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PROSPECTUS

C. G. Clifton

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OF  
**WOODVILLE-JUSTICE MINING COMPANY**  
**VIRGINIA CITY, NEVADA.**

A NEVADA CORPORATION.

(932)

ITEM  
184THE PROPERTIES:

The properties of the Woodville-Justice Mining Company comprise the Justice, Woodville, West Justice, Blaine, Memphis, Lady Washington, Tarto and Alta Mines, situated in the Silver Hill district of the Comstock Lode, Storey County, Nevada.

These holdings cover 2100 feet on the strike of the Comstock Lode. In the South end area, where these properties are located, the lode strikes Northwesterly-Southeasterly, dips 40 degrees east, is of great width having two valueable ore bodies, or veins, one on the hanging wall known as the "WHITE VEIN", and one on the foot wall known as the "DARK VEIN", because it contains Manganese. Practically all past production was from the WHITE VEIN.

The main working shaft, known as the Woodville shaft, is 1000 feet deep, vertical, three compartment and located within 500 feet of the South end line of the property. It is about 3000 feet from the railroad station of Gold Hill. A State Highway leading to Reno and San Francisco passes through the property near the shaft. Transportation and working conditions are excellent.

Water in abundance for all purposes is available at a cost of 10¢ per mill ton. Mining and construction timber is landed on the property at a delivered cost of \$23.00 per M board feet. Labor conditions are excellent at \$4.25 to \$5.25 per day, all living in own homes locally. Electric power is also available at a cost of \$54.00 per H.P. year. Transportation costs of concentrates to Salt Lake City Smelters by rail \$60.00 per ton, by auto truck \$20.00 per ton. Concentrates will average in value about \$2000.00 per ton, equal to approximately \$11.50 net operating profit per ton of ore.

PAST PRODUCTION

The past productions from these properties, practically all from the South 500 feet of the 2100 feet of lode territory within their end lines Aggregates upwards of \$15,000,000 of which about 80% in value was Gold and 20% Silver. This all came from the hanging wall or "WHITE VEIN" above the 1350' level in the extreme South end of the property. there remains, therefore, 1500 or more feet on the strike of the lode up to the North end line, which, with the exception of a comparatively small area North of the old workings between the 490' and 822' levels is practically virgin undeveloped ground, but known to contain ore of commercial value under the present day conditions of cost and metallurgical treatment. The Justice Mine was the second largest producer on the Comstock lode, being second to the Consolidated Virginia in value of its production in the Bonanza period.



HISTORICAL

At the period of this past production, which was prior to the driving of the Suro drainage tunnel, and during the days of pan amalgamation, pumping, mining and milling costs were extremely high, and the recovery of values by the then prevailing metallurgical process of pan amalgamation was extremely low, averaging 57.5% of contained gold and silver values. Hence, any ore of less than \$45 per ton in value could not be worked at a profit, and enormous tonnages of the lower grade ores were used as stope fills, the latter being from 30 to 50 feet in width timbered with square sets, and many sets in height.

The loss in treatment is illustrated by the record of 21 mills operated on the Comstock lode ores during the period under consideration:

<u>Tons of ore</u>	<u>Average Mill Heads</u>	<u>Average Yield per ton</u>	<u>Per Cent Yield Per Ton of ore</u>
56,656	\$56.62	\$38.27	67.5%
Loss in milling by Pan Amalgamation		<u>18.35</u>	<u>32.5%</u>
		\$56.62	100.0%

Hence at that period, an ore of \$45 in value produced very little, if any, profit as indicated by the following figures of average costs:

Gross assay value of ore as stated	\$45.00
Loss in milling by pan amalgamation 32.5%	\$14.62
Cost of mining-Average	12.50
Cost of milling	14.00
Cost of wagon haul to mill-per ton	3.00
Apparent profit per ton of ore	<u>0.88</u>

Eight years later, during the Justice Company's bonanza period, when ore was stoped from 30 to 50 feet in width, ranging in value from \$50 to as high as \$12,000 per ton, costs had been reduced somewhat, and recovery had increased to 75% of contained value, but even then \$35 ore could not be mined and milled at a profit. In consequence, while the Justice Company had been milling as high as 450 tons of pay ore per day, employing as high as 600 men, it was found necessary to suspend work of mining on December 1st 1877.

