

# The Mining Industry Organizes

The Gold Mining Association is dissolved and a new organization to include all branches of the industry is being formed—a step important to the welfare of the mining industry of the Philippines took place on Monday, February 17. The reasons for such a move are obvious: the present association was planned to include only the gold miners since at the time of its start, in 1932, gold mining was the only active branch of the industry in the Islands. Now, of course, gold mining is still the main mineral industry—but chromite, iron, manganese petroleum, and other natural resources are coming to the fore.

Baguio was the center of the entire industry in 1932, and, indeed, up to a year ago. Today, however, Manila is distinctly the mining center of the Philippines. Most of the operating and developing companies have their main offices in the city, most of the engineers make their headquarters here.

Plans for the new association are being made now; the exact set-up is not known. Present at the meeting of dissolution were J. H. Marsman, president; W. W. Harris, first vice-president; A. F. Kelly, treasurer; Richard Hayter, secretary; George Kerr, Alf Welhaven, A. F. Duggleby (representing Judge John W. Hausermann), P. A. Meyer, and J. O. Greenan. President Marsman submitted his final report, and after the report he appointed Messrs. Kelly, Duggleby, and Meyer as liquidators to dispose of the assets of the organization and to pay all its liabilities.

The last activity of the Gold Mining Association will be a dinner, to be given in Baguio some time during March, at the expense of the Association. This dinner will be primarily for the benefit of Class C members, which includes many of the engineers of the Baguio district. Treasurer Kelly is chairman of this committee.

Much of value to the industry has been accomplished by the Gold Mining Association, of which the *Journal* takes the following account from President Marsman's report:

"The immediate reason for the organization of this association was the grave concern caused by the introduction of a bill in the legislature imposing an ad valorem tax of 5% on the product of gold mines. It was believed that none of the companies developing new properties could be successful under such a tax burden, and it was doubtful if more than two of the producing mines could pay such a tax.

"On August 20, 1932, a meeting was held in the Stewart Building, Baguio, called to consider the organization of an association of producing gold mines and mines under development. After a general discussion, the meeting was adjourned to September 3, 1932, at which meeting articles of association were adopted.

"The following companies, by signing these articles, became class A charter members: Benguet Consolidated, Balatoc, Itogon, Baguio Gold, Benguet Exploration, Antamok Gold-fields, Big Wedge, and Gold Creek.

"The objects were thus defined. 'The purpose of this association is to serve the interests of the gold mining industry by the discussion of common problems and the interchange of information, and by the cooperation of its members on questions relating to the health, safety, and welfare of the employees of the industry and to the betterment of conditions surrounding the industry.'

"Membership requirements were as follows: Class A, companies, associations, co-partnerships and individuals engaged in the production of gold ore or in the development of ore-bearing properties that shall be represented by two accredited officials; annual dues, ₱100. Class B, companies, associations, co-partnerships and individuals that shall be the owners of mineral claims; annual dues, ₱50. Class C, associate members who shall be the staff personnel of class A members, and persons interested in the development of the gold mining industry who shall not be eligible to class A or class B membership; annual dues, ₱10.

"At its first meeting the association authorized the collection of statistics to set forth conditions surrounding mining operations, with the view of conducting an educational campaign. Data were assembled showing the number of men employed by the various operating and development companies; the amount of payroll distributed; the expenditures for mine and mill equipment and supplies; and the taxes paid by operating companies.

"A meeting of the presidents and directors of class A members was held in Manila in October, 1932, and the report compiled by Mr. Hayter was approved. This brief was circulated among the members of the legislature and the responsible officials of the government. Coincidentally publicity was given to the place the industry had as an employer of labor, as a distributor of payrolls, as a purchaser of large amounts of equipment, and as a taxpayer.

"As a result of this educational campaign, the bill imposing a 5% ad valorem tax failed of passage. Had this bill been enacted in 1932, the history of the mining industry would have been very different. For it is unlikely that the new development companies would have proceeded with their operations; and it is probable that the Itogon Mining Company, then a small producer, would have been obliged to close down.

"At every session of the legislature since 1932 bills were introduced that, had they been enacted, would have imperiled the success of the industry. But through the educational work carried on by the association by way of the publication of statistical information and the arguments presented at committee hearings by leaders representing the industry, no bill that affected the industry adversely became a law.

"From 1932 to 1935 the association was represented by a special committee to whom the mining industry owes a great debt of gratitude. This committee varied its membership from time to time, but those who took an active part were Judge John W. Hausermann, Andrés Soriano, Francisco Ortigas, (deceased), W. W. Harris, M. M. Saleeby and T. J. Wolf. As president of the association I was chairman of the special committee; and Mr. Hayter attended its sessions.

"It is my belief that most of the bills introduced, seriously affecting the industry, were the result of misconception by their sponsors regarding mining operations; and I am confident that the information gathered by the association and distributed among legislative leaders was responsible for the fact that not one of these bills since the organization of the association was enacted.

