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any sale, offer for sale or solicitation of
an offer to buy shares of the Company.

SOUTH AMERICAN GOLD & PLATINUM COMPANY

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SOUTH AMERICAN GOLD & PLATINUM COMPANY

61 BROADWAY
NEW YORK

REPORT TO STOCKHOLDERS

FOR THE YEAR ENDED
DECEMBER 31, 1943

This report is prepared for the information of stockholders and not in connection with any purchase or sale, or any offer or solicitation of an offer of purchase or sale of shares of the Company and must not be so regarded.

SOUTH AMERICAN GOLD & PLATINUM COMPANY

SOUTH AMERICAN GOLD & PLATINUM COMPANY
61 BROADWAY
NEW YORK 6, N. Y.

(Incorporated under the laws of the State of Delaware)

CAPITAL STOCK

Authorized 2,000,000 shares } Par value \$1 each
 Outstanding 1,810,000 shares }

OFFICERS

SAM A. LEWISOHN	President
FREDERICK LEWISOHN	Vice-President
E. H. WESTLAKE	Vice-President
NEWTON C. MARSHALL	Vice-President
JOHN G. GREENBURGH	Vice-President
J. B. MCGEE	Treasurer
HENRY KAUFMAN	Secretary

DIRECTORS

SAM A. LEWISOHN	M. A. CAINE
FREDERICK LEWISOHN	PHANOR J. EDER
E. H. WESTLAKE	EDWARD N. CHILSON
CHAS. S. GUGGENHEIMER	EUGENE L. NORTON
HERMANN ASENDORF	CHARLES B. WIGGIN

Transfer Agents: . . . { CENTRAL HANOVER BANK AND TRUST COMPANY, New York
THE FIRST NATIONAL BANK OF JERSEY CITY, N. J.

Registrars: . . . { BANKERS TRUST COMPANY, New York
THE CORPORATION TRUST COMPANY OF JERSEY CITY, N. J.

PRESIDENT'S REPORT

June 28, 1944

To the Stockholders of the

SOUTH AMERICAN GOLD & PLATINUM COMPANY:

The annual report of your Company for the year 1943 is submitted herewith:

PRODUCTION AND OPERATIONS

Production of metals by subsidiaries of the Company in the year 1943 amounted to 55,447 ounces of crude gold (containing approximately 46,464 ounces of fine gold), and 23,945 ounces of crude platinum, estimated to contain roughly 20,595 ounces of fine platinum, plus a small amount of other platinoids.

The subsidiaries in Colombia have six dredges, five of which are located in the Choco District and one in the Narino District.

In the Choco District during 1943 four of the five dredges were kept in operation at all times, fully utilizing the power supply available from the hydro-electric plant.

About the end of February 1943, the dredge in the Narino District began operations in the Telembi riverbed and operated throughout the year with one interruption of two weeks due to lack of fuel oil, although flood conditions also resulted in considerable lost operating time.

In March 1944, one of the Choco dredges, on the Atlantic watershed, completed operations on the property on which it was located and it is planned to move this dredge into the San Juan River on the Pacific watershed. If river and other conditions are favorable it is hoped that this dredge will reach its new area of operation on a tributary of the San Juan River before the end of 1944. Another Choco dredge—the smallest of the fleet—is expected to complete its program in the upper part of the San Juan River in the near future, and this dredge, after undergoing repairs, will be moved to a new location. Consequently, during the present year there will be a period when only three dredges will be operating in the Choco District instead of the usual four.

Exploration and prospecting work in the Choco District was confined largely to additional work in areas where payable gravel had been found, and as a result of this work substantial additional yardages were developed. In the Narino District prospecting was confined to the area immediately ahead of the dredge in order to provide essential operating data.

In other parts of Colombia certain alluvial areas were investigated, as well as occurrences of strategic minerals. At the instance of representatives of the U. S. Government a subsidiary has undertaken production of mica urgently needed for war purposes. No substantial profit is expected from this operation.

In last year's report reference was made to options on gold lode properties taken by a subsidiary of your Company. On one property only a limited amount of exploration has been possible with the equipment and labor so far available, but such work has given indications of good values. More exploratory work must be done before any conclusions can be reached. On the other property exploration has failed to disclose vein extensions which would warrant installation of modern plant facilities, and it is expected to confine future work to reclaiming tailings.

