

Base Metal Potentialities

As a great industrialized country Japan is constantly hungry for industrial metals and minerals such as turn up quite liberally in the Philippines. Her location nearby the Islands enables her to buy these mining products and transport them at inexorbitant freight charges to her cities where they are to be used. Her industrial organization precludes bidding by one consumer against another; no matter what her total demand may be, this competitive bidding does not occur. But she wants, nevertheless, all the Islands may offer by way of chromite, manganese, copper, iron, etc., and will pay what she must in order to procure them.

On the other hand, men interested in developing sources of these basic industrial minerals need not count on getting the prevailing world price for any of them, from Japan, unless that price is high enough to bring in other bidders from other markets. It is not, for example, how much the world pays for iron that indicates what iron may be sold for here; it is only what some user in Japan will bid, because the freight charge into other markets is prohibitive. Iron ore will bring \$5 a ton in the United States, perhaps more just now; but the freight is that much, no Philippine iron can be sold in America on that account.

Philippine Iron Mines are selling their iron ore to Japan, to one customer there; they are selling 660,000 tons this year, at P4 a ton f.o.b. at the mine. This P4 is \$2, 40% of the current, or recently current, American price. It is a profitable contract, also advantageous to the buyer. It is a long contract, too, and intermediate market fluctuations do not affect it. Other users of iron in Japan find their ore supplies elsewhere; some are looking up sources here, which if found will be beneficial to the mining industry here. But it is the buyer who suggests the price.

So it must be with all mineral supplies for which buyers in Japan can be the only bidders. The world price can only be obtained when world markets can be reached. This is the factor that should not be overlooked in estimating probable returns from base metal and mineral deposits of potential commercial value; generally speaking this commercial value will depend on *bona fide* offers from Japan.

There is much iron in the Islands, but a great deal of it is not of the high grade turned out by Philippine Iron Mines. Thus there is a large quantity of iron in Surigao, in the hands of the government through the National Development Corporation. Of low grade, it is proposed to smelt this ore into pig for local use and for sale abroad—in Japan of course. One drawback in this plan is that coking coal has not turned up in the Islands; another might be that Japan would prefer just buying the ore and doing the smelting herself. She prefers buying hardwood logs here, rather than lumber; her timber industry is set up for full use of the logs even to the sawdust and slabs, and freight charges work out more advantageously.

Base metal prices as of April 15 will be found in the *United Press* report elsewhere in this month's mining section. They are New York prices showing America's demands—not what the Philippines can get, unless shipment to American ports is feasible. Time of March 15 gives some encouraging iron figures, with steel at its optimum production, 90% of capacity (69,000,000 tons a year); for the first time in eight years Great Lakes ore has upped in price; pig iron is \$22 a ton, the highest level since 1923. This shows the world request for iron. With scrap iron, 40% of the base of new steel, scarce because of Europe's armament demands, in Japan the Phil-

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Santa Cruz-Mambulao's Position

(Notes Submitted by James M. Robb, of the administrative staff)

The Santa Cruz-Mambulao Mining Company has not been content to devote all of its energies and capital to the development of its 90-odd claims in the Municipality of Mambulao, barrio of Santa Cruz, Paracale, Camarines Norte. Besides copper claims in Zambales, chromite claims in Masbate, and numerous other groups of claims in various portions of the Islands, the Company has acquired all of the Placer claims on the Island of Lahuy, Province of Camarines Sur, and has financed the acquisition of fifty-two lode gold claims in the barrio of Pudaal, Municipal District of Itogon, sub-province of Benguet. The Treasure Island Mining Company will develop the lode claims on Lahuy Island, leaving the rich Placer to the Santa Cruz-Mambulao Com-

pany.

A new company has been formed to continue the development of the Benguet claims, Benguet-Itogon Goldfields, Inc. Taking its name from the location of the property, Benguet-Itogon Goldfields has filed its application with the Securities and Exchange Commission for a permit to sell P450,000.00 worth of stock. Reports on the properties by General Management Company, Inc., and by various members of R. Y. Hanlon & Co., consulting mining engineers and geologists, consulting engineers for the new company, plus progress reports rendered at frequent intervals by D. L. Finley and Barney Finley, in charge of operations, have indicated a real possibility of a commercial mine. Some P65,000 has already been spent in development

work, and ten main tunnels have been driven, ranging in length from 600 meters to 13 meters.

The company's engineers have advised concentrating on 3 of the veins encountered, namely, the "C", "D", and "Valentin" veins.

It is hoped that the lowest adit, the No. 5 tunnel, if driven about 11 meters further from its present 600 meter length will cut vein "D", and, if driven 100 meters further, will cut vein "C". On these veins, assays ranging from a trace to \$16.80 per ton, old price, have been obtained by the General Management Company at higher levels than is expected to be reached by this No. 5 tunnel.

The Valentin vein has also given high values near the surface, and a tunnel has been driven 90 feet along this vein. If the No. 5 tunnel cuts veins "C" and "D", it is planned to drift on both of them, and, possibly, winze or sink a shaft from Tunnel No. 3, which is at a higher level. A serious attempt is being made to determine whether the

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ippines have a keener customer than usual for their iron ore. But Japan will naturally keep the price below parity with scrap plus haulage from ports of supply.

It is interesting to note that England has abolished her duty on iron and cut the steel duty to 10% ad valorem. She is remote from the Philippines, however. All in all, a real supply of coking coal would be an industrial godsend to the Islands. Pig iron would stand a long-haul freight charge and tend to put ore prices more nearly on a level with world demands. But the coal has not come to light. Ore at the best bargain possible with a Japanese customer is the salable product.

Mountain Farmers and the Mining Prospects

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with the people. They have pulled down his timbering as fast as he put it up. I have not met him, as we live considerably beyond where he turns off to reach his diggings, but he has stopped off in Sagada frequently, and he apparently thinks he has a good thing. A friend of mine from Balatoc, who visited us last year, took a busman's holiday by sampling some of the ore which had been dug up in a nearby tunnel, and did not think it worth much.

"The resistance to . . . has been raised on the same grounds as against his forerunners, interference with the supply of water to the fields. I inquired closely about this today from an intelligent and educated Igorot. I had assumed that the people feared diversion of their water supply, but I find that what they fear is contamination of the water by chemical changes. They have heard that this results from mining. My guess is that the results they dread are caused in the mill rather than in the mine. The Igorot to whom I spoke seemed to think the people were acting on unfounded hearsay. But the prejudice is stubbornly ingrained and may well lead to serious trouble. I believe this present enterprise has done all it could to placate the people and, by assigning shares (in just what form I would not care to state offhand) to some of the Agava people, has enlisted a number of supporters. It seems to be a private enterprise with legitimate aims; whether it will find its claims worth pursuing I doubt.

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