are provided for in the Consolidated Balance Sheet. A reserve for contingencies of \$1,600,000 has been provided. (As to investments in Europe, see Note B).

(as published)

MIN 00006337

ANACONDA COPPER MINING COMPANYNOTES TO CONSOLIDATED INCOME ACCOUNT - YEAR ENDED DECEMBER 31ST 1940

Sales of metals and manufactured products are included in income as billed and delivered to customers. Undelivered sales contracts and purchase commitments are not given effect to in the Consolidated Income Account.

Intercompany sales and intercompany profits where these latter are material have been eliminated in the Consolidated Income Account.

In the year 1940 the share of the Company in the combined net income (without, in the case of mining companies, making any provision for depletion of metal mines) of the principal unconsolidated subsidiaries (Anaconda Wire and Cable Company, Mountain City Copper Company and Walker Mining Company) and the four small unconsolidated subsidiaries referred to in Note A, amounted to \$1,719,502.91, from two of which \$800,016.50 was received in dividends and is included in the Consolidated Income Account.

There is included in consolidated income \$18,986,822.07 as Anaconda Copper Mining Company's proportion of the income of its domestic and foreign consolidated subsidiaries operating in Mexico and South America and \$241,086.60 of the earnings of those companies has been apportioned to minority stockholders all of which income has been received in United States funds.

There is included in consolidated income \$538,695.35 which is the equivalent (based on the average monthly exchange rate for the year) in United States currency of the net income for the year 1940 of Anaconda American Brass, Ltd., a wholly owned Canadian subsidiary, after adjustment resulting from the conversion of net current assets at rates in effect at December 31st 1940. No dividends were received from said subsidiary during the year.

(as published)

MIN 00006338

ANACONDA COPPER MINING COMPANY

25 Broadway, New York

New York, N. Y.
January 9, 1941.

AIR MAIL

Mr. S. K. Droubay,
Walkerville, California.

Dear Droubay:

This will acknowledge receipt of your letter of December 31st, together with maps showing portions of the 10th and 12th levels.

Regarding Lyon's letter of November 27th, I recall that in my discussion with Tom our plan was to keep 1201 drift straight as long as we had no ore but to supplement the drift advance with drill holes into the vein, the idea being to get back on the vein any time we found ore.

It has been my most earnest belief in connection with Walker development that, wherever possible, raises and drifts should be driven in ore or at least upon the vein, of whatever grade. In this connection, I am wondering why 1201 turned away from the vein at or about the 16000 coordinate. My recollection of my talk with Lyon was that we did not want to stop 1201 until it had been extended at least as far as there is any ore showing on the 10th level.

If I have not made myself clear in the past, I will do so now and advise that development faces be kept in the vein as far as possible in order that the amount of waste broken be kept at a minimum. Of course, there are occasions where speed is the most important factor and, in such instances, it may be advisable to run laterals with the use of crosscuts or diamond drill holes to determine the position and grade of the vein itself.

Incidentally, we have had no word as to how you are taking care of the situation at the north face of 934C drift north on the Piute vein. Here is a place where Mr. Weed and I think it important to keep in the vein and avoid breaking waste, if possible. However, that is the mine management's job, to develop the vein and at the same time have a satisfactory haulage way.

Yours very truly,

RENO H. SALES

RHS:F

CC: Messrs. Weed, Dugan, Lyon,
& Hartmann.

ANNUAL REPORT

ANACONDA COPPER MINING COMPANY

1940

ANACONDA

MIN 000005133

ANACONDA COPPER MINING COMPANY



THE AMERICAN BRASS COMPANY

LOCATION OF MANUFACTURING PLANTS

ANSONIA, CONN., BUFFALO, N. Y., DETROIT, MICH., KENOSHA, WIS., TORRINGTON, CONN.,
WATERBURY, CONN., NEW TORONTO, ONTARIO, CANADA

SOME OF THE INDUSTRIES SERVED

Air-Conditioning	Electrical Equipment	Machinery	Plumbing
Automotive	Hardware	Marine	Pulp and Paper
Aviation	Heating	Metal Fabricating	Railroad
Brewing	Jewelry	Mining	Refrigeration
Building	Light and Power	Petroleum	Textile
Chemical			Welding

PRINCIPAL PRODUCTS

COPPER, BRASS, BRONZE AND NICKEL SILVER—SHEETS, WIRE, RODS, TUBES

Ammunition Metal	Copper—Nickel Alloys	Free Cutting Brass Rods
Architectural Shapes	Copper Tubes and Fittings	Phosphor Bronze
Brass and Copper Pipe	Drawn Sections	Pressure Die Castings
Brazing Solder	Everdur Electrical Conduit	Hot Pressed Parts
Bronze Screen Wire	Everdur and Super-Nickel Tank Plates	Roofing Copper
Bus Bars and Shapes	Extruded Shapes	Tobin Bronze Shafting
Condenser Head Plates	Eyelets, Grommets, etc.	Turbine Blading
Condenser and Heater Tubes	Flexible Metal Hose and Tubing	Welding Rods

As copper alloys are essential for munitions, shipbuilding, aircraft and other National Defense activities, the Company has speeded up production of existing plants and arranged for increased facilities to meet the added demand.

Technical research is accomplishing worthwhile results, and members of the technical and engineering staffs are

constantly cooperating with metal consuming industries in solving special problems and suggesting efficient fabricating procedure.

* * *

Warehouses and distributors of the Company are located in the principal industrial centers resulting in efficient service and economical distribution.

SALES OFFICES ARE LOCATED IN THE FOLLOWING CITIES:

Atlanta, Ga.	Detroit, Mich.	Montreal, Canada	Rochester, N. Y.
Boston, Mass.	Houston, Texas	Newark, N. J.	St. Louis, Mo.
Buffalo, N. Y.	Kenosha, Wis.	New York, N. Y.	San Francisco, Calif.
Chicago, Ill.	Los Angeles, Calif.	Philadelphia, Pa.	Seattle, Wash.
Cincinnati, Ohio	Milwaukee, Wis.	Pittsburgh, Pa.	Syracuse, N. Y.
Cleveland, Ohio	Minneapolis, Minn.	Providence, R. I.	Toronto, Canada
Denver, Colo.			Washington, D. C.

General Offices: Waterbury, Connecticut

MIN 00005134

To the Shareholders of

ANACONDA COPPER MINING COMPANY

DUE to war conditions no reliable data of world production and consumption of copper in 1940 are available. However there is no doubt that the industry operated at a new high record, probably ten per cent. above that of 1939.

Domestic production of duty free copper was 992,293 tons, of which 77,076 tons were secondary. Primary production was 915,217 tons, an increase of 23% over 1939. Deliveries of primary copper amounted to 924,810 tons, a new high record, 28% above 1939 and 7.8% above 1929, the previous high. Exports of duty free copper were only 48,537 tons compared with 134,152 tons in 1939.

Domestic production exceeded consumption during the first seven months of 1940 and stocks increased from 159,485 tons on January 1st to 215,823 tons on July 31st. This trend was reversed during the last five months, stocks decreasing to 142,772 tons on December 31st, a net decrease for the year of 16,713 tons.

Consumption of primary copper in December, 1940, was at the annual rate of 1,286,848 tons. A steady increase in demand is anticipated during the period of National Defense preparations. Domestic production is at the maximum rate obtainable with copper at the relatively low price of 12¢ per pound delivered Connecticut Valley. In order to augment the supply, the Metals Reserve Company, a subsidiary of the Reconstruction Finance Corporation, bought 100,000 tons of foreign copper in December, 1940. Additional purchases in February, 1941, increased total to approximately 235,000 tons. This copper will be allocated, free of duty, to domestic fabricators. Of the above, 130,000 tons of copper will be delivered from the foreign properties of your subsidiary companies.

Demand for zinc increased steadily throughout the year, surpassing any prior demand and exceeding American mine capacity. Refinery capacity is in excess of developed mine capacity. As fabricating requirements increased, quantities of foreign concentrates, which are normally smelted on the European continent, were smelted and refined in the United States, supplementing domestic supply. Idle and obsolete smelting facilities are being rehabilitated and increases in capacity are under way to minimize the potential shortage. Studies are being made investigating limitation of use of zinc for those purposes for which a substitute can be found. How serious the situation might be is best illustrated by the fact that although production was 643,386 tons, 19.5% more than the 538,198 tons produced in 1939, shipments increased to 696,497 tons and stocks of zinc decreased from 65,995 tons on hand January 1st to 12,884 tons on hand at the close of the year, less than one week's supply at current rate of consumption.

The officials of your Company have co-operated whole-heartedly with all those Government Departments charged with the duty of National Defense, particularly in

the supply of strategic metals. Metallurgical research in the Company's laboratories in Montana was successful in developing a method for the economic concentration of low grade manganese ore. A section of the Anaconda concentrator is being remodelled for the treatment of the ores and the resulting concentrates will be treated in a nodulizing plant now under construction at Anaconda, with annual capacity of approximately 100,000 tons of nodules assaying about 58% Mn. An agreement has been made to deliver to the Metals Reserve Company, 80,000 tons per year, for three years, and a contract has been executed for the sale of the remaining 20,000 tons. The ore comes principally from the Emma Mine, owned by Butte Copper & Zinc Company, but under lease to your Company. Production of nodules is expected to start in June, 1941.

The American Brass Company has completed a contract with the Defense Plant Corporation (a subsidiary of the Reconstruction Finance Corporation) to construct for its account a new brass mill at Kenosha, Wisconsin to increase the supply of ammunition metal for the War Department.

The price of domestic copper f.o.b. refinery was 12.275¢ per pound at the beginning of the year and the foreign price was slightly higher. Both declined, influenced by unfavorable developments abroad, particularly the collapse of French resistance, with a low for domestic metal of 10.275¢ in July. The price recovered to 11.775¢ on September 24th and has remained at or above that level since then. Zinc declined from 5.75¢ St. Louis base to 5.5¢ early in the year but subsequent advances moved price to 7.25¢ on September 24th, with no change since that date. Lead and foreign silver prices had only minor fluctuations. Domestic silver and gold were unchanged in price throughout the year.

The prices of the principal metals, as reported by the Engineering and Mining Journal, were as follows:

	<u>Jan. 2</u>	<u>High</u>	<u>Low</u>	<u>Dec. 31</u>	<u>Year Average</u>
COPPER—Duty free f.o.b. Refinery—cents per lb.	12.275¢	12.275¢	10.275¢	11.775¢	11.296¢
COPPER—Export f.o.b. Refinery—cents per lb.	12.375	12.400	9.800	10.200	10.770
LEAD —New York—cents per lb.	5.500	5.800	4.750	5.500	5.179
ZINC —St. Louis—cents per lb.	5.750	7.250	5.500	7.250	6.335
SILVER —New York—(not covered by Silver Act) cents per oz.	34.750	35.625	34.750	34.750	34.773

FINANCIAL

The gross sales and earnings of the Company upon a consolidated basis (after elimination of inter-company items) totaled \$243,662,900.61, an increase of \$59,987,924.35 or 32.7% compared with the prior year.

The cost of sales, including all operating expenses, development and maintenance charges, repairs, administrative, selling and general expenses, and all taxes except income taxes, amounted to \$181,015,869.37.

The income from operations was	\$62,647,031.24
Other Income, including Dividends from non-consolidated subsidiaries, was	1,429,138.80
Total Income was	\$64,076,170.04
Deductions from Income for Interest on Debentures and Serial Notes \$1,357,872.22; Expenses pertaining to Non-Operating units \$1,903,373.79; United States and Foreign Income Taxes \$12,867,708.37, amounted to	16,128,954.38
Leaving a Balance of	\$47,947,215.66
Provision for Depreciation and Obsolescence and for Depletion of Coal Mines, Timber Lands and Phosphate Deposits was \$10,493,870.30; Discount and Expenses on Debentures including premium on Debentures retired through Sinking Fund Operations was \$99,787.73 and Expenditures on options not exercised and investments written down \$684,472.04, a total of	11,278,130.07
	\$36,669,085.59
Reserve for Contingencies amounted to	1,350,000.00
Net Income, without deduction for Depletion of Metal Mines, was	\$35,319,085.59
Of which Minority Share amounted to	266,386.30
Leaving Consolidated Net Income of	\$35,052,699.29

The net income reflects sales of metals and manufactured products invoiced to customers. Forward sales contracts are not reflected in the income account. Inventory valuations were below market prices for the various metals and products at December 31, 1940.

Direct taxes in various forms in 1940 amounted to \$20,062,048 equivalent to \$2.31 per share as compared with \$15,494,610 or \$1.79 per share for the year 1939.

Due to the uncertainties existing when the interim income account for the period ended June 30, 1940, was issued, particularly as to the then pending tax bill and certain other matters, a reserve for contingencies in the amount of \$2,000,000 was set up as of that date. At the close of the year \$650,000 of this reserve was applied to specific write-offs in the current income account, leaving a balance of \$1,350,000, which has been carried forward as a general reserve for future contingencies.

From the proceeds of \$35,000,000 Serial Promissory Notes issued April 11, 1940, \$33,000,000 par value of the 4½% Sinking Fund Debentures of the Company, due October 1, 1950, were called for redemption on May 15, 1940, at a cost of \$33,810,450. Through operations of the Sinking Fund \$990,000 par value of Debentures were redeemed on October 1, 1940. Serial notes of Chile Exploration Company were reduced by a payment of \$8,200,000. The result of these operations was a net decrease in Funded Debt of \$7,190,000 leaving the total funded debt of the Company and its subsidiaries at December 31, 1940, at \$42,825,000.

On March 6, 1941, the balance of the serial notes of the Chile Exploration Company in the amount of \$3,800,000 was paid. Under the terms of the Indenture covering the 4½% Sinking Fund Debentures of the Company there will be paid into the sinking fund on August 15, 1941, \$1,000,000 in cash or in lieu thereof in whole or in part debentures at cost.

Capital expenditures during the year amounted to \$6,922,138.06 summarized as follows:

Mines, Mining Claims and Lands (less Sales).....	\$ 180,961.00
Buildings, Machinery and Equipment at the Mines, Smelting, Refining and Manufacturing Plants of the Company and its Subsidiaries (less Sales).....	6,631,965.04
Miscellaneous—Including acquisition of shares of stock of subsidiary companies.....	109,212.02

Current assets at the close of the year amounted to \$137,470,756.98 compared with \$112,014,116.43 at the close of the prior year, and current liabilities amounted to \$34,278,191.48 compared with \$20,592,617.34. Cash on hand increased from \$30,155,531.80 to \$51,414,994.80.

Dividends declared and paid during the year on the capital stock of your Company amounted to \$17,348,676.00 or \$2.00 per share.

There has been no change in the list of principal subsidiary companies included in the consolidated report.

CORPORATE TRANSACTIONS

During 1940 the Company acquired 2,000 shares of the stock of Anaconda Wire and Cable Company and 12 shares of the stock of the Butte Water Company, increasing its holdings to 289,522 shares and 119,574 shares or 68.61% and 99.81% respectively, of the total outstanding shares of those companies.

Serial promissory notes of the Company payable to banks were issued dated April 11, 1940, in the amount of \$35,000,000 bearing interest at 1¾% and maturing as follows: \$4,000,000 April 11, 1941; \$4,000,000 April 11, 1942; \$4,000,000 April 11, 1943; \$4,000,000 April 11, 1944, and \$19,000,000 April 11, 1945. As stated above, \$33,000,000 par value of the 4½% Sinking Fund Debentures of the Company were retired by call from the proceeds of these notes.

OPERATIONS

Increased demand for all non-ferrous metals particularly copper and zinc resulted in higher rate of production in all departments of your Company and its producing and fabricating subsidiaries. Following is a summary of operations during 1940:

Copper:

The total output of copper by the plants of the Company aggregated 1,092,466,417 pounds. The metallic copper production, after deduction of 402,355 pounds (of which

321,516 pounds were from Company mines) contained in by-product materials sold to others, was 1,092,064,062 pounds obtained from the following sources: 267,715,581 pounds were treated on toll for the account of others; 50,007,944 pounds were produced from purchased ores, concentrates and secondary metals; leaving a net production from the mines of your Company and its consolidated subsidiary mining companies through copper plant operations of 774,340,537 pounds (253,037,590 pounds domestic—521,302,947 pounds foreign), compared with 681,412,419 pounds (200,417,863 pounds domestic—480,994,556 pounds foreign) in 1939, an increase of 13.6%.

Total deliveries in both the domestic and foreign markets of copper from all sources including purchased copper amounted to 1,009,097,993 pounds, compared with 883,235,702 pounds in 1939.

Zinc:

Total zinc production was 303,952,768 pounds, of which 182,680,684 pounds were from purchased materials, toll zinc returnable 70,154,184 pounds, and 51,117,900 pounds from the mines of the Company. Of total production 10,052 pounds were contained in by-product materials sold to other companies; 3,819,702 pounds were in the form of zinc dross, and 300,123,014 pounds were electrolytic zinc produced by the plants of the Company. Deliveries of zinc (produced and purchased) including zinc delivered to the manufacturing and zinc oxide plants of the Company, amounted to 252,388,511 pounds, compared with 201,127,612 pounds in 1939.

Lead:

The total production of lead was 102,856,023 pounds. Of this amount 86,181,871 pounds were produced from purchased ores, concentrates, etc., and 16,674,152 pounds from the mines of the Company. Of the aggregate production 34,936,141 pounds were included in by-products sold to other companies and 67,919,882 pounds were produced in metallic form by the plants of the Company. Deliveries of lead during the year, including that used in the manufacture of white lead, were 90,281,543 pounds compared with 83,577,841 pounds in 1939.

