



# What the Diggers Are Doing

**EASTERN DEVELOPMENT COMPANY:** This 15 million peso corporation issued last month its annual report covering the first 14 months of operation. The report makes very interesting reading indeed, giving the first general insight into the activities and future plans of an organization which is apparently destined to play an important part in the mining industry of the Philippines.

This company is indirectly an outgrowth of the close tie-up which has long existed between Warner, Barnes & Co., the British bankers, and the Visayan sugar planters with whom Warner, Barnes have done business for many years. Add to this combination Andres Soriano, and the staff of technical mining experts whom Eastern Development and its associated companies have acquired, and you have something.

The Eastern Development Company was incorporated on October 16, 1936. The public heard little about it, until important acquisitions of stock in the Soriano mines were announced last year, and the company was reorganized to provide representation on the board for the various groups powerful in the company.

Besides three Soriano mines, Antamok, IXL, and Masbate Consolidated, in which Eastern Development has acquired large blocks of stock, this company owns much, if not all, of the share capital of International Engineering Corporation, which, in turn, is in charge of the development of Mambulao Consolidated Mines, Inc., and the North Camarines Gold Mining Company. Both of these latter mines are expected, the annual report states, to be in production this year. International Engineering Corporation has already secured a par for Eastern Development a large block of the stock of Mambulao Consolidated, and has under option P400,000.00 worth of the unissued stock of North Camarines. It is expected that when this option is exercised (anticipated shortly), this stock also will be turned over to Eastern Development.

Eastern Development concerned itself with purely prospecting work up until June, 1937, but discontinued it shortly before the Soriano mines stock acquisition was announced. Mine management and development, where undertaken, is now turned over to International Engineering.

A pregnant paragraph in the report states that "it is proposed that your corporation will now limit itself to the functions of an investment company, whose revenues will arise from dividends received from invested funds."

Due to the fact that the funds of the company were not used to acquire stock in producing mines until quite late last year, and also due to the fact that the dividend paid in the last quarter of last year by Antamok was not payable until January 15, 1938 (and accordingly not included in the accounts for 1937) the corporation's in-

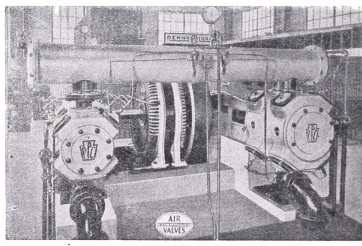
come was only P81,487.46 from dividends, during 1937. Assuming the same cash dividends during 1938 from Antamok and IXL as during 1937, the income from these two sources alone this year will amount to more than P560,000.00. In addition, East-

ern Development has some Demonstration and other stock, and International Engineering will bring in management fees from Mambulao Consolidated and North Camarines, as well as other contracts.

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## What the Diggers...

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The company carries its investments at cost at ₱11,259,840.55, with a probable additional liability on some of these shares as a result of uncalled calls. It carried its small net profit during 1937 over into a surplus account. Respecting its investments, the report states, "in most cases, current market prices of the investments are lower than the value at which the stocks were acquired. This is unfortunate, but need give no cause for alarm, as the larger part of our holdings are in sound properties, while our holdings in properties which are about to enter the producing class give great scope for compensatory profits."

Eastern Development stock was never offered for general sale to the public. ₱11,150,000.00 worth of stock (ten centavos par) has been subscribed and fully paid up out of ₱15,000,000.00 worth authorized. The stock is currently quoted at around ₱0 11½ on the stock exchange, and sales have been made around this figure.

**Atok Gold:** The Atok Gold Mining Company has, after an examination of its claims, made an agreement with the Hixbar Gold Mining Co. to explore and (should the results of the exploration warrant) develop the latter's claims at Carocog on the island of Rapu-Rapu. The contract was entered into on the recommendation of F. B. Morehouse, general superintendent of Atok, and of B. A. Johnston, also of the Atok staff. Morehouse, in his recommendation to the President and Board of Directors

of Atok, estimated that an expenditure of ₱20,000 should be sufficient to determine whether or not Atok should continue with the work, or abandon it under the contract. The contract was signed January 1.

**Return to Atok from operations for the year at Big Wedge** was ₱74,570.61. Of this amount, Atok's share was ₱422,742.37, being 60% as provided in the Big Wedge contract. Slightly less than ₱100,000.00 of this was used up in capital improvements and development, and slightly less than ₱200,000 was applied to retirement of the Big Wedge investment.

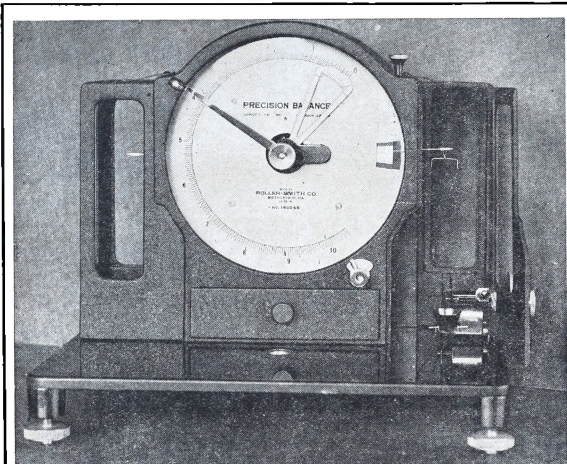
The company declared a 10% dividend last year, and, with high grade ore at the mine, and ore reserves higher than they were at the start of operations last year, the company looks forward to a profitable 1938. At the date of the report, December 31, 1937, Atok had over ₱500,000 in cash on hand.

**MINERAL RESOURCES SUBSCRIPTION SUCCESSFUL:** A bright star on an otherwise gloomy financial horizon is the response of stockholders to the recent offering by Mineral Resources of the last block of 3,000,000 shares of capital stock. Practically the total amount was subscribed here within a very short time after the shares were offered, and it became necessary to close the issue to stockholders residing in the Philippines, in order to give foreign stockholders an opportunity to subscribe. With this money, Mineral Resources can proceed with its development program, and fears entertained by some that the company would find itself in the predicament of some mining companies during the current depression of being unable to obtain funds (even by making calls for installments on subscribed shares) are laid at rest.

Meanwhile, Mapaso Goldfields, Inc., may offer ₱300,000 of its treasury stock for sale to finance erection of a 100-ton mill on its claims in Placer, Surigao, according to announcement by the company made last month. The company's engineers, Messrs. Gilbert, Geringer and Goodier, recommended the construction of the unit after a vigorous development program conducted during 1937. Southwestern Engineering Company of the Philippines, Inc., was also consulted.

Felipe Buencamino, Jr. is the president of Mapaso, and the officerships and directorate are occupied exclusively by Filipinos.

**HAUSSERMANN:** The significant thing, from our point of view, about the annual reports of both Benguet Consolidated and Balatoc, was the fact that earnings and dividends continue to be maintained at their regular high figures, and are likely to be maintained at those figures in the future or even increased through vigilant economy in operation. The Balatoc report stated that operating costs have been reduced by nearly ₱2 a ton, and the problem of lost values through improper treatment of tailings has been attacked with renewed vigor. (Readers will remember that another company, Twin Rivers, has been consistently making a nice profit through treating tailings from some of the Baguio mines.)



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