



MARSMAN: Correction: The July issue of the JOURNAL carried the news item that stockholders of *San Mauricio* at a special meeting unanimously authorized the board of directors to take necessary steps to increase the capital stock of the company from P800,000 to P1,000,000 and the number of shares from 8,000,000 to 10,000,000, and to permit *Marsman and Company* nominees to subscribe to 1,500,000 shares of the increase at par. This was stated to be in exchange for the cancellation of the management contract which San Mauricio has with Marsman and Company. In this respect, the story was not correct. In point of fact, the management contract is still in effect, and will not be cancelled. What will be cancelled is the previous 15% participation which Marsman and Company has been getting in the profits of the mining company.

The plan is thought to be beneficial both to San Mauricio and to Marsman and Company. The latter company will subscribe to exactly 15% of the total net capitalization of the former (after approval by the SEC of the increase in capital stock), and, therefore, should dividends be declared, will still receive exactly 15% of the net profits, as before. However, this 15% will be paid as *dividends*, and will not be a charge on the company before dividends can be declared. Thus, obviously, the day when San Mauricio will become a regular dividend-payer is brought closer.

In reporting that the management contract will be cancelled, the JOURNAL merely fell in with common belief. Despite full publication of the details of the arrangement by both Marsman and Company and San Mauricio officials, the opinion has been general that the former company would bow out as the manager of both San Mauricio and *United Paracale*. It must be understood that this is not the case.

COCO GROVE: As forecast in the July issue of the *Marsman Magazine*, July production of Coco Grove

What the Diggers Are Doing



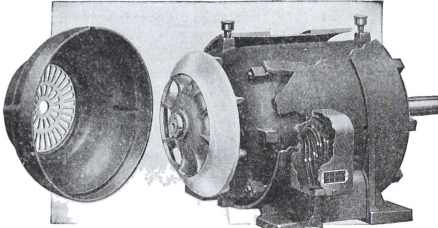
fell off considerably as regards value, although yardage handled by the two dredges increased. The Marsman organ stated that as was contemplated in the original production plans, lower grade gravel would be dredged in July. Cubic yards (Please turn to page 30)

EQUIPMENT ENGINEERS TO INDUSTRY

ALLIS-CHALMERS

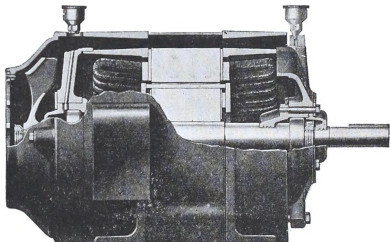
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Furniture and Fixtures:—		
Cost	P 5,426.88	
Less: Depreciation	916.18	4,510.70
Notes Receivable		111,287.70
Accounts Receivable:—		
Southwestern Engineering Co. of P. I., Inc.	P 3,950.00	
Expenses Recoverable	1,217.72	
Employees Investment Account	6,111.00	
Miscellaneous	1,017.50	
Current Accounts with Brokers	45,212.49	57,508.71
Prepaid Charges		11,135.00
Cash on Hand and in Bank		59,528.29
Dividend Bank Account		77.82
		<u>P906,068.41</u>

LIABILITIES

Accounts Payable:—		
Client's Personal Account	P 1,150.26	
Nalesbitan Mining Co.—calls unpaid	1,875.00	
Miscellaneous	1,246.84	
Unclaimed Dividends	77.82	
Current Accounts with Brokers	76,964.81	P 81,314.73
Client's Contract:—		
Investments Held	P 8,860.62	
Reserve for Market Fluctuations		15,000.00
Capital Stock—Issued and Fully Paid:—		
1,000 Common Shares @ P100 each	P100,000.00	
9,000,000 Preferred Shares @ 10 cents each	900,000.00	1,000,000.00
NOTE: Preferred Stock Dividend Accumulations:—		
Last Quarterly Dividend declared 1st July, 1937—		
accrued to date 7½%		
Surplus:—		
Balance at 1st June, 1937	P 33,756.97	
Less: Dividends Declared	30,000.00	
	P 3,756.97	
Loss for year ended 31st May, 1938—	(194,003.29)	(190,246.32)
		<u>P906,068.41</u>

HENRY HUNTER BAYNE & Co.,
Auditors.
Certified Public Accountants.

CLAIMS SUIT: Another court action over priority rights to work mining claims developed recently when *Surigao Mines Exploration, Inc.* filed suit against *Mindanao Mother Lode Mining Company* in Surigao, questioning the right of the latter company to claims in barrio Taganaan, Surigao.

AGUSAN GOLD: Has offered for sale a part of its capital stock to its existing shareholders, at the rate of two shares for every five shares now held, at par of ten centavos per share. Two centavos is required in cash, and the balance at the rate of one centavo per share monthly until paid, without interest.