Silver:

The Company produced 17,920,814 ounces of silver, of which 924,645 ounces were treated on toll for account of others, 7,854,695 ounces were produced from purchased ores and concentrates, and 9,141,474 ounces were produced from Company ores. Of the above total 3,186,589 ounces were contained in by-product materials sold to other companies.

Gold:

Gold production amounted to 232,325 ounces, of which 25,025 ounces were contained in materials treated on toll for the account of others, 163,916 ounces came from purchased materials, and 43,384 ounces from the mines of the Company. Of this amount 9,616 ounces were sold in the form of various by-product materials to other companies.

Miscellaneous:

The principal miscellaneous products consisted of 98,074,679 feet of lumber; 59,952 tons treble-superphosphate and phosphoric acid; 12,889 tons arsenic and 1,307,457 pounds cadmium, including 155,563 pounds produced on toll.

Fabricating Plants:

The shipments of manufactured products from the plants of The American Brass Company (including Toronto Plant) and Anaconda Wire and Cable Company amounted to 808,349,418 pounds, an increase of 32.1% from the prior year.

Non-Consolidated Subsidiary Companies:

The Mountain City Copper Company produced 26,931,841 pounds of recoverable copper from ores and concentrates shipped. The Walker Mining Company produced 10,524,345 pounds of recoverable copper from concentrates shipped. Operation of these properties was continuous for the entire year.

The National Tunnel & Mines Company produced from company and leasing operations 107,837 pounds of copper, 4,168,999 pounds of lead, 1,641,697 pounds of zinc, 78,598 ounces of silver, and 1,905 ounces of gold. The transportation and drainage tunnel being driven by that company from a point near the Tooele, Utah, Smelter to the Rood Shaft of the Utah Apex Mine at Bingham, Utah, had proceeded to 20,754 feet at December 31, 1940, or 85.4% of the total estimated length of 24,300 feet. It is anticipated that this project will be completed and mining operations on the lower levels will be started this year.

Silesian-American Corporation:

There is no change in the status of the foreign subsidiaries of this company which are being operated under the direction of a Commissar appointed by and responsible only to the German Government. No income has been received by the company since the beginning of the war.

The principal amount of bonds of Silesian-American Corporation outstanding at the end of the year was \$2,509,500.

EMPLOYEES

During the year 1940 the average number of employees of the Company and its Consolidated Subsidiary Companies was 46,129. Of these 31,273 were within the United States, compared with 24,082 in 1939. The number of employees in the United States was 30,126 in January, decreased to 29,244 in May, but increased to 34,663 in December.

GROUP INSURANCE

The Group Insurance in force at the close of the year amounted to \$51,671,082, covering 34,522 employees. The amount of insurance paid to beneficiaries during the year was \$544,410. In the case of all employees who have been in the employ of the

Company for six months or longer and who enter military service, the Company will pay for one year and forty days the cost of group insurance and will grant a leave of absence for the same period for re-employment application plus an amount equivalent to one month's salary or wages.

NUMBER OF SHAREHOLDERS

The number of registered shareholders appearing on the transfer books of the Company at December 31, 1940, was 113,964, compared with 110,581 at the beginning of the year.

The Directors regret to record the death of James H. Perkins, who served as a Director of the Company from April 15, 1936, to the date of his death, July 12, 1940.

FINANCIAL STATEMENTS

There is attached hereto as a part of this report a Consolidated Balance Sheet showing the financial condition of the Company and consolidated subsidiary companies at the close of business December 31, 1940, together with a Consolidated Income Account and a Consolidated Surplus Account for the year, certified by Messrs. Pogson, Peloubet & Co., Certified Public Accountants.

By Order of the Board of Directors.

CORNELIUS F. KELLEY,
Chairman of the Board.

JAMES R. HOBBS,
President.

New York, N. Y., March 22, 1941.

ANACONDA COPPER MINING COMPANY
and Subsidiary Companies

Consolidated Balance Sheet—December 31st, 1940

ASSETS

FIXED ASSETS:

Mines and mining claims, water rights and lands for metal producing and manufacturing plants—see note G.....		\$290,175,284.86	
Coal mines, timber lands and phosphate deposits—see note G.....	\$ 9,527,293.52		
Less reserve for depletion.....	2,345,841.20	7,181,992.32	
Buildings and machinery at mines, reduction works, refineries, manufacturing plants, sawmills, foundries, waterworks and railroads (including railroad concessions to the extent of \$849,692.98)—see note G.....	\$290,329,965.39		
Less reserve for depreciation.....	163,036,579.28	127,293,386.11	
Patents.....			1,086.00
Investments:			
Securities of subsidiaries not consolidated—see notes C and F.....	\$15,988,983.10		
Other security investments—see note F.....	17,608,310.30		
Indebtedness of subsidiaries not consolidated—not current.....	1,295,482.84	34,892,776.24	\$459,543,925.53

DEFERRED CHARGES:

Stripping and development.....		\$ 3,608,916.34	
Prepaid expenses.....		346,104.55	
Deferred expenses.....		1,048,271.14	
Discount and expense on debentures.....		130,444.01	5,133,736.04

CURRENT AND OTHER ASSETS:

Current assets:

Supplies on hand—see note E.....	\$ 16,791,222.87		
Metals and manufactured products:			
In process—see note D.....	6,837,284.19		
Finished—see note D.....	42,506,864.70		
Accounts and notes receivable—trade, less reserve.....	17,501,963.95		
Indebtedness of subsidiaries not consolidated—current.....	2,418,426.47		
Cash.....	51,414,994.80	\$137,470,756.98	

Other assets:

Installment house and land sales and other accounts receivable, less reserve.....	\$ 1,043,990.94		
Advances to sundry mining companies, including advances on ores, less reserve..	60,293.07		
Ores produced during development operations held for future treatment—see note H.....	1,026,331.15		
Cupriferous material held for future treatment—see note H.....	2,823,157.96	4,958,773.12	142,429,530.10
			\$607,107,191.67

See explanatory notes, pages 13 and 14.

ANACONDA COPPER MINING COMPANY
and Subsidiary Companies

Consolidated Balance Sheet—December 31st, 1940

LIABILITIES

CAPITAL STOCK of Anaconda Copper Mining Company:

Authorized—12,000,000 shares of the par value of \$50.00 each		
Issued.....	8,919,086 shares	\$445,954,300.00
Held in treasury or through subsidiaries.....	244,748 shares	12,237,400.00
Outstanding.....	8,674,338 shares	\$433,716,900.00

CAPITAL STOCK AND SURPLUS of consolidated subsidiaries owned by minority interest..... 4,650,499.03

DEBENTURES AND NOTES OUTSTANDING:

Anaconda Copper Mining Company—4½% Sinking Fund Debentures due 1950—see note J.....	\$ 4,025,000.00	
Anaconda Copper Mining Company—Serial Notes—payable to banks, \$4,000,000 due annually April 11th, 1942 to April 11th, 1944, both inclusive, and \$19,000,000 due April 11th, 1945, interest at 1¾%.....	31,000,000.00	
Chile Exploration Company—Serial Notes—payable to banks, due May 1st, 1942, interest at 2½% (guaranteed as to both principal and interest by Anaconda Copper Mining Company).....	1,800,000.00	36,825,000.00

RESERVES:

For workmen's compensation insurance.....	\$ 999,215.63	
For contingencies.....	1,600,000.00	2,599,215.63

CURRENT LIABILITIES:

Anaconda Copper Mining Company—Serial Notes—payable to banks, due April 11th, 1941.....	\$ 4,000,000.00	
Chile Exploration Company—Serial Notes—payable to banks, due May 1st, 1941 (guaranteed as to both principal and interest by Anaconda Copper Mining Company).....	2,000,000.00	
Accounts payable—trade.....	7,798,792.64	
Wages payable.....	1,799,227.75	
Accrued taxes.....	15,832,256.10	
Accrued interest.....	193,894.79	
Other accrued liabilities including advance payments by customers.....	2,480,743.19	
Other accounts payable.....	173,277.01	34,278,191.48

DEFERRED CREDITS TO INCOME..... 454,969.95

SURPLUS..... 94,582,415.58

\$607,107,191.67

See explanatory notes, pages 13 and 14.

ANACONDA COPPER MINING COMPANY
and Subsidiary Companies

Consolidated Income Account—Year Ended December 31st, 1940

Gross sales and earnings.....	\$243,662,900.61
Cost of sales—operating expenses, development, maintenance and repairs, administrative, selling and general expenses and taxes except income taxes—sales being applied at cost on the basis of last-in, first-out.....	181,015,869.37
Income from operations of mining, smelting, refining and manufacturing plants, before deducting depreciation and depletion.....	\$ 62,647,031.24
Other Income—Dividends from subsidiaries not consolidated.....	\$ 800,016.50
—Other dividends and interest.....	464,187.14
—Miscellaneous income.....	164,935.16
	1,429,138.80
	\$ 64,076,170.04
United States and foreign income taxes—estimated.....	\$ 12,867,708.37
Expenses pertaining to non-operating units, including expenses at Cananea during strike period.....	1,903,373.79
Interest on debentures and serial notes.....	1,357,872.22
	16,128,954.38
	\$ 47,947,215.66
Provision for depreciation and obsolescence.....	\$ 10,416,067.12
Provision for depletion of coal mines, timber lands and phosphate deposits (not including depletion of metal mines).....	77,803.18
Discount and expense on debentures, including premium on debentures retired through sinking fund operations.....	99,787.73
Expenditures on options not exercised and investments written down.....	684,472.04
	11,278,130.07
	\$ 36,669,085.59
Provision for contingencies.....	1,350,000.00
Net Income, without deduction for depletion of metal mines.....	\$ 35,319,085.59
Minority share of income.....	266,386.30
Consolidated Net Income, without deduction for depletion of metal mines.....	\$ 35,052,699.29

Consolidated Surplus Account—Year Ended December 31st, 1940

Surplus, December 31st, 1939.....	\$ 79,307,629.07
Minority interest.....	480,751.78
	\$ 79,826,877.29
Consolidated Net Income, without deduction for depletion of metal mines.....	35,052,699.29
Dividends Nos. 127, 128, 129 and 130.....	\$113,879,576.58
	17,348,676.00
	\$ 96,530,900.58
Discount and expense, and premium on \$33,000,000 principal amount of 4½% Sinking Fund Debentures of Anaconda Copper Mining Company due 1950 redeemed May 15th, 1940.....	1,948,485.00
Surplus, December 31st, 1940.....	\$ 95,068,315.36
Minority interest.....	485,899.78
Consolidated Surplus, December 31st, 1940.....	\$ 94,582,415.58

See explanatory notes, page 14.

NOTES TO CONSOLIDATED BALANCE SHEET—DECEMBER 31st, 1940

NOTE A—PRINCIPLES APPLYING IN CONSOLIDATION

In order to present the status of the Company's interest in subsidiaries where the interest owned (directly or through other subsidiaries) is 75% or more of the issued stock, the assets and liabilities of said subsidiaries, as they appear upon the books of said subsidiaries, are distributed under appropriate headings on the Consolidated Balance Sheet, together with adjustments to property, plant and equipment as described in Note G, except that four small subsidiaries more than 75% owned, the operations of which are not an integral part of the operations of the consolidated group, are carried as investments in the Consolidated Balance Sheet. The interest of minority stockholders of subsidiaries, the accounts of which are consolidated, is shown on the Consolidated Balance Sheet. Accounts of subsidiaries in which the Company's interest is less than 75% of the issued stock are not consolidated and the shares owned in these subsidiaries are carried as investments in the Consolidated Balance Sheet. The term "subsidiaries" is intended to mean corporations in which a majority of the voting stock is owned directly by the Company or through other corporations in which the stock interest of the Company is more than 95%.

NOTE B—ASSETS IN FOREIGN COUNTRIES

Assets in foreign countries fall principally into three groups: those of metal producing subsidiaries operating in Mexico and South America; of a manufacturing subsidiary in Canada; and investments in shares of companies representing property in Europe.

Of the net fixed assets and investments as shown on the Consolidated Balance Sheet, approximately fifty-eight per cent. are located in Mexico and South America, less than one-half of one per cent. in Canada and one-third of one per cent. are investments in shares of companies representing property in Europe. Of the net current assets, consisting of current assets less current liabilities, included in the Consolidated Balance Sheet, approximately six per cent. are located in Mexico and South America and two per cent. are located in Canada. Cash balances in foreign countries amount to \$723,877.65 and consist principally of working balances held in South America, Mexico and Canada. Of miscellaneous assets (after deducting reserves and deferred credits to income) approximately sixty per cent. apply to operations in Mexico and South America.

Fixed assets in foreign countries are carried in United States dollars on the basis explained in Note G as to property, plant and equipment, and Note F as to investments. Current and miscellaneous assets of metal producing subsidiaries operating in Mexico and South America are carried in the accounts of those subsidiaries in United States dollars. The portion thereof originating in foreign currencies, less than 1%, has been converted into dollars at the rate of exchange prevailing at the date of the transaction. Current assets of the Canadian subsidiary have been converted at the rate of exchange current at December 31st, 1940. No data is available at this time on which to base any estimate of possible losses on European investments. (See page 8 of Report of President).

NOTE C—EQUITY OF COMPANY IN UNCONSOLIDATED SUBSIDIARIES

The equity of the Company in the assets of the principal unconsolidated subsidiaries (Anaconda Wire and Cable Company, Mountain City Copper Company and Walker Mining Company) and the four unconsolidated subsidiaries referred to in Note A, as shown by their books, was in excess of the investment of the Company in such subsidiaries at December 31st, 1940 in the amount of \$1,792,904.36 but the cost of the shares of said subsidiaries shown as investments on the Consolidated Balance Sheet has not been adjusted for such difference. Of this amount \$1,016,239.15 represents equity in the undistributed earnings of such subsidiaries since dates of acquisition, the remainder being differences at dates of acquisition.

NOTE D—INVENTORIES OF METALS AND MANUFACTURED PRODUCTS

The metallic contents of copper ores, concentrates, and cupriferous materials, and zinc and lead ores and concentrates, while in treatment at reduction plants up to the production of blister copper, electrolytic copper, metallic zinc and lead bullion, are classified as metals in process. Blister and electrolytic copper, metallic zinc, lead bullion, and other products and metals produced in connection therewith or therefrom, including stock in works at fabricating plants, are classified as finished.

Inventory in process is calculated at cost which is below the equivalent of current market for metallic content of such inventories.

Finished metals and manufactured products on hand at December 31st, 1940 (except silver and gold, which are carried at market quotations or less), have been computed on the last-in, first-out basis. Inventories on hand at December 31st, 1939 are carried at December 31st, 1939 inventory valuations and accumulations since that date are valued at current costs. Inventory valuations determined in accordance with the foregoing method were below market prices for the various metals and products at December 31st, 1940.

NOTE E—SUPPLIES ON HAND

Supplies on hand, including replacement parts as well as current supply items, are carried at cost.

NOTE F—INVESTMENTS—BASIS

Investments in securities of unconsolidated subsidiaries and other security investments are carried at cost or less, such cost being cash cost, or in the case of securities issued in exchange for property transferred by the Company or a consolidated subsidiary, cost of such property to the consolidated group after deducting depreciation to date of transfer, and do not indicate current values. Other securities include 333,000 shares of Inspiration Consolidated Copper Company carried at \$10,914,107.51, \$1,665,000 principal amount of First Mortgage Bonds of that company carried at par and \$1,503,250 of investments representing assets in Europe.

NOTE G—PROPERTY, PLANT AND EQUIPMENT—BASIS OF VALUATION

(a) Property, plant and equipment of the Company are carried at cash cost or in the case of physical properties acquired for stock of the Company at par value of such stock.

(b) Property, plant and equipment of consolidated subsidiaries (except as to mining properties of Andes Copper Mining Company and Santiago Mining Company acquired by said companies respectively for shares of their capital stock, the basis for which is described below) are carried at cost to the subsidiary, plus or minus, as the case may be, the difference, if any, between the investment basis of the proportionate interest owned in the respective subsidiary (as set forth below) and a like proportionate

interest of the net assets of such subsidiary as shown by the books of such subsidiary at the time when its accounts were first included in the Consolidated Balance Sheet of the Company and subsidiaries; to such cost is added cost of subsequent acquisitions. Such investment basis is the cash cost to the consolidated group of the stock of the respective subsidiary owned by such group or where such stock was acquired by the consolidated group for stock of the Company, the par value of the stock of the Company issued therefor. Mining properties of Andes Copper Mining Company and Santiago Mining Company acquired by said companies respectively for shares of their capital stock, are included in the Consolidated Balance Sheet at the original par value of the shares of those companies issued therefor (i.e., \$25 per share), instead of the acquisition cost of such shares owned by the consolidated group. The total of the amounts credited to surplus of the Company and to consolidated surplus on account of the difference between the par value of the above-mentioned shares of Andes Copper Mining Company and Santiago Mining Company and cost thereof to the Company and its subsidiaries was \$23,429,105.38.

- (c) It has been the practice of the Company, consistently applied to its own properties and those of subsidiaries the stocks of which have been acquired and the accounts of which are included in the Consolidated Balance Sheet to carry property, plant and equipment as described above. Pursuant to the requirements of the United States Treasury Department, valuations as of March 1st, 1913 of mining properties then owned have been recorded on the books for the purpose of computing the amount allowable as a deduction for depletion in arriving at taxable income under the Federal income tax laws, but these values have not been reflected in the published accounts of the Company.

The Company has consistently followed the practice of not deducting in any of its published accounts, any amount for depletion on account of metals mined, and no such deduction is included in any of the financial statements submitted herewith.

Depletion based on cost has, in the case of timber, coal and phosphate lands, been deducted from income in the financial statements submitted herewith and also from the cost basis shown in the Consolidated Balance Sheet.

