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OCT 29 1975

MARSMAN MAGAZINE

VOL. III
AUGUST
1938
NO. 2

MANILA, PHILIPPINES

August
1938

THE MARSMAN MAGAZINE

Vol. III
No. 2

July Operating Results Excellent

July production at the Marsman gold producers resulted in an output of ₱1,223,384.90 from 56,826 tons of ore milled and 352,055 cubic yards of gravel dredged. The total was but slightly under the record set in April. A new monthly all-time record was set again by the United Paracale Mining Company, with an output of ₱226,539.14 from 9,572 tons of ore treated.

Operations went ahead normally with excellent progress being recorded in general plant efficiency and development work.

ITOGON MINING COMPANY

Itogon treated 31,042 tons of ore during July, from which ₱354,301.62 in gold and silver were recovered. Recovery per ton was ₱11.41, and extraction was 87%. Development work amounted to 3,985 feet, of which 2,626 feet were operating and 1,359 capital advance. Of the capital footage, 105 feet were in ore, as were 706 feet of the operating development.

The 875 level Drain Tunnel, which is now being driven as a counterdrive along the Sesame vein, was advanced 218 feet. The cross section of this heading is large enough for the installation of double track.

The 500 level 96 vein crosscut was advanced 213 feet during July, and should reach its objective within 3 months. This heading is also of sufficiently large cross section to permit the installation of double track.

The 523 Sesame winze was sunk 22 feet during the month. This is ac-

tually an interior vertical shaft which is being sunk from the 500 level to the 875 elevation. It will be a standard 3-compartment shaft; a double-drum electrically operated hoist has been ordered for service in this shaft. In addition to the 22 feet of actual sinking, the hoist station, the ore pocket, and the raise to the sheaves have been completed.

Several stopes in both the Taka and Sesame vein systems were finished during the month, and new stope preparations were started.

Tonnage milled during the month was reduced by a broken main shaft in No. 1 50-foot tray thickener which was consequently out of action for 4 days. However, prompt service by the Manila office purchasing department and good work by the company's mechanical department kept the breakdown period to an absolute minimum.

(Please turn to next page)

Milling operations were normal. Slime tails were lower this month owing to improved filtration.

Total expenditures at Itogon for the month of July reached an all-time low record of ₱7.70 per ton.

It has been decided to reopen the old Taka workings above the present Zero level. Definite plans are now being formulated, and some work is already under way on the 3 level. It is hoped that a large tonnage of ore can be secured in this area from old fills and unmined blocks which were too low grade to mine when gold was \$20.67 per ounce.

MINDANAO MINING COMPANY

A 95-horsepower tractor has been purchased for Mindanao Mining to be used for stripping ahead of the drag-line. It has been delivered and is now in operation. This will allow the drag-line to work continuously on production. Changes have been made in the delivery hopper, screening and stacker belt which will increase yardage handled and it is expected that 2,000 yards per day can be treated in the future.

Considerable difficulty was experienced early in August with large boulders which reduced the yardage handled, but the equipment is now in more favorable ground and values and recovery improved very markedly during the first two weeks of the month. Production for August is expected to be the highest on record to date for the operation.

SUYOC CONSOLIDATED MINING COMPANY

During July Suyoc Consolidated treated 6,674 tons of ore from which ₱144,491.45 was produced, an average recovery of ₱21.65 per ton with an extraction of 85.83%.

The development advance was 1,312 feet, of which 936 were capital and 376 feet operating advance. Of the capital development 92 feet were in ore, as were 93 feet of the operating advance.

On the 220 level, the vertical 2-compartment raise coming up to connect with the bottom of No. 1 shaft was advanced 133 feet during the month, and will be connected before the end of August. Sinking operations in No. 1 shaft are expected to start by September 1.

A streak of alteration and quartz was cut in 2201 South which showed free gold, good assays resulting from samples over a width of 2.5 feet. No drifting has been done on the feature, so that its extent cannot be determined at this time. An effort will be made to make more progress in this heading to the South.

2042 crosscut East has cut what is believed to be the projection of the similar showing on the 1800 level. This showing, although the samples were very erratic, is expected to be slightly above average grade and of normal mineable width.

No repairs in the milling plant were necessary during the month, thus resulting in lower cost and increase in tonnage milled.

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COCO GROVE, INC.

July production at Coco Grove was ₱163,312.53, from 352,055 cubic yards of gravel dredged, and slightly exceeded estimates. In general the dredges both worked in lower grade ground, but the results obtained checked favorably with the drill hole logs. Both dredges reached the shore line during July and then made the turn back into the Coco Grove area proper.

The dredger Mary Angus handled 180,655 cubic yards of gravel from which ₱102,595.89 was produced. It dredged an area of 96,845 square feet, to an average depth of 50.3 feet.

The dredger Anne Petronella recovered ₱60,716.64 from 171,400 cubic yards of gravel handled. It dredged an area of 93,885 square feet to an average depth of 46.56 feet.

Work on the protecting sea wall was continued during July, when approximately 250 linear feet of piles were driven, making a total of 450 feet of piling driven to date. The sea front opposite the Coco Grove work yard is now well protected against any wave

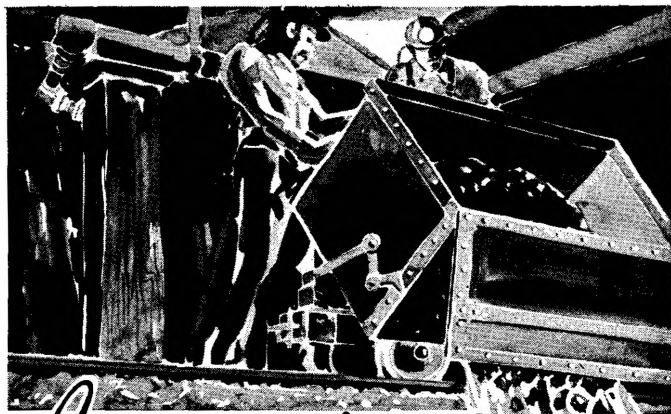
PHILIPPINE SMELTING COMPANY

Concrete foundations for the Cottrell plant treater have been completed, and work on the sub-station is well under way. During July the plant smelted 1,207.3810 tons of concentrates, while the feed to the sintering machines amounted to 6,043.363 tons of concentrate and charge. Operations went ahead normally with satisfactory results.

action.