Production of metals in the first four months of 1944 amounted to 19,271 ounces of crude gold and 7,863 ounces of crude platinum.

EXCHANGE CONTROL—REGULATIONS AND RESTRICTIONS

During 1943 Colombia's foreign exchange position became very strong and as a result, and with the purpose of controlling inflation, various measures were taken by the Colombian Government. In June, the Colombian Government issued a decree requiring an investment, based on certain Profit & Loss figures, in two-year non-negotiable certificates of deposit bearing 4 per cent interest. As a result of this requirement, approximately \$91,000, expressed in U. S. Currency, has been invested in such certificates on account of 1943 business. Early in the year the so-called residents tax of 10 per cent was suspended, which tax, with respect to foreign mining companies, applied to all remittances of exchange over and above those on account of production of metals, and the Board of Control became more liberal in granting applications for exchange. In the early part of 1944, a further step toward stabilizing the foreign exchange position was taken by the Colombian Government under which, for a period of six months, foreign mining companies could obtain permits for additional foreign exchange. This situation has been availed of by some of the subsidiaries to remit substantial amounts of dollar exchange. The above measures are considered in Colombia to be of a temporary nature. Control of exchange has not been annulled.

The official rate of exchange of 175½ pesos per \$100 (U. S. Currency), approximately 57¢ U. S. Cy. per peso, remained unchanged during the year 1943 and to the present.

TAXATION

By a law enacted in December 1942, Colombian income taxes were increased 35 per cent beginning with income for the year 1942. The same law provided for a surcharge of 50 per cent on the amount of income taxes at the base rate payable for the years 1942 and 1943. This surcharge, however, if income taxes be paid promptly, is refunded to the taxpayer in the form of Colombian Economic Defense Bonds.

Under the provisions of this law, the subsidiaries were required, with respect to the year 1943, to receive Colombian Economic Defense Bonds at par to the amount of 20 per cent of the value of the gold and platinum sold, but not in excess of 60 per cent of the net profit of the preceding year. By a decree issued in April 1944, this required investment has been reduced to 15 per cent and 40 per cent, respectively.

These bonds, and those received for the surcharge of 50 per cent on income taxes, may be sold in the open market, and subsidiaries of your Company have availed themselves of this privilege from time to time to the extent considered warranted by the market and the discount for the bonds.

There has been no change in the requirement whereby 15 per cent of the proceeds from the sale of gold is received in pesos at an exchange rate of 113 pesos per \$100 (U. S. Currency) and 15 per cent of the proceeds of the sales of platinum must be sold to the Bank of the Republic at the same rate. This requirement, on the basis of the current official rate of exchange of 175½ pesos per \$100 (U. S. Currency), represents a tax of about 5.3 per cent on the gross value.

During the year 1943, subsidiaries of your Company paid in Colombia, in miscellaneous taxes, import duties and other imposts, including the sum of 33,775 pesos tax on special remittance of exchange but exclusive of Colombian income taxes, a total of approximately 350,600 pesos. There was accrued for Colombian income taxes (payable

in 1944) applicable to 1943 income, the sum of 182,000 pesos, exclusive of the surcharge of 50 per cent on income taxes, amounting to 66,950 pesos, which will be refunded in Economic Defense Bonds in 1944. Consequently, there was paid or accrued during 1943 for all Colombian taxes, exclusive of the 50 per cent surcharge on income taxes, approximately 532,600 pesos, which amount, at the prevailing rate of exchange, represents \$303,475 U. S. Currency.

The indirect tax resulting from the loss on sale of Colombian bonds acquired in part payment for sale of metals amounted to \$21,136 expressed in U. S. Currency, and loss on sale of Colombian bonds acquired on account of income tax surcharge amounted to \$2,150 expressed in U. S. Currency.

U. S. Federal income taxes for the year 1943 for your Company and certain subsidiaries, are estimated to amount to \$100,466 U. S. Currency.