- (d) The values of property, plant and equipment are shown on the bases above set forth and do not indicate current values which could be established only by current appraisals.

NOTE H—ORES AND CUPRIFEROUS MATERIAL

Ores produced during development operations, held for future treatment, are carried at cost of extraction which is less than a conservatively estimated realizable value.

Cupriferous material held for future treatment is carried at a valuation which was assigned to a part thereof by United States Treasury Department for income tax purposes, such valuation being less than the value of the recoverable metals contained therein at current metal prices after deducting treatment costs, both as estimated by metallurgists of the Company.

NOTE I—SURPLUS

Included in Consolidated Surplus are: (a) a credit of \$23,429,105.38 referred to in Note G above, (b) a credit of \$20,816,158.49, being the excess of the proceeds of the issue of 3,109,598.54 shares of stock of Company over the par value thereof and (c) a charge of \$11,907,498.50, being discount and expense on issuance, and premium on redemption of bonds, redeemed through funds obtained by issuance of stock above referred to. See paragraph (c) of Note G as to practice regarding depletion.

NOTE J—SINKING FUND REQUIREMENTS

Under the sinking fund provisions of the indenture providing for the issue of the 4½% Sinking Fund Debentures of Anaconda Copper Mining Company, due 1950, the Company will be obligated on August 15th, 1941 and on August 15th of each year thereafter, while any of said debentures are outstanding, to pay to the Trustee under the indenture \$1,000,000, for the purposes of the sinking fund for the retirement of debentures, or in lieu of such payment, the Company may deliver to the Trustee under the indenture debentures to be received by said Trustee in lieu of an amount of cash equal to the purchase price of such debentures paid by the Company in the acquisition thereof. The Company has made all payments required under the indenture and has satisfied all other requirements from the date of issue to December 31st, 1940.

NOTE K—CONTINGENCIES

So far as is known, there are no contingent liabilities of material amount. All known liabilities are provided for in the Consolidated Balance Sheet. A reserve for contingencies of \$1,600,000 has been provided. (As to investments in Europe, see Note B).

NOTES TO CONSOLIDATED INCOME ACCOUNT—YEAR ENDED DECEMBER 31st, 1940

Sales of metals and manufactured products are included in income as billed and delivered to customers. Undelivered sales contracts and purchase commitments are not given effect to in the Consolidated Income Account.

Intercompany sales and intercompany profits where these latter are material have been eliminated in the Consolidated Income Account.

In the year 1940 the share of the Company in the combined net income (without, in the case of mining companies, making any provision for depletion of metal mines) of the principal unconsolidated subsidiaries (Anaconda Wire and Cable Company, Mountain City Copper Company and Walker Mining Company) and the four small unconsolidated subsidiaries referred to in Note A, amounted to \$1,719,502.91, from two of which \$800,016.50 was received in dividends and is included in the Consolidated Income Account.

There is included in consolidated income \$18,986,822.07 as Anaconda Copper Mining Company's proportion of the income of its domestic and foreign consolidated subsidiaries operating in Mexico and South America and \$241,086.60 of the earnings of those companies has been apportioned to minority stockholders all of which income has been received in United States funds.

There is included in consolidated income \$538,695.35 which is the equivalent (based on the average monthly exchange rate for the year) in United States currency of the net income for the year 1940 of Anaconda American Brass, Ltd., a wholly owned Canadian subsidiary, after adjustment resulting from the conversion of net current assets at rates in effect at December 31st, 1940. No dividends were received from said subsidiary during the year.

POGSON, PELOUBET & CO.

CABLE ADDRESS "CERTIFIED" NEW YORK

PERCY W. POGSON
MAURICE E. PELOUBET
LEWIS M. NORTON
SIDNEY W. PELOUBET
HOWARD L. GUYETT

NEW YORK - 25 BROADWAY
EL PASO, TEXAS - MILLS BLDG.

AGENTS

EUROPE - KEMP, CHATTERIS, NICHOLS, SENDELL & CO.
LONDON AND PARIS

EGYPT - HEWAT, BRIDSON & NEWBY
ALEXANDRIA AND CAIRO

To the Board of Directors,

Anaconda Copper Mining Company,
25 Broadway, New York, N. Y.

We have examined the Consolidated Balance Sheet as of December 31st, 1940 of Anaconda Copper Mining Company and the other corporations whose accounts are consolidated with its accounts as stated in Note A to the Consolidated Balance Sheet (which other corporations are hereinafter referred to as consolidated subsidiaries) and their Consolidated Income and Surplus Accounts for the calendar year 1940, have reviewed the system of internal control and the accounting procedures of the Company and its subsidiaries and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and its subsidiaries and other supporting evidence, by methods and to the extent we deemed appropriate.

The practice of the Company and its subsidiaries in computing their net income or net loss without deduction for depletion of metal mines is in accordance with accepted accounting procedures in industries engaged in the mining of copper, zinc, lead, silver and gold, and is in agreement with long established and consistently maintained accounting practices and procedures of this Company and its subsidiaries and others similarly situated, and the Company is advised by counsel that such procedure is in accordance with legal requirements.

In our opinion, the accompanying Balance Sheet and related Income and Surplus Accounts, together with the notes attached thereto or appearing thereon, present fairly the consolidated position of the Company and its consolidated subsidiaries at December 31st, 1940 and the combined results of their operations for the calendar year 1940 in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

POGSON, PELOUBET & CO.,
Certified Public Accountants.

New York, March 10th, 1941.

ANACONDA COPPER MINING COMPANY



ANACONDA WIRE AND CABLE COMPANY

LOCATION OF MANUFACTURING PLANTS

ANDERSON, IND.
GREAT FALLS, MONT.
HASTINGS-ON-HUDSON, N. Y.

MARION, IND.
MUSKEGON, MICH.
OAKLAND, CALIF.

ORANGE, CALIF.
PAWTUCKET, R. I.
SYCAMORE, ILL.

SOME OF THE INDUSTRIES SERVED

Automotive
Aviation
Building
Electrical Apparatus
Electrical Appliance
Electrical Contracting

Electrical Equipment
Industrial Power Plants
Metal Fabricating
Marine
Mining
Petroleum

Radio
Railroad
Steam
Electric
Refrigeration
Textiles

Telephone and Telegraph
Transmission Equipment
Utilities
Power Companies
Municipal Plants
Rural Electrification

PRODUCTS

ELECTRICAL WIRES AND CABLES OF EVERY DESCRIPTION

Bare Wire and Cable
Cable Accessories
Conduit
Copper Rods
Cords

Hollow Conductor Cable
Ignition Cables
Magnet Wire and Coils
Power Cable:
Lead, Rubber, Paper, V.C.

Parkway Cable
Rubber Covered Building Wires
Slow Burning Wires and Cables
Varnished Cambric Wires and Cables
Weatherproof Wires and Cables

Increased demand for wire and cable products is attributed largely to defense requirements. Substantial orders have been received from Army and Navy Departments, and also from manufacturers increasing plant capacities for the production of defense materials.

Outstanding in product research was the commercial perfection of Type C B insulation which laboratory and

field tests disclose will materially lengthen the life of paper-lead power cable.

A staff of qualified engineers is maintained to assist the light, power and manufacturing industries in the selection and installation of the Company's products so that dependable and efficient service may be attained.

Conveniently situated warehouse and distributor stocks provide a complete and economical nation-wide service.

SALES OFFICES ARE LOCATED IN THE FOLLOWING CITIES:

Atlanta, Ga.
Boston, Mass.
Cincinnati, Ohio
Cleveland, Ohio
Dallas, Texas

Denver, Colo.
Des Moines, Iowa
Detroit, Mich.
Kansas City, Mo.
Los Angeles, Calif.

Milwaukee, Wis.
Minneapolis, Minn.
New Orleans, La.
Philadelphia, Pa.
Pittsburgh, Pa.

Rochester, N. Y.
St. Louis, Mo.
San Francisco, Calif.
Seattle, Wash.
Washington, D. C.

General Offices: 25 Broadway, New York
Chicago Sales Office: 20 North Wacker Drive

MIN 00005148

Mr. E. J. Shea

STATEMENT 1940



Walker Mining Company

PLUMAS COUNTY, CALIFORNIA

P. O. WALKERMINE, CALIFORNIA

OPERATING OFFICE

KEARNS BUILDING, SALT LAKE CITY, UTAH



(Incorporated under the Laws of the State of Arizona)



CAPITAL STOCK

COMMON—Authorized - - - 1,750,000 shares at \$1.00 per share
Issued - - - - - 1,749,308 shares at \$1.00 per share



Directors

J. R. WALKER E. L. MAY J. O. ELTON J. B. WHITEHILL
P. T. FARNSWORTH, JR. J. F. DUGAN GEORGE E. BAGLIN

Officers

J. R. WALKER, *President*
J. O. ELTON, *Vice-President*
J. B. WHITEHILL, *Secretary-Treasurer*

Transfer Agents

H. I. CARSON, Transfer Agent, 25 Broadway, New York City, N. Y.
ROM WARBURTON, Transfer Agent, 820 Kearns Building, Salt Lake City, Utah

Annual Meeting: May 6th, 1941, at 3 P. M. in Phoenix, Arizona

MIN 000001615

To the Stockholders of
Walker Mining Company:

Your property was on an operating basis during the entire year 1940, and the production was normal.

An extensive development program including diamond drilling was carried on throughout the year and resulted in blocking out a substantial amount of ore, most of which was found above the 900 level in the south end of the Piute ore body. Indications are favorable that the mineralization will extend to lower levels. A new ore body of limited extent was also encountered north of any of the present workings in the Piute area.

The total advance of all classes of drifts, crosscuts, raises, etc. was 14,749 feet of which 2,546 feet was necessary in order to block out ore for stoping and 12,154 feet were driven for exploration purposes. In addition 6,347 feet of diamond drilling were driven for exploration purposes.

There were no major expenditures for construction during the year.

Ore broken during year.....437,354 wet tons

The mill operated 325 days, treating an average of 1,345 tons per working day.

Ore milled437,450 dry tons

Concentrates produced 20,881 dry tons

There were shipped to the smelter 21,010 dry tons of concentrates, lime scale and precipitates, with net recoverable content of 10,524,345 pounds of copper, 237,891 ounces of silver and 14,176 ounces of gold.

The entire production of silver and gold was sold. Deliveries of copper amounted to 9,894,483 pounds, leaving 3,183,352 pounds on hand at the end of the year, of which 2,966,231 pounds have been sold for delivery in 1941.

The year's operation resulted in a loss of \$290,295.49 as indicated in the Income Account.

The mine and mill are in good operating condition.

The financial statements of your Company for the year ending December 31, 1940, certified by Messrs. Pogson, Peloubet & Co., Certified Public Accountants, are herewith submitted for your information.

Respectfully,

J. R. WALKER,
President.

Salt Lake City, Utah, April 4, 1941.

MIN 00001616

Walker Mining Company

BALANCE SHEET—DECEMBER 31st, 1940

ASSETS		
FIXED ASSETS—See Note:		
Mines and mining claims.....	\$1,284,804.03	
Plant and equipment at mine, mill, camp and shops and aerial tramway.....	\$1,683,485.41	
Less reserve for depreciation.....	1,230,475.31	453,010.10
		\$1,737,814.13
INSURANCE FUND DEPOSIT (Securities at cost)....		31,837.50
EXPENSES PREPAID		8,367.95
CURRENT ASSETS:		
Supplies on hand—at cost	151,477.82	
Ores and concentrates on hand—at cost.....	168,734.86	
Copper on hand—at market	374,839.70	
Accounts receivable	20,054.69	
Cash	98,944.75	814,051.82
		\$2,592,071.40
LIABILITIES		
CAPITAL STOCK:		
Authorized—1,750,000 shares of the par value of \$1.00 each. Issued and outstanding—1,749,308 shares		\$1,749,308.00
DEFICIT:		
Surplus December 31st 1939.....	\$ 181,594.24	
Net loss of the year 1940, without deduction for depletion	290,295.49	108,701.25
		\$1,640,606.75
CURRENT LIABILITIES:		
Accounts payable—trade	57,713.97	
Wages payable	30,022.12	
Accrued taxes	14,943.51	
Freight and refining	37,990.54	
Indebtedness to International Smelting and Refining Company	780,794.51	921,464.65
RESERVE FOR WORKMEN'S COMPENSATION INSURANCE		30,000.00
		\$2,592,071.40
INCOME ACCOUNT—YEAR ENDED DECEMBER 31st, 1940		
Deliveries of metals.....		\$1,797,779.55
Cost of deliveries:		
Copper on hand at December 31st 1939—at market	\$ 313,440.90	
Production cost	1,999,744.29	
	\$2,313,185.19	
Less copper on hand at December 31st 1940— at market	374,839.70	1,938,345.49
Operating loss without deduction for depreciation and depletion		140,565.94
Interest paid	16,836.48	
Less interest received	1,127.70	15,708.78
		156,274.72
Depreciation and obsolescence		134,020.77
Net Loss, without deduction for depletion		\$ 290,295.49

MIN 00001617

Walker Mining Company

NOTE TO FINANCIAL STATEMENTS

NOTE—FIXED ASSETS—BASIS OF VALUATION

Mines and mining claims and plant and equipment at mine, mill, camp and shops and aerial tramway of Walker Mining Company are carried on its books at cost, such cost being represented in the case of mines and mining claims to the extent of \$1,250,000.00 by par values of capital stock issued therefor and in the case of all other fixed assets by cash cost thereof.

Depreciation has been written off on a unit of production basis.

In order to comply with the Government income tax requirements for the purpose of computing depletion additional entries respecting the valuation of the mining property have been recorded upon the books of the Company; but being made in compliance with the Regulations of the Bureau of Internal Revenue only the result of such entries is omitted from the current statements.

The values of Fixed Assets are shown on the bases above set forth and do not indicate current values which could be established only by current appraisals.

To the Board of Directors,
Walker Mining Company,
Salt Lake City, Utah.

We have examined the Balance Sheet of Walker Mining Company as of December 31st 1940, and its Income and Surplus Accounts for the calendar year 1940, have reviewed the system of internal control and the accounting procedures of the Company and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence, by methods and to the extent we deemed appropriate.

The practice of the Company in computing its net income without deduction for depletion of metal mines is in accordance with accepted accounting procedures in industries engaged in the mining of copper, silver and gold and is in agreement with the accounting practices and procedures consistently maintained by this Company and others similarly situated, and the Company is advised by counsel that such procedure is in accordance with legal requirements.

In our opinion, the accompanying Balance Sheet and related Income and Surplus Accounts together with the notes attached thereto or appearing thereon, present fairly the position of Walker Mining Company at December 31st, 1940, and the results of its operations for the calendar year 1940, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

POGSON, PELOUBET & CO.,
Certified Public Accountants.

New York, March 15th, 1941.

MIN 000001618

RECOMMENDATION FOR DEVELOPMENT WORK

GEOLOGICAL DEPARTMENT

INTERNATIONAL SMELTING & REFINING CO.

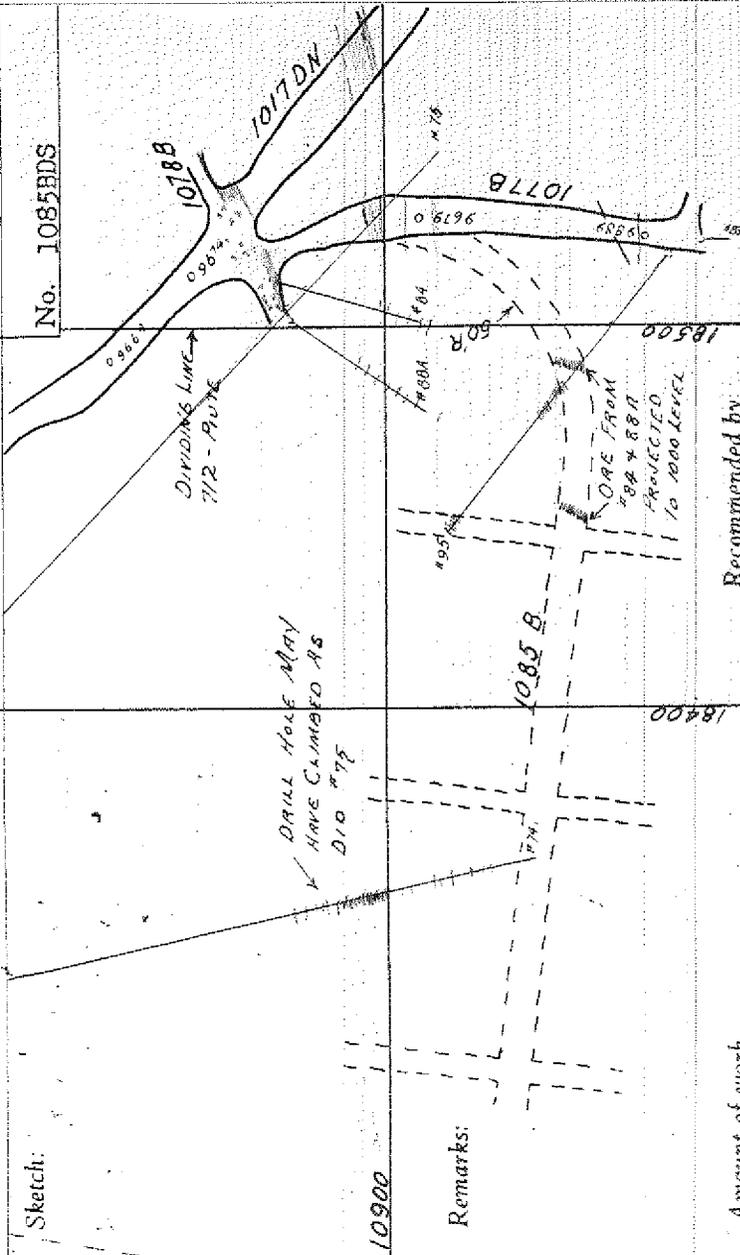
Mine Walker

Level 1000

Ore Body Piute - 712

No. 1085HDS

Sketch:



Remarks:

Amount of work _____ Recommended by _____

Date of recommendation _____

Date started 8 - 15 - 41

Date completed _____

Approved by _____

RECOMMENDATION FOR DEVELOPMENT WORK

GEOLOGICAL DEPARTMENT

INTERNATIONAL SMELTING & REFINING CO.