Difficulties with the ladder and stacker rollers interfered to some extent with operations, but a new type of stacker roller manufactured in the United Paracale machine shop has contributed to better operation of the stacker. The Bucyrus Erie Company has supplied new ladder rollers which are heavier than the original ones. The new bearings in the upper and lower tumblers appear to give more satisfactory service, and no difficulty was experienced with these bearings during July. Mr. A. R. Taylor, of the Bucyrus-Erie Company, is still at Coco Grove working on improvement of the equipment.

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MARSMAN INVESTMENTS LIMITED

Third Ordinary General Meeting Held in Manila on the 17th August 1938 at 4:00 P. M.

Chairman's Speech

Ladies and Gentlemen:

You have received the Annual Report of the Directors and Statement of Accounts and I presume you will take them as read.

Before moving to the adoption of the Report and Accounts, I shall briefly analyse the Balance Sheet submitted and then pass on to other matters of particular interest.

I should like to draw your attention to the fact that we have altered the financial year of Marsman & Company, Inc. to the 30th April, so that it ends concurrently with the year of Marsman Investments Ltd., and I feel that you will agree that this is a step which makes the presentation of the Directors' Report and Accounts of your Company much clearer for you to follow.

Turning first of all to the Accounts of your Company, you will see that the main alteration in the assets is the increase in the item "Investments at Cost" from £349,571 last year to £485,501 this year, and a reduction in the item "advance to Marsman & Company, Inc." from £204,512 last year to £16,345 this year.

As shown in the Accounts before you, the Profit & Loss Account shows a small deficit of £5,906 for the year. This is due to the fact that no dividend was paid during the year by the subsidiary company, Marsman & Company, Inc. After deducting this loss from the amount carried forward last year, there is a credit balance of £2,300 to be carried forward to next year's Accounts.

Owing to the full employment of its cash resources, Marsman & Company, Inc. were not able to declare a dividend, but that Company earned for the 16 months ended 30th April, 1938, a profit of ₱1,664,052.00 (£166,405), which I am sure you will agree is very satisfactory indeed. As this is the

main source of your Company's income I will refer briefly, if you will allow me, to the Accounts of that Company—a copy of which is embodied in the Report before you.

Comparison of the Accounts of Marsman & Company, Inc. with these for the previous period shows a considerable increase in Investments, and also a very large reduction in the current liabilities of the Company. You will see that the Company does not now hold stocks of merchandise and machinery, as the Marsman Trading Corporation was formed during the year to take over this activity. The Marsman Trading Corporation is a wholly owned subsidiary of Marsman & Company, Inc.

You will note that the net worth of Marsman & Company, Inc. stands this year at ₱4,881,477.00 (£488,147) or an increase of ₱1,428,977 (£142,897).

Turning to matters of general interest, I think you will agree that the Report of your subsidiary Company Marsman & Company, Inc., gives a very comprehensive and clear outline of the activities of the Affiliated Companies under its management.

As I informed you last year, the policy of substantially increasing milling capacity, recommended by Marsman & Company, Inc. and adopted by our Affiliated Companies, was continued with the utmost vigor, and the burden of the expense in carrying out this program was, in the main, borne by Marsman & Company, Inc. Capital Expenditure at Itogon, United Paracale, San Mauricio and Coco Grove alone amounted to ₱5,168,117.90. It was anticipated that the full benefits accruing from the completion of this program would have been evident during the period under review.

Uncontrollable factors, however, due to labour and shipping strikes in the United States, caused certain delays in

the programme. These delays have been reflected in the cash position of the Company at 30th April. From a dividend point of view the position was largely governed by the ability of the affiliated and managed Companies to liquidate their loans. Under these circumstances the full benefits from increased production from these Companies have come later than anticipated.

From a comparison of the production figures of 1938 with those of 1937, the full effect of the expansion programme is to be noted. The total production from affiliated Companies for the first six months of 1937 was ₱4,128,846.00, whereas the total production for the first six months of 1938 was ₱7,266,141.29, and it is anticipated that the second half of this year will result in a further increase in production.

Included in these totals, however, is the gold production from the Coco Grove property, which commenced in January this year, and the total production from this property to 30th June amounted to ₱1,494,858.03.

I think you will agree that the reputation for progressiveness which this Company has built up is fully merited.

Turning to the individual Companies, I will first deal with the position of

ITOGON MINING COMPANY, INC.

This Company suffered during the period by delayed delivery of Compressed Air Plant ordered from the United States, which retarded the development programme on the richer portions of the Mine, and further—as you will see from the Report—there is a diminution of ore reserves. This is due to the fact that many of the blocks estimated for reserves proved on further development to carry a considerably lower average value than had been anticipated from the results of sampling.

The effect of this was not only to reduce the quantity of reserves but also to lower the average value in view

of the necessity of drawing unduly on the richer portions of the ore body in order to keep up the average charge to the required value. In spite of these difficulties the Mine succeeded in supplying the tonnage required for the increased size of Plant and has not failed to do so since. Development has since proceeded vigorously and the Mill Heads are now showing steady improvement.

SUYOC CONSOLIDATED MINING COMPANY.

Development work has been very satisfactory and has substantially increased the ore reserves both in quantity and value.

Material benefits from the connection of the Palidan Suyoc Drain Tunnel to the main workings are becoming more evident. Pumping charges have been recently eliminated and work is progressing towards known vein structures, which has hitherto been impossible due to water troubles.

The returns have shown higher and steadier production. A dividend of 10% was paid in January and a further dividend of 10% has been declared for July.

Altogether the outlook for Suyoc is most encouraging.

