

Victorian gold rush revival digs in as surging price, investment in deeper mines sees production double

ABC Central Victoria
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PHOTO: It is believed there are 80 million ounces of gold still to be unearthed in regional Victoria. (ABC Central Victoria: Sian Gard)

Most of Victoria's gold remains underground, considered too deep for the 19th century diggers to reach. But now many companies are starting to tap into this resource.

Key points:

- It is estimated 80 million ounces of gold remains deep below the ground in regional Victoria
- Kirkland Lake Gold's Fosterville mine is expected to produce up to 610,000 ounces of gold each year for the next three years
- The price of gold exceeded \$2,000 an ounce for the first time on record last week

It is believed 80 million ounces of gold still remains underground in regional Victoria.

When fortune seekers from across the globe flocked to central Victoria's goldfields in the 1800s they worked with limited equipment — meaning much of the gold remained out of reach.

Now the state is experiencing a gold rush revival of sorts, with production doubling in the past five years.

Fosterville mine in Bendigo in central Victoria has begun producing a reserve of 2.7 million ounces of high quality gold, and many other mines around the state are also ramping-up production.

Gold rush revival

In the 1850s, Australians and immigrants from countries including the United Kingdom, United States and China flocked to regional Victoria, setting up makeshift camps across the goldfields in search of their fortune.

Susan Lawrence, author of *Sludge: Disaster on Victoria's Goldfields*, said it was a hugely exciting time in Australia's history.

"When the gold rush happened, all of a sudden there were just thousands and thousands of new people coming into the area," she said.

Now miners have discovered there is still plenty of gold remaining deep underground.



PHOTO: The vice-president of Australian operations Kirkland Lakes Gold, Ian Holland, says the Fosterville mine is producing high quality gold. (ABC Central Victoria: Sian Gard)

Ian Holland, vice-president of the Australian operations of Fosterville's parent company, Kirkland Lake Gold, said things ramped up about three years ago, when the company invested in deep drilling.

"The ore body really started to increase in grade at a depth of about 800 metres-plus below the surface," he said.

The mine is expected to produce between 570,000 and 610,000 ounces of gold each year for the next three years.

"As of the last couple of quarters, Fosterville has been in the top five gold mines in Australia by volume, and given the grades we are seeing, we are the lowest cost, highest margin pure gold producer in the country," Mr Holland said.



PHOTO: Fosterville has been in operation since 2005, and in 2015 the mine started producing higher grade gold. (ABC Central Victoria: Sian Gard)

The mine produced 31 grade gold, which equated to 31 parts of gold per million.

"The average underground mine might produce gold in the order of four to six grams, and the average open pit mine might be in the order of 1 to 2 grams," Mr Holland said.

"So these are exceptional grades."

As a result of the discovery, the mine has been able to double its workforce to 600 workers.

This has meant a lot of Victorian-born miners, like Luke Krois, have been able to return home for work.

"I left a good job in Mount Isa, with a secure future, to a job that looked reasonably good but took some risks," he said.

"I came back to family, so it's been positive for me."

A wealth of opportunity

Across the state, gold production has doubled in the past five years as dormant mines are revived.

Peter McCarthy, a former mining engineer, now the chairman emeritus of ACM Consulting, helped re-establish the Castlemaine Goldfields mine in Ballarat after a century-long hiatus.

"Victoria was the greatest gold producer in Australia until we were eclipsed by Western Australia in about 1980," Mr McCarthy said.

"And we're really starting to see things pick up again."



PHOTO: Peter McCarthy, a retired mining engineer, says there is plenty of gold still to be unearthed in regional Victoria. (ABC Central Victoria: Sian Gard)

Other Victorian mines prospering are Costerfield Mine, near Bendigo, and Stawell Mine, in north-west Victoria, which restarted operations last year.

Much of the gold in Victoria is deep underground, which means a high initial investment for companies.

"The initial upfront capital for any of these projects is in the hundreds of millions dollars," Mr Holland said.

"So it's a significant risk that we've taken."

But the high price of gold, which exceeded \$2,000 per ounce for the first time on record last week, was helping make that investment more worthwhile.

Mr Holland said the investment at Fosterhill had also boosted the local economy.

"As a high quality employer, we produce high quality well-paid regional jobs and invest back into regional economies," he said.

Future looks bright

It is believed most of the remaining gold in Victoria was in three key spots: beneath existing old mines, beneath the Murray Basin sediments north of Bendigo, and beneath the basalt plains in Western Victoria.

"The old timers had no way of finding that gold because it was covered by 50 to 100 metres of clay and sand and gravel," Mr McCarthy said.

But Mr Holland said the State Government's recently announced 2.75 per cent gold royalty may slow industry growth down.

"If it had been in place four or five years ago we absolutely wouldn't have been able to commit the exploration dollars that we did to discover what we had now," he said.

"We're not fundamentally opposed to a royalty as a company, but we were surprised."

Despite the challenges, the future still looks bright for the Victorian gold mining industry.

"We're really bullish about the long-term future for Victorian gold," Mr Holland said.

"The resurgence at Fosterville shows that this can be done in the modern era."