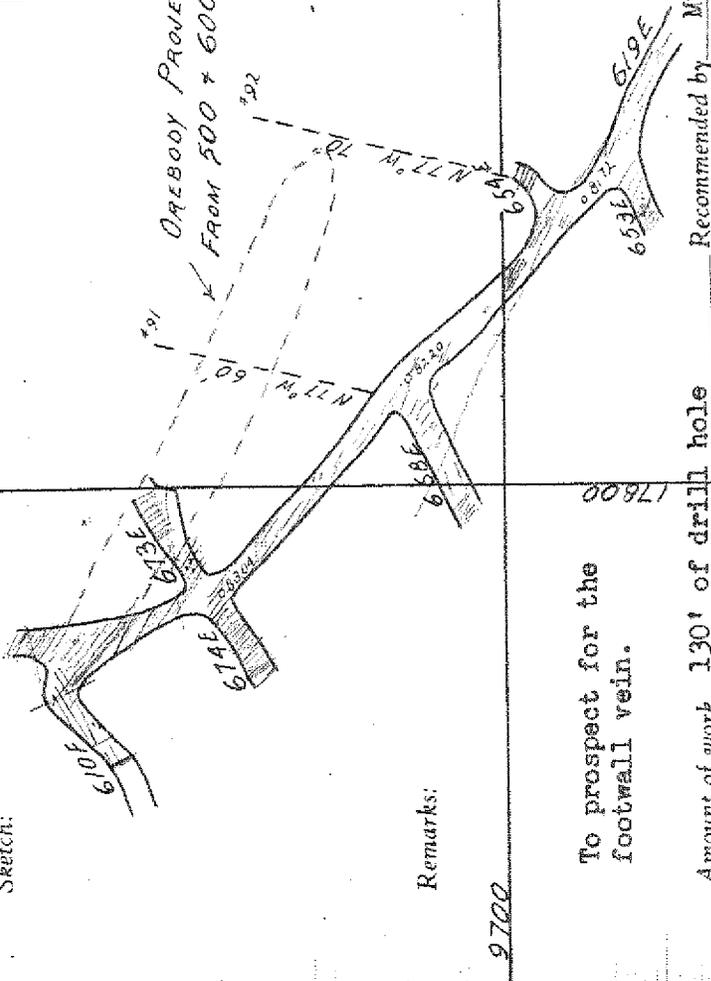
Mine Walker

Level 600

Ore Body 712

No. D.D.Holes #91 & 92

Sketch:



Remarks:

To prospect for the footwall vein.

Amount of work 130' of drill hole

Date of recommendation _____

Date started 8 - 20 - 41

Date completed _____

Recommended by Mr. Dugan

Approved by Mr. Hartmann

Mr. Sales

ANACONDA COPPER MINING COMPANY

25 Broadway

New York

OFFICE OF THE
GENERAL MANAGER OF MINES

Butte, Montana
August 21, 1941

Walker mine

Mr. J. R. Hobbins, President,
Anaconda Copper Mining Company,
25 Broadway,
New York, New York

Dear Sir:

As you know the Walker Mining Company has lost money steadily for the last year and a half. This loss was carried as we were doing certain exploration work which we were in hopes would develop additional orebodies or extensions of the present orebodies. The main development consisted of the 1017 drift, which was to explore the orebody under the 900 level showing of the Plate section. This showing on the 900 level was exceptionally good for the Walker mine. 1017 drift has now reached under at least one-third of the orebody shown on the 900 level, and to date has not opened up any ore of importance; in other words the 900 orebody does not extend to the 1000 in appreciable quantities.

We have known for a long time that the ore in the North and central orebodies would be exhausted about this time, but had hoped that the 1017 would come into ore to replace this production. On account of the failure of this drift the production at Walker mine will drop very rapidly in the next few weeks. The production has dropped from approximately 1500 tons of ore per day to 900 tons, and after October will drop still lower. Copper production has been 700,000 to 800,000 pounds per month. This has now dropped to 500,000, and the months of September and October will not exceed 500,000.

On July first we had 459,000 tons of ore developed averaging 1.4% copper. We could mine this for the period of a year at some figure around 500 tons of ore per day at a cost in excess of 15¢ per pound. This small production would have to carry all the overhead of the Walker Mining Company.

Under present conditions existing in the United States it is doubtful that they would wish to lose this much copper, while the amount is small nevertheless every little bit helps, and it would seem advisable to place the Walker situation before the proper authorities in Washington before closing down the mine.

ANACONDA COPPER MINING CO.

C O P Y

There is certain development work in the Walker mine which could be carried on, but judging from results we have obtained from our rather extensive campaign to develop additional orebodies it is my judgment, which is concurred in by Messrs. Sales and Lyon, that we could not anticipate any discoveries of ore which would help the situation in the near future. Any long range development is extremely speculative and even if an orebody is found there is no reason to believe it would be of better grade than the ore which we have found to date. This is not commercial at 12¢ copper.

Taking all of the information and advice which we have at the present time into consideration I would recommend that the Government be approached with a view to determine whether they wish to continue the operation at Walker merely as a clean up operation at considerable additional cost for the copper or whether they would prefer to see the property close down. If they are not interested in keeping the property operating I recommend that it be closed. This matter is of extreme importance to the Walker Mining Company and some definite action should be taken on it as soon as possible.

If this property was entirely owned by the Anaconda Copper Mining Company we would have a different situation than we have to face at present. However, as we own only 51% of the stock of the Company we have minority stockholders to consider.

Yours very truly,



CEK/29

CC: C. F. Kelley
 J. D. Eiton
 H. H. Sales
 Frederick Lais

BUTTE DAILY POST

Oct. 26, 1941.

Re: WALKER MINE, CALIFORNIA

Butte Daily Post
Oct 26, 1941
Re: Walker Mine

Ceiling on Copper Price Forces Big Producer to Close

SALT LAKE CITY, Oct. 25.—(AP)—Directors of the Walker Mining company announced today decision to close their copper mine in Plumas county, California.

The board cited recent fixing of a 12-cent ceiling on the price of copper, explaining in a statement:

"The action (the closing order) was taken because operations have been carried on for a considerable period at a substantial loss to the company and its stockholders, and in view of rising costs and the existing price of copper there appeared to the board to be no other alternative than to close down."

The Walker mine was controlled by the International Smelting and Refining company, a wholly-owned subsidiary of the Anaconda Copper Mining company. It produced 10,534,345 pounds of copper in 1940.

ANNUAL REPORT

ANACONDA COPPER MINING COMPANY

1941

ANACONDA

MIN 00005116

ANACONDA COPPER MINING COMPANY



THE AMERICAN BRASS COMPANY

General Offices: Waterbury, Connecticut

LOCATION OF MANUFACTURING PLANTS

ANSONIA, CONN., BUFFALO, N. Y., DETROIT, MICH., KENOSHA, WIS., TORRINGTON, CONN.,
WATERBURY, CONN., NEW TORONTO, ONTARIO, CANADA

SOME OF THE INDUSTRIES SERVED

Air-Conditioning	Electrical Equipment	Machinery	Plumbing
Automotive	Hardware	Marine	Pulp and Paper
Aviation	Heating	Metal Fabricating	Railroad
Brewing	Jewelry	Mining	Refrigeration
Building	Light and Power	Petroleum	Textile
Chemical			Welding

PRINCIPAL PRODUCTS

COPPER, BRASS, BRONZE AND NICKEL SILVER—SHEETS, WIRE, RODS, TUBES

Airplane Gas-Oil-and Pressure Lines	Condenser and Heater Tubes	Free Cutting Brass Rods
Ammunition Metal	Copper—Nickel Alloys	Phosphor Bronze
Architectural Shapes	Copper Tubes and Fittings	Pressure Die Castings
Brass and Copper Pipe	Drawn Sections	Hot Pressed Parts
Brazing Solder	Everdur Electrical Conduit	Roofing Copper
Bronze Screen Wire	Everdur and Super-Nickel Tank Plates	Shell Rotating Bands
Bus Bars and Shapes	Extruded Shapes	Tobin Bronze Shafting
Cartridge Discs and Cups	Eyelets, Grommets, etc.	Turbine Blading
Condenser Head Plates	Flexible Metal Hose and Tubing	Welding Rods

Our country's war needs require a major part of the available supply of copper and zinc for ammunition—cartridge cases, shell rotating bands, time-fuses, etc. Still more copper and copper alloys are needed for ships, aircraft and motorized equipment—and for the electrification of our expanding war industries.

Foremost fabricator of copper and copper alloys, The American Brass Company is cooperating 100% with

the Army and Navy and is devoting its enlarged and modernized facilities to meet this unprecedented demand. The Engineering and Technical Departments are cooperating with manufacturers by helping them increase production of war materials through the efficient use of copper and its alloys. For the future, research concerned with alloy developments, new uses and improved production techniques is being carried on without interruption.

SALES OFFICES ARE LOCATED IN THE FOLLOWING CITIES:

Atlanta, Ga.	Detroit, Mich.	Montreal, Canada	Rochester, N. Y.
Boston, Mass.	Houston, Texas	Newark, N. J.	St. Louis, Mo.
Buffalo, N. Y.	Kenosha, Wis.	New York, N. Y.	San Francisco, Calif.
Chicago, Ill.	Los Angeles, Calif.	Philadelphia, Pa.	Seattle, Wash.
Cincinnati, Ohio	Milwaukee, Wis.	Pittsburgh, Pa.	Syracuse, N. Y.
Cleveland, Ohio	Minneapolis, Minn.	Providence, R. I.	Toronto, Canada
Denver, Colo.			Washington, D. C.

MIN 00005117

ANACONDA COPPER MINING COMPANY

CAPITAL STOCK

		December 31, 1941
Authorized, 12,000,000 shares, \$50 each		\$600,000,000
Issued	8,919,086 shares, \$50 each	445,954,300

OFFICERS

<i>Chairman of the Board</i>	CORNELIUS F. KELLEY
<i>President</i>	JAMES R. HOBBS
<i>Executive Vice-President</i>	ROBERT E. DWYER
<i>Vice-President</i>	DANIEL M. KELLY
<i>Assistant to the President</i>	ELBERT O. SOWERWINE
<i>Secretary and Treasurer</i>	JAMES DICKSON
<i>Comptroller</i>	W. KENNETH DALY
<i>Assistant Secretary</i>	KENNETH B. FRAZER
<i>Assistant Secretary</i>	JEREMIAH D. MURPHY
<i>Assistant Secretary and Assistant Treasurer</i>	THOMAS E. CONRAD

DIRECTORS

JOHN A. COE	CORNELIUS F. KELLEY
ROBERT E. DWYER	MAURICE NEWTON
E. ROLAND HARRIMAN	WILLIAM C. POTTER
JAMES R. HOBBS	GORDON S. RENTSCHLER
WILLIAM D. THORNTON	

OFFICES

ANACONDA, MONTANA
BUTTE, MONTANA
25 BROADWAY, NEW YORK

MIN 00005118

To the Shareholders of

ANACONDA COPPER MINING COMPANY

THE extraordinary demand for strategic metals in connection with the National Defense Program, which was referred to in the last annual report of your Company, continued to increase as the production requirements became apparent. In the late summer and fall of 1940 instructions were given to bring all productive units of your Company up to capacity output and this was accomplished during the year 1941 with the result that there was attained the highest aggregate production of all time.

The Office of Price Administration had indicated during the fall of 1940 that no increase should be made in the price of copper produced from primary sources. As a consequence the price of 12¢ per pound Connecticut Valley (11.775¢ f.o.b. Eastern Refineries) which prevailed at the end of the year remained constant until August 12th, when it was officially fixed as the ceiling price by the Office of Price Administration. The domestic production remained free from allocation or priority restriction until June, was partially allocated by Government agencies from June until August, when it became controlled 100% and subject to priority restrictions. Beginning with March, 1941, large quantities of copper produced by your foreign subsidiaries were delivered to Metals Reserve Company and, with the exception of comparatively small quantities required for Latin America, that entire output is currently being sold and delivered to Metals Reserve Company. The price paid by the Metals Reserve Company was the equivalent of 9½¢ per pound f.a.s. Chilean ports until October 8, 1941 when the price was advanced to the equivalent of 10¾¢ f.a.s. Chile, applicable to deliveries made during September, October, November and December. Effective January 1, 1942 the price was increased to 11¼¢ per pound f.a.s. Chile, which remains the current price under which foreign production is being delivered to the Government. All of the copper sold to Metals Reserve Company during the year was allocated among users by Government agencies. The system of allocation and priorities, necessarily adopted as a war measure, has controlled the amount of copper—foreign or domestic—delivered to your subsidiary fabricating companies.

Copper production (not including Custom or Secondary) of Anaconda, its subsidiaries and Inspiration Consolidated Copper Company (in which your Company has a 28.17% stock interest) increased from 392,479,954 pounds during the last six months of 1940 to 572,577,202 pounds in last half of 1941,—an increase of 180,097,248 pounds or 45.9%. Production of these companies for the year 1941 amounted to 1,115,171,172 pounds and currently is at the annual rate of 1,200,000,000 pounds.

Zinc:

The demand for increased production of zinc has been likewise accelerated. Anaconda's production, including that derived from custom and concentrates treated on toll in 1941, was 371,183,459 pounds compared with 303,952,768 pounds in 1940, an increase of 22.1%. Capacity at the Montana plants has been increased by adding

additional tanks and work is now under way to add the equivalent of one new unit at Anaconda and two units at Great Falls which will increase annual capacity of these plants to 465,000,000 pounds before the end of this year.

Zinc contained in lead ores reduced in lead plants has been a waste product. Your Company developed a process for the recovery of such zinc from slag and has had a plant in successful operation at East Helena, Montana to recover such zinc in the form of a high grade fume. A similar plant was constructed at Tooele, Utah, by International Smelting and Refining Company (a 100% owned subsidiary) and began operations in September, 1941. This plant should add approximately 18,000,000 pounds per year to the Nation's available supply of zinc.

The price of zinc, St. Louis, was 7.25¢ per pound from January 1 to October 10, 1941, when price was fixed by the Office of Price Administration at 8.25¢ per pound. The price of lead, New York, was 5.5¢ per pound at the beginning of the year, advancing to 5.65¢ per pound on February 10th, 5.75¢ per pound on March 3rd, 5.85¢ per pound on March 26th, which price remained in effect until price was officially fixed by the Office of Price Administration at 6.5¢ per pound on January 13, 1942. There was no change in the price of domestic silver, but the price of foreign silver, 34.75¢ per ounce from the beginning of the year, was increased to 35.125¢ per ounce on November 28th and has remained unchanged since that date.

Manganese:

The manganese plant at Anaconda, Montana, began operations in June, 1941, producing nodules which for the year averaged 59.3% Mn. The plant has operated successfully and is the largest producer of manganese in the United States.

Chromium:

At the request of the Government, and with Government funds, the Anaconda Company developed a mine and designed and built a mill in Stillwater County, Montana, in a remote mountain area and completed the construction within nine months from the commencement date. This plant began operations this year and arrangements have been made with the Government to increase the capacity of this mine and plant.

Negotiations have also been concluded for the development and equipment of two additional mines and mills, which will be constructed and operated by Anaconda for the Government with Government funds.

Vanadium:

In 1941 Anaconda installed a vanadium plant which produced 243,442 pounds of Red Cake Precipitates containing 213,521 pounds of vanadium oxide.

Miscellaneous Products:

Anaconda produces arsenic, bismuth, cadmium, lead, molybdenite, superphosphate and phosphoric acid, white lead, zinc oxide and other metals and products essential to the war effort, the production of which has been maintained or increased. Output of lumber was increased from 98,074,679 board feet in 1940 to 124,112,794 feet in 1941.

Expenditures to Increase Production:

In order to increase or to maintain production and fabrication of critical and strategic metals, your Company and its consolidated subsidiaries made capital expenditures of \$9,310,811.11 with unexpended appropriations of \$4,530,651.00, or a total of \$13,841,462.11. The expenditures and appropriations of affiliated companies not consolidated amounted to \$2,501,427.00, making total of \$16,342,889.11.

FINANCIAL

The gross sales and earnings of the Company upon a consolidated basis (after elimination of inter-company items) totaled \$354,773,916.69, an increase of \$111,111,016.08 or 45.6% compared with the prior year.

The cost of sales, including all operating expenses, development and maintenance charges, repairs, administrative, selling and general expenses, and all taxes except income taxes, amounted to \$262,166,084.38.