LEGAL

In last year's report mention was made of the fact that applications for concessions in the bed of the Telembi River had been filed in the interest of one of the Company's subsidiaries. After lengthy discussions and negotiations a concession contract has been agreed upon and signed in behalf of the Company's subsidiary by the Company's representative in Colombia and by the appropriate executive officials of the Colombian Government subject to later approval by the Colombian Congress.

ACCOUNTS

Appended hereto is the report of Messrs. Loomis, Suffern & Fernald, Auditors, together with the Consolidated Balance Sheet for your Company and Subsidiaries as at December 31, 1943, Consolidated Profit and Loss Statement and Statements of Consolidated Earned Surplus and Capital Surplus for the year 1943. These statements are presented in the same form as for several years past. Special attention is called to the notes relating to the Consolidated Financial Statements which are an integral part of such statements, and to the report of Messrs. Loomis, Suffern & Fernald.

As shown in the statements accompanying the Auditors' report, Consolidated Net Income for the year 1943, before provision for Depletion, exchange control taxes on special remittance, and Minority Interests, but after other Taxes, Depreciation and Amortization, was \$327,463.74. After providing for the above items, the Company's proportion of Consolidated Net Income was \$233,037.01.

DIVIDENDS

Dividends paid during 1943 and to date in 1944 were as follows:

March 30, 1943	-----	\$0.10 per share
October 4, 1943	-----	\$0.10 per share
May 8, 1944	-----	\$0.10 per share

The Company wishes to record its appreciation of the loyal service rendered by the employees and operating staff in Colombia during the year.

SAM A. LEWISOHN, President.

LOOMIS, SUFFERN & FERNALD
CERTIFIED PUBLIC ACCOUNTANTS
80 BROAD STREET, NEW YORK 4

June 16, 1944

To the Board of Directors of the
SOUTH AMERICAN GOLD & PLATINUM COMPANY:

We have made an examination of the Consolidated Balance Sheet of South American Gold & Platinum Company and Subsidiaries as at December 31, 1943 and of the related Consolidated Statements of Profit and Loss and Surplus for the year 1943, together with the accompanying notes which form an integral part of such statements.

In connection therewith, we have reviewed the system of internal control and the accounting procedures of the Companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the Companies and other supporting evidence, by methods and to the extent we deemed appropriate. We have also reviewed the reports submitted by C. L. Nichols & Company, Chartered Accountants, who have audited the books and records of subsidiaries in Colombia for the year 1943. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

The amounts stated for capital assets are on the bases explained in the notes accompanying the statements. Our examination has disclosed nothing to indicate that the amount shown for mining property, rights, claims, etc., less depletion and amortization, is not based on contracts, agreements, options or rights which are in effect or on properties to which title is vested in the Company or its Subsidiaries.

Amounts appearing in the statements herewith are based to a large extent on Colombian peso amounts which have been stated in terms of U. S. dollars, computed as outlined in the notes accompanying the statements.

In our opinion, the accompanying Consolidated Balance Sheet and related Consolidated Statements of Profit and Loss and Surplus, including the notes relating thereto, present fairly the consolidated financial position of the Companies at December 31, 1943, and the consolidated results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

LOOMIS, SUFFERN & FERNALD,
Certified Public Accountants.

SOUTH AMERICAN GOLD & PLATI

CONSOLIDATED

DECEMBER

ASSETS

CURRENT ASSETS:

Cash:

In banks in the United States	\$942,210.88
In banks in Colombia	908,726.33
At mine offices and agencies	248,848.60
Temporary deposits	592.59

\$2,100,378.40

United States Treasury Certificates and Notes—cost and accrued interest	501,300.83
Marketable Colombian securities—at cost	13,696.04
Tax surcharge to be refunded in 1944 in Colombian Economic Defense Bonds—see contra	38,150.88
Accounts and note receivable (net after reserve of \$5,079.35)	32,847.00
Inventory of bullion (at cost which is less than market)..	128,562.17
Inventory of materials and supplies (at cost less reserves of \$8,864.41)	539,181.31

\$3,354,116.63

SUNDY ADVANCES (net after reserve of \$14,964.28)

28,174.40

Investment in Colombian Government Bonds required by law—at cost (quoted value \$39,133.32)