THE PALIDAN SUYOC DEEP LEVEL TUNNEL CO.

has completed the 9,000 ft. tunnel to the Suyoc main workings. This 11' x 11' arched back tunnel was driven 8,250 feet in seven months, which represents an average advance of about 1,180 ft. per month. A record breaking achievement.

THE UNITED PARACALE MINING CO.

has shown steady progress. The Mill was consolidated to an all-sulphide plant with ore from the Mine replacing the low grade oxide ore from the Hali-guing Bato talus deposits.

A feature of importance is the excellent development on the Longos sec-

tion, where a substantial body of rich ore is being mined and developed.

SAN MAURICIO MINING COMPANY.

A new main shaft on the main San Mauricio vein system was sunk and connected to the 500 Level workings. This shaft is equipped with a steel headframe and modern type of electric hoist, for skip haulage.

The old shaft gave considerable trouble due to ground movement, and hoisting and development was retarded during the latter half of 1937. This shaft is now used as a service shaft for the Mine.

Development results during the first half of 1938 have been satisfactory. Driving northwards on the main San Mauricio vein has resulted in cutting a series of splits as the vein approaches the contact of an intrusion of metamorphics. This has resulted in a series of four distinct veins all of good width and carrying high values. This section of splits has been named the Tacoma section.

A crosscut from the 400 Level in the Tacoma vicinity has cut the first of these splits with good width and grade, and development is being pushed as rapidly as possible. This additional high grade tonnage is of great importance. Additionally, developments on the Santa Ana vein system have proved very satisfactory and should result in a further tonnage of good grade ore being developed. The shaft is being continued to the 400 Level and development work generally speeded up.

In fact, the developments during the first half of 1938 will result in a substantial increase of the ore reserves, both as regards tonnage and values, and I confidentially look forward to a very bright future for this Mine.

Capital expenditure has practically ceased and working costs have shown a steady decline.

COCO GROVE INC.

The total yardage so far tested has been estimated at 26,000,000 cubic

yards averaging 57.7 centavos a yard for a total value of ₱15,000,000.00

During the year, 361 test holes amounting to 15,181 linear feet of drilling have been made on the property. The former testing was done in 200 ft. squares; the further testing has brought this down to 100 ft. This closer testing has confirmed our former estimate. Strikes in the steel plants in the United States caused considerable delay in the delivery of the two dredges ordered from the Bucyrus-Erie Company.

Parts of the first dredge arrived in Manila in early June, 1937. Concentrated effort resulted in its assembly and launching on 2nd September. It was towed to Paracale and arrived on 13th September.

The second dredge arrived in Paracale on 23d October.

Construction work on the first dredge at Paracale was completed by the 7th January. The dredge was towed to its paddock by the 9th and started trial operations on the 10th and went into gold production on 16th January.

The second dredge was completed and after trials went into operations on 14th February.

The production for the first six months of 1938 of ₱1,494,858.03 from 1,799,632 cubic yards dredged should be considered as most satisfactory. These figures represent an average recovery of 83 centavos per cubic yard.

The Directors' Report covers all the other managed mining Companies very thoroughly and sufficiently indicates the progress made.

MARSMAN TRADING CORPORATION.

Operations have been satisfactory and activities are being broadened in import lines and the development of an export business.

The Corporation operates branches at Baguio and Paracale and maintains general and cold stores in five mining camps. It also works in close contact with the Hongkong and Dutch East Indies Companies.

MARSMAN INVES
BALANCE
AS AT 30TH

LIABILITIES

	£	s.	d.	£	s.	d.
CAPITAL						
<i>Authorised and issued:—</i>						
1,000,000 Shares of 10/- each fully paid				500,000-	0-	0
SUNDRY CREDITORS						
Accounts Payable and Unclaimed Dividends.....				848-	11-	0
PROFIT AND LOSS ACCOUNT						
Balance brought forward as at 1st May, 1937.....	58,205-	17-	3			
<i>Less—Dividend of 10%, paid 19th July, 1937.....</i>	50,000-	0-	0			
				8,205-	17-	3
<i>Less—Excess of Expenditure over Income for the year per</i>						
<i>Account below</i>	5,905-	9-	11	2,300-	7-	4
				£503,148-	18-	4
CONTINGENT LIABILITY						
Bank Guarantee for Marsman Trading Corporation, £41,009.						

AUDITORS'

To the members of MARSMAN

We have examined the above Balance Sheet, dated 30th April, 1938, with the books of the London Office, and have obtained all the information and explanations we have required.

In our opinion such Balance Sheet is properly drawn up so as to exhibit a true and correct picture of the position of the Company at the date to which it relates, and as shown by the books of the Company.

MANILA, P. I., 8th June, 1938.

PROFIT AND
FOR THE YEAR FROM 1ST

	£	s.	d.
Manila Office Expenses	3,436-	11-	10
Travel and Transportation	2,680-	2-	9
Directors' Fees	1,752-	1-	8
Licences and Fees	1,069-	18-	4
Legal and Notarial Expenses	752-	18-	9
Advertising	747-	4-	0
Rentals	564-	11-	3
Telephone, Cables, etc.	400-	5-	3
Miscellaneous Expenses (including £512 applicable to 1936/37)	1,627-	19-	5
	£13,031-	13-	3

STATEMENT PURSUANT TO SECTION

The Subsidiary Company, Marsman & Company, Inc., made a profit for the period coinciding

J. H. MARSMAN
GEORGE C. DANKWERTH } *Directors*

A condensed Balance Sheet is submitted in the Directors' Report, and I would draw your attention to the fact that the net profit for the four months from 1st September, 1937, the date when this Company took over the activities of this Department, to 31st December, 1937, amounted to ₱83,543.00. (£8,354).

Total sales of merchandise for the year 1937 were ₱4,512,073.00 (£451,207) compared with ₱2,904,634.00 (£290,463) for the year 1936, and for the four months ended 30th April, 1938, the sales aggregated ₱1,359,788.00 (£135,978).

PHILIPPINE SMELTING COMPANY.

After the difficulties experienced during the starting of the operation of an entirely new project to the Philippines, involving the training of crews etc., had been overcome, smelting operations have been continued successfully with operating costs showing a steady downward trend.