The income from operations was	\$92,607,832.31
Other Income, including Dividends from non-consolidated subsidiaries, was	<u>1,303,750.04</u>
Total Income was	\$93,911,582.35
Deductions from Income for Interest on Debentures and Serial Notes and Premium, Discount and Expense on Debentures retired \$809,047.20; Provision for Depreciation and Obsolescence and for Depletion of Coal Mines, Timber Lands and Phosphate Deposits \$13,332,006.05; Investments in and advances to Subsidiary Companies written off \$1,286,833.99; Less Expenditures previously written off and restored to Plant and Equipment \$457,781.26 amounted to	<u>14,970,105.98</u>
	\$78,941,476.37
United States and Foreign Income and Excess Profits Taxes amounted to	<u>30,163,394.70</u>
Leaving a Balance of	\$48,778,081.67
Provision for Contingencies amounted to	<u>5,000,000.00</u>
Net Income, without deduction for Depletion of Metal Mines, was	\$43,778,081.67
Of which Minority Share amounted to	<u>344,421.89</u>
Leaving Consolidated Net Income	<u>\$43,433,659.78</u>

The net income reflects sales of metals and manufactured products invoiced to customers. Forward sales contracts are not reflected in the income account. Inventory valuations were below market prices for the various metals and products at December 31, 1941.

On August 11, 1941 \$2,100,000 par value of the 4½% Sinking Fund Debentures of the Company, due October 1, 1950, were redeemed and \$990,000 par value of debentures were redeemed on October 1, 1941 through operations of the Sinking Fund, leaving \$935,000 par value of Debentures outstanding at December 31, 1941.

Serial Promissory Notes due April 11, 1941 in the amount of \$4,000,000 were paid on that date and Serial Promissory Notes due April 11, 1945 in the amount of \$11,000,000 were paid on October 23, 1941, leaving \$20,000,000 of Serial Notes outstanding as of December 31, 1941.

All of the outstanding Serial Notes of the Chile Exploration Company in the amount of \$3,800,000 were paid on March 6, 1941.

The result of these operations decreased the funded debt \$21,890,000, reducing the total outstanding to \$20,935,000 at December 31, 1941.

On April 11, 1942, \$4,000,000 of the Serial Promissory Notes of the Company will mature. Notice has been given to the Banks holding the Serial Notes that an additional \$6,000,000 will be paid on that date, reducing the total outstanding Serial Notes of the Company to \$10,000,000.

In addition, there is outstanding \$935,000 of the 4½% Debentures of the Company. These will be redeemed under the provisions of the Sinking Fund of the Indenture on October 1, 1942.

The total decrease of the indebtedness of the Consolidated Companies from \$109,372,000 on June 30, 1933 to \$20,935,000 on December 31, 1941, a decrease of \$88,437,000, is shown by the following tabulation:

		<u>Decrease</u>
June 30, 1933.....	\$109,372,000	—
December 31, 1933.....	104,361,000	\$ 5,011,000
December 31, 1934.....	88,986,120	15,374,880
December 31, 1935.....	83,077,000	5,909,120
December 31, 1936.....	78,369,000	4,708,000
December 31, 1937.....	68,589,000	9,780,000
December 31, 1938.....	57,686,000	10,903,000
December 31, 1939.....	50,015,000	7,671,000
December 31, 1940.....	42,825,000	7,190,000
December 31, 1941.....	20,935,000	21,890,000
		<u>\$88,437,000</u>

Capital Expenditures less sales of capital assets during the year amounted to \$8,763,211.20 summarized as follows:

Buildings, Machinery and Equipment at the Mines, Smelting, Refining and Manufacturing Plants of the Company and its Subsidiaries.....	\$9,310,811.11
Less Sales of assets not required in Company's operations.....	810,886.51
A net increase of.....	<u>8,499,924.60</u>
Miscellaneous—Including acquisition of shares of stock of subsidiary companies.....	263,286.60

Current assets at the close of the year amounted to \$165,934,104.30 compared with \$137,470,756.98 at the close of the prior year, and current liabilities amounted to \$47,682,276.41 compared with \$34,278,191.48. Increase of current liabilities is due entirely to increase of accrued taxes from \$15,832,256.10 on December 31, 1940 to \$32,238,663.86 at December 31, 1941. United States Treasury Notes Tax Series "B"—1943 were purchased during the year at cost of \$14,016,800, including \$16,800 interest accrued to date of purchase. These notes are applicable to payment of taxes due in 1942. Cash and tax anticipation notes on hand totaled \$78,842,659.47 at December 31, 1941, compared with \$51,414,994.80 cash on hand at close of prior year.

Dividends declared and paid during the year on the capital stock of your Company amounted to \$21,685,845.00 or \$2.50 per share.

Taxes in various forms in 1941 amounted to \$38,973,797 equivalent to \$4.49 per share as compared with \$20,062,048 or \$2.31 per share for the year 1940, and \$15,494,610 or \$1.79 per share in 1939.

CORPORATE TRANSACTIONS

During 1941 the Company acquired 62,432 shares of the stock of National Tunnel & Mines Company, 20 shares of the stock of the Andes Copper Mining Company and 6 shares of the stock of the Butte Water Company, increasing its holdings to 590,632 shares, 3,502,493 shares and 119,580 shares or 55.91%, 97.77% and 99.81% respectively of the total outstanding shares of these companies.

DETAIL OF OPERATIONS

Following is a summary of operations of your Company and its Consolidated Subsidiary Companies during 1941:

Copper:

The total output of copper aggregated 1,316,814,542 pounds. The metallic copper production, after deduction of 1,297,383 pounds (of which 851,899 pounds were from Company mines) contained in by-product materials sold to others, was 1,315,517,159 pounds obtained from the following sources:—295,541,157 pounds were treated on toll for the account of others; 25,280,937 pounds were produced from purchased ores, concentrates and secondary metals; leaving a net production from the mines of your Company and its consolidated subsidiary mining companies through copper plant operations of 994,695,065 pounds, compared with 774,340,537 pounds in 1940, an increase of 28.5%.

Total deliveries in both the domestic and foreign markets of copper from all sources including purchased copper amounted to 1,342,365,106 pounds, compared with 1,009,097,993 pounds in 1940.

Zinc:

Total zinc production was 371,183,459 pounds, of which 211,070,208 pounds were from purchased materials, toll zinc returnable 104,168,130 pounds and 55,945,121 pounds came from the mines of the Company. Of total production 2,125,742 pounds were contained in by-product materials sold to other companies; 4,573,447 pounds were in the form of zinc dross, and 364,484,270 pounds were electrolytic zinc produced by the plants of the Company. Deliveries of zinc (produced and purchased) including zinc delivered to owned manufacturing and zinc oxide plants amounted to 288,606,814 pounds, compared with 252,388,511 pounds in 1940.

Lead:

The total production of lead was 96,257,855 pounds. Of this amount 80,173,439 pounds were produced from purchased ores, concentrates and other materials, and 16,084,416 pounds from the mines of the Company. Of the aggregate production 34,896,017 pounds were included in by-products sold to other companies and 61,361,838 pounds were produced in metallic form. Deliveries of lead during the year, including

that used in the manufacture of white lead, were 100,460,833 pounds compared with 90,281,543 pounds in 1940.

Silver:

There were produced 17,522,020 ounces of silver, of which 254,620 ounces were treated on toll for account of others, 7,126,067 ounces were produced from purchased ores and concentrates, and 10,141,333 ounces were produced from Company ores. Of the above total 3,422,961 ounces were contained in by-product materials sold to other companies.

Gold:

Gold production amounted to 228,803 ounces, of which 164,272 ounces came from purchased materials, and 64,531 ounces from the mines of the Company. Of this amount 12,641 ounces were sold in the form of various by-product materials to other companies.

Miscellaneous:

The principal miscellaneous products consisted of 124,112,794 feet of lumber; 54,168 tons treble-superphosphate and phosphoric acid; 38,664 long tons of manganese nodules; 2,657,009 pounds of molybdenite; 13,365 tons arsenic and 1,558,393 pounds cadmium, including 222,450 pounds produced on toll.

Fabricating Plants:

The shipments of manufactured products from the plants of The American Brass Company (including Toronto Plant) and Anaconda Wire and Cable Company amounted to 1,368,316,031 pounds, an increase of 69.3% from the prior year, and of 29.8% above the previous record established in 1929.

Non-Consolidated Subsidiary Companies:

The Mountain City Copper Company produced 21,386,339 pounds of recoverable copper from ores and concentrates shipped.

The Walker Mining Company produced 7,248,128 pounds of recoverable copper from concentrates shipped. The decrease in ore reserves, causing an unavoidable decrease in production, resulted in an increase of cost to such an extent above the price fixed by the Office of Price Administration that after full discussion of the situation by the officials of the Walker Mining Company with the Government officials concerned, it was decided by the Walker management to suspend operations.

The National Tunnel & Mines Company produced from company and leasing operations 33,649 pounds of copper, 2,169,751 pounds of lead, 796,495 pounds of zinc, 42,730 ounces of silver, and 546 ounces of gold. The Elton Tunnel, 24,141 feet in length, was completed during the year. The mine is being dewatered below tunnel level, and it is anticipated that the mine will be brought into full production in the near future.

Silesian-American Corporation:

Negotiations were conducted with representatives of Swiss banking interests for a loan to pay in full the bonds and the indebtedness of Silesian-American Corporation and

for the sale of voting trust certificates of Silesian Holding Company, of which your Company holds 65%. Before these negotiations could be carried out Executive Order No. 8389 of April 10, 1940, as amended on June 14, 1941, freezing the funds of certain foreign countries including Switzerland, made it necessary to secure a license from the Treasury Department to consummate the transaction. The application was denied. Because of the denial of the application and the maturity of the bonds of the company on August 1, 1941, the Silesian-American Corporation filed a petition in the District Court of the United States for the Southern District of New York on July 29, 1941 for reorganization under the provisions of Chapter X of the Bankruptcy Act. On July 30, 1941 the Court approved said petition and appointed Trustees to take possession of the assets and property of the Silesian-American Corporation. A second application, providing for deposit of stock in escrow until additional license might be secured, was likewise denied. A third application, after divorcing the sale of the trust certificates and limited solely to the borrowing of sufficient funds to pay in full principal and interest on the bonds, was denied on January 23, 1942.

As result of these various denials the Trustees of Silesian-American Corporation are proceeding in the reorganization under Chapter X of the Bankruptcy Act, as ordered by the Court on July 30, 1941.

EMPLOYEES

During the year 1941 the average number of employees of the Company and its Consolidated Subsidiary Companies was 53,442. Of these 37,186 were within the United States compared with 31,273 in 1940.

GROUP INSURANCE

The Group Insurance in force at the close of the year amounted to \$57,976,370 covering 38,147 employees. The amount of insurance paid to beneficiaries during the year was \$595,250.

NUMBER OF SHAREHOLDERS

The number of registered shareholders appearing on the transfer books of the Company at December 31, 1941, was 114,993, compared with 113,964 at the beginning of the year.

FINANCIAL STATEMENTS

There is attached hereto as a part of this report a Consolidated Balance Sheet showing the financial condition of the Company and consolidated subsidiary companies at the close of business December 31, 1941, together with a Consolidated Income Account and a Consolidated Surplus Account for the year, certified by Messrs. Pogson, Peloubet & Co., Certified Public Accountants.

By Order of the Board of Directors.

CORNELIUS F. KELLEY,
Chairman of the Board.

JAMES R. HOBBS,
President.

New York, N. Y., April 11, 1942.

ANACONDA COPPER MINING COMPANY
and Subsidiary Companies

Consolidated Balance Sheet—December 31, 1941

ASSETS

FIXED ASSETS:

Mines and mining claims, water rights and lands for metal producing and manufacturing plants—see note G.....			\$282,351,549.47	
Coal mines, timber lands and phosphate deposits—see note G.....	\$ 9,846,613.76			
Less reserve for depletion.....	2,500,547.72	7,346,066.04		
Buildings and machinery at mines, reduction works, refineries, manufacturing plants, sawmills, foundries, waterworks and railroads (including railroad concessions to the extent of \$801,215.04)—see note G.....	\$302,910,870.71			
Less reserve for depreciation.....	179,674,906.14	123,235,964.57		
Patents.....			1,086.00	
Investments:				
Securities of subsidiaries not consolidated—see notes C and F.....	\$ 17,098,401.65			
Other security investments, less reserve—see note F.....	14,273,782.58			
Indebtedness of subsidiaries not consolidated—not current.....	1,141,145.38	32,513,329.61	\$445,447,995.69	

DEFERRED CHARGES:

Mine development—see note H.....		\$ 10,145,113.36		
Prepaid expenses.....		380,664.76		
Deferred expenses.....		327,416.03		
Discount and expense on debentures.....		27,194.02	10,880,388.17	

CURRENT AND OTHER ASSETS:

Current assets:

Supplies on hand—see note E.....	\$ 20,117,009.49			
Metals and manufactured products:				
In process—see note D.....	7,087,739.36			
Finished—see note D.....	36,114,142.03			
Accounts and notes receivable—trade, less reserve.....	22,959,020.03			
Indebtedness of subsidiaries not consolidated—current.....	813,533.92			
United States Treasury Notes—tax series B.....	14,016,800.00			
Cash.....	64,825,859.47	\$165,934,104.30		

Other assets:

Installment house and land sales and other accounts receivable, less reserve.....	\$ 856,412.72			
Advances to sundry mining companies, including advances on ores, less reserve..	88,882.87			
Ores produced during development operations being currently treated—see note I.....	835,776.27			
Cupriferous material being currently treated—see note I.....	1,878,961.41	3,660,033.27	169,594,137.57	
			<u>\$625,922,521.43</u>	

See explanatory notes, pages 13 and 14.

ANACONDA COPPER MINING COMPANY
and Subsidiary Companies

Consolidated Balance Sheet—December 31, 1941

LIABILITIES

CAPITAL STOCK of Anaconda Copper Mining Company:

Authorized—12,000,000 shares of the par value of \$50.00 each		
Issued.....	8,919,086 shares	\$445,954,300.00
Held in treasury or through subsidiaries.....	244,748 shares	12,237,400.00
Outstanding.....	<u>8,674,338 shares</u>	<u>\$433,716,900.00</u>

CAPITAL STOCK AND SURPLUS of consolidated subsidiaries owned by minority interest..... 4,704,575.00

DEBENTURES AND NOTES OUTSTANDING:

Anaconda Copper Mining Company—4½% Sinking Fund Debentures due 1950—see note K.....	\$ 935,000.00	
Anaconda Copper Mining Company—Serial Notes—payable to banks, \$4,000,000 due April 11, 1943 and April 11, 1944, and \$8,000,000 due April 11, 1945, interest at 1¼%.....	16,000,000.00	16,935,000.00

RESERVES:

For workmen's compensation insurance.....	\$ 1,198,142.09	
For contingencies.....	5,096,750.00	6,294,892.09

CURRENT LIABILITIES:

Anaconda Copper Mining Company—Serial Notes—payable to banks, due April 11, 1942.....	\$ 4,000,000.00	
Accounts payable—trade.....	8,666,150.74	
Wages payable.....	2,051,609.10	
Accrued taxes.....	32,238,663.86	
Accrued interest.....	82,692.20	
Other accrued liabilities.....	397,734.43	
Other accounts payable.....	245,426.08	47,682,276.41

DEFERRED CREDITS TO INCOME..... 258,647.57

SURPLUS..... 116,330,230.36
\$625,922,521.43

See explanatory notes, pages 13 and 14.

ANACONDA COPPER MINING COMPANY
and Subsidiary Companies

Consolidated Income Account—Year Ended December 31, 1941

Gross sales and earnings.....	\$354,773,916.69
Cost of sales—on last-in, first-out basis—operating expenses, development, maintenance and repairs, administrative, selling and general expenses and taxes, except income and profits taxes.....	<u>262,166,084.38</u>
Income from operations of mining, smelting, refining and manufacturing plants, before deducting depreciation and depletion.....	\$ 92,607,832.31
Other income—dividends from subsidiaries not consolidated.....	\$ 1,089,538.50
—other dividends and interest and miscellaneous income.....	<u>214,211.54</u> 1,303,750.04
	\$ 93,911,582.35
Provision for depreciation and obsolescence.....	\$ 13,207,020.41
Provision for depletion of coal mines, timber lands and phosphate deposits (not including depletion of metal mines).....	<u>124,985.64</u>
Interest on debentures and serial notes.....	674,897.21
Discount and expense on debentures, including premium on debentures retired.....	134,149.99
✓ Investments in and advances to certain subsidiary mining companies written off, operations having been discontinued.....	<u>1,286,833.99</u>
	\$ 15,427,887.24
Expenditures of Chile Exploration Company previously charged to income, restored to buildings and machinery in accordance with Chilean tax requirements.....	<u>457,781.26</u> 14,970,105.98
	\$ 78,941,476.37
United States and foreign income and profits taxes—estimated, including \$6,000,000 provision for United States excess profits tax.....	<u>30,163,394.70</u>
	\$ 48,778,081.67
Provision for contingencies.....	<u>5,000,000.00</u>
Net Income, without deduction for depletion of metal mines.....	\$ 48,778,081.67
Minority share of income.....	<u>344,421.89</u>
Consolidated Net Income, without deduction for depletion of metal mines.....	<u>\$ 43,433,659.78</u>

Consolidated Surplus Account—Year Ended December 31, 1941

Surplus at beginning of year.....	\$ 95,068,315.36
Minority interest.....	<u>485,899.78</u> \$ 94,582,415.58
Consolidated Net Income, without deduction for depletion of metal mines.....	<u>43,433,659.78</u>
	\$138,016,075.36
Dividends Nos. 131, 132, 133 and 134.....	<u>21,685,845.00</u>
Surplus at end of year.....	\$116,870,756.11
Minority interest.....	<u>540,525.75</u>
Consolidated Surplus at end of year.....	<u>\$116,330,230.36</u>

See explanatory notes, page 14.