Following this suspension of mining, development work was carried on in search of a grade of ore that would pay a profit in face of high costs of the contained values. Several attempts were made, up to the year 1890 to stage a "COMB BACK" but this failed because of the failure to develop a sufficient tonnage of ore averaging better than \$25 per ton, in the old area at the South end of the lode within the property lines.

This is illustrated by the Justice operations for three months ending December 31st, 1890, as follows:

<u>TONS OF ORE</u>	<u>BULLION RECOVERY</u>	<u>WORKING COST</u>	<u>LOSS</u>	<u>NET YIELD PER TON</u>
2,599	\$41,478.00	\$48,606.00	\$7,128.00	\$17.29
Add milling loss of 25% by pan amalgamation				<u>5.76</u>
Indicated gross assay value of ore - Average				\$23.05



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This ended profitable mining by the Justice Company from the southeast of their lode territory, although it is obvious that ore of the average value indicated, would, under present day low costs and modern metallurgical treatment, be highly profitable, there are many thousands of tons of such ore now developed ready to mine and mill by modern methods and costs, plus 150,000 to 200,000 or more tons of such ore averaging around \$15 to \$20 per ton in the old stope fills, of which 75% to 80% in value is gold, the balance Silver.

From 1891 to 1898 the Justice Company carried on a development campaign by driving North on all its lower levels from the early day stoped area at the South end of the property. Some of these drifts were driven nearly 1000 feet North, the 600 level was driven farther North. Raises, winzes and crosscuts were made, and various new levels connected. All of this work was confined to the hanging wall or WHITE VEIN. In this manner large individual blocks of ore were developed and remain intact today.

Values in these blocks were determined by sampling and assaying as development work progressed, and later by milling the ore extracted from the drifts, winzes and raises. Records were kept of these assays and are available. There was no stoping of ore, so the ore developed and blocked out is still intact and immediately available for mining and milling by modern methods and low costs. All told, between 1100 and 1200 assays of samples from this area North of the old workings were taken, of which none assayed below \$20 per ton and up to \$30 per ton. Figuring Silver at 30¢ an ounce.

#### BLOCKED ORE AND VALUES:

This lies between the 490' and 622' levels. The Company records show that the first 259 feet of drifts North of the shaft were in ore "too low in grade to mill" under the then existing conditions. From that point on, values increased and the records show the assay values. The 490' level was driven 275' North of the 250' point above noted. A raise 50' above the level was entirely in \$30 ore. A winze connects the 490' and 622' levels. Good ore was extracted from the 622' level far North of this winze. Ore extracted from this work aggregated 2309 tons which was milled, the recovery average being \$24.11 per ton. Figuring loss in milling at 20% the average assay value of \$28.93 per ton is indicated.

The block below, from the 622' to the 822' level, with a sub-level at 762 feet, produced 7590 tons of ore, from which, by milling, bullion of the value of \$160,761.62 was recovered, an average of \$21.18 in bullion per ton of ore. Figuring the milling loss at 20% of contained values and average assay value of \$26.41 per ton is indicated.

This three level block of ore, 275' in length on the lode, 510' deep on the lode dip of 40%, and 6 feet in width (which was the width of the drifts), equals 841,800 cu. ft. which, divided by 15 (the Comstock Lode factor for ore in place) equals 56,730 tons, less 9,799 tons extracted in development, leaves 54,931 tons of ore now available in this one block. The average assay value, based upon 80% mill recovery at that period, is \$27.17 per ton, or a total gross value of \$1,492,475.27 for the ore in this block now available for mining and milling.