More details of this Company's activities are given in the Report.

MARSMAN BUILDING CORPORATION

was organized during the year.

The Corporation is tendering for Government and private construction contracts and works in conjunction with the Hongkong Company who manage the Vibro Piling Company in China.

I am sure you will be interested to know that the Corporation has secured the contract for the erection of the American High Commissioner's new building and headquarters in Manila.

MARSMAN DEVELOPMENT COMPANY

was organized during the year.

The Company's sawmills are located at Mercedes in Camarines Norte Province and have a present output of 400,000 board feet a month.

The timber concessions contain enough timber to supply the sawmills for over 40 years at present production rates. Most of the output sup-

plies the mines in the Paracale District, which assures a profitable market for the output. We are now exporting a certain footage to the Pacific Coast of America.

MARSMAN HONGKONG CHINA LTD.

Your interest in this Company is represented by the "A" shares which have the right to appoint three Directors. Organization of the various departments to enter into civil engineering and mining business in the British Colony and China has been completed.

Direct contacts were made with the various Provincial Governments, who in some cases have enlisted our cooperation in all phases of mining and civil engineering schemes and projects. The disturbance of normal conditions caused by hostilities has necessitated the postponement, with the exception of one or two important schemes in process of negotiation, of the majority of these projects until more peaceful conditions return to China.

MARSMAN ALGEMEENE EXPLORATIE MAATSCHAPPIJ.

Further prospecting has been carried out in the N. E. I., Sumatra and Borneo.

This work has resulted in the finding of what we believe may prove a valuable mine at Mangani in Sumatra, for which arrangements have been completed to finance an immediate development programme and mill and treatment equipment.

Attention is also being given to an attractive lower grade deposit which has the potentialities of a very large tonnage.

BASE METALS.

Due to the extraordinary fall in prices of base metals and ores, our programmes have been seriously handicapped. Despite certain drawbacks, however, we have continued to expand, and given normal conditions I think the results should show up satisfactorily.

We have been seriously affected during the past year in this direction by the set-back in American trade and by exchange difficulties with Japan, as the present natural market for our output is in these countries, owing to the advantage in freight rates as compared with those to Europe. However, our London Office has organised a Metal and Ore Sales Department which is exploring the possibilities of marketing Philippine mineral products in the European market. Shipping freights have recently been lowered and if we could secure the full co-operation of the shipping companies in reducing freights still further for these heavy cargoes, we feel we could make progress in this field.

An active business is also being carried out by our London Office for our Associated Company, Marsman Hongkong China Ltd., in Antimony Regulus, Antimony Crude, Wolfram Ore and other products of China.

LEGISLATION

In my capacity as President of the Chamber of Mines of the Philippine Islands, I am naturally in close and constant touch with legislation applicable to the mining industry. I am gratified to think that President Que-

zon and the Government continue to evidence the greatest interest and sympathy in Mining generally. Legislation already enacted will do a great deal towards building up confidence in the future of the mining industry in the Islands.

DIVIDENDS.

As shown in the Report of the Directors, Marsman & Company Inc., had satisfactory profits which were reinvested in the expansion programme which has already been described. Repayment of these advances is proceeding satisfactorily, but your Directors are inclined to follow a conservative policy at this particular time of unsettled world economic conditions. It will be readily seen that during the present period of unrest it is advisable to conserve the Company's cash resources so as to withstand any untoward circumstances which might affect your Company or any of its affiliates.

I now beg to move

"That the Report and Accounts for the period ended 30th April, 1938, as presented and circulated among the Shareholders, be and they are hereby received, approved and adopted."

The motion of the Chairman, Mr. J. H. Marsman, was seconded and un-animously passed. Directors Adolphus Beckerleg and H. P. L. Jollye retired and being eligible, were reelected. Messrs. White, Page, & Co. were re-appointed auditors.

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Drilling Co., Ltd.
Vancouver, B. C.

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Salt Lake City
U. S. A.

SAN MAURICIO MINING COMPANY

San Mauricio produced P334,740.16 during July, from 9,538 tons of ore treated. Average recovery was P35.11 per ton, while extraction was 95.21%. Development advance was 1,077 feet of capital and 416 feet of operating development. Of the capital advance 400 feet were in ore, as were 135 feet of the operating development.


Development on the 300 level in the Tacoma section continues in high grade ore. The Tacoma No. 3 north drift on the 300 level was advanced 94 feet during the month, with cut samples showing high averages over a width of 48 inches. Tacoma No. 1 drift north and No. 3 north drift, both on the 400 level were advanced 86 and 118 feet

respectively, with good values.

The Santa Ana shaft was sunk 53 feet during the month. The north drift of the 300 level at the Santa Ana mine continued in good ore throughout the month, and was advanced 91 feet in good ore.

The Tacoma shaft was retimbered and repair work started in the San Mauricio shaft. Considerable repair work is being done on the 200 level north drift in preparation for the rainy season.

Operations in the milling, construction, power and electrical, and mechanical departments were normal throughout the month, with general conditions excellent.



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SAN MAURICIO

This excellent aerial view of Mambulao and vicinity shows the scene of operations of the San Ma the Marsman bodega is shown at A. B is the San Mauricio barrio. The San Mauricio mill is at C, while the letter E. Staff quarters are at G. The road to Batobalani and Paracale is H. The Santa Monica well the wooded nature of the country, and the location of the area in relation to the Pacific Ocean. The vei

E A N

LUCLUKAN PT.

GUMAOS BAY

STA. BARBARA MINING CO.

SANTA ANA VEIN

MAMBULAO CONS. MINING CO.

FROM THE AIR

ericio Mining Company and of the Philippine Smelting Company. A, the road to the government wharf and staff house is shown by the letter D. The old shaft is at F, while the present main shaft is shown by the shaft is at I, and the Santa Ana shaft at J. The New Drainage Adit may be seen at K. The picture shows systems are shown on the picture. Aerial photography by Byron A. Glover, PATCO pilot.

