Lead Refining Contract

(C O P Y)

AMERICAN SMELTING & REFINING COMPANY

120 Broadway,

New York, May 31, 1929.

Cerro de Pasco Copper Corp.,
44 Wall Street,
New York, N. Y.

Attention Mr. C. V. Drew:

Gentlemen:

Referring to agreement entered into August 1st, 1928, between your Company and ourselves, it is understood and agreed that the term of said agreement shall be, and hereby is, extended for a period of two years, and as extended such agreement shall remain in full force and effect to cover the lead bullion produced during the years 1930 and 1931. Such extension to be subject to all of the provisions and conditions of said agreement

The following amendments have been agreed to and are to take effect with the production beginning October 1st. 1929:-

Tonnage: Under the paragraph headed "Tonnage" the quantity of production is to be changed to read 4,000 tons per month instead of 2,000 tons, except that for the months October to December inclusive of this year the quantity shall be 3300 tons per month.

Quality: Under the paragraph headed "Quality" the silver limits are to be 100 to 350 ounces per ton instead of 150 - 350 ounces per ton.

Return of Silver: The second paragraph of the "Silver Payment Clause" will be changed to read as follows:

"Silver to be in the form of commercial bars of weight customary in the trade, at least .999 fine of standard A.S.&R. brands. Deliveries to be made during banking hours at ....etc."

Excess Receipts at Refinery: Under the paragraph headed "Excess Receipts at Refinery" the quantity to be changed to 4500 tons per month instead of 2500 tons per month, except for the months October to December inclusive of this year the figure will be 3700 tons.

Diversion: Under the paragraph headed "Diversion" following clause is to be substituted for the one in the present contract:

"Refinery to have the right to divert shipments of bullion to any other plant in the United States upon giving sufficient notice to the Mining Company to enable them to effect the necessary changes in their freight arrangements to comply with such diversion. Should freight, lighterage or other costs on such bullion as a result of such diversion be any more or any less than to Perth Amboy such increase or saving is to be for the account of the Refinery. The accounting for, and or return of, all metals contained in the bullion so diverted is to be the same as if refined at Perth Amboy.

The intent of this "Diversion Clause" is to guarantee that the Mining Company shall not pay any more for shipment and refining of its lead bullion nor realize any less from the contents thereof than if the bullion were refined at Perth Amboy.

Should the elapsed time on diverted shipments of bullion from date of shipment from Callao to date of arrival at any refinery other than Perth Amboy, to which bullion has been so diverted, be more than fifteen (15) days (the average time Callao to Perth Amboy), then Refinery shall pay the Mining Co. interest at the rate of six percent (6%) per annum on the liquidating value of the lead and gold contents for all time in excess of forty-one (41) days from date of shipment from callao until date of settlement as given in the "Settlement" clause, and shall allow interest at the same rate on the value of the returnable silver contents for all time in excess of fifty (50) days from date of shipment at Callao until the date provided for in the contract for the return of the silver. The value of the returnable silver contents for the purpose of calculating interest shall be based on the Handy & Harman average quotation for the period of ten (10) quotational days immediately following arrival of shipment alongside dock at Refinery. In place of the payment of interest upon the value of the returnable silver contents, the Refinery shall have the option of returning the silver to the Mining Co. fifty (50) days after date of shipment from Callao, provided the Refinery gives notice to the Mining Co. within fourteen (14) days after shipment from Callao of its intention to exercise this option."

Signed and dated as of

Very truly yours
AMERICAN SMELTING & REFINING COMPANY

By ....

CERRO DE PASCO COPPER CORP.

By (Sgd.).EDWARD.H..CLARK..
President.

ADX

May 23, 1929

AS&R

Referring to agreement entered into August 1, 1928, between your company and ourselves, it is understood and agreed that the term of said agreement shall be, and hereby is, extended for a period of two years, and as extended such agreement shall remain in full force and effect to cover the lead bullion produced during the years 1930 and 1931. Such extension to be subject to all of the provisions and conditions of said agreement.

The following amendments have been agreed to and are to take effect with the production beginning September 1, 1929:-

TONNAGE

Under the paragraph headed "Tonnage" the quantity of production is to be changed to read 4,000 tons per month instead of 2,000 tons.

QUALITY

Under the paragraph head "QUALITY" the silver limits are to be 100 to 350 ounces per ton instead of 150 - 350 ounces per ton.

EXCESS RECEIPTS AT REFINERY

Under the paragraph headed "EXCESS RECEIPTS AT REFINERY" the quantity to be changed to 4500 tons per month instead of 2500 tons per month.

DIVERSION

DIVERSION

Under the paragraph headd "DIVERSION" the following clause to be substituted for the one in the present contract:

Refinery shall have the right to divert shipments of bullion to any other plant in the United States upon giving sufficient notice to the Mining Company to enable them to effect the necessary changes in their freight arrangements to comply with such diversion. Should freight, lighterage or other costs on such bullion as a result of such diversion be any more or any less than to Perth Amboy, such increased or saving is to be for the account of the Refinery.

The intent of this diversion clause is to guarantee that the Mining Company shall not pay any more for shipment and refining of its lead bullion nor realize any less from the contents thereof than if the bullion were refined at Perth Amboy.

Should the elapsed time on shipments of bullion from date of shipment from Callao to date of arrival at refinery be more than 15 days (the average time Callao to Perth Amboy) then refinery shall pay the Mining Company interest at the rate of 6% per annum on the liquidating value of the lead and gold contents for all time in excess of 41 days from date of shipment from Callao until due date of lead and gold, and shall allow interest at the same rate on thevalue of the returnable silver contents for 50 days from date of shipment at Callao until due date. The value of the returnable silver contents shall be based on the H&H quotation ~~for~~ the period of ten quotational days immediately following arrival of shipment alongside dock at refinery.

Cerro de Pasco Copper Corporation

Office of C. V. Drew,
15th floor.
Telephone Beekman 3900-4

44 Wall Street,
New York,

Cable Address:
"Cerrocop, Newyork,"
"Cerrocop, Lima."

November 22, 1928

Dear Mr·Addicks:

Herewith please find statements and resumé prepared by Mr Fitzpatrick of the liquidation value of the shipments of lead bullion made since the signing of the agreement with the American Smelting & Refining Company in August.

Yours truly,

C. V. Drew

To
Mr.L.Addicks,
Bel Air, Md.

enc.

cy copy to adx

November 21, 1928

OFFICE MEMORANDUM

Lead Bullion - Liquidated Value

Mr. Drew:

Referring to Mr. Addicks' letter of November 16, I am attaching hereto detailed statements showing net value of four lead bullion shipments refined at Perth Amboy under the American Smelting & Refining Co. agreement of August 1, 1928; also similar statements showing what the Company would have realized had this same bullion been treated at Newark under the American Metal Company's proposal of July 24, 1928. A summary of the statements is shown below:

		Net Values Per Ton Bullion		
Shipt	Tons of Bullion	AS&R Contract	A.M. Proposal	Favor AS&R.
12	1,013.5815	$235.20	$232.83	$2.37
13	528.7635	228.37	225.88	2.49
13-A	385.5655	222.72	220.74	1.98
14	602.5575	222.44	221.23	1.21
Total (By Weight)	2,530.4680	$228.83	$226.77	$2.07

E.J.F.