It must be noted that (A) the width of the ore stated as six feet in this block is the width of the drifts only, whereas, according to the company's records, the 490', 522' and 522' levels, in the old workings at the South end, stopped ore in widths from 20 to 50 feet. Therefore, the tonnage in this block, when mined to its full pay width, may be greatly in excess of the tonnage stated above; (B) The lode above the 490 level in this new area up to the surface, is all virgin ground and is believed to contain, or is likely to contain, BONAER ore bodies comparable to those mined in the early days at the South end of the lode; (C) There is also 400 or more feet of unexplored lode to the North endline from the surface down to the lowest levels extended North, in which area there is potential ore tonnage of unknown quantity and value; and (D) The foot wall, or dark ore vein, which, throughout the whole length and depth of the property is developed only to a slight extent in the upper levels at the South end. These all constitute potential possibilities of great future value.

#### HANGING WALL VEIN

As an illustration of ore values in the old upper workings of the white vein, the results from leasing in 1897 and 1898 are cited as follows:

In 1897 four leases produced 1048½ tons of ore, producing bullion by pan amalgamation valued at \$36,537.04 or a bullion value of \$34.86 per ton of ore. As this represented at that period a 75% recovery of value the assay value would approximate an average of \$46.50 per ton of ore. The Justice Company received in royalty \$5,808.02 or about \$5.50 per ton of ore.

In 1898 one lease produced 75 tons of ore the assay value of which was \$168.38 per ton, \$128.50 being gold and \$39.78 being silver. In ratio about 80% Gold and 20% Silver.

Since 1905 leasing has been continued on the 570 foot level, working through a shaft put down for that purpose. In recent years one lease on this level produced \$180,000 in money value, mainly from ore ranging from \$40 to \$60 per ton, although some of the ore ran from \$25 to \$30 per ton. Records of these are available.

Recent lots of ore mined by lessors from this same area assayed \$24.60, \$55.30 and \$102.65 per ton.

The above leases are all in the South 500 feet of the lode territory covered by this property, and all subject to cancellation at short notice.

#### FOOTWALL VEIN

This is usually referred to as the "DARK VEIN" because of its dark color as contrasted with the "WHITE ORE" of the hanging wall vein. Because of its manganese content it was impossible by pan amalgamation to recover over 50% of its Gold-Silver value, which fact prevented the profitable working of its ores during the early period of operations on the Justice Property, hence very little development work has been done on this vein. Nevertheless, lessors who have worked these ores in the upper levels, and know their values, state emphatically that this vein contains the larger ore body of the two veins, and that it is of better average width than the "white vein".



After abandoning work on the 490,622 and 822 levels on the "White Vein" The Justice Company did some development on The "Dark Vein" in the Blaine claim by driving a tunnel on the vein from a point North of the old Justice incline shaft. The ore was found to contain sufficient manganese to make extraction of values non-commercial by pan amalgamation at that period, and for that reason only, it was left largely undeveloped. Leassors, however, are still working it today in the upper levels.

As an evidence of values the results of one leasor are cited. He mined and shipped to a smelter, 4000 tons of this dark ore, his smelter settlement being based upon \$17.00 average value for gold and silver. The extraction of large amounts of this ore by leassors from Blaine and Drain of the footwall vein leads to the conclusion that this ore should be developed and worked on the lower levels extended North, as it can be done by crosscutting therefrom, and hoisted through the three-compartment Woodville shaft which is the main working shaft of the property, thus concentrating all production at the collar of the shaft close to mill site.

Modern methods of flotation practice, using proper reagents, indicate a recovery of gold and silver values of 91.99% to 95.69% as per two flotation tests made on footwall ore for The Arizona Comstock Corporation, operating the Savage, Hale & Norcross and Chollar-Potosi mines on the Comstock Lode.

<u>TEST A</u>	Heads	-Gold - 0.49	ozs @ \$20 per oz---	\$ 9.80
	Silver	16.50	" " 30¢ " "---	4.95
	Value of ore			<u>\$14.75</u>
	Ratio of concentration ; 24 to 1 through 80 mesh			
<u>VALUE OF CONCENTRATES</u>	GOLD	59.20 oz @ \$20.00-----		\$1,184.00
	Silver	20.50 " " .30¢-----		615.24
	Recovery 91.99%			<u>\$1,799.24</u>

<u>Test B</u>	Heads	-Gold 0.76 Oz @ \$20 per oz-----	\$15.20
	Silver	22.83 " " 30¢ " "-----	6.85
	Value of ore		<u>\$22.05</u>
	Ratio of concentration 46.5 to 1 through 120 mesh.		