UNITED PARACALE MINING COMPANY

Another new production record was made by United Paracale in July, with an output of ₱226,539.14 from 9,572 tons of ore treated. Recovered value was ₱23.67 per ton, while extraction was 89.51%.

The development advance was 1,515, of which 965 feet were in capital and 550 feet in operating development. Of the former, 231 feet were in ore, as were 93 feet of the operating advance. The 301 drift north, Baluarte 300

level, was advanced 74 feet along the vein 5.3 feet wide, with high average values showing. 401 drift north Baluarte 400 level, was advanced 80 feet along the vein 6 feet wide with good values.

On the Longos 200 level, 201 drift south was advanced 77 feet along the vein 6.1 feet wide with high values.

The plant in general operated normally and efficiently during the month.

Close Human Relationships

—exist between this bank and the people of this Community.

THERE are no dividing lines between the interests and welfare of this bank and the interests and welfare of its neighbors, whether or not they are customers.

Our depositors who entrust their funds to our keeping represent a broad average of the men and women of the Community. Our borrowers are men and women engaged in active business enterprises which, we feel, entitle them to the use of the bank's credit resources created with the aid of our depositors' money.

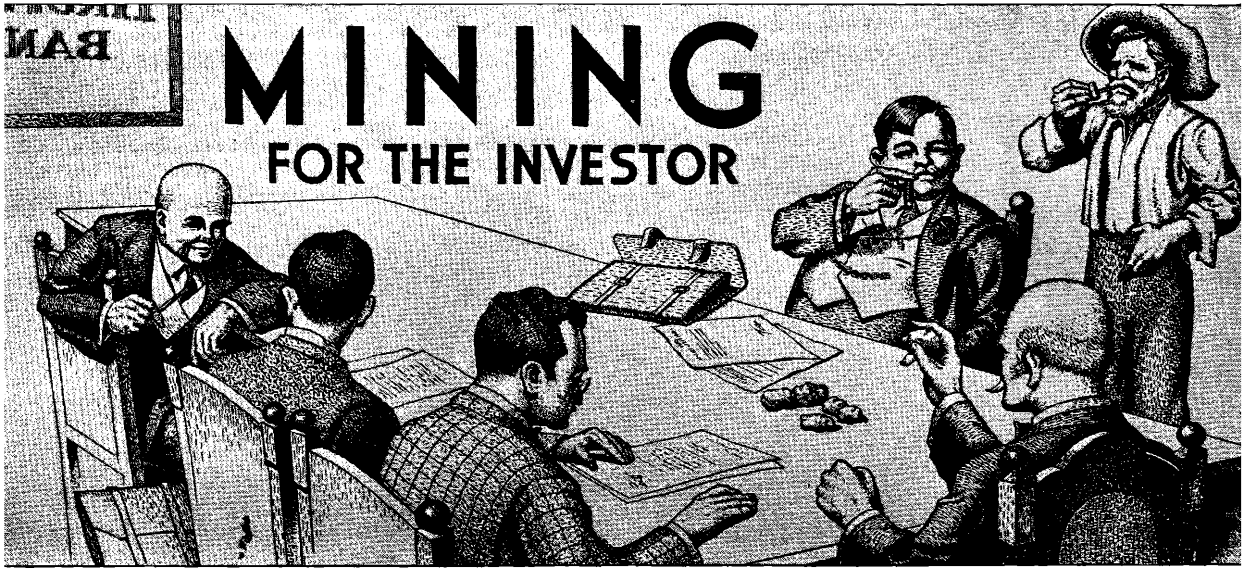
This bank, as a center of the financial interests of these men and women, makes possible interchange of practical helpfulness.

PEOPLE'S BANK AND TRUST COMPANY

Manila, Philippines

Four Provincial Branches at your Service

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Tarlac, Tarlac—San Pablo, Laguna
San Fernando, Pampanga



By Ralph Keeler

THE MINING COMPANY

(Continued)

Probably the most important step in the organization of a mining enterprise, so far as the mining investor is concerned, is its "promotion". The general public seldom hears of a mining project in the first place until it is in the organization stage. Until the owners or operators of a group of claims on which valuable minerals have been found come to the stage of needing further funds, they are usually very close-mouthed about their discovery—from that point on, however, they are ordinarily quite optimistic. Again, after funds have been raised to carry on mining and milling, the public hears but few details of operation. As a rule, operators are reluctant to discuss the statistics of their plants. Sometimes the results are not up to previous estimates, and the miners are not anxious to air their troubles. In other cases, the profits may be far in excess of those anticipated, and the operators may wish to buy more of the stock before the general public knows of their good fortune. Whatever the reasons may be, it is true the world over that almost invariably the only time the investing public is interested in detailed

information about a mining project is during its promotion. The layman is seldom familiar with the many technical details of mining, nor is there any reason why he should be.

Mining promotion is the act of organizing a mining company, raising money for a mining project, and in general setting the stage for a mining operation. Mining promotion is an essential and entirely legitimate part of the organization of a company, but, as in anything else, only when it is carried out honorably and for the purpose of financing the undertaking, and not for the purpose of lining the promoter's pockets with the money of gullible investors. Unfortunately it has been comparatively easy for unscrupulous promoters in the past to take advantage of the general ignorance of the public as far as mining was concerned, to raise money on imaginary veins and ore bodies, and often through the sale of stock in companies which existed in his imagination alone. Every gold rush and mining stock boom that the world has ever experienced has provided a field

[The first of this series appeared in the April Magazine]



for the activities of such men, and the aftermath of every such boom has found scores of victims with handsomely-engraved stock certificates to remind them that all is not gold that glitters in the imagination of smooth-tongued stock salesmen.