LEAD SHIPMENT NO. 14 - IF REFINED BY
AMERICAN METAL COMPANY UNDER PROPOSAL OF
JULY 24, 1928

Tons Bullion 602.5575 Prices: Pb. 4.70287¢; Ag. 58.33¢; Au. $20.40

Settlement Assays: Pb. 95.975%; Ag. 259.61 Ozs. Au. 0.0331 Ozs.
Cu. 0.089%; As. 0.061% Sb. 2.726%
Bi. 0.152%; Fe. 0.001% Zn. 0.002%
Sn. 0.066%;

METAL VALUATION:		Total	Per Ton Bullion
Lead:	95.975% x 602.5575 x 99% = 1,145,048 lbs.		
Antimony:	2.726% x 602.5575 x 50% = 16,423 "		
Lead Price:	4.70287¢ x 1,161,471 "	$ 54,622.47	$ 90.651
Silver:	156,432.22 x 98-1/2% x 58.33¢..........	89,878.21	149.161
Gold:	19.917 Ozs. x $20.40....................	406.31	0.674
	TOTAL METAL VALUES......................	$144,906.99	$240.486
DEDUCTIONS:			
Treatment -	Base Charge $6.70 per ton Bullion........	$ 4,037.14	$ 6.700
	Silver 154,085.74 Ozs. @ 1¢..............	1,540.86	2.557
Spelter	6.25¢ - 6.00¢ x 20¢ per ton..............	30.13	0.050
As-Sb-Sn	2.853% x $1.30 per unit..................	2,234.82	3.709
Bismuth	(No penalty - less than 0.19%)...........	-	-
Copper	(No penalty - less than 0.10%)...........	-	-
	TOTAL TREATMENT CHARGES..................	$ 7,842.95	$ 13.016
Lighterage -	New York to Newark - 603 tons @ 60¢.....	$ 361.80	$ 0.600
Refined Lead to London:			
Freight @ $4.75 per gross ton	....	$ 2,462.92	$ 4.087
Lighterage @ 60¢ per net ton	....	348.44	0.578
Insurance @ 8¢ per $100	....	43.70	0.073
Commission on Lead 1% x $54,622.47	....	546.22	0.907
	TOTAL DEDUCTIONS.........................	$ 11,606.03	$ 19.261
	NET LIQUIDATING VALUE....................	$133,300.96	$221.225

New York,
November 20, 1928.

LEAD SHIPMENT NO. 13-A - IF REFINED BY
AMERICAN METAL COMPANY UNDER PROPOSAL OF
JULY 24, 1928

Tons Bullion 385.5655 Prices; Pb. 4.70201¢; Ag. 58.33¢; Au. $20.40

Settlement Assays: Pb. 94.928%; Ag. 261.62 ; Au. .0415 Ozs.
Cu. .099; As. .077; Sb. 3.704%
Bi. .140; Fe. .001; Zn. .002%
Sn. .069;

METAL VALUATION:

		Total	Per Ton Bullion
Lead:	94.928% x 385.5655 x 99% = 724,701 lbs.		
Antimony:	3.704% x 385.5655 x 50% = 14,282 "		
Lead Price:	4.70201¢ x 738,983 "	$ 34,747.05	$ 90.120
Silver:	100,872.03 x 98-1/2% x 58.33¢..........	57,956.08	150.314
Gold:	15.997 Ozs. x $20.40..................	326.34	0.846
	TOTAL METAL VALUES..................	$ 93,029.47	$241.280

DEDUCTIONS:

		Total	Per Ton Bullion
Treatment	- Base Charge $6.70 per ton Bullion.....	$ 2,583.29	$ 6.700
	Silver 99,358.95 Ozs. @ 1¢............	993.59	2.577
Spelter	- 6.25¢ - 6.00¢ x 20¢ per ton..........	19.28	0.050
As-Sb-Sn	3.85% x $1.30 unit..................	1,929.76	5.005
Bismuth	(No penalty - less than 0.19%)........	-	-
Copper	(No penalty - less than 0.10%)........	-	-
	TOTAL TREATMENT CHARGE..............	$ 5,525.92	$ 14.332
Lighterage - New York to Newark 384 tons @ 60¢....		$ 230.40	$ 0.600
Refined Lead to London:			
Freight @$4.75 per gross ton..................		$ 1,567.04	$ 4.065
Lighterage @ 60¢ per net ton..................		221.69	0.575
Insurance @ 8¢ per $100.		27.80	0.072
Commission 1% x $34,747.05....................		347.47	0.900
	TOTAL DEDUCTIONS....................	$ 7,920.32	$ 20.544
	NET LIQUIDATING VALUE	$ 85,109.15	$220.736

New York,
November 20, 1928

LEAD SHIPMENT NO. 13 - IF REFINED BY
AMERICAN METAL COMPANY UNDER PROPOSAL OF
JULY 24, 1928

Tons Bullion 528.7635 Prices: Pb. 4.75258¢; Ag. 58.33¢; Au. $20.40

Settlement Assays: Pb. 94810%; Ag. 269.78 Ozs; Au. .0533 Ozs.
Cu. .107; As. .063% Sb. 3.807%
Bi. .139; Fe. .002% Zn. .002%
Sn. .063;

		Total	Per Ton Bullion
METAL VALUATION:			
Lead:	94.81% x 1,057,527 x 99% = 992,615 lbs.		
Antimony:	3.807%x 528.7635 tons x 50% 20,130 "		
Lead Price:	4.75258¢ x 1,012,745 "	$ 48,131.52	$ 91.027
Silver:	142,648.90 x 98-1/2 x 58.33¢..........	81,959.00	155.001
Gold:	28.204 Ozs. x $20.40..................	575.36	1.088
	TOTAL METAL VALUES....................	$130,665.88	$247.116
DEDUCTIONS:			
Treatment -	Base charge $6.70 per ton Bullion......	$ 3,542.72	$ 6.700
	Silver 140,509.17 Ozs. @ 1¢............	1,405.09	2.657
Spelter:	6.25¢ - 6.00 x 20¢ per ton.............	26.44	0.050
As-Sb-Sn:	3.933% x $1.30 unit....................	2,703.57	5.113
Bismuth:	(No penalty - lessthan 0.19%)..........	-	-
Copper:	528.7635 tons x 50¢....................	264.38	0.500
	TOTALTREATMENT CHARGE..................	$ 7,942.20	$ 15.020
Lighterage -	New York to Newark 529 tons @ 60¢....	$ 317.40	$ 0.600
Refined Lead to London:			
	Freight @ $4.75 per gross ton....................	$ 2,147.56	$ 4.061
	Lighterage @ 60¢ per net ton.....................	303.82	0.575
	Insurance @ $0.08 per $100.......................	38.51	0.073
	Commission 1% x $48,131.52.......................	481.32	0.910
	TOTAL DEDUCTIONS..........................	$ 11,230.81	$ 21.239
	NET LIQUIDATING VALUE...................	$119,435.07	$225.877

New York,
November 20, 1928.

LEAD SHIPMENT NO. 12 - IF REFINED BY
AMERICAN METAL COMPANY UNDER PROPOSAL OF
JULY 24, 1928

Tons Bullion 1013.5815 Prices: Pb. 4.76555¢; Au. $20.40; Ag. 57.68¢

Settlement Assays: Pb. 93.530% ; Ag. 288.240 Ozs.; Fe 0.001%
As. 0.18% ; Sb. 4.81% ; Zn 0.002%
Cu. 0.08% ; Bi. 0.139% ; Au .0415 Ozs.