NOTES TO CONSOLIDATED BALANCE SHEET—DECEMBER 31, 1941

NOTE A—PRINCIPLES APPLYING IN CONSOLIDATION

In order to present the status of the Company's interest in subsidiaries where the interest owned (directly or through other subsidiaries) is 75% or more of the issued stock, the assets and liabilities of said subsidiaries, as they appear upon the books of said subsidiaries, are distributed under appropriate headings on the Consolidated Balance Sheet, together with adjustments to property, plant and equipment as described in Note G, except that four small subsidiaries more than 75% owned, the operations of which are not an integral part of the operations of the consolidated group, are carried as investments in the Consolidated Balance Sheet. The interest of minority stockholders of subsidiaries, the accounts of which are consolidated, is shown on the Consolidated Balance Sheet. Accounts of subsidiaries in which the Company's interest is less than 75% of the issued stock are not consolidated and the shares owned in these subsidiaries are carried as investments in the Consolidated Balance Sheet. The term "subsidiaries" is intended to mean corporations in which a majority of the voting stock is owned directly by the Company or through other corporations in which the stock interest of the Company is more than 95%.

NOTE B—ASSETS IN FOREIGN COUNTRIES

Assets in foreign countries fall principally into two groups: those of metal producing subsidiaries operating in Mexico and South America; and of a manufacturing subsidiary in Canada.

Of the net fixed assets and investments as shown on the Consolidated Balance Sheet, approximately fifty-seven per cent. are located in Mexico and South America, and less than 1/2 of one per cent. in Canada. Of the net current assets, consisting of current assets less current liabilities, included in the Consolidated Balance Sheet, approximately two per cent. are located in Mexico and South America and two per cent. are located in Canada. Cash balances in foreign countries amount to \$1,816,130.10 and consist principally of working balances held in South America, Mexico and Canada. Of deferred charges and other assets (after deducting reserves and deferred credits to income) approximately seventy-two per cent. apply to operations in Mexico and South America.

Fixed assets in foreign countries are carried in United States dollars on the basis explained in Note G as to property, plant and equipment, and Note F as to investments. Current and miscellaneous assets of metal producing subsidiaries operating in Mexico and South America are carried in the accounts of those subsidiaries in United States dollars. The portion thereof originating in foreign currencies, which is not significant, has been converted into dollars at the rate of exchange prevailing at the date of the transaction. Current assets of the Canadian subsidiary have been converted at the rate of exchange current at December 31, 1941.

NOTE C—EQUITY OF COMPANY IN UNCONSOLIDATED SUBSIDIARIES

The equity of the Company in the assets of the principal unconsolidated subsidiaries (Anaconda Wire and Cable Company, Mountain City Copper Company and National Tunnel & Mines Company) and the four unconsolidated subsidiaries referred to in Note A, as shown by their books, was in excess of the investment of the Company in such subsidiaries at December 31, 1941 in the amount of \$3,663,225.17 but the cost of the shares of said subsidiaries shown as investments on the Consolidated Balance Sheet has not been adjusted for such difference. Of this amount \$2,070,192.66 represents equity in the undistributed earnings of such subsidiaries since dates of acquisition, the remainder being differences at dates of acquisition. Walker Mining Company, formerly included as a principal unconsolidated subsidiary, discontinued operations October 24, 1941 and the investment therein was written off (see page 8 of report of Chairman of the Board).

NOTE D—INVENTORIES OF METALS AND MANUFACTURED PRODUCTS

The metallic contents of copper ores, concentrates, and cupriferous materials, and zinc and lead ores and concentrates, while in treatment at reduction plants up to the production of blister copper, electrolytic copper, metallic zinc and lead bullion, are classified as metals in process. Blister and electrolytic copper, metallic zinc, lead bullion, and other products and metals produced in connection therewith or therefrom, including stock in works at fabricating plants, are classified as finished.

Inventory in process is calculated at cost which is below the equivalent of current market for metallic content of such inventories.

Finished metals and manufactured products on hand at December 31, 1941 (except silver, gold and molybdenite, which are carried at market quotations or less), have been computed on the last-in, first-out basis. Inventories on hand at December 31, 1940 are carried at December 31, 1940 inventory valuations and accumulations since that date are valued at current costs. Inventory valuations determined in accordance with the foregoing method were below market prices for the various metals and products at December 31, 1941.

NOTE E—SUPPLIES ON HAND

Supplies on hand, including replacement parts as well as current supply items, are carried at cost.

NOTE F—INVESTMENTS—BASIS

Investments in securities of unconsolidated subsidiaries and other security investments are carried at cost or less, such cost being cash cost, or in the case of securities issued in exchange for property transferred by the Company or a consolidated subsidiary, cost of such property to the consolidated group after deducting depreciation to date of transfer, and do not indicate current values. Other securities include 333,000 shares of Inspiration Consolidated Copper Company carried at \$10,581,107.51 and \$1,665,000.00 principal amount of First Mortgage Bonds of that company carried at par.

NOTE G—PROPERTY, PLANT AND EQUIPMENT—BASIS OF VALUATION

(a) Property, plant and equipment of the Company are carried at cash cost or in the case of physical properties acquired for stock of the Company at par value of such stock.

(b) Property, plant and equipment of consolidated subsidiaries (except as to mining properties of Andes Copper Mining Company and Santiago Mining Company acquired by said companies respectively for shares of their capital stock, the basis for which is described below) are carried at cost to the subsidiary, plus or minus, as the case may be, the difference, if any, between the investment basis of the proportionate interest owned in the respective subsidiary (as set forth below) and a like proportionate interest of the net assets of such subsidiary as shown by the books of such subsidiary at the time when its accounts were first included in the Consolidated Balance Sheet of the Company and subsidiaries; to such cost is added cost of subsequent acquisitions. Such investment basis is the cash cost to the consolidated group of the stock of the respective subsidiary owned by such group or where such stock was acquired by the consolidated group for stock of the Company, the par value of the stock of the

Company issued therefor. Mining properties of Andes Copper Mining Company and Santiago Mining Company acquired by said companies respectively for shares of their capital stock, are included in the Consolidated Balance Sheet at the original par value of the shares of those companies issued therefor (i.e., \$25 per share), instead of the acquisition cost of such shares owned by the consolidated group. The total of the amounts credited to surplus of the Company and to consolidated surplus on account of the difference between the par value of the above-mentioned shares of Andes Copper Mining Company and Santiago Mining Company and cost thereof to the Company and its subsidiaries was \$23,429,105.38.

- (c) It has been the practice of the Company, consistently applied to its own properties and those of subsidiaries the stocks of which have been acquired and the accounts of which are included in the Consolidated Balance Sheet to carry property, plant and equipment as described above. Pursuant to the requirements of the United States Treasury Department, valuations as of March 1, 1913 of mining properties then owned have been recorded on the books for the purpose of computing the amount allowable as a deduction for depletion in arriving at taxable income under the Federal income tax laws, but these values have not been reflected in the published accounts of the Company.
- The Company has consistently followed the practice of not deducting in any of its published accounts, any amount for depletion on account of metals mined, and no such deduction is included in any of the financial statements submitted herewith.
- Depletion based on cost has, in the case of timber, coal and phosphate lands, been deducted from income in the financial statements submitted herewith and also from the cost basis shown in the Consolidated Balance Sheet.
- (d) The values of property, plant and equipment are shown on the bases above set forth and do not indicate current values which could be established only by current appraisals.

NOTE H—MINE DEVELOPMENT

These expenditures cover development in connection with property of the company or subsidiaries and on leased properties. They include \$7,234,483.02, formerly classified as mines and mining claims, which amount consists of main adit, haulage levels and other development expenditures of Andes Copper Mining Company.

NOTE I—ORES AND CUPRIFEROUS MATERIAL

Ores produced during development operations, now being currently treated, are carried at cost of extraction which is less than a conservatively estimated realizable value.

Cupriferous material, now being currently treated, is carried at a valuation which was assigned to a part thereof by United States Treasury Department for income tax purposes, reduced in previous years at not less than the unit rate fixed by the Treasury Department and in the current year by the entire net proceeds of metals recovered, which were in excess of the charge based on the rate fixed by the Treasury Department. The resulting valuation is less than the value of the recoverable metals contained therein at current metal prices after deducting treatment costs, both as estimated by metallurgists of the Company.

NOTE J—SURPLUS

Included in Consolidated Surplus are: (a) a credit of \$23,429,105.38 referred to in Note G above, (b) a credit of \$20,816,158.49, being the excess of the proceeds of the issue of 3,109,598.54 shares of stock of Company over the par value thereof and (c) a charge of \$11,907,498.50, being discount and expense on issuance, and premium on redemption of bonds, redeemed through funds obtained by issuance of stock above referred to. See paragraph (c) of Note G as to practice regarding depletion.

NOTE K—SINKING FUND REQUIREMENTS

Under the sinking fund provisions of the indenture providing for the issue of the 4½% Sinking Fund Debentures of Anaconda Copper Mining Company, due 1950, the Company will be obligated on August 15, 1942 to pay to the trustee under the indenture an amount sufficient to retire the debentures then outstanding at 101. The Company has made all payments required under the indenture and has satisfied all other requirements from the date of issue to December 31, 1941.

NOTE L—CONTINGENCIES

A reserve for contingencies of \$5,096,750 has been provided. So far as is known this is ample to provide for any contingent losses or liabilities now indicated. \$1,503,250 formerly included in this reserve has been applied against the amount at which investments in Europe were formerly carried.

NOTES TO CONSOLIDATED INCOME ACCOUNT—YEAR ENDED DECEMBER 31, 1941

Sales of metals and manufactured products are included in income as billed and delivered to customers. Undelivered sales contracts and purchase commitments are not given effect to in the Consolidated Income Account.

Intercompany sales and intercompany profits where these latter are material have been eliminated in the Consolidated Income Account. Depreciation has been calculated on the same basis as in previous years except that in the case of The American Brass Company additional depreciation based on the increased volume of operations has been provided. Facilities provided at the request of the United States or Canadian Governments are being amortized at rates authorized by law.

In the year 1941 the share of the Company in the combined net income (without, in the case of mining companies, making any provision for depletion of metal mines) of the principal unconsolidated subsidiaries (Anaconda Wire and Cable Company, Mountain City Copper Company and National Tunnel & Mines Company) and the four small unconsolidated subsidiaries referred to in Note A, amounted to \$2,088,651.04, from two of which \$1,089,538.50 was received in dividends and is included in the Consolidated Income Account.

There is included in consolidated income \$22,635,888.25 as Anaconda Copper Mining Company's proportion of the income of its domestic and foreign consolidated subsidiaries operating in Mexico and South America and \$316,216.05 of the earnings of those companies has been apportioned to minority stockholders, all of which income has been received in United States funds.

There is included in consolidated income \$970,515.67 which is the equivalent (based on the average monthly exchange rate for the year) in United States currency of the net income for the year 1941 of Anaconda American Brass Limited, a wholly owned Canadian subsidiary, after adjustment resulting from the conversion of net current assets at rates in effect at December 31, 1941. No dividends were received from said subsidiary during the year.

POGSON, PELOUBET & CO.
CERTIFIED PUBLIC ACCOUNTANTS

PERCY W. POGSON
MAURICE E. PELOUBET
LEWIS M. NORTON
SIDNEY W. PELOUBET
HOWARD L. GUYETT
CRAWFORD C. HALSEY

NEW YORK - 25 BROADWAY
EL PASO, TEXAS - MILLS BLDG.

CABLE ADDRESS "CERTIFIED" NEW YORK

AGENTS

EUROPE - KEMP, CHATTERIS, NICHOLS, SENDELL & CO.
LONDON AND PARIS
EGYPT - HEWAT, BRIDSON & NEWBY
ALEXANDRIA AND CAIRO

To the Board of Directors,

Anaconda Copper Mining Company,
25 Broadway, New York, N. Y.

We have examined the Consolidated Balance Sheet as of December 31, 1941 of Anaconda Copper Mining Company and the other corporations whose accounts are consolidated with its accounts as stated in Note A to the Consolidated Balance Sheet (which other corporations are hereinafter referred to as consolidated subsidiaries) and their Consolidated Income and Surplus Accounts for the calendar year 1941, have reviewed the system of internal control and the accounting procedures of the Company and its subsidiaries and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and its subsidiaries and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

The practice of the Company and its subsidiaries in computing their net income or net loss without deduction for depletion of metal mines is in accordance with accepted accounting procedures in industries engaged in the mining of copper, zinc, lead, silver and gold, and is in agreement with long established and consistently maintained accounting practices and procedures of this Company and its subsidiaries and others similarly situated, and the Company is advised by counsel that such procedure is in accordance with legal requirements.

In our opinion, the accompanying Balance Sheet and related Income and Surplus Accounts, together with the notes attached thereto or appearing thereon, present fairly the consolidated position of the Company and its consolidated subsidiaries at December 31, 1941 and the combined results of their operations for the calendar year 1941 in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

POGSON, PELOUBET & CO.,
Certified Public Accountants.

New York, March 24, 1942.

ANACONDA COPPER MINING COMPANY



ANACONDA WIRE AND CABLE COMPANY

LOCATION OF MANUFACTURING PLANTS

ANDERSON, IND.
GREAT FALLS, MONT.
HASTINGS-ON-HUDSON, N. Y.

MARION, IND.
MUSKEGON, MICH.

ORANGE, CALIF.
PAWTUCKET, R. I.
SYCAMORE, ILL.

SOME OF THE INDUSTRIES SERVED

Automotive
Aviation
Building
Electrical Apparatus
Electrical Appliance
Electrical Contracting

Electrical Equipment
Industrial Power Plants
Metal Fabricating
Marine
Mining
Petroleum

Radio
Railroad
Steam
Electric
Refrigeration
Shipbuilding

Textile
Telephone and Telegraph
Transmission Equipment
Utilities
Power Companies
Municipal Plants
Rural Electrification

PRODUCTS

ELECTRICAL WIRES AND CABLES OF EVERY DESCRIPTION

Bare Wire and Cable
Cable Accessories
Conduit
Copper Rods
Cords

Hollow Conductor Cable
Ignition Cables
Magnet Wire and Coils
Power Cable:
Lead, Rubber, Paper, V.C.

Parkway Cable
Rubber Covered Building Wires
Slow Burning Wires and Cables
Varnished Cambric Wires and Cables
Weatherproof Wires and Cables

This Company is now engaged 100% on the War Program. Special types of electrical wires and cables are being made in large quantities for aircraft, ships and motorized equipment. Wires and cables are likewise produced in large volume for signal and communication systems, and for the electrification of the country's rapidly expanding war industries.

For years, the research program of the company has

been concerned with increasing the durability, carrying capacity and dependability of electrical wires and cables. Today the benefits of this program are going into military production. When the war is over, the company will have a valuable backlog of product development and research to place at the disposal of its customers who are likewise now principally engaged on the War Program.

SALES OFFICES ARE LOCATED IN THE FOLLOWING CITIES:

Atlanta, Ga.
Boston, Mass.
Cincinnati, Ohio
Cleveland, Ohio
Dallas, Texas

Denver, Colo.
Des Moines, Iowa
Detroit, Mich.
Kansas City, Mo.
Los Angeles, Calif.

Milwaukee, Wis.
Minneapolis, Minn.
New Orleans, La.
Philadelphia, Pa.
Pittsburgh, Pa.

Rochester, N. Y.
St. Louis, Mo.
San Francisco, Calif.
Seattle, Wash.
Washington, D. C.

General Offices: 25 Broadway, New York
Chicago Sales Offices: 20 North Wacker Drive

MIN 00005132

STATEMENT 1941



Walker Mining Company

PLUMAS COUNTY, CALIFORNIA

P. O. WALKERMINE, CALIFORNIA

OPERATING OFFICE

KEARNS BUILDING, SALT LAKE CITY, UTAH



(Incorporated under the Laws of the State of Arizona)



CAPITAL STOCK

COMMON—Authorized - - - 1,750,000 shares at \$1.00 per share
Issued - - - - - 1,749,308 shares at \$1.00 per share



Directors

J. R. WALKER E. L. MAY J. O. ELTON J. B. WHITEHILL
P. T. FARNSWORTH, JR. J. F. DUGAN JOHN BAGLIN

Officers

J. R. WALKER, *President*
J. O. ELTON, *Vice-President*
J. B. WHITEHILL, *Secretary-Treasurer*

Transfer Agents

H. I. CARSON, Transfer Agent, 25 Broadway, New York City, N. Y.
ROM WARBURTON, Transfer Agent, 820 Kearns Building, Salt Lake City, Utah

Annual Meeting: May 5, 1942, at 3 P. M. in Room 202, Phoenix National
Bank Bldg., Phoenix, Arizona.

MIN 000001607

To the Stockholders of
Walker Mining Company:

Your property was on an operating basis from January 1st to October 24th, 1941, when it was closed down because of unfavorable ore development and inability to operate under the prevailing price of copper.

Vigorous exploration work by diamond drilling and underground extensions has been carried on for more than two years in an effort to develop pay ore. This thorough but costly exploration work was justified by the geological conditions exposed on the upper levels of the mine, but the uniformly negative results clearly demonstrate that further expenditures are not warranted.

Before ceasing operation officials of the Company reviewed the situation fully with the various Governmental agencies at Washington in an endeavor to secure a more favorable price that would permit the Company to continue production, but after long discussion it was agreed that there was no alternative to closing down. Since then, a premium payment of 5c per pound of copper has been authorized by Metals Reserve Company, but as this applies only to production in excess of quota based upon 1941 production, your Company is barred from receiving such bonus payment.

The year's operations resulted in a loss of \$289,034.43, as indicated in the Income Account.

The mill operated throughout October 30th until mill bins had been emptied and a general cleanup accomplished.

The total advances for all class of drifts, crosscuts, raises, etc. for the year 1941 were 6,950 linear feet. In addition 4,007 feet of diamond drilling were driven for exploration purposes.