42,364.67

FIXED ASSETS:

Mining property, rights, claims, etc., less depletion and amortization	\$ 940,677.59
Dredges, hydro-electric plant, buildings, equipment, etc.: Cost	\$4,833,807.58
Less—Depreciation and amortization..	3,266,814.31

1,566,993.27 2,507,670.86

DEFERRED CHARGES AND OTHER ASSETS:

Deferred property expenditures	\$ 194,694.18
Prepaid royalties	120,218.42
Other deferred items and other assets	87,421.37
Post-war refundable portion of U. S. excess profits tax.....	1,468.09

403,802.06

\$6,336,128.62

PLATINUM COMPANY AND SUBSIDIARIES

BALANCE SHEET

DECEMBER 31, 1943

LIABILITIES

CURRENT LIABILITIES:

Accrued taxes (including surcharge on Colombian income taxes \$38,150.88, to be refunded in 1944 in Colombian Economic Defense Bonds—see contra)	\$ 256,804.34
Wages held for employees, etc.	34,432.61
Accounts payable	85,351.53
	<hr/>
Reserves for contingencies, including statutory reserves of Colombian companies	533,580.38
Reserve for foreign exchange fluctuations	33,783.86
Minority interest in capital stock and surplus of subsidiary companies — book value	676,962.95

CAPITAL STOCK—South American Gold & Platinum Company:

Authorized and issued 2,000,000 shares \$1 par value common stock—less 190,000 shares in treasury.	
Outstanding 1,810,000 shares	\$1,810,000.00
Consolidated capital surplus	7,352.28
Consolidated earned surplus	2,897,860.67
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\$6,336,128.62

**SOUTH AMERICAN GOLD & PLATINUM COMPANY
AND SUBSIDIARIES**

CONSOLIDATED PROFIT AND LOSS STATEMENT

For the Year ended December 31, 1943

Proceeds from sales of metals	\$2,245,756.26
Loss on sale of Colombian Economic Defense Bonds acquired in part payment for sales of metals in 1943	21,136.89
Net proceeds from sales of metals	<u>\$2,224,619.37</u>
Cost of metals sold, represented by cost of operations for year, \$1,251,707.79 (including royalty expense of \$95,006.97) plus decrease in inventory, \$39,461.67	1,291,169.46
	<u>\$ 933,449.91</u>
Colombian tax on proceeds from sale of platinum	\$ 39,196.59
Freight, insurance and other charges in shipping and marketing bullion	19,981.35
	<u>59,177.94</u>
OPERATING PROFIT ON METALS SOLD	\$ 874,271.97
Other income	46,097.07
	<u>\$ 920,369.04</u>
OTHER EXPENSES:	
Administration and general expenses	\$135,443.27
Property examination expense, etc., written off	45,890.43
	<u>181,333.70</u>
	<u>\$ 739,035.34</u>
OTHER DEDUCTIONS:	
Provision for capital stock and Colombian income taxes less surcharge	\$111,261.82
Provision for U. S. income taxes	100,466.80
Miscellaneous	2,855.59
	<u>214,584.21</u>
	<u>\$ 524,451.13</u>
Depreciation of plant and equipment	\$189,556.25
Amortization of development and preliminary expenses	7,431.14
	<u>196,987.39</u>
Net income for year before depletion and exchange control taxes on special remittance	\$ 327,463.74
Depletion of mining properties	<u>79,493.60</u>
Net income for year before exchange control taxes on special remittance	\$ 247,970.14
Colombian exchange control taxes on special remittance of funds to United States	<u>19,245.01</u>
NET INCOME FOR THE YEAR	\$ 228,725.13
Proportion of net loss of subsidiary companies applicable to minority interests	<u>4,311.88</u>
SOUTH AMERICAN GOLD & PLATINUM COMPANY'S PROPORTION OF NET INCOME FOR THE YEAR ENDED DECEMBER 31, 1943	<u>\$ 233,037.01</u>

SEE NOTES HEREWITH WHICH ARE AN INTEGRAL PART OF THE ABOVE STATEMENT.