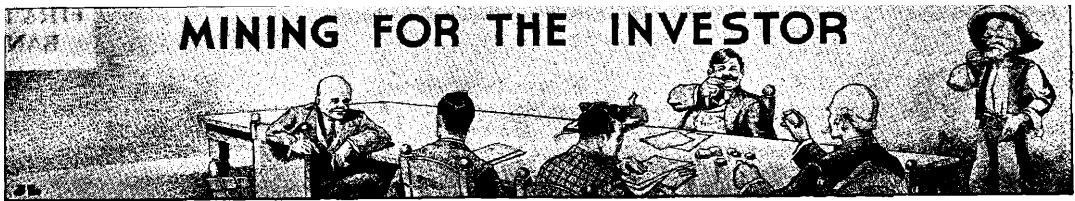
It is, of course, utterly impossible to protect an investor against his own lack of common sense. During the hysteria of a stock boom, such as that from which the Philippines is now recovering, most of the public, including businessmen with years of experience in successful management of their own affairs, throw their hard-won knowledge away and are often more gullible than those with little or no experience in finance.

There are, however, several danger signs about which the potential investor in mining stocks should be warned. These are: the extravagant use of 'big names'; extravagant promises of wealth; new and unusual metallurgical or mining schemes; the old gag of the mine that was abandoned years ago but has since been found of fabulous value and has been bought from the un-knowing owners; the use of the names of established companies to infer similar richness. The payment of high salaries and fees to promoters at the very start of the organization of a company is in itself an indication that most of the funds collected will never get beyond the promoters' pockets. The reputations of the promoters and engineers should be good—while it is not necessarily true that "once a thief always a thief" it is not usually wise to trust your money to a person who has abused such confidence before.

Almost every kind of chicanery known was practised during the stock promotion boom in the Philippines. Many honest and otherwise intelligent men permitted the use of their names in the floating of phoney mining companies; the names of many others were used

without the consent or knowledge of their owners. One company went so far as to feature a full-length picture of President Manuel L. Quezon in a whole-page advertisement in the Manila papers, insinuating that the project had his endorsement. Needless to say, the newspapers, and the company itself heard from Malacañan before the ink on the advertisement was hardly dry—and the offense was not repeated. Some 25 or 30, if not more members of the National Assembly became directors of various mining companies, and their names were used in sales talks. For a while a new mining company without at least half a dozen assemblymen on its directorate was a novelty. One prominent and ambitious assemblyman engaged in mine promotion on his own account, and did right well in selling stock in some half dozen companies—all of which are now defunct. Politics and mining seldom mix—not more than two or three of the "mining" assemblymen are now connected with successful mining enterprises. The name of a former governor general of the Philippines was much used during this period, and it is reported he went to a near-by southern country to promote a Philippine mining company.

One group of companies was formed to exploit property in an area where gold had never been found, and on which several prominent engineers had already made adverse reports. In spite of the fact that among the original organizers of this group were two ex-convicts, and that nowhere in the world had gold been found in similar formations, several hundred thousand pesos were invested in the companies by leading Manila businessmen. The consulting engineer, a man whose record was one of incompetence almost to the point of a criminal negligence, drew nearly ₱3,000 a month for a year—it is not to be wondered that his reports were al-



ways most encouraging! Finally, when an honest engineer was engaged to build a mill, the truth of the matter, became known. At once the promoters explained the lack of values in the assays by saying that the gold was different from most gold in that it could not be recovered by ordinary assaying! It might be well to note here that if the assayer can't find gold in the sample, there is but little chance of its being found by any other method.

Of the several hundred companies formed from 1934 to 1936 in Manila, some 75 used the word term "Gold," in one form or other. Many of them incorporated the words Benguet, Balatoc, Itogon, Paracale, Masbate, another names significant in the legitimate mining industry of the Philippines.

One company appealed to the public with the argument that all of the school teachers were subscribing, and that consequently the company was bound to succeed. "ANNOUNCING the Company . . . Where most School Teachers are Investing . . . Invest your PESO in the WAY the teachers do." The advertisements of this firm read. "The existence of veins of minable value, the high altitude of the vein regions, the abundance of durable timbers, and the presence of sufficient water supply will make the mine productive if well explored in the most modern and scientific way," was the recommendation of the engineer.

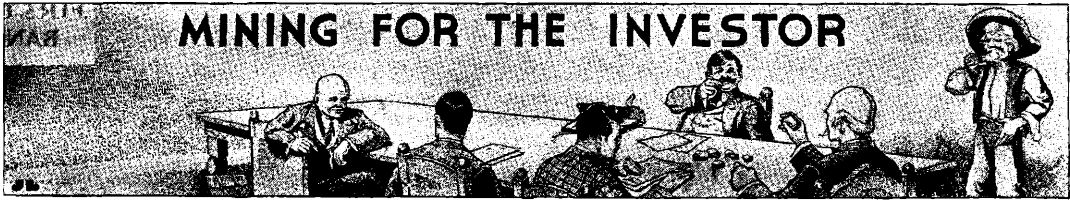
Another company broke into the limelight with full-page advertisements in all the papers stating that a licensed mining engineer had examined the property and had reported that it contained 3,500,000 measurable tons of manganese, and that this report had been confirmed by three other engineers. The whole world uses but little more than that amount of manganese ore a year, so such a mine would indeed be worthy of investment. Unfortunately, the estimators were too free with their zeros, since the mine in question hasn't

produced enough ore to date to make up a single shipload—and isn't at all likely to in the future. The same company announced the discovery of more than a million tons of copper ore, similar amounts of asbestos and chromite—and with the same results.

The prospectus of another of the "prickly-heat" companies (as one engineer from the Western American camps termed them) had this naive announcement: "To Whom It May Concern: Since my childhood, it has always been my dream to do something to help others in any way I can. In joining the —— Mining Association, I had in mind two things, namely:—my boyhood dream to help, and—the promise of the——mining venture as evidence by the records herein presented for the consideration of the public. In inviting you to be a member of the—— Mining Association it is my honest belief that someday, we may be compensated for our sacrifice," signed by a prominent politician. Needless to say, his boyhood dream is still just a dream.