There were no major expenditures for construction during the operation.

Ore broken during the year.....263,554 wet tons

The mill operated 258 days treating an average of 1,129 tons per working day.

Ore milled291,438 dry tons

Concentrates produced, including lime scale.....14,387.257 dry tons

There were shipped to the smelter 14,929 dry tons of concentrates, lime scale, and precipitates with net recoverable content of 7,248,128 pounds copper, 166,581 ounces silver, and 10,938 ounces gold.

The entire production of silver and gold was sold. Deliveries of copper amounted to 9,529,996 pounds, leaving 901,484 pounds on hand at the end of the year all of which has been sold for delivery in 1942.

All equipment and material in the mine below the main haulage level that would pay to salvage was hoisted before the pumps were removed. All mine and mill equipment was put in good shape for the shut down. A small crew of six men were left at the mine and one at Spring Garden, the tramway terminal, to watch warehouse stocks and equipment and protect the camp from damage by fire or heavy snows during the winter.

The financial statements of your Company for the year ending December 31, 1941 certified by Messrs. Pogson, Peloubout & Company, Certified Public Accountants, are herewith submitted for your information.

Respectfully,

J. R. WALKER,

President

Salt Lake City, Utah, April 1, 1942.

MIN 00001608

Walker Mining Company

BALANCE SHEET—DECEMBER 31, 1941

ASSETS

FIXED ASSETS—see note:		
Mines and mining claims.....	\$1,286,053.73	
Operations were discontinued in October 1941. (See report of President). For basis of valuation see note.		
Plant and equipment at mine, mill, camp and shops and aerial tramway.....	\$1,680,177.85	
Less reserve for depreciation....	1,321,529.71	358,648.14
		1,644,701.87
INSURANCE FUND DEPOSIT (securities at cost).....		32,287.50
EXPENSES PREPAID		4,456.80
CURRENT ASSETS:		
Supplies on hand—at cost	160,763.65	
Ores on hand—at estimated realizable value	7,730.83	
Copper on hand—at market	106,149.74	
Accounts receivable	3,556.45	
Cash	14,630.32	
Indebtedness of affiliates—current.....	106,430.87	399,261.86
		\$2,080,708.03

LIABILITIES

CAPITAL STOCK:		
Authorized—1,750,000 shares of the par value of \$1.00 each. Issued and outstanding—1,749,308 shares		\$1,749,308.00
DEFICIT:		
Balance December 31, 1940.....	\$ 108,701.25	
Net loss of the year 1941, without deduction for depletion	289,034.43	397,735.68
		1,351,572.32
CURRENT LIABILITIES:		
Accounts payable—trade	20,404.05	
Wages payable	550.03	
Accrued taxes	6,810.64	
Freight and refining	2,584.45	
Indebtedness to International Smelting and Refining Company	654,820.58	685,169.75
RESERVE FOR WORKMEN'S COMPENSATION INSURANCE		43,965.96
		\$2,080,708.03

INCOME ACCOUNT—YEAR ENDED DECEMBER 31, 1941

Deliveries of metals		\$1,632,598.52
Cost of deliveries:		
Copper on hand at December 31, 1940—at market	\$ 374,839.70	
Production cost	1,477,790.39	
	1,852,630.09	
Less copper on hand at December 31, 1941— at market	106,149.74	1,746,480.35
Operating loss without deduction for depreciation and depletion		113,881.83
Interest paid	18,557.57	
Loss on sale of securities.....	225.00	
	18,782.57	
Interest received	1,105.01	17,677.56
Depreciation		131,559.39
Net Loss, without deduction for depletion.....		157,475.04
		\$ 289,034.43

MIN 00001609

Walker Mining Company

NOTE TO FINANCIAL STATEMENTS

NOTE—FIXED ASSETS—BASIS OF VALUATION

Mines and mining claims and plant and equipment at mine, mill, camp and shops and aerial tramway of Walker Mining Company are carried on its books at cost, such cost being represented in the case of mines and mining claims to the extent of \$1,250,000.00 by par value of capital stock issued therefor and in the case of all other fixed assets by cash cost thereof.

Depreciation has been written off on a unit of production basis.

In order to comply with the Government income tax requirements for the purpose of computing depletion, additional entries respecting the valuation of the mining property have been recorded upon the books of the Company; but being made in compliance with the Regulations of the Bureau of Internal Revenue only, the result of such entries is omitted from the current statements.

The values of fixed assets are shown on the bases above set forth and do not indicate current values which could be established only by current appraisals.

To the Board of Directors,
Walker Mining Company,
Salt Lake City, Utah

We have examined the Balance Sheet of Walker Mining Company as of December 31, 1941 and its Income and Surplus Accounts for the calendar year 1941, have reviewed the system of internal control and the accounting procedures of the Company and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

The practice of the Company in computing its net income without deduction for depletion of metal mines is in accordance with accepted accounting procedures in industries engaged in the mining of copper, silver and gold and is in agreement with the accounting practices and procedures consistently maintained by this Company and others similarly situated, and the Company is advised by counsel that such procedure is in accordance with legal requirements.

Operations were discontinued in October 1941. Values of mines and mining claims are stated at cost and do not indicate current values. See President's report.

In our opinion, the accompanying Balance Sheet and related Income and Surplus Accounts together with the notes attached thereto or appearing thereon, with the explanation in the preceding paragraph, present fairly the position of Walker Mining Company at December 31, 1941, and the results of its operations for the calendar year 1941, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

POGSON, PELOUBET & CO.,
Certified Public Accountants

New York, April 1, 1942.

MIN 000001610

STATEMENT 1942



Walker Mining Company

PLUMAS COUNTY, CALIFORNIA

P. O. WALKERMINE, CALIFORNIA

OPERATING OFFICE

KEARNS BUILDING, SALT LAKE CITY, UTAH



(Incorporated under the Laws of the State of Arizona)



CAPITAL STOCK

COMMON—Authorized	- - -	1,750,000 shares at \$1.00 per share
Issued	- - -	1,749,308 shares at \$1.00 per share



Directors

J. R. WALKER	E. L. MAY	J. O. ELTON	J. B. WHITEHILL
P. T. FARNSWORTH, JR.		J. F. DUGAN	JOHN BAGLIN

Officers

J. R. WALKER, *President*
J. O. ELTON, *Vice-President*
J. B. WHITEHILL, *Secretary-Treasurer*

Transfer Agents

H. I. CARSON, Transfer Agent, 25 Broadway, New York City, N. Y.
ROM WARBURTON, Transfer Agent, 821 Kearns Building, Salt Lake City, Utah

Annual Meeting: May 4, 1943, at 3 P. M. in Room 202, Phoenix National Bank Bldg., Phoenix, Arizona

*To the Stockholders of
Walker Mining Company:*

Your company did not operate during the year 1942. It was closed down in October 1941, and the conditions which caused the shutdown, as given in the 1941 annual report, have not materially changed.

Six men were employed as caretakers and watchmen, who kept the plant and mine in as good repair as possible with this small crew.

All the copper on hand from the previous year's operation was sold.

The financial statements for the year ending December 31, 1942, certified by Messrs. Pogson, Peloubet and Company, Certified Public Accountants, are submitted for your information.

Respectfully,

J. R. WALKER,

President.

Salt Lake City, Utah, March 31, 1943.

Walker Mining Company

BALANCE SHEET — DECEMBER 31, 1942



ASSETS

MINES AND MINING CLAIMS		\$1,286,088.33
Operations were discontinued in October 1941. (See report of President.) For basis of valuation see note.		
Plant and equipment at mine, mill, camp and shops and aerial tramway	\$1,631,691.26	
Less reserve for depreciation	1,301,427.31	330,263.95
EXPENSES PREPAID		2,540.96
INSURANCE FUND DEPOSIT (securities at cost)		32,287.50
SUPPLIES ON HAND—AT COST		131,537.85
INDEBTEDNESS OF AFFILIATE		33,778.22
ACCOUNTS RECEIVABLE		204.76
CASH		11,762.85
		\$1,828,464.42

LIABILITIES

CAPITAL STOCK:		
Authorized—1,750,000 shares of the par value of \$1.00 each. Issued and outstanding — 1,749,308 shares		
		\$1,749,308.00
DEFICIT, without deduction for depletion:		
Balance December 31, 1941	\$ 397,735.68	
Net loss of the year	42,447.81	440,183.49
		1,309,124.51
ACCOUNTS AND WAGES PAYABLE AND TAXES ACCRUED		2,831.96
INDEBTEDNESS TO INTERNATIONAL SMELTING AND REFINING COMPANY		493,572.28
RESERVE FOR WORKMEN'S COMPENSATION INSURANCE		22,935.67
		\$1,828,464.42



INCOME ACCOUNT — YEAR ENDED DECEMBER 31, 1942

Sales of copper on hand at beginning of year	\$ 106,531.81	
Inventory value thereof	106,149.74	\$ 382.07
Interest received		1,175.59
		1,557.66
Interest paid to International Smelting and Refining Company	12,379.24	
Maintenance of property and sundry expenses	31,626.23	44,005.47
Net loss		\$ 42,447.81

Walker Mining Company

NOTE TO FINANCIAL STATEMENT

NOTE—FIXED ASSETS—BASIS OF VALUATION

Mines and mining claims and plant and equipment at mine, mill, camp and shops and aerial tramway of Walker Mining Company are carried on its books at cost, such cost being represented in the case of mines and mining claims to the extent of \$1,250,000.00 by par value of capital stock issued therefor and in the case of all other fixed assets by cash cost thereof.

Depreciation reserve up to cessation of operations was accumulated on a unit of production basis.

In order to comply with the Government income tax requirements for the purpose of computing depletion, additional entries respecting the valuation of the mining property have been recorded upon the books of the Company; but being made in compliance with the Regulations of the Bureau of Internal Revenue only, the result of such entries is omitted from the current statements.

The values of fixed assets are shown on the bases above set forth and do not indicate current values which could be established only by current appraisals.



To the Board of Directors,
Walker Mining Company,
Salt Lake City, Utah.

We have examined the Balance Sheet of Walker Mining Company as of December 31, 1942 and its Income and Surplus Accounts for the calendar year 1942, have reviewed the system of internal control and the accounting procedures of the Company and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary. No physical tests of inventories were made by us but we satisfied ourselves by other means of the correctness of the inventories of December 31, 1942 and the transactions in metals and supplies during the year.

Values of mines and mining claims are stated at cost and do not indicate current values. Mining operations were discontinued in October 1941 and there is no present prospect of their resumption. The Company's activities during the year were confined to liquidation of inventories and maintenance of properties.

In our opinion the accompanying Balance Sheet and related Income and Surplus accounts together with notes attached thereto or appearing thereon, subject to the explanation in the preceding paragraphs, present fairly the position of Walker Mining Company at December 31, 1942 and the results of its operations for the calendar year 1942 in conformity with generally accepted accounting principles applied on a basis consistent in all material respects with that of the preceding year.

Respectfully submitted,

POGSON, PELOUBET & CO.,
Certified Public Accountants.

March 29, 1943

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C.

FORM 10-K
FOR CORPORATIONS

ANNUAL REPORT

For Fiscal Year Ended December 31, 1942

WALKER MINING COMPANY

(Name of registrant)

818 Kearns Building, Salt Lake City, Utah

(Address of principal executive offices)

State of Arizona - October 23, 1913

(The State or other sovereign power under which incorporated and date of incorporation)

Charter terminated October 23rd, 1938. An extension was
obtained, which extension terminates October 23rd, 1963

(Date of termination of charter)

First Tuesday in May at 3:00 o'clock P.M. in
Phoenix, Arizona

(Date and place of annual meetings)

TABLE OF SECURITIES REGISTERED

SECURITIES REGISTERED			Names of exchanges on which registered
Title of issue	Amount as of close of fiscal year		
	Amount as to which registration is effective	Amount to be registered upon notice of issuance	
Capital Stock - Common par value \$1.00 Non-assessable	1,749,308	692	Salt Lake Stock Exchange
Capital Stock - Common par value \$1.00 Non-assessable	1,749,308		New York Curb Exchange
			MIN 000012682

Name and address of person authorized to receive notices and communications from the Securities and Exchange Commission:

Rom Warburton, Cashier
Walker Mining Company
818 Kearns Building
Salt Lake City, Utah

The information required to be given under the items herein set forth is more specifically defined in the Instruction Book for Form 10-K for Corporations.

The instruction book also sets forth requirements as to exhibits which are to accompany the annual report.

AFFILIATIONS

1. List the following and indicate the respective percentages of voting power, or other basis of control, as required by the instructions:

(a) All subsidiaries of the registrant.

(b) All parents of the registrant.

(a) No subsidiaries

(b) Anaconda Copper Mining Company

International Smelting and Refining Company (100%)

Walker Mining Company (50.42%)

MANAGEMENT AND CONTROL

2. List the names and addresses of all directors and officers of the registrant. Indicate the office or offices held. If any person is both an officer and director, so state.

Name	Address	Office
J. R. Walker	Boston Building Salt Lake City, Utah	President and Director
J. O. Elton	818 Kearns Building Salt Lake City, Utah	Vice-President Director
J. B. Whitehill	818 Kearns Building Salt Lake City, Utah	Secretary-Treasurer and Director
Jas. Dickson	25 Broadway New York, N. Y.	Asst. Secretary
E. O. Sowerwine	25 Broadway New York, N. Y.	Asst. Secretary
J. H. Collins	818 Kearns Building Salt Lake City, Utah	Asst. Secretary
P. T. Farnsworth, Jr.	Walker Bank Building Salt Lake City, Utah	Director
J. F. Dugan	818 Kearns Building Salt Lake City, Utah	Director
Earl L. May	c/o Lundin & May Salt Lake City, Utah	Director
J. C. Baglin	Felt Building Salt Lake City, Utah	Director
P. J. Geisler	25 Broadway New York, N. Y.	Vice-President
A. R. Mueller	25 Broadway New York, N. Y.	Asst. Secretary

MIN 000012684

3. Give the information required below for all persons owning of record more than 10 percent of any class of equity securities of the registrant.

As of April 1, 1943 (insert date within 93 days)

Name and address	Title of issue	Amount owned	Percent of the class
International Smelting and Refining Co. 818 Kearns Building Salt Lake City, Utah	Capital Stock - Common	882,000	50.42%

4. Give the following information as to the registrant's securities, other than equity securities, owned by each director and each officer of the registrant. The statements are to be made both as to the securities owned of record and those owned beneficially.

As of December 31, 1942

Name	Office	Securities owned		
		Title of issue	Amount of record	Amount beneficially
J. R. Walker	President and Director	None	None	None
J. O. Elton	Vice-President and Director	"	"	"
J. B. Whitehill	Secretary-Treasurer and Director	"	"	"
F. T. Farnsworth, Jr.	Director	"	"	"
J. F. Dugan	Director	"	"	"
Earl L. May	Director	"	"	"
Jas. Dickson	Asst. Secretary	"	"	"
E. C. Soverwine	Asst. Secretary	"	"	"
J. H. Collins	Asst. Secretary	"	"	"
J. C. Baglin	Director	"	"	"
A. R. Mueller	Asst. Secretary	"	"	"
F. J. Geisler	Vice-President	"	"	"

5. State briefly the general effect of: (a) Material changes, made within the fiscal year and not previously reported, in contracts and arrangements of the categories enumerated below which have been previously reported; (b) such contracts and arrangements, made or in effect within the fiscal year and not previously reported, including the dates thereof and names of parties thereto.

- (i) Material management or general supervisory contracts providing for management of, or services to, the registrant or any of its subsidiaries.
- (ii) Material advisory, construction or service contracts with affiliates providing for management of, or services to, the registrant or any of its subsidiaries.
- (iii) Material contracts, except as provided by the instructions, between the registrant or any affiliate of the registrant on the one hand, and, on the other hand, any director or officer of the registrant, any principal underwriter of any securities of the registrant sold by the registrant within the past 3 fiscal years, or any security holder named in answer to item 3.
- (iv) Material bonus and profit-sharing arrangements.

(i) None

(ii) None

(iii) None

(iv) None

6. As to any options outstanding at the close of the fiscal year to purchase securities of the registrant from the registrant: (a) State the amount, with the title of the issue, called for by such options; (b) outline briefly the prices, expiration dates, and other material conditions on which such options may be exercised; (c) give the name and address of each person holding such options calling for more than 5 percent of the total amount subject to option, and give the amount called for by the options of each such person; and (d) for each class of such options not previously reported state the consideration for the granting thereof.

No such options outstanding at the close of the fiscal year.

BUSINESS

7. Describe briefly the material changes which may have occurred within the fiscal year in the general character of the business done by the registrant and its subsidiaries.

There have been no changes within the fiscal year

FINANCIAL STATEMENTS

8. Submit financial statements in accordance with the instructions and the rules and regulations of the Commission supplementary thereto.

~~(The financial statements and schedules are to be inserted at this point in the annual report.)~~

(See financial statements and schedules following page 11)

MIN 000012688

REMUNERATION OF DIRECTORS, OFFICERS, AND OTHERS

9. Give the information required below in tabular form concerning the aggregate remuneration paid by the registrant and its subsidiaries, directly or indirectly, to the following persons *in all of their capacities*:
- The name and aggregate remuneration of each person among the officers, directors, and employees of the registrant receiving one of the three highest aggregate amounts of remuneration.
 - The aggregate remuneration of all directors of the registrant; indicate the number of such directors without naming them.
 - The aggregate remuneration of all officers, other than those who are directors, of the registrant; indicate the number of such officers without naming them.
 - The aggregate remuneration of all employees of the registrant who, respectively, received remuneration from the registrant in excess of \$20,000 within the fiscal year; indicate the number of such employees without naming them.