METAL VALUATION:	Total	Per Ton Bullion
Lead; 93.530% x 1013.5815 x 99% = 1,877,045 lbs.		
Antimony; 4.81 % x 1013.5815 x 50% = 48,754 "		
Price; 4.76555¢x 1,925,799 " =	$ 91,774.91	$ 90.545
Silver; 288.240 Ozs. x 1013.5815 tons=292,157.93 Ozs.		
x 98-1/2% = 287,775.56 Ozs. @ 57.68..........	165,988.94	163.765
Gold: 0.0415 Ozs. x 1013.5815 tons = 42.019 Oz @ $20.40	857.19	0.846
TOTAL METAL VALUES..........................	$258,621.04	$255.156
DEDUCTIONS:		
Base Refining Charge $6.70 per ton Bullion...........	$ 6,790.99	$ 6.700
Silver Refining Charge 287,775.56 Ozs. @ 1¢ Oz.......	2,877.76	2.839
Spelter 6.2525¢ - 6.00¢ x 20¢ per ton................	50.68	0.050
As-Sb-Sn Combined = 5.05% x $1.30 = $6.565...........	6,654.16	6.565
TOTAL TREATMENT CHARGES..........................	$ 16,373.59	$ 16.154
Lighterage - N.Y. to Newark 1011 tons @ 60¢..........	606.60	0.600

Refined Lead to London:	Total	Per Ton Bullion		
Freight @ $4.75 per gross ton	$4,083.73	$4.029		
Lighterage @ 60¢ per net ton	577.74	0.570		
Insurance @ 8¢ per $100	73.42	0.072	4,734.89	4.671
Commission on Lead 1% x $91,774.91..................			917.75	0.905
TOTAL DEDUCTIONS..................................			$ 22,632.83	$ 22.330
NET LIQUIDATING VALUE........................			$235,988.21	$232.826

New York,
November 19, 1928

LIQUIDATION LEAD SHIPMENT #14 - A.S.&R.CO.
Contract of August 1, 1928

Arrived Perth Amboy, September 19,1928 - Pb-Au due October 15,
Ag. due October 24

Tons Bullion 602.5575 Prices: Pb. 4.70287¢;Ag. 58.33¢;Au. $20.40

Settlement Assays: Pb. 95.975; Ag. 259.61 ; Au. 0.0331
Cu. 0.089; As. 0.061; Sb. 2.726
Bi. 0.152; Fe. 0.001; Zn. 0.002

METAL VALUTATION:	Total	Per Ton Bullion
Lead: 1,156,614 lbs. x 99% x 4.70287¢............	$ 53,850.12	$ 89.369
Silver: 156,432.22 Ozs. x 98-1/2% x 58.33¢.......	89,878.21	149.161
Gold: 19.917 Ozs, x $20.40.....................	406.31	0.674
TOTAL METAL VALUES......................	$144,134.64	$239.204
DEDUCTIONS:		
Treatment - Base Charge $7.50 x 602.5575 tons....	$ 4,519.18	7.500
Treatment - Silver Credit 290 - 259.61 = 30.39 @ 1¢	183.12	0.304
	$ 4,336.06	7.196
As-Zn-Fe: (No penalty - Less than 0.10%)	-	-
Antimony: 2.726% x 40¢ per unit..................	657.03	1.090
Bismuth: 0.152% - 0.07% = 0.082% x $25 unit.....	1,235.24	2.050
Copper: (No penalty - Less than 0.10%)	-	-
NET TREATMENT CHARGES..................	$ 6,228.33	10.336
Lighterage to Perth Amboy - 603 tons @ 67-1/2¢	407.03	0.675
Freight & Insurance Refined Lead @ 23 shillings per gross ton	2,848.47	4.727
Commission Refined Lead @ 5 shillings per gross ton	619.24	1.028
TOTAL DEDUCTIONS........................	$ 10,103.07	16.766
NET VALUE...............................	$134,031.57	$222.438

New York,
November 5, 1928.

LIQUIDATION LEAD SHIPMENT #13-A - A.S.&R.CO.
Contract of August 1, 1928

Arrived Perth Amboy, August 29, 1928 - Pb-Au Due October 20
Ag. due October 29

Tons Bullion 385.5655 Prices; Pb. 4.70201¢; Ag. 58.33¢; Au. $20.40

Settlement Assays: Pb. 94.928; Ag. 261.62 ; Au. .0415
Cu. .099; As. .077; Sb. 3.704
Bi. .140; Fe. .001; Zn. .002

	Total	Per Ton Bullion
METAL VALUATION:		
Lead: 732,021 lbs. x 99% x 4.70201¢............	$ 34,075.51	$ 88.378
Silver: 100,872.03 Ozs. x 98-1/2% x 58.33¢.......	57,956.08	150.314
Gold: 15.997 Ozs. x $20.40......................	326.34	0.846
TOTAL METAL VALUES........................	$ 92,357.93	$239.538
DEDUCTIONS:		
Treatment - Base Charge $7.50 x 385.5655 tons....	2,891.74	7.500
Treatment - Silver Credit 290 - 261.62= 28.38 @ 1¢	109.42	0.284
	$ 2,782.32	7.216
As-Zn-Fe: (No penalty - Less than .10%)..........	-	-
Antimony: 3.704% x 40¢ per unit..................	571.25	1.482
	674.74	1.750
Bismuth: .14% - 0.07% = 0.07% x $25 unit........		
Copper: (No penalty - Less than .10%)...........	-	-
NET TREATMENT CHARGES..................	$ 4,028.31	$ 10.448
Lighterage to Perth Amboy - 384 tons @ 67-1/2¢	259.20	0.675
Freight & Insurance Refined Lead @ 23 shillings per gross ton	1,802.73	4.676
Commission Refined Lead @ 5 shillings per " "	391.90	1.016
TOTAL DEDUCTIONS.........................	$ 6,482.14	$ 16.815
NET VALUE...............................	$ 85,875.79	$222.723

New York,
November 7, 1928

LIQUIDATION LEAD SHIPMENT #13 * A.S.&R.CO.
Contract of August 1, 1928

Arrived Perth Amboy, September 8, 1928 - Pb-Au. due October 4, 1928
Ag. due October 13, 1928.

Tons Bullion 528.7635 Prices: Pb. 4.75258¢; Ag. 5833¢; Au. $20.40

Settlement Assays: Pb. 94.810%; Ag. 269.78 ; Au. .0533
Cu. .107; As. .063; Sb.3.807
Bi. .139; Fe. .002; Zn. .002

	Total	Per Ton Bullion
METAL VALUATION:		
Lead: 1,002,614 lbs. x 99% x 4.75258;...........	$ 47,174.82	$ 89.217
Silver: 142,648.90 Ozs. x 98-1/2% x 58.33¢........	81,959.00	155.001
Gold: 28.204 Ozs. x $20.40.....................	575.36	1.008
TOTAL METAL VALUES......................	129,709.18	$245.306
DEDUCTIONS:		
Treatment - Base Charge $7.50 x 528.7635 tons.....$	3,965.73	77.500
Treatment - Silver Credit 290 - 269.78 = 20.22 @ 1¢	106.92	0.202
	3,858.81	7.298
As-Zn-Fe: (No penalty - Less than 0.10%)	-	-
Antimony: 3.807 x 40¢ per unit....................	805.20	1.523
Bismuth: 0.139% - 0.07% = 0.069 x $25 unit........	912.12	1.725
Copper: .107 - .10 = .007 @ $4.00 unit...........	14.81	0.028
NET TREATMENT CHARGES...................$	5,590.94	10.574
Lighterage to Perth Amboy - 529 tons @ 67-1/2¢....	357.08	0.675
Freight & Insurance Refined Lead @ 23 shillings per gross ton	2,469.81	4.671
Commission Refined Lead @ 5 shillings per gross ton	536.92	1.015
TOTAL DEDUCTIONS..................	8,954.75	16.935
NET VALUE............................	$120,754.43	228.371

New York,
November 5, 1928

LIQUIDATION LEAD SHIPMENT #12 - A.S.&R.CO.
First shipment under contract of Aug.1,1928

Tons Bullion 1013.5815 Prices: Pb. 4.76555¢; Au. $20.40; Ag. 57.68¢

Settlement Assays: Pb. 93.530%; Ag. 288.240 Ozs. Fe. 0.001%
As. 0.18 %; Sb. 4.81 % Zn. 0.002%
Cu. 0.08 %; Bi. 0.139% Au. .0415 Ozs.