The well-earned reputation of one of the leading American mining colleges was capitalized upon by one of its ambitious but not over-scrupulous alumni. Soon after the boom started he sent back to the States and engaged seven graduates from his alma mater, and formed a company. Making enthusiastic use of their degrees, he promoted a dozen or more companies, with his own group as managers. On each of them the report was essentially the same: "The mineralization was always good, the water and timber supply was excellent, and further exploration was recommended." This was continued until the cash ran out. Most of these engineers rebelled as soon as they discovered the set-up, and resigned—some of them, in spite of contracts, being forced to pay their own transportation home.

One enterprising chap in Manila suddenly announced through the press that he was fully equipped with divining rods of various types, and that he was prepared to locate anything from



water pipes and buried treasure to gold, silver and miscellaneous metals underground. He had a beautiful set of aluminum divining rods, with shining mahogany handles. One rod was peculiarly suited for locating water, another couldn't miss on gold, and so on. He actually sold his services to several of the newer mining magnates, it was reported, although there is no record of any startling discovery.

Dozens of other examples could be given. Shapers were able to succeed for a brief period in Manila because the general public had never gone through the trials and tribulations of a mining stock boom, and, in addition, were almost one hundred per cent uninformed of even the bare principles of mining.

In spite of the illegitimate companies, and of the failure of many enterprises honestly organized and fairly managed, the percentage of successes in the Philippines was as big as in mining booms in other sections of the world. At the end of 1936 there were 20 gold producers in the Philippines, with a monthly

output slightly under ₱4,000,000. At the end of 1938 there will be more than 30 plants in operation, with a monthly output not much under ₱6,000,000. The mining industry advanced steadily during the hectic boom days, and today is on a sound basis.

How can the investor tell a legitimate promotion when he sees one? If the engineers who have reported on the property have had years of experience and if they have a good reputation; if the predictions for the property are reasonable—that is to say optimistic but not wildly so; if the management of the company is in the hands of men experienced in the various technical details of mining; if the plan of action is conservative and reasonable; if the known or indicated ore reserves, as checked by more than one reliable engineer, are sufficient to indicate a reasonable return on the investment, then it is safe to assume that the promotion is on the up-and-up.

(To be continued)

SAN MAURICIO SUPERINTENDENT LEAVES ON VACATION

H. L. Barr, general superintendent of the San Mauricio Mining Company, left Manila on the TAI YIN with Mrs. Barr for a vacation trip to the United States. He plans to visit his home in Missouri as well as various other parts of the United States. Mr. Barr has been in charge of work at San Mauricio since the company first started operations in 1934.

During his absence in the States, T. L. White will be acting general superintendent.

The appointment of R. H. Canon as

assistant division manager of the southern division of Marsman & Company, in addition to his regular duties as general superintendent of the United Paracale Mining Company, has been confirmed. D. L. Gardner has been transferred from Paracale to Mambulao as geologist and chief engineer of the San Mauricio Mining Company.

Upon his return this month from vacation J. E. Fyfe will handle similar duties for the United Paracale Mining Company in addition to his work as division engineer for the southern division.



BAGUIO, GOLD CITY OF THE PHILIPPINES

An unusual panorama of Baguio, leading mining city in the Far East, is this view taken by B. A. Glover from a PATCO plane. Burnham Park, Session Road and the Cathedral may clearly be seen. In the background looms the Bontoc Mountains where some of the most beautiful scenery in the world waits the visitor.

MYSTERIES OF MINING

This is the eighth in a series of features describing various interesting phases of mining and the mining industry.



Drilling by hand—as the famous “Cousin Jacks” (Cornish miners) used to do it before air drills were invented. Plenty of muscle and good nerves were necessary—and even then progress was slow.

DRILLING

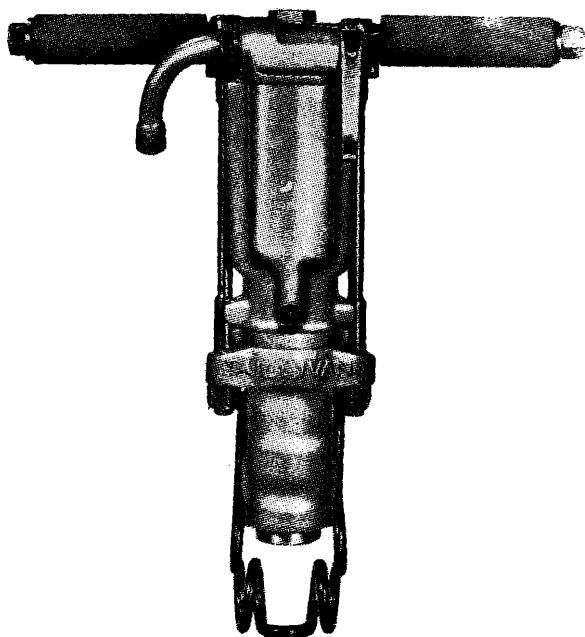
One of the first problems that the primitive miner encountered was that of breaking up the rock in which the precious gold, silver, or other metals were hidden. Occasionally he was fortunate in that the rock material was soft and crumbly, and could be dislodged with a pick and shovel.

Usually, however, Mother Nature stores her mineral wealth in very strong cupboards indeed, and the miner has to use sheer strength to unlock them. "Hardrock" mining is the term given to mining in strong and hard formations which resist ordinary attempts to break them up.