A letter sent to stockholders by *K. H. Hemady*, president, states that a profit of P1,000,000 is anticipated from the sale of iron ore from a deposit owned by the company in the Paracale district. The operating company has started work on the construction of a road, houses, and a railroad, preparatory to mining the ore for shipment to Japan. The operating company is bearing all expenses. Another iron deposit, near Aparri, has been offered to Elizalde and company, which has sent an engineer to inspect the deposit. Two gold properties in Mambulao are being explored.

Benguet Consolidated's halfyear receipts Jan-June this year, P7,856,137.10 may be expressed for analytical purposes as 7.86 units. Labor at P745,284 takes almost one unit, about 10%, and supplies at P717,444 take more than 9/10 of another. Add power at P165,238 and miscellaneous mine outlay at P67,000 and you have knocked out two units and P123,000 besides. Taxes at P465,944 take 6/10 of a unit. Benguet has left as gross halfyear profit after all expenses or operation are cared for, 5.47 units out of which depreciation summing P355,378 and the manager's bonus of P129,507 are taken, leaving something less than 4.96 units or 63% net operating profit for the halfyear. Dividends paid quarterly now take 3.6 units, leaving 1.9 units accumulated for future disposition.

Benguet is in its twenty-third dividend year. The showing here summarized entails no diminution of ore-in-sight, the report to June saying the ore reserve position continues to improve. Since the mine was rehabilitated in 1913, production has summed P84,809,117. Next comes Balatoc's P73,978,757, next Antamok's P17,043,445.

What the Diggers . . .

(continued from page 23)

handed amounted to 452,055 with a gross value of P163,313 or an average of 46 centavos per cubic yard. The high yardage indicates that an increase in gravel handled can be anticipated during ensuing months. Meanwhile, it is interesting to note that, despite a comparative low level of gravel work in July, the average for the year to date is about 10% higher than was estimated by the company in its published estimate of ore reserves.

Usually reliable sources, according to *Hess & Zeitlin's* market letter for August 6th, report that the dredges are now in higher grade ore again, and, beginning with this month's production, total recovery should increase.

The five producing Marsman mines in the Philippines together produced P1,223,384.90 during July, from 56,826 tons of ore milled, and 452,055 cubic yards of gravel dredged. This output is slightly under June, but *United Paracale* made a new all-time high with P226,539.14 from 9,572 tons milled, and *San Mauricio* and *Siyoc* were only slightly under record figures.

HAUSSERMANN: The four Haussermann gold producers turned in P2,219,997.12 last month from 79,669 tons of ore treated. This was almost P50,000 over the June figure, in spite of the fact that *Ipo Gold* registered a substantial decrease in production.

Hess & Zeitlin's market letter for August 11th, announces that analysis by *H & Z's* statistical department indicates

that there should be a much bigger spread on the stock exchange board between *Benguet* and *Balatoac* stock prices. In fact, the spread indicated is more than P1.40. It must be remembered that *Benguet*, besides being a thumping big producer in its own right, has a tremendous interest in *Balatoac* stock, and about 40% of *Benguet's* profits come from *Balatoac* earnings. Therefore, when you buy a share of *Benguet*, you are also buying *Balatoac* stock.

During the first six months of 1938, *Balatoac* produced an average of 36,646 tons of an average value of P29.13. After deducting all costs, including depreciation and depletion, the net profit for the period was P3,489,234, an amount equal to 58 centavos per share on the 6,000,000 shares outstanding. This is equal to P1.16 per share on an annual basis, and compares with the 1937 profit of P1.09 per share.

During this same period, *Benguet* produced an average of 35,809 tons of an average value of P28.27. After deducting all costs, including depreciation, a net profit of P5,050,773 was reported; an amount equal to 84 centavos per share on the 6,000,000 shares outstanding. This is equal to P1.68 per share on an annual basis, and compares with the 1937 per share profit of P1.48 per share. Of the total profit, an amount equal to 38½ centavos per share of *Benguet* represents dividends received from its stock interest in *Balatoac*.

Ore reserves of *Ipo*, as computed by that company's managers, have increased tremendously. At the end of 1937, ore reserves were estimated at 44,030 tons of an average value of P10.70 per ton. On June 30, however, ore reserves were estimated at 77,867 tons of an average value of P17.39. This means that *Ipo* has sufficient calculated ore reserves to run its 200 ton mill for more than a year with P17.39 ore. In addition, the mine managers say "we have every reason to believe there is a substantial tonnage of ore below this level."

RALSTON: Benguet Exploration passed its June production figures last month, while *Demonstration* was slightly lower. *Benguet Exploration* turned out P27,564, while *Demonstration* produced P152,533 from 9,078 tons of ore treated.

Demonstration has paid dividends for two and a half years at the rate of 4 centavos per share. Earnings this year to date, and the financial condition of the company at the end of the first half of this year indicate that an extra of 1 centavo will be paid, according to the statistical department at *Hess & Zeitlin*.

Mr. Conrado Garcia, sales manager of the *Manila Machinery Company* and connected with that organization for many years, passed away last month. His death is a distinct loss to his company, and a source of deep regret to his many friends and acquaintances.

