

# GOLD DUST

How Victoria's new gold diggers are keeping the dream alive  
Mandi Zonneveldt reports.

**G**REATER Bendigo Gold Mines was preparing for its stock market debut when its big brother, Bendigo Mining, dropped a bombshell.

The company, which had spent hundreds of millions of dollars getting into production, announced it was ceasing operations and returning to exploration, having misinterpreted the early potential of the historic Bendigo goldfield.

Bendigo's shares crashed, leaving the company once valued about \$1.2 billion worth just \$148 million.

Greater Bendigo Gold managing director Doug Cahill put on a brave face, saying he was confident his company would make it on to the ASX despite the fallout.

But the listing was delayed and when the company eventually hit the boards in early March it did so at a 27 per cent discount to its 20¢ offer price, and has languished there ever since.

"We are wearing the flak," Cahill told *BusinessDaily* last week. "I think everybody is at the moment."

On the surface, Bendigo's announcement appears to have put the final nail in the coffin of the feted Victorian gold revival.

Ballarat Goldfields' retreat to exploration last September had al-

ready dampened the excitement surrounding the industry, and Bendigo's bad news sent investors scurrying.

"The simple fact of life is when someone gets belted like that there's always fallout," says Panaegis managing director Ian Buckingham.

But his company is one of a band of hardy explorers still combing the state's historic goldfields. They are just finding the going a little tougher now.

Panaegis is focused on a relatively recent mine in the central Victorian town of Nagambie in a joint venture with one of the state's only gold producers, Perseverance Corporation.

The mine produced 134,000 ounces of gold between 1989 and 1995, and Panaegis is hoping to give it new life by expanding the resources available through exploration.

Buckingham laments the timing of the Bendigo announcement. He says Victoria had just begun to shrug off its reputation of being too hard and too small.

"Quite frankly, if it had happened in Western Australia it probably would have washed over everyone and everyone would have gone on with their business," he says.

Buckingham says it is more difficult now to sell the Victorian gold story.

Panaegis is not even looking for the same style of gold found in Central Victoria, but the difference is often lost on the average investor.

The high grade gold found around Bendigo and Ballarat is notoriously difficult to define, while the gold Panaegis is looking for is more widely dispersed and therefore more easily measurable, Buckingham says.

**T**HAT difference is noted in the second paragraph of Dart Mining's prospectus, released earlier this month.

Chairman Chris Bain says he was conscious of the environment the Dart float was being launched in.

"We came out of a very volatile market earlier this year."

"We were conscious that ... the flavour of the month was uranium, not gold," he says.

Dart is pitching itself as a Lachlan Fold belt play — the Lachlan Fold belt hosts big mines in central New South Wales — and Bain admits the company deliberately set out to differentiate itself from the central Victorian miners, "and perhaps from the problems".

The company is the concept of geologists Bernhard Hochwimmer and Dean Turnbull who have spent decades fossicking around historic workings near Bright and in the hills

below Corryong. It will target gold for early cash flow but has bigger dreams of finding large gold and base metals deposits deep below the earth's surface.

Bain says the response so far has been encouraging, particularly from people in the local area.

"Regionally, people are very supportive," he says, although time will tell.

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The harder sell appears to be those companies searching for the nuggety gold that has boggled Bendigo Mining and Ballarat Goldfields, now operating under the banner of Lihir Gold.

Greater Bendigo Gold Mines hopes to be producing this year, with plans to process old tailings, and is refurbishing historic mines in the Bendigo area.

Cahill — one of the founders of

Bendigo Mining — says the company will take a different approach to mining than its bigger cousin, mining on a smaller scale to ensure high grades.

While a name change would seem prudent to escape the stigma surrounding Bendigo, Cahill will not consider it.

**I**NSTEAD, he plans to ride out the rough times and show rather than tell, with a gala event planned once the company's plants are up and running. Castlemaine Goldfields chief Gary Scanlan says while some investors have been spooked there are still people who truly believe in the Victorian gold story.

Austindo Resources recently sold its shares in Castlemaine, but was replaced on the register by International Commodity Finance and Northcliffe Holdings — both Ballarat Goldfields investors.

Castlemaine is drilling in the historic Castlemaine goldfield, which produced 5.6 million ounces of gold in its heyday.

Scanlan says he hasn't changed his approach to exploration as a result of the Bendigo/Ballarat experience — in fact, he believes it was the Bendigo model that got the "old timers" at Castlemaine in trouble.

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"They didn't understand the subtle differences (in the fields) which led to failure at the time," he said.

Walhalla-based Goldstar is the most advanced of the Victorian explorers and is pressing ahead despite the troubles.

The company has moved 1600 tonnes of dirt in a bulk sample that will help it firm up a resource, and hopefully move to mining.

Goldstar shares have taken a dive from their 87¢ peak last November — before the issues at Bendigo

emerged — to 56¢ at Thursday's close, but managing director Andrew King is not concerned.

"We'll let the results speak for themselves," he says.

King believes the geology at Walhalla is more straight forward and says Goldstar has seen no reason to change its approach in the wake of the Bendigo/Ballarat failings, but he acknowledges the wider impact on the industry.

"It's probably made everyone take a much harder look at Victorian gold," he says.