R. H. Bland and the
Port Phillip and Colonial Gold Mining Company

Submitted by
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A thesis submitted in total fulfilment
of the requirements for the degree of
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Port Phillip and Colonial Gold Mining Company Works, Clunes, 1866
Contents

List of Illustrations ........................................................................................................ iv
Summary ...................................................................................................................... v
Statement of Authorship .............................................................................................. vi
Glossary of Mining Terms .......................................................................................... vii
Conversion Factors ..................................................................................................... ix

Introduction ................................................................................................................... 1

Chapter 1

The birth of the Port Phillip and Colonial Gold Mining Company

 The Company’s precursor ......................................................................................... 3
 Formation of the Port Phillip and Colonial Gold Mining Company .................... 7
 Beginnings of the Company’s operations ............................................................... 11

Chapter 2

The early career of Rivett Henry Bland

 The Western Australian pioneer ............................................................................. 19
 Rivett Bland joins the Port Phillip Company ....................................................... 27
 Bland’s arrival in Victoria ......................................................................................... 29

Chapter 3

The Port Phillip Company’s early struggles in Victoria

 Digger independence versus big business ............................................................ 31
 A change of direction ............................................................................................. 38
 The sale of a goldfield ............................................................................................ 42
 Foundations of the Company’s success ............................................................... 45
 Formation of the Clunes Quartz Mining Company, Registered ......................... 49

Chapter 4

‘Insiders’ and ‘Outsiders’

 The beginnings of unrest ......................................................................................... 51
 Encroachment escalates ......................................................................................... 54
 Government intervention ....................................................................................... 57
 Underground violence ............................................................................................ 60
 End of the conflict ................................................................................................. 63
Chapter 5

Introduction of large-scale mining at Clunes

The beginnings of modern mining and ore treatment ........................................66
World’s best practice: Carl Nordstrom’s model of the Port Phillip works ......78
The first dividend declared................................................................................83
Increasing mine development..........................................................................84
Improving technology at the treatment works ..............................................86

Chapter 6

The industry leader

A reason for prominence..................................................................................89
Continued growth of the treatment works ....................................................90
Technology on display: the model stamp battery.........................................91
Richard Daintree’s exhibition photographs...................................................94
‘Burning’ of quartz is discontinued ...............................................................97
Construction of the second battery house....................................................99
A change of management..............................................................................101
The problems of water supply.......................................................................104
Introduction of grade control .......................................................................109
The photographs of Charles Nettleton..........................................................110

Chapter 7

Pyrites treatment

Gold in pyrites ...............................................................................................112
The pyrites problem ......................................................................................112
First steps towards a solution ........................................................................113
Extracting gold from pyrites ........................................................................116
Separating pyrites from battery tailings.........................................................117
Thompson and Latta’s patent reverberatory furnace .....................................120
Later developments in pyrites treatment......................................................121
The significance of pyrite treatment technology.........................................123
Chapter 8
Investments in other mining companies

Financing of early mining companies in Victoria ........................................... 125
Investments by the Port Phillip Company ......................................................... 126
A question of corporate policy ....................................................................... 128
The Victoria (London) Mining Company, Limited ......................................... 129

Chapter 9
The Port Phillip Company’s later years

Consolidation .................................................................................................... 136
Decline ............................................................................................................... 143
The struggle for development funds ................................................................. 147
The grand amalgamation proposal and its aftermath .................................... 150

Conclusion ....................................................................................................... 155

Appendix 1
Dividend Payments .......................................................................................... 157

Appendix 2
Notes on Production Statistics ........................................................................ 158

Appendix 3
Production Summary Graphs .......................................................................... 159

Appendix 4
Production Table .............................................................................................. 160

Bibliography .................................................................................................... 165
**List of Illustrations**

