

Victoria's 1800s gold rush plots a renaissance as price hits \$2000 an ounce

By Darren Gray

June 21, 2019 — 5.40pm

It's about 170-years-old and has already unearthed almost \$150 billion of gold, but the Victorian gold industry is undergoing something of a renaissance.

More gold is being produced, more companies are exploring for the precious metal and more ground is about to be opened up for further exploration.



Sovereign Hill director and retired mining engineer Peter McCarthy is considered one of the driving forces behind the restart of gold mining in Ballarat.

The comeback of the Victorian gold industry is best highlighted by the success of the Fosterville gold mine near Bendigo, where gold production is rising and the mine's workforce has grown by about 50 per cent to 600 over the past two or three years.

The underground mine is becoming one of Australia's top handful of gold producers, and its success has lured back some Victorians who took on mining jobs at interstate mining operations.

Last year gold production at Fosterville climbed to more than 350,000 ounces. This year the mine's owners are forecasting gold production of 570,000 to 610,000 ounces.

But while the Victorian gold industry is benefiting from a strong gold price and backing from investors, it's not all smiles. The industry is not happy with the decision of the Victorian government, unveiled in last month's state budget, to introduce a 2.75 per cent royalty on gold production.

The state government said the royalty, which kicks in from January 2020, would raise \$56 million in its first four years, but the gold industry says the royalty was unexpected, with a number of industry figures saying it came despite a lack of consultation.

Since the gold rush of the 1850s, more than 80 million ounces of gold has been found in Victoria, with the Bendigo goldfield the state's most productive.

Geological experts believe a similar amount to that already found lies underground in the state's north. But because it lies underneath deep Murray Basin sediment, it was not discovered by the early diggers.

Paul McDonald, director of the Geological Survey of Victoria, says while there's still plenty of gold underground, it will be harder to find than the early big discoveries.

"It's harder because it doesn't stick out of the ground, so it's actually harder to explore for," he says.

"The goldfields of Ballarat, Bendigo and Stawell are multi-million ounces, so we expect multi-million ounce deposits still to be found under cover," he says.

It might take years and vast sums of money to turn promising gold finds into operating mines, but for an industry embarking on a comeback trail, it seems to have got the timing pretty right, at least on the gold price front.

On Thursday the Australian dollar price for gold broke through the \$2000 per ounce mark for the first time on record, and commodity experts believe it could keep pushing higher.

Trade tensions and other geopolitical risks are supporting the gold price, with the Australian dollar spot gold price rising a further \$8 to \$2013.50 per ounce shortly before 4.30pm on Friday.