SOUTH AMERICAN GOLD & PLATINUM COMPANY
AND SUBSIDIARIES

CONSOLIDATED EARNED SURPLUS

For the Year ended December 31, 1943

(Excluding Minority Interest)

Consolidated earned surplus—January 1, 1943	\$3,042,883.30
South American Gold & Platinum Company's proportion of net income per Consolidated Profit and Loss Statement herewith	233,037.01
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\$3,275,920.31	
Cash dividends on common stock—	
20¢ per share on 1,810,000 shares	\$362,000.00
Net tax adjustments relating to prior years	2,782.04
Addition to statutory reserve of subsidiary Colombian company	13,277.60
	<hr/>
CONSOLIDATED EARNED SURPLUS—December 31, 1943	\$2,897,860.67
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CONSOLIDATED CAPITAL SURPLUS

For the Year ended December 31, 1943

(Excluding Minority Interest)

Balance, January 1, 1943 and December 31, 1943	\$ 7,352.28
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SOUTH AMERICAN GOLD & PLATINUM COMPANY AND SUBSIDIARIES

NOTES RELATING TO CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 1943 and for the year ended on that date

1. The statements herewith include balances of accounts for the following companies:

South American Gold & Platinum Company
Colamer Company, Inc.
Compania Minera Choco Pacifico, S. A.
Compania Minera de Narino
Pacific Metals Corporation
Compania Minera del Andagueda
Empresa Electrica del Andagueda, Inc.

and all (except two inactive) wholly-owned subsidiaries of these companies. One of the wholly-owned inactive subsidiaries referred to has no assets of any nature and the other carries its only asset at no book value. Neither of the aforementioned inactive subsidiaries had earnings or paid dividends in 1943.

In accordance with the established accounting practice of the Companies, earnings of subsidiaries, including undistributed earnings, have been included in the consolidation. Depending on certain factors at present indeterminable, U. S. income taxes may be payable when and if distributions are made by subsidiaries out of such earnings.

2. The amount shown for "Mining property, rights, claims, etc., less depletion and amortization" is stated on the basis of the amounts as adjusted in 1933 but with increases for any additional expenditures including 50,000 shares of capital stock of South American Gold & Platinum Company at par value of \$1.00 per share and with reductions for the depletion, amortization, etc., subsequently sustained.

The mining property, rights and claims are in some instances held directly by the Company's subsidiaries and in other instances held under options or contracts. The hydro-electric plant is owned in fee; the water rights and right of way for certain transmission lines are under grant or license. Depreciation reserves for dredges, buildings, etc., owned by the Company's subsidiaries, are being provided on the basis of their expected useful life in connection with mining operations, except as to certain items for which full provision has already been made.

The amounts included in the Consolidated Balance Sheet for property accounts are not intended as representations of actual current or prospective future values of the properties.

3. Revenues and expenses resulting from intercompany transactions have been eliminated in preparing the Consolidated Profit and Loss Statement, except that bullion inventories are computed on a basis of the costs to each separate producing company, which costs to the producing companies include certain intercompany dredge rentals and intercompany power charges. Any element of intercompany profit which may thus have arisen and which has not been eliminated does not constitute a substantial part of total cost and it is not practicable to make a further segregation.

4. Substantially all assets shown in the accompanying Consolidated Balance Sheet (other than cash in banks in the United States and United States Treasury Certificates and Notes) are located in

Colombia. Amounts expressed in U. S. dollars, representing Colombian pesos, have been computed as follows:

- (a) As to current assets (except inventories) and certain sundry advances and deferred charges and as to current liabilities, at the December 31, 1943 rate, 1.755 pesos per dollar.
- (b) As to inventories and as to peso amounts in the Consolidated Profit and Loss Statement at rates current at or about the time the related transactions occurred.
- (c) As to fixed assets and as to sundry advances of a fixed nature at rates applicable to the period when the expenditures were made.

The total net loss resulting from foreign exchange transactions amounted to \$629.19 for the year 1943. Of this amount \$42.04 has been charged against "Reserve for foreign exchange fluctuations." The balance, \$587.15, applicable to one subsidiary having no such reserve, has been charged to profit and loss.