METAL VALUATION:	Total	Per Ton Bullion
Lead: 1,896,005 lbs. x 99% x 4.76555¢	$ 89,451.51	$ 88.253
Silver: 292,157.93 Ozs. x 98-1/2% x 57.68¢	165,988.94	163.764
Gold: 42.019 Ozs. x $20.40	857.19	0.846
TOTAL METAL VALUES	$256,297.64	$252.863
DEDUCTIONS:		
Treatment 1,013.5815 tons @ $7.50	$ 7,601.86	7.500
Treatment Silver Credit 290 - 288.24 = 1.76 Ozs @ 1¢	17.84	0.018
	7,584.02	7.482
As-Zn-Fe 0.183%-0.1%=0.083% x 1013.5815 x $3.00 unit	252.38	0.249
Antimony 4.81% x $0.40 per unit	1,950.13	1.924
Bismuth 0.139%-0.07%=0.069% x 1013.5815 tons x $25.00 per unit	1,748.43	1.725
NET TREATMENT CHARGES	$ 11,534.96	11.380
Lighterage to Perth Amboy 1011 net tons @ 67-1/2¢	682.43	0.675
Freight and Insurance Refined Lead @ 23 shillings	4,672.53	4.610
Commission Refined Lead @ 5 shillings	1,015.86	1.002
TOTAL DEDUCTIONS	$ 17,905.78	17.667
NET VALUE	$238,391.86	$235.196

New York,
November 1, 1928

Lot	Treatment	Adv. in ASTK Contract	ASTK	A.M.
12		T 2.11	7.48 —	9.59
13		T 2.11	7.30 —	9.41
13A		T 2.11	7.22 —	9.33 43
14		+ 2.23	7.20 —	9.43

Lot	Bi			
12		−1.73	1.73	0
13		−1.73	1.73	0
13A		−1.75	1.75	0
14		−2.05	2.05	0
				0

Lot	Sb			
12		4.46 +2.35	1.92	6.57 − 2.30 = 4.27 ~~6.57~~
13		3.89 +1.78	1.52	5.11 − 1.81 = 3.30
13A		3.90 +1.79	1.48	5.01 − 1.74 = 3.27
14		3.57 +1.34	1.09	3.71 − 1.28 = 2.43

Lot	Total	
12		2.73
13		2.16
13A		2.15
14		1.52

AMERICAN SMELTING & REFINING COMPANY
120 Broadway,
New York, November 2, 1928.

Cerro de Pasco Copper Corporation,
44 Wall Street,
New York, N.Y.

Attention Mr. C.V.Drew

Gentlemen:

Attached hereto is a memorandum from Mr. Peirce to me concerning your bismuth bullion problem, which we have discussed at various times.

I wish to call your attention to Case 5. Mr. Peirce has naturally worked on this matter from an operating point of view. However, I have discussed it with Mr. Brush and he has asked me to tell you that he has no means of knowing whether the assumption made in paragraph 2 on Page 2 of Mr. Peirce's memorandum is an accurate one or not, but that he is developing the situation and will probably have further data on it within the next few months. If you feel that this is likely to meet your requirements better than any of the other suppositions please advise us as promptly as possible so that we can discuss with you the sales problem involved.

In giving you this memorandum it is, of course, understood that the data given you is based upon our best judgment at the present time, but that when the concrete situation arises we will have to go into the matter further. Another matter that will have to come up at that time is the question of amortization of the electrolytic plant capacity required, which in turn is, of course, largely dependent upon the length of the contract.

I trust the information transmitted herewith will be of value to you.

Very truly yours,

Roger W. Straus

New York, November 1st, 1928.

Mr. Strause:-

The following statement of differentials in the cost of treating Cerro de Pasco bullion with tonnages of varying bismuth contents I trust will enable the Cerro de Pasco Company to determine its smelter policy. It is, of course, understood that these figures are only our best estimate and will be subject to some variation when time for receipt of bullion is reached and when we will have gathered more experience in the Perth Amboy plant in handling the present Cerro de Pasco receipts.

1. Taking as base: Cerro bullion not segrated in the smelting operation, so that in the use of the current production, plus 50 tons of accumulated flue dust per day, the 3,000 tons per month would carry an average of 2.14% bismuth, we would then have in comparison:

	Segregating the Production	Cost per Ton Less Than Base		
2.	40% - 0.14% bismuth 60% - 3.48% "	$ 5.30 10.60	1.40	6.70 13.40
3.	50% - 0.14% " 50% - 5.15% "	6.66 13.32	1.75	8.41
4.	60% - 0.14% " 40% 5.15% "	7.90 15.80	2.10	10.00 20.00
5.	50% - 0.14% " 35% 0.6 % " 15% 12.43% "	9.53 19.06	2.97	12.50 25.00

The above would require electrolytic plant:

			$ p. year less than 1
1.	3,000 tons monthly capacity.	3.50	0
2.	1,800 " " "	2.10	1.40
3.	1,500 " " "	1.75	1.75
4.	1,200 " " "	1.40	2.10
5.	450 " " "	0.53	2.97

~~$ 12500 p. daily ton~~
$ 35 p. annual ton
10% = 3.50 p.a.

#2.

Nov. 1, 1928.

Mr. Straus:

However, it is important to note that our ability to meet each of the above conditions will depend upon the extent of our other operations, in that the adding of this concentrated bismuth to the other anodes might raise the grade to a prohibitive extent.

In case 5 it is assumed that the market will absorb 1,050 tons of 0.6% bismuth at a discount of only $5.00 per ton.

All of the above calculations assume only the production of bismuth in the form of slimes and not in the recovery of bismuth as a commercial product. Please therefore add 30¢ for each pound of bismuth so recovered.

I would suggest that Cerro select the case which apparently works out the best, considering combined smelter and refinery expense, and then we can take another look in from our viewpoint.

A-20 January 13, 1930.

Mr. C. V. Drew, Vice-Pres.,
Cerro de Pasco Copper Corp.,
44 Wall Street, New York City.

Dear Mr. Drew: LEAD REFINING CONTRACT

I return herewith the special umpires run on some bismuth lots at my suggestion. Noting that the average of the umpires coincides exactly with that of the settlements I think it would be ill advised to raise any question about the Perth Amboy assay methods at present. We have a favorable contract and I should not raise discussions on any technical points which do not have a commercial bearing. Mr. Walker is of course quite right in his criticism of their running bismuth to only two significant figures when it is penalized at $25.00 a unit.

Very truly yours,

Cady

A-114 April 5, 1930

Mr. C. V. Drew, Vice-Pres.,
Cerro de Pasco Copper Corp.,
44 Wall Street, New York City.

Dear Mr. Drew: **LEAD REFINING CONTRACT**

It is hard for me to form a fair opinion until I understand a little better just what is Mr. Straus' position. It seems to me that the momentary situation might be met, however, by suggesting that the limits for bismuth might be extended to 0.3% without change in terms. Maybe this would prove out of the question but it would mean $25 a unit for the additional bismuth which would not be returnable. Suppose they could recover two-thirds of the bismuth and sell it at a profit of 75 cents a pound. 2000 x 0.003 x 2/3 x $0.75 = $3.00 a ton of bullion. The bismuth would go into hands already oversupplied and therefore not in competition with us in a new sense. A greater toll demand would put us where the American Metal terms were less.

We do not depend upon our lead bullion as a souce of bismuth for sale at present. I suppose we have at least 750 tons of bismuth standing in the fluedust pile right now and we have a tried process for its recovery. As long as we do not tie our handsas to where we can place such bullion for refining, the questions of bismuth sale and lead refinig do not touch.

Very truly yours,

adx

This is final draft of lead
contract would like your approval
by telephone before asking
Mr. Clark to sign. He sails
Wed. night.

Drew 7/31 '78

THIS AGREEMENT entered into the day of August 1929 between the CERRO DE PASCO COPPER CORPORATION, a corporation organized and existing under the laws of the State of New York, hereinafter called the MINING COMPANY, and the AMERICAN SMELTING & REFINING COMPANY, a corporation organized and existing under the laws of the State of New Jersey, hereinafter called the REFINERY

W I T N E S S E T H

In consideration of the mutual agreements hereinafter contained and in further consideration of the sum of One Dollar ($1.00) lawful money of the United States by each of the parties hereto in hand paid to the other, receipt of which is hereby acknowledged, the parties hereto have agreed with each other as follows:

The MINING COMPANY agrees to ship from its smelter in Peru, South America, to the REFINERY'S plant at Perth Amboy, New Jersey, all of its lead-silver bullion production which does not contain to exceed two-tenths (2/10) of one percent (1%) bismuth and the REFINERY agrees to receive, handle and refine all of such lead-silver bullion and to account to the MINING COMPANY for the lead, silver and gold contents thereof according to the following terms and conditions:

DURATION OF AGREEMENT

This agreement shall apply and become operative and in effect with the first shipment from Callao after date of signing of the contract and shall continue until all of 1929 production subject to this agreement shall have been shipped, received, treated and accounted for.