Name, or number of persons not named	Capacities in which remuneration was received	Aggregate remuneration within regis- trant's fiscal year
(a) Frank Irwin Edward A. Harris John J. Olaeta	Clerk Watchman "	2,610.52 1,266.67 1,206.64
(b) 7	Directors	410.00
(c) 4	Asst. Secretaries	None
(d) None	None	None

10. State the name of, and amount received by, each person who received as bonuses or shares in profits \$30,000, or more, from the registrant or its wholly-owned subsidiaries, during the fiscal year.

None

MIN 000012689

11. Give the information required below in tabular form concerning the aggregate remuneration paid by the registrant, directly or indirectly, to any person, other than a director, officer, or employee, whose aggregate remuneration from the registrant, in all capacities, exceeded \$20,000 during the fiscal year.

Name	Capacities in which remuneration was received from the registrant	Aggregate remuneration during registrant's fiscal year
None		

SALES OF SECURITIES BY REGISTRANT

12. Furnish the following information as to all securities of the registrant sold by the registrant within the fiscal year:
- Title of issue; and, if stock, the par value, or, if no par, stated value, if any.
 - Amount sold.
 - Date of sale.
 - Aggregate net cash proceeds, or the nature and aggregate amount of any consideration other than cash, received by the registrant.
 - Names of principal underwriters, if any, indicating any such underwriters as were affiliates of the registrant.
 - A statement that such securities were registered under the Securities Act of 1933, or a brief statement of the facts necessary to establish that such registration was not required

There were no securities of the registrant sold by the registrant within the fiscal year.

13. As to any securities for which application for registration under the Securities Exchange Act of 1934 had been filed and which remained unissued at the close of the fiscal year, furnish the following information:

- (a) Title of issue.
- (b) The total amount unissued at the close of the fiscal year.
- (c) A brief description of the proposed transactions for the issuance of such securities.

(a) Capital Stock - Common

(b) 692 shares

(c) None proposed

DESCRIPTION OF SECURITIES

14. (a) If any material modifications, not previously reported, have been made in any security a description of which has previously been reported, or in the indenture, charter, or other constituent instrument defining rights of the holders of such security, give the title of the issue and state briefly the general effect of such modifications.

(b) For each class of capital stock of the registrant a description of which has not previously been reported, and which, either as to dividends or on liquidation, ranks equal or prior to any stock registered on a national securities exchange, outline briefly: (1) Dividend rights; (2) limitations in any indentures or other agreements on the payment of dividends; (3) voting rights; (4) liquidation rights; (5) preemptive rights; (6) subscription rights; (7) conversion rights; (8) redemption provisions applicable thereto; and (9) liability to further calls.

(a) No changes

(b) None

15. State briefly the general effect of—

- (a) Any material modifications, made within the fiscal year and not previously reported, in contracts of guarantee by the registrant of the securities of other issuers, which have been previously reported.
 - (b) Any such contracts made within the fiscal year and not previously reported.
- (a) No changes
 - (b) None

This annual report comprises—

(1) Pages numbered 1 to 11, consecutively, and insert pages numbered _____, including the following financial statements and schedules:

(See financial statements and schedules following page 11)

(2) The following exhibits:

None

This annual report is filed subject to the instructions contained in the Instruction Book for Form 10-K for Corporations, and amendments numbered 1

SIGNATURE

In pursuance of the requirements of the Securities Exchange Act of 1934, the registrant WALKER MINING COMPANY, a corporation organized and existing under the laws of Arizona, has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, and its seal to be hereunto affixed and attested, all in the city of Salt Lake and State of Utah on the 23 day of April, 1943

WALKER MINING COMPANY
(Signature of registrant)

By _____
(Name and title) Vice-President

[SEAL]

Attest:

(Name and title) Secretary

POGSON, PELOUBET & Co.
CERTIFIED PUBLIC ACCOUNTANTS

PERCY W. POGSON
MAURICE E. PELOUBET
LEWIS M. NORTON
SIDNEY W. PELOUBET
HOWARD L. GUYETT
CRAWFORD C. HALSEY

NEW YORK - 25 BROADWAY
EL PASO, TEXAS - MILLS BLDG.

NEW YORK

Walker Mining Company,
Salt Lake City,
Utah.

We have examined the financial statements (as described below) of Walker Mining Company, have reviewed its system of internal control and accounting procedures and, without making a detailed audit of the transactions, have examined or tested its accounting records and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances, and included all procedures which we considered necessary. No physical tests of inventories were made by us but we satisfied ourselves by other means of the correctness of the inventories of December 31, 1942 and the transactions in metals and supplies during the year. These financial statements are set forth in the annual report Form 10 K for the calendar year 1942 of Walker Mining Company to be filed pursuant to Section 13 (a) and (b) of the Securities Exchange Act of 1934 and the Regulations of the Securities and Exchange Commission made thereunder and comprise:

The Balance Sheet as of December 31, 1942 of Walker Mining Company (which corporation is hereinafter sometimes referred to as the registrant) and its Profit and Loss Statement and Statement of Surplus for the calendar year 1942, together with other supporting schedules referred to on page 10.

Values of mines and mining claims are stated at cost and do not indicate current values. Mining operations were discontinued in October 1941 and there is no present prospect of their resumption. The company's activities during the year were confined to liquidation of inventories and maintenance of properties.

In our opinion, the accompanying Balance Sheet and related Profit and Loss Statement and Statement of Surplus and other supporting schedules referred to above and hereto annexed, together with the notes attached thereto or appearing thereon, subject to the explanation in the preceding paragraphs, present fairly the position of the registrant at December 31, 1942 and the results of its operations for the calendar year 1942, in conformity with generally accepted accounting principles applied on a basis consistent in all material respects with that of the preceding year.

Pogson, Peloubet & Co.
POGSON, PELOUBET & CO.,

Certified Public Accountants

New York, April 15, 1943

MIN 000012694

WALKER MINING COMPANY
FINANCIAL STATEMENTS AND SCHEDULES SUBMITTED

Certificate of Messrs. Pogson, Peloubet & Co., Certified Public Accountants, dated April 15, 1943, with respect to the financial statements and schedules listed below:

Balance Sheet as of December 31, 1942
 Profit and Loss Statement for the calendar year 1942
 Statement of Surplus for the calendar year 1942
 Schedule V - Property, plant and equipment
 Schedule VI - Reserves for depreciation, depletion and amortization of property, plant and equipment
 Schedule XII - Reserves
 Schedule XVI - Supplementary profit and loss information

SCHEDULES OMITTED

Schedule I - Marketable securities - Other security investments
 Marketable securities
 Schedule is not applicable

Other security investments
 Omitted in accordance with Rule 5-04, Schedule I (2) of Regulation S-X

Schedule II - Amounts due from directors, officers and principal holders of equity securities other than affiliates
 Schedule III - Investments in securities of affiliates
 Schedule IV - Indebtedness of affiliates - Not current
 Schedules are not applicable

Schedule VII - Intangible assets
 Schedule VIII - Reserves for depreciation and amortization of intangible assets
 Schedule IX - Funded debt
 Schedule X - Indebtedness to affiliates - Not current
 Schedule XI - Guarantees of securities of other issuers
 Schedules are not applicable

Schedule XIII - Capital shares
 Omitted in accordance with Rule 5-04 (a)(1) of Regulation S-X

Schedule XIV - Warrants or rights
 Schedule XV - Other securities
 Schedule XVII - Income from dividends - Equity in net profit and loss of affiliates
 Schedules are not applicable

MIN 000012695

WALKER MINING COMPANYBALANCE SHEET - DECEMBER 31, 1942

See explanatory notes on following page, which are an integral part of this Balance Sheet

ASSETS AND OTHER DEBITS

CURRENT ASSETS:

Cash on hand and in banks	\$	11,762.85	
Accounts receivable		204.76	
Indebtedness of affiliate		33,778.22	
Supplies on hand - at average cost		<u>131,537.85</u>	177,283.68

INSURANCE FUND DEPOSIT (securities at cost)			32,287.50
---	--	--	-----------

PROPERTY, PLANT AND EQUIPMENT - see note A:

Mines and mining claims - schedule V		1,286,088.33	
--------------------------------------	--	--------------	--

Operations were discontinued in October 1941. For basis of valuation see note A.

Buildings and machinery at mine, mill, camp and shops and aerial tramway - schedule V	\$	1,631,691.26	
Less reserve for depreciation - schedule VI		<u>1,301,427.31</u>	
			<u>330,263.95</u>
			1,616,352.28

DEFERRED CHARGES:

Prepaid expenses			<u>2,540.96</u>
------------------	--	--	-----------------

			<u>\$ 1,828,464.42</u>
--	--	--	------------------------

LIABILITIES, CAPITAL SHARES AND SURPLUS

CURRENT LIABILITIES:

Accounts payable - trade	\$	1,821.46	
Wages payable		500.71	
Accrued taxes		509.79	
Indebtedness to International Smelting and Refining Company		<u>493,572.28</u>	496,404.24

RESERVE FOR WORKMEN'S COMPENSATION INSURANCE - schedule XII

			22,935.67
--	--	--	-----------

CAPITAL SHARES AND SURPLUS:

Capital stock - see note B:			
Authorized - 1,750,000 shares of the par value of \$1.00 each			
Issued and outstanding - 1,749,308 shares		1,749,308.00	
Deficit - see Statement of Surplus		<u>440,183.49</u>	<u>1,309,124.51</u>

			<u>\$ 1,828,464.42</u>
--	--	--	------------------------

MIN 000012696

WALKER MINING COMPANYNOTES TO BALANCE SHEET

NOTE A - PROPERTY, PLANT AND EQUIPMENT - BASIS OF VALUATION

- (a) Mines and mining claims and buildings and machinery at mine, mill, camp and shops and aerial tramway are carried at cost, such cost being represented in the case of mines and mining claims to the extent of \$1,250,000 by par value of capital stock issued therefor and in the case of all other fixed assets by cash cost thereof.
- (b) Prior to the cessation of operations it was the practice of the registrant to accumulate depreciation reserve on a unit of production basis.
- (c) The registrant has consistently followed the practice of not deducting in any of its financial statements, any amount for depletion on account of metals mined, and no such deduction is included in any of the financial statements submitted herewith.

In order to comply with the Government income tax requirements for the purpose of computing depletion, additional entries respecting the valuation of the mining property have been recorded upon the books of the registrant but being made in compliance with the Regulations of the Bureau of Internal Revenue only, the result of such entries is omitted from the current statements.

- (d) The values of property, plant and equipment are shown on the bases above set forth and do not indicate current values which could be established only by current appraisals.

NOTE B - CAPITAL STOCK

No shares are reserved for officers and employees or for options, warrants, conversions and other rights.

MIN 000012697

WALKER MINING COMPANY
PROFIT AND LOSS STATEMENT
YEAR ENDED DECEMBER 31, 1942

Deliveries of copper to affiliate	\$ 106,531.81	
Inventory value thereof	<u>106,149.74</u>	382.07
Interest received		<u>1,175.59</u>
		1,557.66
Maintenance of property and sundry expenses	29,164.90	
General and administrative expense	<u>2,461.33</u>	
	31,626.23	
Interest paid to International Smelting and Refining Company	<u>12,379.24</u>	<u>44,005.47</u>
Net loss		<u>\$ 42,447.81</u>

See note A to Balance Sheet.

MIN 000012698

WALKER MINING COMPANYSTATEMENT OF SURPLUSYEAR ENDED DECEMBER 31, 1942

Deficit, December 31, 1941	\$ 397,735.68
Net Loss, without deduction for depletion	<u>42,447.81</u>
Deficit, December 31, 1942	<u><u>\$ 440,183.49</u></u>

MIN 000012699

PROPERTY, PLANT AND EQUIPMENT

<u>Column A</u>	<u>Column F</u>
<u>Classification</u>	<u>Balance at close of period</u>
<u>Mines, mining claims and development</u>	
Mines and mining claims	\$ 1,286,088.33
<u>Buildings and machinery at mine, mill, camp and shops and aerial tramway</u>	
Mine, mill and shop buildings and equipment	\$ 1,002,739.36
Mill camp buildings and equipment	299,835.67
Aerial tramway	224,906.56
Dam construction	82,730.32
Miscellaneous	21,479.35
	<u>\$ 1,631,691.26</u>

NOTE - Neither additions nor deductions for the year were in excess of 10% of the balance at close of period.

RESERVES FOR DEPRECIATION, DEPLETION AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT

<u>Column A</u>	<u>Column B</u>	<u>Column C</u>	<u>Column D</u>	<u>Column E</u>
<u>Description</u>	<u>Balance at beginning of period</u>	<u>Additions</u>	<u>Deductions from reserve</u>	<u>Balance at close of period</u>
		(1) (2)	(1) (2)	
		Charged to profit and loss or income	Retirements, renewals and replacements	
		Charged to other accounts	Other	
Reserve for depreciation of buildings and machinery at mine, mill, camp and shops and aerial tramway	\$ 1,321,529.71		20,102.40	1,301,427.31

NOTE 1 - See note A (c) to Balance Sheet.

RESERVES

<u>Column A</u>	<u>Column B</u>	<u>Column C</u>		<u>Column D</u>	<u>Column E</u>
<u>Description</u>	<u>Balance at beginning of period</u>	<u>Additions</u>		<u>Deductions from reserve</u>	<u>Balance at close of period</u>
		<u>(1)</u> Charged to profit and loss or income	<u>(2)</u> Charged to other accounts		
Reserve for workmen's compensation insurance	\$ 43,965.96			21,030.29 (1)	22,935.67

NOTE 1 - Compensation paid and expenses

SUPPLEMENTARY PROFIT AND LOSS INFORMATION

<u>Column A</u>	<u>Column B</u>	<u>Column C</u>	<u>Column D</u>
<u>Item</u>	<u>Charged directly to Profit and Loss</u>	<u>Charged to other accounts</u>	<u>Total</u>
	(1)	(1)	
	<u>To costs or operating expenses</u>	<u>Other</u>	<u>Account Amount</u>
1. Maintenance and repairs			None
2. Depreciation, depletion and amortization of fixed and intangible assets (or charges in lieu thereof)			None
3. Taxes, other than income and excess profits taxes	\$ 2,276.84		2,276.84
4. Management and service contract fees			None
5. Rents and royalties			None

NOTE - The items as shown above contain all charges of a material amount falling under the different classifications. An analysis of the operating accounts has been made with a view to segregating all items of a material amount falling under these classifications.

INTERNATIONAL SMELTING AND REFINING COMPANY

25 Broadway

New York 4, N. Y.

OFFICE OF
THE VICE PRESIDENT

January 11, 1944.

WALKER MINING COMPANY,
THE BOARD OF DIRECTORS OF
WALKER MINING COMPANY, AND
MR. J. B. WALKER, PRESIDENT.

Gentlemen:

Walker Mining Company is indebted to International Smelting and Refining Company upon the promissory note, dated December 31, 1940, payable on demand, and bearing interest at the rate of 2 1/4 percent per annum, in the amount of \$484,909.45 principal and, as of December 31, 1943, \$24,501.98 interest. In addition thereto, the Company is indebted to International Smelting and Refining Company in the sum of \$353.12 upon open account for advances made.

These sums were advanced from time to time to increase the mill capacity to handle lower grade ore and to make possible vigorous exploration work by diamond drilling and underground extensions in an effort to develop pay ore in the mine and to keep the mine operating under unfavorable conditions. The thorough but costly exploration work was justified by the geological indications but such work finally demonstrated that further expenditures were unwarranted, and the property was closed down on October 24, 1941.

It is our understanding that prior to closing down your directors and operating officials discussed the situation fully with the various governmental agencies at Washington in an effort to secure such a price for copper as would permit the Company to continue operation but that such discussions offered no alternative to closing down.

We are further informed that since that time, through 1942 and 1943, the subject of the reopening of the Walker Mine was fully canvassed by the Copper Division of the War Production Board, in cooperation with your operating officials and directors. The final decision of the War Production Board as late as October 6, 1943 was to the effect that after careful consideration, the Copper Division was unable to recommend that a contract be negotiated on a cost-plus basis for the reopening of or production of copper from this property.

It results that, since the possibilities of the property are considered exhausted, and since the property has been shutdown for over two years and there is no prospect of reopening, further delay upon the part of this Company in the collection of its indebtedness cannot be permitted. The assets of Walker Mining Company from which payment, in whole or in part, must be realized are limited to the mine, which must be regarded as worthless, to the small amount of cash on hand, which is rapidly diminishing by reason of the current cost of maintenance and protection, and to the inventory on hand, the machinery and equipment and the salvage from the buildings. While opportunities are currently presented for sales of the inventory and a part at least of the machinery and equipment, such opportunities are being and will be increasingly minimized as the need for a maximum war production from mines diminishes.

Before taking legal steps for the collection of its indebtedness, International Smelting and Refining Company desires to afford Walker Mining Company and any of its other stockholders every opportunity to reorganize on a basis which will include the discharge of the indebtedness or to make such sale or disposition of the property as will achieve that result.

It is suggested that the Board of Directors consider the situation and inform all the stockholders of the present status of the Company's affairs, of the properties and of the indebtedness.

It is further suggested that, if within sixty days from the date of the notice, or in any event not later than April 1, 1944, the indebtedness has not been liquidated, your Company take such proceedings for reorganization or dissolution as will result in an orderly disposition of its assets and the application of the proceeds to the payment of the indebtedness owing by your Company to the undersigned and others.

Very truly yours,

INTERNATIONAL SMELTING AND REFINING COMPANY
By Frederick Laist,
Vice President.

MIN 000001562