<u>Value of contrates</u>	Gold	34.20 ozs @ \$20 -----	\$684.00
	Silver	970.88 " " 30¢-----	297.26
	Recovery 95.69%		<u>\$981.26</u>

The higher recovery in the latest test is due to a difference in the reagents used, plus finer grinding. The average head value of the two tests is \$18.40 which is comparable to \$17.00 smelter value of the 4000 tons of footwall ore shipped from The Justice property as above noted.



# STOPE FILLS

It was the practice in the South end mines, including The Justice to fill the stopes with ore of too low grade to show a profit at that time, and with scab ore from the walls: No waste rock was used for stope filling because it was too expensive to procure, due to the extremely hard formation and the cost and time required to hand drill it (this was before the days of power drills, all mining was done by hand drilling.) Stope widths were frequently and quite generally 30 to 50 feet, timbered with square sets. It is conservatively estimated that the tonnage of ore now in stope fills will exceed a total of 150,000 to 200,000 tons of what is today, a very profitable grade of milling ore.

As an illustration of the average value of this class of ore, the following figures are cited:

## SAMPLING OF STOPES AND SCAB ORE? JUSTICE MINE WINDISCH SHAFT, 320 LEVEL, JANUARY 12TH, 1932

(1) Sample of fills, cut 5 ft. wide. 71' from shaft-----	Ozs Gold	VALUE	Ozs Silver	Value	Total Val
	0.27	\$5.40	14.4	\$4.32	\$ 9.72
(2) 2 foot cut on footwall 75 ft S.W. of shaft	0.41	8.20	22.60	6.80	15.00
(3) 3 foot cut under Windisch Stope 150' from shaft	0.415	8.30	5.70	1.71	10.01
(4) 5 foot cut in ore under Windisch stope 140' from shaft	1.185	23.75	17.00	6.50	30.25
(5) 4 foot cut back of Windisch stope 130' from shaft	0.27	5.40	2.00	0.60	6.00
(6) 2 foot cut scab footwall 50 ft from shaft	1.23	24.60	33.50	10.05	34.65
(7) 1 foot cut opposite	8.42	168.40	45.30	13.59	181.99
(8) Sample cut across fills between No's 6 & 7	0.375	7.50	6.50	1.90	9.40
(9) Fill sample 50' S.W. from shaft (hand sample)	0.09	1.80	1.50	0.45	2.25

Average of 8 samples (not including No. 7) Gold \$10.62--Silver \$4.10  
Total average value \$14.72 for 8 samples. 1 high grade \$181.99



List of 48 samples of stopp fillis, taken  
by The Justice Company as shown by their  
records from the 480 foot level in 1899

