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September Operating Results Excellent

Gold production for the month of September at the Marsman gold producers was ₱1,187,927.14, from 55,282 tons of ore treated in four milling plants and 399,452 cubic yards of gravel handled at two placer operations. A new all-time high monthly output by San Mauricio, of ₱377,845.20, was the feature of the month's work. Operating results in general were excellent. The total output was practically the same as that of August, in spite of a shorter working month.

The approval by the Securities and Exchange Commission early in the month of the termination of the financing agreement between San Mauricio and Marsman & Company was an important feature of the period.

SAN MAURICIO CAPITAL INCREASE APPROVED

The Securities and Exchange Commission in Manila has approved the termination of the financing agreement between the San Mauricio Mining Company and Marsman & Co., Inc. Accordingly, Judge Ricardo Nepomuceno, SEC head, has issued an order authorizing an increase in the capitalization of San Mauricio from ₱800,000 to ₱1,000,000. Of the 2,000,000 shares increase, Marsman & Co. nominees will subscribe at par to 1,500,000 shares in consideration of the termination of the agreement, and stockholders of the company will have the right to subscribe to the remaining 500,000 shares pro rata at ₱.40 per share.

San Mauricio will thus receive ₱350,000 in cash, in addition to the termination of the financing agreement by which Marsman & Company has been receiving 15% of net profits. Marsman & Company has agreed to waive its right to the next dividend to be declared on the new stock it so acquires.

Marsman & Company further agrees to continue financing San Mauricio, if

such financing is necessary, without remuneration up to the end of the contract, August, 1940. A further condition is that the 1,500,000 shares of stock which Marsman & Company thus acquires can only be disposed of by sale limited to 500,000 shares in three successive 6-month periods.

The approval of the SEC on the deal has been awaited by San Mauricio shareholders since last June, when at a special meeting the holders unanimously approved the plan. Not only will the financial position of the company be improved substantially as a result of the action, but the stockholders will profit in dividends from the increased income thus assured.

The board of directors of San Mauricio met immediately following the decision of the SEC, and unanimously accepted the agreement. By virtue of the cancellation of the financing agreement, Marsman & Company has no priority rights in the profits of San Mauricio, but will participate as shareholders only.