TONNAGE

The REFINERY to have the right to decline to accept in excess of a production of two thousand (2,000) tons per month. The MINING COMPANY shall give ninety (90) days notice of any increases over two thousand (2,000) tons per month and the REFINERY shall advise the MINING COMPANY within ten (10) days after receipt of said notice whether and to what extent it declines to accept such surplus production over two thousand (2,000) tons per month. The MINING COMPANY may sell the surplus elsewhere or may carry it forward for delivery to the REFINERY in subsequent months as part of the production in that month or part of any surplus over two thousand (2,000) tons which in that month may be accepted by the REFINERY.

SHIPMENTS

The MINING COMPANY agrees to make shipment of its lead bullion currently as produced, as regularly as circumstances will permit, but does not guarantee any fixed or regular periodical shipments or deliveries of lead bullion.

DELIVERY

The MINING COMPANY agrees to deliver its bullion alongside dock Perth Amboy Plant of the REFINERY. The MINING COMPANY will make necessary "In Transit" entry at the Custom House located at port of arrival, and will furnish the REFINERY with necessary delivery permit to effect delivery of the bullion. The MINING COMPANY will also furnish the REFINERY with endorsed bills of lading and necessary papers to enable the REFINERY to make "Consumption Entry" at the Custom House located at the plant of the REFINERY. The expense of making such "Consumption Entry", posting of bond, payment of duties, if any, and any other charges pertaining thereto are to be borne by the REFINERY.

The REFINERY agrees whenever requested by the MINING COMPANY, in cases where delivery is made by lighters, to perform the lighterage service from vessel's side in New York Harbor at cost for the MINING COMPANY. In case of such request the MINING COMPANY agrees to arrange the insurance so as to cover marine and war risk to the REFINERY including permission to release the lightermen from their statutory liability, provided the lightermen first submit the names of the lighters to the MINING COMPANY so that it may submit the same to the underwriters, and provided the underwriters approve such lighters. In case the MINING COMPANY should request the REFINERY to perform the lighterage from steamer's side the REFINERY agrees that reasonable despatch of lighters shall be given from steamer's side to REFINERY. The REFINERY also agrees that there shall be no unnecessary delays in receiving the bullion alongside the REFINERY docks.

QUALITY

The MINING COMPANY agrees to make such output into a bullion of substantially the following analysis:

Silver	150 to 350 oz. per ton
Copper	.08%
Antimony	3 to 7%
Bismuth	up to .20%
(Arsenic, Zinc (and Iron combined	.1%
Lead	93%

The REFINERY may reject and place at the MINING COMPANY's disposal any bullion running in excess of 0.20% bismuth.

WEIGHING AND SAMPLING

Each shipment of bullion is to be weighed and sampled promptly on arrival at the REFINERY and accounted for as a whole. For sampling, the shipments are to be divided into lots of approximately one hundred (100) tons and each lot to be premelted and drossed. A dip sample is to be taken of each drossed lot. The weight of bullion governed by the dip sample is to be determined by subtracting the weight of the dross from the total weight of the lot. The dross is to be properly weighed without loss, broken up while hot and then sampled by the usual coning and quartering methods. The samples of dross from the various one hundred (100) ton lots are to be combined by weight and assayed as one (1) lot of dross for each shipment. The weights and contents of the combined lot of dross is to be added to the weights and contents of the total of the drossed lots to arrive at the weighted average assay of the whole shipment, which is to be the basis of accounting and settlement. All weighing and sampling is to be subject to the supervision of the MINING COMPANY'S representative. The absence of the MINING COMPANY'S representative in any instance shall be deemed a waiver of the right of the MINING COMPANY to supervise said weighing and sampling. The MINING COMPANY shall pay the cost of having its representative present at the weighing and sampling but all other expenses shall be borne by the REFINERY.

After sampling the bullion may be placed in process, commingled, or otherwise disposed of by the REFINERY.

Four (4) envelopes containing the four (4) quarters of each sample taken shall be sealed and properly marked for identification. One (1) of these sealed envelopes shall be sent to the MINING COMPANY'S representative, one (1) used by the REFINERY and the other two (2) held by the REFINERY for umpire or reference purposes.

ASSAYING.

Lead is to be assayed by the wet gravimetric method; silver by the wet combination method with correction for slag losses and cupel absorption; gold by usual fire method. Impurities are to be assayed by the customary methods until such time as special methods are agreed upon.

SPLITTING LIMIT

Assays are to be split with the MINING COMPANY'S representative if within the following splitting limits:

Gold	.01 oz. per ton
Silver	1/2 of 1% of contents
Lead	1/2%
Antimony	1/4%
Arsenic, Zinc and Iron combined	.02%
Bismuth	.025%
Copper	.02%

Should the assays not agree within the splitting limits above named, then the umpire sample shall be sent to one of two or more assayers mutually agreed upon and to be used in rotation. In case the umpire's assay for any metal shall fall between the assays reported by the MINING COMPANY and the REFINERY, or in case it shall fall by an amount not to exceed the splitting limits above the higher, or below the lower, of the two original assays, the mean of the umpire's assay and the one nearest to it shall govern in settlement. In case, however, the umpire's assay shall, by more than the amount of the splitting limits, fall below the lower or above the higher of the assays originally reported by the parties to this agreement, the umpire's assay shall be disregarded and settlement shall be made on a split between the two (2) original assays of the parties hereto. The party farthest away from the umpire's assay shall pay the umpire charges, except if the umpire's assay has been disregarded, as above, then the umpire's charges are to be divided equally between the parties to this agreement. No resampling nor reassaying shall be permitted.

DEFINITIONS

"Date of arrival" at REFINERY means the weighted average date of arrival of each shipment of bullion alongside REFINERY dock.

"A ton" unless otherwise specified is a net ton of two thousand (2,000) pounds.

"A unit" unless otherwise specified is one percent (1%) of a ton of two thousand (2,000) lbs. or twenty (20) lbs.

ACCOUNTING FOR METALS

Lead: REFINERY to pay the MINING COMPANY for 99% of the lead contents by wet gravimetric assay at the average of the daily London lead "spot" and "3 months" quotations as published in the Engineering and Mining Journal of New York averaged for the period of ten (10) quotational days immediately following date of arrival of shipment alongside dock of REFINERY, less a deduction of five shillings (5 sh.) per long ton of twenty-two hundred and forty (2240) lbs. of lead accounted for, as Seller's commission and less a further deduction of twenty-three shillings (23 sh.) per long ton of twenty-two hundred and forty (2240) lbs. of lead accounted for, representing the cost of freight and insurance from Perth Amboy to United Kingdom ports. The freight and insurance deduction of twenty-three shillings (23 sh.) per long ton of lead accounted for is based upon going rates at the time of formation of this agreement; any increase or decrease shall be for the account of the MINING COMPANY and proper deduction or credit to the extent of lead paid for shall be made accordingly.

London Sterling quotation to be converted into U.S. currency at the average demand rate of exchange as published by the Engineering and Mining Journal of New York under "Sterling Exchange Check" for the quotational period.

Silver: Ninety-eight and one-half percent (98 1/2%) of the silver contained in the bullion, based on corrected assays to be returned F.O.B. New York or F.O.B. cars Perth Amboy Refinery if ordered shipped elsewhere than to New York, thirty-five (35) days after arrival of lead bullion at the REFINERY.