5. The regulations and restrictions in the Republic of Colombia, including those governing sales of gold, exportation of platinum, income taxes, funds required to be invested in Colombian Government securities and the transfer of funds out of the country by way of foreign exchange, resulted in the following conditions with respect to the consolidated position as at December 31, 1943 or in connection with operations for the year then ended:

- (a) Cash in banks in Colombia was subject to restriction and taxes relating to the transfer of funds out of the country by way of foreign exchange but was freely available for use in Colombia.
- (b) A surcharge imposed by Colombian Law 45 of 1942 on income taxes for the year 1943 amounted to \$38,150.88 (expressed in U. S. dollars) and was, under another provision of said law, to be refunded to the Companies in 1944 in the form of Colombian Economic Defense Bonds.
- (c) The foreign subsidiaries pursuant to Colombian laws and decrees passed in 1942 and 1943 are required to invest during 1944 and retain \$90,972.15 (expressed in U. S. dollars) in non-negotiable two-year certificates of deposit issued by the Bank of the Republic of Colombia and also purchase and retain \$2,443.46 (expressed in U. S. dollars) of Colombian Government Bonds.
- (d) Proceeds from sales of metals include, as to gold, the net amount received for sale of gold, which amount is after the purchaser (the Bank of the Republic) has withheld the government tax on such sale; but include as to platinum the gross amount received for sale of platinum before payment of the tax on platinum sales, which tax is shown separately on the Consolidated Profit and Loss Statement.

6. No provision has been made or is believed necessary for U. S. excess profits tax.

7. The known contingent liabilities at December 31, 1943, were for employment-severance payments and in connection with claims against subsidiaries in Colombia. Statutory reserves required under Colombian law in respect of three subsidiaries total \$305,078.85, included in the amount stated on the Consolidated Balance Sheet as Reserves for Contingencies, etc. The consolidated amount thus provided, including the statutory reserves, is believed sufficient to cover any probable losses which may result from the foregoing contingencies, as well as from possible settlement of a U. S. income tax question involving a nominal amount. Pending title litigation either is not believed to be of sufficient merit or would not so affect the Company's property accounts as to require a special reserve at the present time. There are no other known contingent liabilities except for the usual purchase commitments and other contract obligations entered into during the ordinary and regular course of business.

**COMPARATIVE STATEMENT
OF
YARDS DREDGED AND PRODUCTION
BY
SUBSIDIARIES**

SOUTH AMERICAN GOLD & PLATINUM COMPANY

	Cubic Yards Dredged	Production		
		Troy Ounces Platinum	Crude Metal	Gold
1917.....	87,000 Est.	1,410		418
1918.....	140,000 Est.	6,185		702
1919.....	156,925	6,349		972
1920.....	507,539	6,967		1,521
1921.....	1,243,510	14,327		4,462
1922.....	1,411,809	15,259		4,209
1923.....	2,507,100	12,705		7,760
1924.....	2,977,803	15,242		8,746
1925.....	2,934,803	12,233		5,140
1926.....	3,236,952	18,923		5,385
1927.....	3,586,164	22,117		6,364
1928.....	3,980,897	26,358		8,555
1929.....	4,002,808	23,398		8,054
1930.....	6,387,306	27,573		9,048
1931.....	7,417,611	35,342		9,736
1932.....	7,572,020	30,175		18,285
1933.....	7,033,817	18,029		31,789
1934.....	11,675,248	26,090		38,812
1935.....	13,162,211	27,414		44,846
1936.....	11,634,494	26,446		48,036
1937.....	10,141,326	18,345		42,956
1938.....	13,972,490	20,713		63,623
1939.....	16,131,030	27,975		59,416
1940.....	15,916,210	24,294		58,462
1941.....	13,739,188	30,548		72,582
1942.....	13,772,870	25,786		51,974
1943.....	14,677,773	23,945		55,447

NOTE—Prior to 1933 small amounts of tribute metal have been included with dredge production.

This Annual Report is furnished for the information of stockholders in advance of the annual meeting of stockholders to be held on October 11, 1944. Solicitation of proxies for this meeting will be made by the management on or about September 12, 1944, when notice of the meeting, proxy statement and proxy will be mailed to stockholders. This Annual Report is not part of the proxy soliciting material, nor is it to be used as such.

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