Date 1899	Description	Gold	Silver	Total Value
Jan 28th	Old fillis, fine	\$41.32	\$7.80	\$49.14
" 30th	" "	6.30	2.46	8.76
Feb 1st	" "	2.07	2.46	4.53
" 7th	" "	8.27	2.84	11.11
" 27th	Fine fillis	4.13	5.84	10.01
Mar 1st	" "	4.13	2.82	6.95
" 4th	" "	8.27	6.96	15.23
" 8th	Coarse "	57.88	12.96	70.84
" 10th	Fillis	8.27	6.60	14.87
" 10th	Fine fillis (box)	8.27	18.00	26.27
" 10th	" "	12.40	12.44	24.84
" 10th	Coarse fillis	20.62	12.72	33.34
" 17th	Fine fillis (box)	5.17	5.40	10.57
" 17th	Coarse "	18.60	25.82	44.42
" 21st	Fine fillis	6.30	5.90	12.20
" 22nd	Coarse fillis	57.88	20.66	78.54
" 22nd	Fine fillis	8.27	5.75	14.02
" 24th	" "	6.30	5.50	11.80
" 25th	" "	4.13	2.88	7.01
" 27th	" "	4.13	2.00	6.13
" 28th	" "	12.40	7.44	19.84
" 28th	Coarse "	41.34	40.92	82.26
" 29th	Fine fillis	8.27	2.88	11.15
" 31st	" "	4.13	1.80	5.93
Apr 1st	Coarse "	40.61	20.76	61.37
" 1st	Fine fillis	6.30	2.80	9.10
" 2nd	" "	8.27	2.88	11.15
" 5th	" "	12.40	9.72	22.12
" 5th	" "	8.27	8.76	17.03
" 6th	" "	4.13	5.96	10.09
" 7th	" "	4.13	4.08	8.21
" 8th	" "	20.67	15.68	36.35
" 10th	" "	4.13	4.32	8.45
" 8th	Coarse fillis	55.75	38.28	94.03
" 10th	" "	4.13	3.72	7.85
" 14th	Fine fillis	4.13	5.04	9.17
" 15th	" "	6.30	3.78	10.08
" 17th	" "	4.13	5.16	9.29
" 18th	" "	4.13	2.28	6.41
" 14th	" "	21.14	7.82	28.96
" 15th	Fillis	19992	12.56	32.48

General average after cutting the five high grade samples in half,  
Gold \$11.03--Silver at 20¢ an ounce \$3.62 Total \$14.72 per ton.



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VALUE OF ORE BLOCKED AND STOPE FILLS NOW  
READY TO MINE AND MILL ON BASIS OF THE  
AVERAGE VALUES INDICATED HEREIN AS FOLLOWS.  
ORE \$27.17 ----- STOPE FILLS \$14.72

Blocked ore as per page No.3 - 54,931 tons @ \$27.17 -	\$1,492,475.27
Stope fills as per pages 6 & 7-150,000 tons@ 14.72	2,208,000.00
Total gross assay value of 204,941 tons -----	\$3,700,475.27
Less mining and milling cost @ \$4.50 per ton -----	942,439.50
Net mine value -----	\$2,758,035.77

Net mill recovery value at 94% recovery by flotation-- \$2,536,007.25

The above figures represent the mill value of blocked ore and stope fills at the mill, in the form of flotation concentrates. This concentrates will be shipped by Auto Truck to Salt Lake City Smelters for smelting and final recovery of values and payment thereof, less costs. Concentration will be effected at the Company's flotation mill approximately 100 tons per day ore capacity, the ratio of concentration will be about 100 tons of ore into 1 ton of concentrates. The average gross value of ore and stope fills, based on above figures, approximates \$20.00 per ton, therefore the value of one ton of concentrates will approximate \$2000 less loss in Concentration.

The following figures represent the approximate net operating profit per ton of ore and fills treated, based upon the average value of \$20 per ton.

Concentration of ore and fills at 100 to 1 at	
Average value of \$20 per ton, Less 6% loss-1 ton Concentrates	\$1,880.00
Trucking to Salt Lake Smelter-1 ton concentrates	\$20.00
Smelting charge-----	8.00
Loss in smelting 5% of \$1880.00-----	94.00
Net smelter value of one ton Concentrates-----	\$1,758.00

Net smelter value of one ton of ore-----	\$ 17.58
Less mining and milling cost of one ton ore and fills	\$ 4.50
Less Contingencies-----	1.58
Net operating profit per ton of ore & fills	\$ 11.50

ESTIMATED OPERATING RESULTS.

100 tons of ore per day @ \$11.50 per ton NET PROFIT	\$1,150.00
Net operating profit per Month of 30 days	\$34,500.00
Net operating profit per year of 300 days	\$345,000.00



BUSINESS PROPOSITION

The Woodville-Justice Mining Company want to borrow \$50,000 at 8% interest, to be secured by clear title to all its property and improvements: said amount, plus interest, to be paid at the rate of two Dollars (\$2.00) per ton of milled ore. As a bonus, it is proposed to give the lender 75,000 shares of its common capital stock, full paid and nonassessable, par value \$1.00 per share. All voting stock.