Silver to be in the form of commercial bars of weight customary in the trade, namely one thousand (1,000) or five hundred (500) ounces each, as requested by the MINING COMPANY, at least .999 fine of standard AS&R brands. Deliveries to be made during banking hours at the average rate of at least fifty thousand (50,000) ounces per calendar day: the average delivery date not to exceed thirty-five (35) days after arrival of bullion at REFINERY and in no case shall the last shipment be delivered later than three (3) banking days after the due date of thirty-five (35) days.

Gold: If .02 of an ounce per ton or over the REFINERY to pay the MINING COMPANY for one hundred (100) percent, as shown by uncorrected assay, at Twenty Dollars and Forty Cents ($20.40) per Troy ounce. Nothing paid for gold if assaying less than .02 of an ounce per ton.

Excess Receipts at Refinery: Should receipts at REFINERY exceed twenty-five hundred (2500) tons in any one (1) calendar month the excess over twenty-five hundred (2500) tons shall be accounted for as though received thirty (30) days after weighted average date of receipt of bullion during such calendar month.

TREATMENT CHARGE

Seven Dollars and Fifty Cents ($7.50) per ton of two thousand pounds (2,000) of bullion based upon a silver content of two hundred and ninety (290) ounces per net ton of bullion. For each ounce of silver contents above or below two hundred and ninety (290) ounces per ton increase or decrease the refining charge by one cent (1¢) per ton of bullion.

PENALTIES

Copper: .1% free; charge for excess at Four Dollars ($4.00) per unit, fractions in proportion.

Arsenic, Zinc and Iron Combined: .1% free, charge for excess at Three Dollars ($3.00) per unit, fractions in proportion.

Antimony: Charge for all at Forty Cents (40¢) per unit, fractions in proportion.

Bismuth: .07% free; charge for excess at Twenty-five Cents (25¢) per each .01% over .07%, fractions in proportion. REFINERY is not obligated to receive any shipment of bullion running over .2% bismuth.

SETTLEMENT

Payment for the lead and gold contents less deduction for treatment charges, penalties if any, commissions, freight or other advances made by the REFINERY for the account of the MINING COMPANY shall be made in New York City twenty-six (26) days after date of arrival of each shipment at REFINERY.

DIVERSION

The REFINERY shall have the right to divert shipments to any other plant in the United States upon proper notice to the MINING COMPANY. Any difference in freight and lighterage or other additional costs to be for account of the REFINERY and payment and accounting for metals to be the same as if refined at Perth Amboy.

STRIKES, INTERRUPTIONS, ETC.

It is agreed that the MINING COMPANY shall be excused from making any shipments or deliveries under this agreement in case the production of its lead-silver bullion, or the shipment transportation and delivery thereof, shall be interrupted for a period no longer than one hundred (100) days, by reason of strikes, shutdowns, fires, floods, acts of nature, absence of freight space or shipping facilities, Governmental laws or regulations, which are generally classed as "force majeure" or for any other reason whatsoever beyond the reasonable control of the MINING COMIANY. In case of such interruption or suspension, the MINING COMIANY shall notify the REFINERY thereof and shall also notify the REFINERY when the causes of suspension have ceased or been removed.

In case, however, the MINING COMPANY'S mines or smelters are damaged or destroyed by fire, explosions, cavein, acts of war or revolts, or any other cause of force majeure to such an extent that production of the bullion shall have been discontinued for a consecutive period of more than one hundred (100) days, or to such an extent that resumption of production of bullion will be rendered impossible within more than one hundred (100) days, the REFINERY shall have the right, upon notifying the MINING COMPANY in writing to that effect, to cancel this agreement insofar as it related to production not then in the form of bullion.

It is further agreed that the REFINERY shall be excused from the performance of this agreement insofar as such performance is prevented for a period no longer than one hundred (100) days by acts of nature, strikes, fires, floods, or other causes beyond the reasonable control of the REFINERY affecting the refining of bullion and rendering it impossible for the REFINERY to receive, refine, deliver or account for the metal contents of the MINING COMPANY'S bullion as provided in this agreement, and the time during which the REFINERY shall be so prevented shall be excluded in ascertaining the due dates under clause "Settlement". It is further agreed that during the period when the REFINERY is so prevented from the performance of this agreement as above provided it shall give written notice thereof to the MINING COMPANY, and during the period when performance is so prevented the MINING COMPANY may divert its production elsewhere, such diverted tonnage being exempt from the obligations of this agreement. Upon removal of the cause preventing performance as aforesaid, the REFINERY shall at once give written notice thereof to the MINING COMPANY and all shipments thereafter made shall be made to the REFINERY in accordance with the provisions of this agreement.

In case the REFINERY is prevented from receiving, refining and delivering the metal contents of the MINING COMPANY'S bullion, due to destruction of the REFINERY'S plant by fire, explosion, accidents, acts of war, or revolt, or any other cause of force majeure, to an extent that the refining of bullion has not been resumed for a period of more than one hundred (100) days, or that resumption of operations by the REFINERY shall be impossible within more than one hundred (100) days, the MINING COMPANY shall have the right to cancel this agreement as to any deliveries of bullion not then made, provided they so notify the REFINERY in writing.

ARBITRATION

Either party to this agreement may demand arbitration of any question arising hereunder, which, in its opinion does not permit of a satisfactory solution by discussion between the representatives of the parties hereto. Should a mutually satisfactory arbitrator be not agreed upon within thirty (30) days from the date of the original demand, then the New York Chamber of Commerce Permanent Arbitration Committee may be asked by either party to appoint an arbitrator. Every award or finding of such arbitrator shall be binding and conclusive upon both parties hereto and shall be a condition precedent to the maintenance of any action or claim at law or in equity or to the recovery by either party against the other. Should the arbitrator not be a technical man, he shall be authorized to retain competent technical advice and the remuneration of the arbitrator and the technical adviser shall be divided equally between the parties to this agreement.

INTERPRETATION

It is understood that this agreement is a Purchase and Sales Agreement and that the REFINERY assumes full responsibility for the bullion as soon as it is delivered alongside dock at Perth Amboy Refinery or elsewhere if diverted until fully accounted and settled for.

N O T I C E

It is agreed that should the existing laws and regulations governing taxation or export of bullion from Peru and its importation in bond and refining in the United States be so amended by either of the respective governments as to alter substantially the value of this agreement to either party hereto, the affected party may at its option terminate this agreement upon ninety (90) days' notice in writing to the other.

IN WITNESS WHEREOF the parties hereto have hereunto affixed their respective corporate seals and caused this agreement to be executed by their respective officers the day and year first above written.

CERRO DE PASCO COPPER CORPORATION

By

President.

Attest:

AMERICAN SMELTING & REFINING COMPANY

By

President.

Attest:

A-250 Sep. 20, 1930

Mr. C. V. Drew, Vice-Pres.,
Cerro de Pasco Copper Corp.,
44 Wall Street, New York City.

Dear Mr. Drew: LEAD REFINING CONTRACT

There seems no further action necessary at the moment in connection with our conference with the A S & R Thursday. As long as you have a temporary understanding that you can ship under the existing contract up to 0.32% bismuth I believe we shall get by and the new proposal is not quite so good as this.

When the time comes to take some further action I have no doubt that the limit in the new proposal can be raised from 0.4% to 0.5% and probably some additional comcessions in terms. The changes suggested in the silver and toll are nearly offsetting and not vital . As to antimony my recollection is that the market was taken as 11 cents when we made the first agreement. They then offered antimony without penalty if we would guarantee the market. As we declined they inserted 40 cents a unit or 2 cents a pound insurance. The proposed 20 cents additional is in line with the present market. However antimony sold for over twice its present value five years ago and it might pay us to take the market risk.

Very truly yours,

Cah

A-222 August 25, 1930

Mr. C. V. Drew, Vice-Pres.,
Cerro de Pasco Copper Corp.,
44 Wall Street, New York City.