"During the life of the association it requested action from the legislature only on one measure. That was a bill to vali-

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date mining claims filed in forest reserves. This bill, remedying defects in administration following from the decree of Governor-General Stimson in 1927 establishing forest reserves, was passed by the legislature in 1935. As many mining claims in the Baguio district and other districts of the Mountain Provinces were affected, never-ending litigations would have resulted regarding titles to property had this not been passed by the legislature. That was an accomplishment of the association that cannot be overemphasized in its relation to the security of the industry.

"Prior to the organization of the association there had been little contact between the operating personnel of one mine with that of the others. The meetings of the executive committee held at various mines brought about, however, a fine spirit of cooperation."

## East Mindanao's New Mill

*It will be in operation in September, and will be the first large-scale mining project in Mindanao*

The first of what probably be several gold-producing plants in the Mindanao district has been ordered for the East Mindanao Mining Company, at Placer, Surigao. It will have a capacity of 100 tons a day, and will follow the general practice in the Islands for cyanidation. Past issues of the *Journal* have told you of the early history of East Mindanao; how operations were started in May, 1934; how development worked progressed steadily until in June, 1935, officials of the company announced that they were nearly ready to start planning a mill.

Test work on the East Mindanao ore was done at the Balatoc mill through the courtesy of Judge John W. Hausor-mann and A. F. Duggleby. E. M. Bagley, Balatoc mill superintendent, and E. C. Bitzer, assistant mill superintendent, did this work. Their tests were favorable from a milling standpoint, and a preliminary flowsheet was drawn up.

Moving ahead conservatively, East Mindanao continued with mine development, however, before the proper mill capacity could be determined. Not until the end of 1935 was the final decision made. At that time the ore reserves were sufficient, considered in relation to the financial strength of the company, estimated capital and operating costs, to warrant the construction of a 100-ton mill. Once again the aid of the Balatoc mill experts was called upon; Bagley was retained as consultant in the final design of the flowsheet and specification of major equipment.

The contract for the construction of the mill building and the erection of machinery was signed with the Engineering Equipment and Supply Company. All major items of mill equipment have been ordered by the company itself, and actual work has been started.

The initial unit of the power plant, consisting of a 300 h. p. Worthington Diesel engine and G. E. generator, have arrived at the mine. Erection is proceeding under the direction of J. C. Thomson, master mechanic. The second unit of what will be a 600 h. p. plant is scheduled to arrive in June.

Underground work not being neglected. In preparation of the first stoping blocks, so that ore production can start at full capacity as soon as the mill is ready, F. H. Wood, mine superintendent, is working his crews at full speed. Development of new ore on the 400 level of the Mindoro vein, and exploration of interesting showings on some of the other claims, is being continued.

East Mindanao's staff is headed by J. B. Knaebel, mine manager. F. H. Wood is mine superintendent; W. B. Foard, night foreman; J. C. Thomson, master mechanic; R. C. Meaders, assayer and engineer; F. Esiek, bodoga and surface foreman; Mrs. R. C. Meaders, accountant; Mrs. J. B. Knaebel, nurse in charge of dispensary; Miss Elsie Thomson, stenographer. The general office of the company is located in Cebu, with H. Gasser, president, in charge.

## What Happened...

(Continued from page 18)

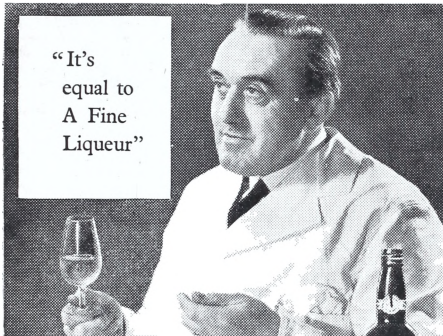
Mines, helped Mr. Duggleby with the examination); J. B. Stapler, one of the mainstays of the Marsman and Company engineering staff, predicted that there wouldn't be 50% of the Duggleby estimate. So far, Mr. Stapler has been right.

Part of the variation in ore reserves came from the fact that the boundary lines were not correct; hence the engineers estimating ore reserves were misled as to the extent of the property. This was not the main source of disagreement, however; the engineers, in looking over and making estimates in exactly the same area, simply could not agree.

All of which seems to go to prove that gold is where you find it, and that no ore reserves are, strictly speaking, positive ore until they have gone through the mill and their gold extracted. Usually, of course, engineers examining the same property will read the signs in pretty much the same way; there is but slight difference of opinion when two or three conservative engineers evaluate a property. There are many exceptions to this rule; Gold Creek is a good example.

Actual operations during the year were quite satisfactory. Production from April-December was P435,312.71. Operating profit was P163,639. The balance sheets shows a net profit of P58,940, as of December 31, 1935.

What will happen? No one can say. Engineers in the Baguio district say that the ore will be exhausted within six months; others say that new ore may be opened up. L. W. Buchanan, mining engineer for Marsman and Company who has been in direct charge of the Gold Creek contract, expressed the hope in his annual report that several of the workings might develop new ore reserves. The next few months will tell the story!



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