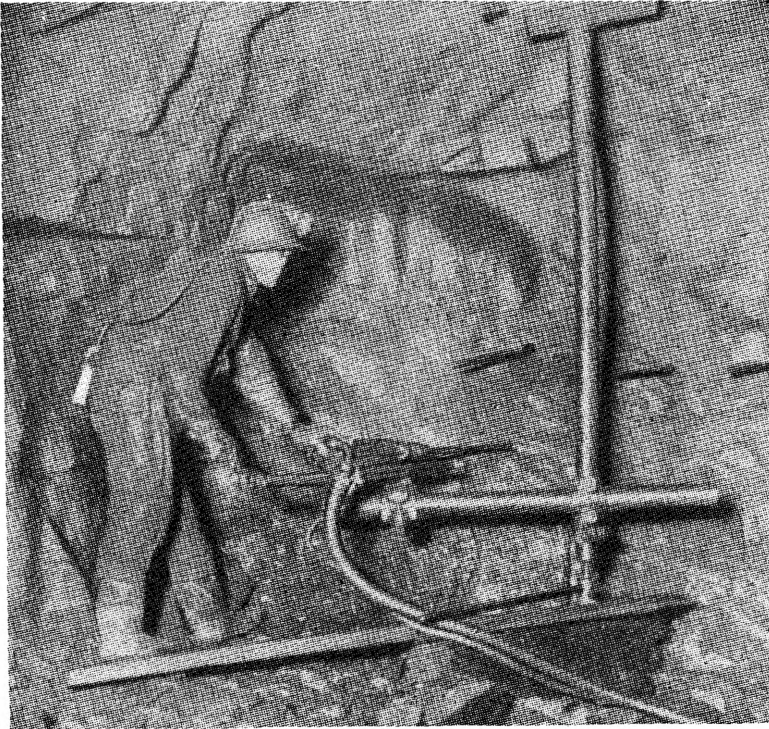
Gunpowder was discovered in the 13th century, but it was not until 1622 that it was mentioned in connection with underground excavation. At first the general practice was to put the gunpowder in convenient cracks in the rock, and to ignite it. Unfortunately, however, all rocks did not have such cracks; crude drilling was developed along about 1683. Drilling technique

was studied seriously, and in 1717 small holes were drilled into the rock. Many different designs of drilling equipment followed.

In 1854 Brunton and Bartlett first used compressed air to motivate a drill. Since that time there has been considerable progress in the drilling equipment. The miner of yesterday used a "single-jack" to drive his steel drill into the rock—a slow, laborious job. Today the modern miner with his jack-hammer, (a hammer type of rock drill provided with an automatic rotating device, weighing from 40 to 60 pounds, run by compressed air and designed to be operated by one man), stoper (large rock drill weighing about 80 pounds used for stoping), or drifter (large rock drill weighing some 150 pounds mounted on supports for horizontal drilling) can drill a series of holes in short order. The drills of today are probably the miners most important tool, for without them he could not break down the ore.



A modern jack hammer, for use in all types of mining. This machine weighs about 40 pounds, can be operated by one man, and is run by compressed air. Thousands of these drills are used in the mines of the world.



A "drifter" in operation in an American mine. This is a large rock drill mounted on supports for horizontal drilling.

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Producing Mines

<i>Name</i>	<i>Location</i>	<i>Type Property</i>	<i>Plant Capacity Daily</i>	<i>General Superintendent</i>
Itogon Mining Company	27 km S. of Baguio	Gold Lode	1,000 tons	Warren Gilkison
Suyoc Consolidated	98 km N. of Baguio	Gold Lode	200 "	L. M. Robinson
United Paracale	Paracale, Camarines Norte, 200 km Sw of Manila	Gold Lode	300 "	R. H. Canon
San Mauricio	15 km N. of Paracale	Gold Lode	300 "	H. L. Barr
Coco Grove	Paracale	Gold Placer	13,000 cubic yards	F. A. Nowacki
Mindanao Mining Company	Zamboanga, Zamboanga	Gold Placer		Frank Dale

Properties under Development

<i>Name</i>	<i>Location</i>	<i>Type Property</i>	<i>In Charge</i>
Tuba Project	Tayabas	Gold Lode	L. H. Hinckley

EDITORIAL

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COOPERATION

The willingness shown by the Philippine government to cooperate with the mining industry by the postponement of consideration of tax legislation until there has been time for careful study is a source of gratification. This spirit indicates that the administration recognizes the intricacies and hazards of mining and is willing to work with the mining operators in effecting the proper development of the mineral resources of the Commonwealth.

The government should continue in the same spirit by clearing up the long-standing legal arguments as to the rights of claim owners, by granting to the mining companies the rights to which they are clearly entitled by the mining laws in effect in the Philippines during American occupation and by the spirit and letter of the Constitution of the Commonwealth.

At one time there were nearly 110,000 mining claims recorded in the Islands, which presumably covered around one-twentieth of the entire area of the Philippines; of these, however, only 149 were patented up to November, 1935. During the past 18 months, however, several hundred so-called mining companies have fallen by the wayside, and

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THE MARSMAN MAGAZINE

Published each month for Marsman & Company, Inc., Marsman Building, Port Area, Manila, Philippines. P. O. Box 297

The magazine is sent to all stockholders of Marsman managed properties and to all staff members of the companies associated with the Marsman interests.

NOTE: *All ore values, bullion figures, etc., given in this magazine are expressed in pesos based on gold at \$35.00 an ounce and silver at the market price. Figures given in monthly reports are based on mine assays, and may differ to some extent from final mint or smelter returns.*

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RALPH KEELER, Editor and Business Manager

their claims have reverted to public domain because of abandonment or neglect of assessment work.

Hundreds of claims were staked in the Baguio district over areas which had previously been explored and abandoned by legitimate companies, claims were located in the Paracale district on top of one another, many of them in areas where there never was and never will be the slightest trace of mineralization. Recent testimony in a claim dispute case in Surigao showed that a group of claims were recorded covering an area which, according to the measurements of the locators, is several kilometers out at sea. All such claims were obviously worthless, and those who invested in them have since learned so to their sorrow.

At present around 30 gold properties are in production in the Islands, with around half a dozen more nearing that stage. The area worked by these companies consists of around 1,500 claims,

representing some 15,000 hectares. In most cases the property being worked was never greatly productive agriculturally, and therefore of no great use to anyone. On the contrary, the mining companies have entered barren and mountainous regions, with a poverty-stricken population, have created employment for thousands, and have, through heavy expenditures for payrolls and supplies, brought prosperity in the form of high living standards, excellent health conditions, and contentment to the workers.

The mining industry of the Philippines is on a sound basis, and is becoming more and more important in the economic set-up of the Commonwealth. Now is the time for the courts to clear up the long-standing dispute over the rights of legitimate locators, and add to the confidence in the administration which the postponement of tax legislation created.

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