Dear Mr. Drew: <u>LEAD REFINING CONTRACT</u>

Mr. Smith tells me that he has gossip from the Bell Telephone Laboratories that they are discussing with the A S & R the possibility of securing lead containing calcium. The idea is to replace antimonial lead with calcium-lead for cable sheathing.

Mr. Colcord confirms what we all think, namely that the new Betterton process is merely the removal of bismuth with calcium developed sometime ago in Germany but never found commercial here. The de-bismuthized lead contains calcium just as Parkes lead contains zinc and this has been one of the problems. A premium market for such lead may have solved the problem.

This affects us in two ways. It makes possible handling additional bismuth in our lead and it injures the market for antimony. It indicates that this whole problem of refining lead is in a state of flux.

Very truly yours,

A-221 August 25, 130

Mr. C. V. Drew. Vice-Pres.,
Cerro dePasco Copper Corp.,
44 Wall Street. New York City.

Dear Mr. Drew: LEAD REFINING CONTRACT

I found your letter of the sixth here on my return. While addressed to Maine on the letter it was actually mailed to Bel Air

The concessions on the present lead c ontract bismuth limits at least makes it possible to operate the lead plant. The penalties still leave the terms below Betts tariffs. With our present sales agreement and the overproduction in bismuth I do not object to the non-return of bismuth.

I understand the interim program awaiting Mr. Kingsmill's arrival is the continue operating the lead plant, storing the leady matte for later treatment. With this I am in full accord. I do not believe that the ultimate decision will be to treat the lead ores in the copper plant. If we bring the lead recovery up to somewhere near the proper figure and scrutinize the factors in the margin sheets for equity I think the lead plant will justify itself.

Very truly yours,

Cave

Cerro de Pasco Copper Corporation

Office of C. V. Drew,
15th floor.
Telephone Beekman 3900-4

44 Wall Street,

Cable Address:
"Cerrocop, Newyork,"
"Cerrocop, Lima."

New York, August 6, 1930

Mr. L. Addicks,
Breakwater Court,
Kennebunkport, Maine.

Dear Sir:

I wrote Mr. Straus as per attached copy of letter under date of August 4. He telephoned me this morning to say they had given the matter consideration and would be willing to continue to receive the bullion on the same basis as the present contract - that is, 25¢ for every .01 of bismuth above .07 and 40¢ per unit of antimony. In other words, no penalty over .2 bismuth. If the bullion ran .32 bismuth and 6% antimony the penalties would be \$6.25 and \$2.40 or \$8.65. This would make the comparison between lead smelting and copper smelting still more unfavorable to lead smelting.

Would like your views as to what is the best attitude to take in this matter with Peru.

Yours truly,

C.V. Drew

enc.

August 4, 1930

American Smelting & Refining Co.,
120 Broadway,
New York.

Gentlemen: Attention Mr.Roger Straus, Vice President.

We are in receipt of a cable from Peru advising that the continued operation of one furnace would produce 1250 to 1400 tons of lead bullion assaying from .28 to .32 bismuth and from 4 to 6% antimony. Please let us know as soon as you can whether or not you could handle this bullion and on what basis.

Yours truly,

C.V.DREW

PS I have just learned that Mr.Addicks has gone to Maine and will not be back until August 13 or 15.

ACCOUNTING FOR METALS

Lead Account for 99% of lead contents with other conditions the same as in previous contract.

Silver Account for 98½% of silver contained in same manner and with same terms as in previous contract.

Gold If 0.02 oz. per ton or over pay for at $20.40 per oz., other conditions same as in previous contract.

Bismuth When bismuth is in excess of 0.40% in bullion shipper has the option of return in form of refined bismuth bars, of specified purity, in amount not exceeding 80% of bismuth contents of bullion. For bismuth returned there will be a charge of twenty-five cents ($.25) per pound returned. The shipper must specify monthly the amount of bismuth desired returned. Any portion of the bismuth contents not specified shall not be accumulated but shall be at the disposal of the shipper.

TREATMENT CHARGES

Six Dollars and Fifty Cents ($6.50) per ton of two thousand (2000) pounds of bullion containing not over one hundred ounces per ton (100 oz. P.T.) of silver. For each ounce of silver contents in excess of 100 ozs. per ton increase the treatment charge by one and onehalf cent (1½¢) per ton of bullion.

PENALTIES

Copper 0.10% free, charge for excess at Four Dollars ($4.00) per unit, fractions in proportion.

Arsenic Zinc, Iron and Tin combined. 0.1% free, charge for excess at Three Dollars ($3.00) per unit, fractions in proportion.

Antimony Charge for all at Sixty Cents ($.60) per unit, fractions in proportion.

Bismuth If under 0.40% admit free 0.07% and charge for all in excess at Twenty-five Cents ($.25) per each 0.01%. If over 0.40% charge a base treatment of $12.00 per ton of bullion plus Fifty Cents (.50) for each unit of bismuth contained, fractions in proportion.

A-159 August 5, 1931

Mr. C. V. Drew, Vice-Pres.,
Cerro de Pasco Copper Corp.,
44 Wall Street, New York City.

Dear Mr. Drew: **LEAD REFINING CONTRACT**

The AS&R is evidently unwilling to make you stripped costs under the present tonnage curtailment conditions and I suppose from their point of view this is reasonable. It gives us something to think about for the future, however. This is the reason I have advocated keeping on with the Hall process. In fact my personal view would have been to preoceed with those experiments. This is not the present point, though.

As I understand it the revisions in terms liberate ~~from~~ you from obligation to ship the bullion to them either now or later. I should therefore proceed with the smelting and advise the AS&R that you would be glad to ship under the old terms with payment deferred as suggested by them but if this is not agreeable you propose to stock the bullion for the present with a view to shipping later where ~~expediency~~ and when expediency may dictate.

This will give you the smelting data which you ought to get, will call any bluff on their part, will protect you on contract obligations and leave you in a better trading position later.

Very truly yours,

Cerro de Pasco Copper Corporation

Office of C. V. Drew,
15th floor.
Telephone Beekman 3900-4

44 Wall Street,
New York, August 3, 1931

Cable Address:
"Cerrocop, Newyork,"
"Cerrocop, Lima."

Dear Mr.Addicks:

After talking with Mr.Smith about his estimate of profit in smelting 12,000 tons flue dust, dated July 31, I wrote Peru a letter as per attached copy and then called up Straus to ask if he could possibly make special refining rates on 7200 tons of the grade of bullion estimated by Smith. Straus immediately took the position that such bullion did not come within the terms of our present refining contract and added that as they had just agreed to a reduction of 20% in production of lead the settlement for the lead content could be made only at the rate of 600 tons per month beginning November. Copy of AS&R letter of July 31, confirming terms he offered, is enclosed. The treatment charge is $7.00 as compared to $7.50, or 50¢ per ton less, but the credit for silver less than 290 ozs. has been cut out, so that the net charge would be $7.14, or $2.38 more than the figure of $4.76 used in Smith's estimate. This increase in refining charge would mean that the total shipping and refining charge would be increased $1.39 per ton dust and the estimated profit reduced the same amount - from $4.92 to $3.53 per ton of dust. If the actual cost of smelting in Peru should prove to be higher than $5.00 per ton of dust, as estimated by Mr.Smith, then there would not be much margin left at present lead prices.

Would be glad to have your comments.

Yours truly,

C. V. Drew

enc.

AMERICAN SMELTING & REFINING CO.

120 Broadway

New York, July 31, 1931

Mr.C.V.Drew, Vice President,
Cerro de Pasco Copper Corporation,
44 Wall Street,
New York City.

My dear Mr.Drew:

Confirming our conversation of today I will say we will be glad to receive the approximately 7200 tons of your bullion that you contemplate making from your bismuth slags, whih you estimate will have approximately the following analysis:

Silver	1.6 ozs. per ton of 2,000 lbs.
Lead	92.30%
Antimony	7.20%
Bismuth	0.15%

The terms on which we will receive the material are briefly as follows:

As per our present contract for your regular bullion production except:

(1) Silver: 98 1/2% to be paid for at the Handy & Harman quotation for the calendar month after arrival.