The Corporation has an authorized capital of \$1,000,000 shares of the par value of \$1.00 All common voting stock, of which there is outstanding 750,000 shares at the present time.

The money so borrowed is to be used as follows:

To clear title to the property-----	\$22,000.00
To complete the 100 ton mill ready for full operation-----	17,000.00
To construct a blacksmith shop, change house for miners, and a timber framing shed-----	2,000.00
Installation of 26 sets of shaft timbers-----	4,000.00
Incidental Corporate purposes-----	5,000.00
TOTAL	\$50,000.00

The mine and mill will be in full operation, with smelter returns coming in from concentrate shipments within 90 days after receipt of the amount of the proposed loan. On the basis of 100 tons per day the mill put-through will aggregate 3000 tons per month. At \$2.00 per ton minimum the loan would be repaid at the rate of \$6,000.00 per month, hence the principal and interest of the loan, aggregating \$54,000.00 would be repaid in one year from date of loan, plus dividends declared from time to time on the 75,000 shares of bonus stock.

On the basis of the estimated earnings, the Company should be able to pay at least 25¢ per share on the then outstanding stock, which would amount to \$18,750.00 on the 75,000 shares of bonus stock given for the loan. This would be equal to 37½ % per annum on the principal of the loan, and would continue indefinitely for many years after the loan was repaid, and as long as successful operations were maintained. The present ore reserves (including the stope fills) constitute a seven year supply for a mill of 100 tons capacity daily, if not another ton of ore is developed. It is inconceivable on the basis of known facts that the life of the mine and its successful operation will not at least be double seven years and probably more.

In the opinion of the undersigned, based upon a careful personal investigation of the pertinent facts both at the mine and in Virginia City, Nevada, as well as of the personnel of the management of the corporation, The proposed loan would be amply secured by a mining property of the present production value of at least \$2,000,000.00. That the principal and interest of the loan would be paid off well within one year from its date. That the 75,000 shares of bonus stock will constitute an earning asset of very substantial value with from 15 to 30 years of dividends ahead of it. And finally, that the management is composed of men of integrity, Business and technical experience and the affairs of the corporation will be conducted, honestly, economically, in the best interest of all concerned.



THE OFFICERS AND DIRECTORS OF THE WOODVILLE-JUSTICE MINING COMPANY ARE AS FOLLOWS:

**President:**

Mr. A. C. Kulefsen, 810 Butler Building, San Francisco, California. A professional business man of high standing and integrity, with considerable mining experience.

**Vice President:**

Mr. Hugh H. Dywart, Belvidere, Illinois. Second National Bank of Belvidere, of which he is Vice President.

**Secretary-Treasurer:**

Mr. Howard W. Squires, Virginia City, Nevada. Mr. Squires is also consulting mining engineer of the Company. He is a well known Mining Engineer of many years wide experience, and is General Manager of the Arizona Constock Corporation, operating the Savage, Hale, Morrison, and Chiller-Fetoni mines on the Constock Lode at Virginia City.

**DIRECTORS:**

Mr. O. R. Joseph, 551 West Sixth Street, Los Angeles, California.

Mr. A. R. Joseph, 551 West Sixth Street, Los Angeles, California.

The Joseph Brothers are well and favorably known business men of integrity and high standing, and Managers of the Insurance Plan Building and Loan Association of Los Angeles, at the above address, and are actively concerned in the management of the Woodville-Justice Mining Company.

The above named personnel, in addition to investing their own personal funds in developing and equipping the property to date, have given and are giving their time and services to the affairs of the Corporation without compensation. In 1934 my opinion they are entitled to full and complete confidence in every respect.

Respectfully Submitted,

Los Angeles, California.  
September 18th, 1932.

H. P. Spaulding  
Mining Engineer.

Copy of a report made by Mr. H. P. Spaulding Mining Engineer for a syndicate contemplating loan to the Woodville-Justice Mining Company.