SORIANO: Masbate Consolidated, by far the largest lode gold operation in the

Islands in point of tonnage, established its third consecutive monthly production record in July, with an output of P357,301 from 74,104 tons of ore treated. This is a gain of about P15,000 over the June figure. This makes an average recovery of P4.82 per ton, which is slightly higher than the average for any one month this year, but exceeds the 1937 average by only 3 centavos per ton.

As was anticipated, *Antamok* fell off in production last month, due to the fact that it was working lower-grade ore. The mine produced P391,787.57 from 24,831 tons of ore treated, as against P402,322.63 from 23,606 tons in June.

Should *Antamok* continue to encounter lower-grade ore, controversy may be ex-

pected to arise over the wisdom displayed in investing *Antamok's* reserve for ore depletion in *Antam-IXL*. While a reserve for depletion is entirely arbitrary, and is really no "reserve" at all, in the strict sense of the word, still it is a back-log that it is nice to have. For instance, a nice depletion reserve may enable a mine to continue paying its regular dividends during a temporary period of smaller profits. However, we understand that *Antamok* has encountered higher grade ore at deeper levels, and that this ore may be milled in two or three months. In April and May, the mill heads were even lower than in July. The average for July of P15.77 per ton compares with an average for the full year of 1937 of P20.61 and

(Please turn to page 44)

INTERNATIONAL INDUSTRIAL TRACTOR

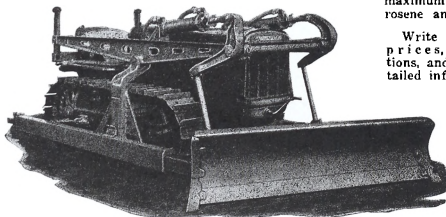


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previous month.

In the foreign exchange market, the pound sterling was characterized by general weakness. The causes are largely attributed to the following: Rumors of a possible dollar-pound relation nearer the old parity, growing adverse balance of payments in the trade of England and the pressure on the sterling brought about by active gold buying.

Opening at 4.95-11/16, the pound weakened sharply as the month advanced reaching a low of 4.91- $\frac{1}{2}$ during the first part of the second fortnight, after which it recovered slightly although weakening again toward the end of the month, closing at 4.91- $\frac{3}{4}$.

Heavy offerings of French Franc for the purchases of gold coupled with uncertainty as to the fate of this currency after the expiration of the Daladier government's plenary powers again brought uneasiness to this exchange, necessitating intermittent intervention by the French Control and the British Stabilization Fund. Opening in New York at 278- $\frac{1}{2}$ it reached a low of 275- $\frac{1}{2}$, recovering slightly thereafter and finally closing at 276.

The yen also weakened. Opening at 28- $\frac{1}{2}$ in Kobe, it reached a low of 28- $\frac{1}{2}$, closing at that rate. With a view to reinforcing Japan's foreign exchange position, shipment abroad of ¥300,000,000 from its gold reserve was authorized.

Shanghai moved between a high of 18- $\frac{3}{4}$, the closing rate of the previous month and a low of 17-17/32. The announcement

made regarding extension of the United States understanding for the purchase of Chinese silver had a slight momentary steadying effect.

In sympathy with sterling, Hongkong also weakened. Opening at 31, it reached a low of 30.72, closing at 30.78.

What the Diggers . . .

(continued from page 31)
an average for the first 7 months of this year of P16.80.

According to production results for the first 7 months of 1938, IXL should report larger earnings this year. During the first 7 months, it produced P1,834,256 from 77,132 tons, which is an average value of P23.78 per ton. This compares with 49,860 tons with a value of P1,194,431 or an average of P23.95 per ton, during the same period last year.

NIELSON: Paracale-Gumaus registered its usual substantial increase in production last month. This new producer turned out 3,213 tons of ore in July from which P47,951.74 was recovered, as compared with June figures of P45,513.00 and 2,544 tons.

Lepanto, probably the Islands' most important copper property, produced copper concentrates valued at P92,070 from 11,800 tons of ore. This is a P17,000 increase from the previous month's total.

Hongkong Mines, Ltd., produced P58,312 in lead and silver concentrates from 3,821 tons of ore milled and treated last month. This production is up about P3,000 from that of June. Total production for 1938

to date is valued at P296,170.12, according to the Manila office of the Nielson interests.

Tinago Consolidated also registered an increase in gold production over June. As we went to press, exact figures were not available.

L. R. Nielson has moved his brokerage offices from the ground floor of the Samanillo Building to the Crystal Arcade Building, which he manages.



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	U.S. Dollars		Sterling		Francs		Yen		Shanghai		Hongkong		
	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	
July 1938	201.50	201.50	1/11-15/16	2/0-1/8	5.80	5.75	58.70	58.30	39.75	39.50	62.90	62.45	
July 1937	199.75	199.50		2/0	2/0-1/8	7.90	7.55	58.40	57.90	59.65	59.25	61.75	60.90

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