(2) Tin: Any tin contained to be included in combination with arsenic, zinc and iron combined, as noted in the contract.

(3) Base Charge: $7.00 flat per net dry ton of 2,000 lbs., eliminating the variable basis on silver content as provided for in our contract.

(4) Shipment: You may make shipments as may be convenient for you, but at a rate of not less than 600 tons per month.

(5) Settlement: We will account for not more than six hundred (600) tons of bullion per month; accordingly, product received in excess of six hundred (600) tons in any one month shall be paid for as though received in the next succeeding month or months. Payment will be made for lead on the base terms of the contract, but the calendar month in which the material is received or is deemed to have been received as hereinabove provided shall be the quotational period instead of the ten (10) quotational days immediately following the date of arrival as provided in the contaact. Settlements will be made on the fifteenth day of the month following the quotational period or as soon as quotations become available.

The above offer is good for acceptance on or before September 1st and for your convenience a copy of this letter is enclosed herewith for your signature at the place indicated below:

Very truly yours,
AMERICAN SMELTING AND REFINING COMPANY

By

Vice President.

Accepted:

Cerro de Pasco Copper Corporation

By

July 31, 1931

Lead Furnace Operation.

Cerro de Pasco Copper Corporation,
Lima, Peru.

Gentlemen:

Herewith copy of Mr.Smith's estimate, dated July 29, and covering memorandum of the same date on margin of profit in smelting dust reverberatory slag. His estimate shows roughly that about 12,000 tons of slag should produce say 7200 tons of bullion averaging 92.3% lead, 1.6 oz. silver, 0.154% bismuth and 7.2% antimony. We have no exact smelting cost on such slag but Mr.Smith has estimated $5.00 per ton and 90% recovery of lead. Nor have we any refining terms on bullion of the grade that should be produced. Using the same terms as in our present refining contract Mr.Smith's results show that with foreign lead at 2.74¢ per lb. a profit of $5.00 per ton of slag, or an aggregate of $60,000, is possible. To ship, refine and liquidate 7200 tons of bullion would involve an expenditure for shipping and refining of about $33.50 per ton of bullion, or say $240,000. With the probability of a higher market price for lead and also to defer such a large expenditure, our idea would be not to ship the lead bullion produced for the present but to hold it at Oroya for higher metal prices. Each half cent per pound advance in price of lead should mean an additional margin of $60,000. Another reason for holding lead bullion at Oroya is that we may be able to obtain lower shipping charges both on the Central Ry. and Grace Line boats. Until further advised therefore will you please stock at Oroya bullion produced in the lead furnace.

Yours truly,

C.V. DREW

COPY

November 1, 9.

A-1673.

Mr. F. Y. Robertson, Gen. Mgr.,

42 Broadway, New York City,

Dear Sir:-

LEAD REFINERY AT CHROME:

I am sending you in another letter a review of our discussion of Saturday last, so that the question of building a lead plant at Chrome can be put before Mr. Sharp as clearly as possible.

We are offered a five years contract to refine Torreon lead bullion, amounting to at least 25,000 tons a year, on which we can apparently be assured, after considering all items including depreciation, \$2.00 a ton profit, or \$50,000 a year on an investment of \$150,000, being 33-1/3% of clear return. In addition it is very probable that the copper smelter will benefit by being able to recover some of the lead from leady copper mattes it is now purchasing on a copper basis. We have been in this way wasting from 50,000 to 300,000 lbs. of lead a month. Also the copper slimes would be cupelled with lead instead of treated by direct oxidation as at present, diminishing present silver losses, unless we succeed in experiments now in progress to develop a wet slime process which would be superior to any fire method.

In addition, the proposed plant would be a considerable step toward the rounding out of Chrome toward including nearly all non-ferrous metallurgy which is the ideal equipment for such a varied and constantly changing market as obtains in New York Harbor.

I, therefore, strongly recommend that before leaving for

November 1, 1909.

Mr. F. Y. Robertson..........Sheet #2. A-1673.

Europe, Mr. Sharp delegate to us authority to proceed with an investment not to exceed $200,000 if we are fully satisfied that a clear return of at least 25% is assured. I think we should immediately obtain an option on the contract and devote two weeks to a thorough investigation of every item. I believe that we could start refining in three to four months after making such decision, as but a single new building and one or two small extensions to existing buildings would be required.

We should also definitely ascertain that the profit from refining in bond is to be safely counted upon, as the loss of this margin would just about cancel the profits.

Yours truly,

ADK/EJB.

Copy to Mr. Sharp.
" " Mr. Vogelstein.

1% Selling Commission

May 17th, 1905.

The De Lamar's Copper Refining Co.,

New York City.

Gentlemen:-

We will ship you for refining for a period of ten years, beginning with the expiration of our present contract with the American Metal Co. Ltd., the entire output of lead bullion from all our subsidiary companies, on the following basis:

Bullion to run approximately 97½% lead, and to be delivered as nearly as possible in an even monthly production. We are to deliver the bullion F.O.B. your refinery at East St. Louis.

You are to account for and return to us within thirty days from the final sampling, 99% of the silver at the New York official quotation for ~~the~~ fine silver on the date of assay; you are to account for all the gold at $20. per ounce, no account to be made for gold unless it is over 1/20th of an ounce; you are to account for and return to us f.o.b. your works within thirty days from final sampling all the lead contained. We are to pay $7.00 per ton of lead bullion as an estimated cost for smelting and refining, provided the impurities do not exceed 2½%. Silver, gold and copper are not to be considered as impurities. For each additional one per cent of impurities above 2½%, 50¢ per ton of bullion is to be charged.

Final settlement is to be made within thirty days from date of sampling, and you agree that the sampling is to be done within three days after the arrival of the bullion at your plant.

You are to sample the bullion according to the usual method, the same as the one in use now by the American Metal Co. One-half of the sample is to be assayed by you and one-half by our assayer, who will be until further notice, Dr. Lucius Pitkin. We are to have the privilege of having a representative at the sampling and weighing. All assays are to agree within the following limits: 1% lead, 1 oz. silver, .03 oz. gold. In case of the inability or failure of your assayer and our asayer to agree, the sample shall be sent to Ledoux & Co. as umpire, and the one farthest from Ledoux & Co's results shall pay the umpire. If the United States Mining Co. shall elect, settlements may be made on the assays of the Refining Company alone.

It is the intention of this contract that the De Lamar's Copper Refining Co. shall make a gross profit of one dollar and fifty ($1.50) cents per ton of lead bullion. An annual settlement as of date of January 1st of each year shall be made, adjusting whatever differences there may be between the seven dollars ($7.00) working charge deducted for preliminary settlement and a gross amount which shall be called actual cost plus one dollar and fisty cents ($1.50) profit.

Cost as used in this paragraph shall be construed to mean actual operating and administrative expenses, necessary expenditures for wear, tear and insurance, and 5% depreciation on the actual investment in the plants, exclusive of lead.

If by reason of the acts of God, strikes or other causes which can legally be called Force Majeure, either of the parties hereto shall be unable to carry out the conditions of this agreement as to shipment, receipt or treatment of consignments, this contract shall be suspended as long as these conditions shall continue, and then be extended for such a period as shall be equivalent to the time of delay or interruption.

All matters and differences in relation to this contract, or arising therefrom, are to be referred to the arbitration of two impartial persons, one to be appointed by each party in difference; and if the two appointed arbitrators cannot agree, they to choose an umpire. Even such arbitration shall be binding on both parties, with or without the consent of or notice to the other. If either party fails to appoint an arbitrator within twenty-one (21) days after notice in writing requesting him to do so, the case shall go before the Board of Arbitration of the New York Chamber of Commerce for arbitration.

Yours very truly,