<table>
<thead>
<tr>
<th>Illustration</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Port Phillip and Colonial Gold Mining Company Works, Clunes, 1866..............</td>
<td>5</td>
</tr>
<tr>
<td>Morro Velho mine</td>
<td></td>
</tr>
<tr>
<td>Prospectus of the Port Philip and Colonial Gold Mining Company</td>
<td>9</td>
</tr>
<tr>
<td>Rivett Henry Bland</td>
<td>19</td>
</tr>
<tr>
<td>Blandstown</td>
<td>22</td>
</tr>
<tr>
<td>Location map, Bland’s activities in Western Australia</td>
<td>23</td>
</tr>
<tr>
<td>Location map of Port Phillip Company’s mining ventures in Victoria</td>
<td>35</td>
</tr>
<tr>
<td>Map showing the positions of the ‘Insiders’ and the ‘Outsiders’</td>
<td>53</td>
</tr>
<tr>
<td>Port Phillip Company’s mine site and environs</td>
<td>72</td>
</tr>
<tr>
<td>Sixteenth-century stamp battery</td>
<td>74</td>
</tr>
<tr>
<td>Chilean mill</td>
<td>76</td>
</tr>
<tr>
<td>Perspective sketch of No.4 Stamp Battery</td>
<td>77</td>
</tr>
<tr>
<td>Carl Nordstrom’s model of the Port Phillip mine, detailed view</td>
<td>79</td>
</tr>
<tr>
<td>Cross-section through battery box and strakes</td>
<td>87</td>
</tr>
<tr>
<td>Working model stamp battery, International Exhibition, London, 1862</td>
<td>93</td>
</tr>
<tr>
<td>Port Phillip and Colonial Gold Mining Company’s Works at Clunes</td>
<td>95</td>
</tr>
<tr>
<td>Chamber’s Patent hydraulic stone breaking machine</td>
<td>98</td>
</tr>
<tr>
<td>Port Phillip Mine, North Shaft at change of shift, 3 p.m.</td>
<td>101</td>
</tr>
<tr>
<td>Port Phillip Mine, South Shaft</td>
<td>103</td>
</tr>
<tr>
<td>Pumping plant at Birch’s Creek</td>
<td>108</td>
</tr>
<tr>
<td>Port Phillip and Colonial Gold Mining Company, Clunes</td>
<td>111</td>
</tr>
<tr>
<td>Borlases Buddle with Munday’s Patent Scrapers</td>
<td>118</td>
</tr>
<tr>
<td>Thompson and Latta’s Patent Furnace</td>
<td>121</td>
</tr>
<tr>
<td>Messrs Lewis and Munday’s Patent Buddles</td>
<td>122</td>
</tr>
<tr>
<td>Location map of mining and investment ventures</td>
<td>132</td>
</tr>
<tr>
<td>Port Phillip Reduction Works, 1872</td>
<td>138</td>
</tr>
<tr>
<td>Cross-sections through the North and South shafts, Port Phillip mine</td>
<td>140</td>
</tr>
<tr>
<td>Crushing Works of the Port Phillip Company, Clunes</td>
<td>142</td>
</tr>
<tr>
<td>Port Phillip Company’s Works, [circa 1890s]</td>
<td>149</td>
</tr>
<tr>
<td>Port Phillip mine site, 2001</td>
<td>156</td>
</tr>
</tbody>
</table>
Acknowledgements

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Summary

There are numerous histories of the Victorian goldfields, individual digger’s experiences, and the digging community as a whole. By contrast, very little has been written about the early gold mining companies. This thesis seeks to address this dearth in part, with a longitudinal study of one of the leading gold mining companies in nineteenth-century Victoria.

The Port Phillip and Colonial Gold Mining Company (‘Port Phillip Company’) was one of many ‘gold bubble’ companies formed in England during 1851-3 to undertake gold mining in Australia. Within a few years it was the only survivor of this episode of British corporate gold-fever. The thesis argues that the influence of Rivett Henry Bland, the company’s managing director, was instrumental in its success, particularly in its early years when faced with anti-company sentiment and unfavourable mining legislation.

The company established a large-scale operation at Clunes in 1857, rapidly assuming a pre-eminent position in colonial gold mining with its superior technology and mining practices. Historians generally portray Australian gold mining operations as small, locally funded and inefficient, prior to British capital investment in the late 1880s. While true of the larger picture, this simply emphasises the uniqueness of the British-owned and funded Port Phillip Company, the largest and most efficient gold mining operation in Australia from 1857 until the early 1880s.

The company and its investment offshoot, the Victoria (London) Mining Company, invested in over thirty Victorian gold mining companies during the 1860s. Again, this runs counter to the general view that British investment in Australian gold mining began only in the late 1880s. Although the two companies’ investments equalled only a fraction of the later wave of British capital in absolute monetary terms, their contribution to the growth of the Victorian gold mining industry at the time was significant.
Statement of Authorship

Except where reference is made in the text of the thesis, this thesis contains no material published elsewhere or extracted in whole or in part from a thesis by which I have qualified for or been awarded another degree or diploma.

No other person’s work has been used without due acknowledgement in the main text of the thesis.

This thesis has not been submitted for the award of any degree or diploma in any other tertiary institution.

Signed: John George Woodland

Date: 22 January 2002
### Glossary of Mining Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>adit</td>
<td>An essentially horizontal access into a mine by means of a tunnel driven into a hillside</td>
</tr>
<tr>
<td>auriferous</td>
<td>Gold-bearing</td>
</tr>
<tr>
<td>battery</td>
<td>See ‘stamp battery’</td>
</tr>
<tr>
<td>cement</td>
<td>Alluvial gravels bound together in a hard matrix of siliceous, ferruginous or clayey material that may also contain gold</td>
</tr>
<tr>
<td>cross cut</td>
<td>Mine level or tunnel driven across the strike of rock strata or quartz reefs</td>
</tr>
<tr>
<td>deep lead</td>
<td>Old river bed deposit containing gold, buried beneath more recent sediments or basalt flows</td>
</tr>
<tr>
<td>drive</td>
<td>Mine level or tunnel driven along the strike of rock strata or quartz reefs</td>
</tr>
<tr>
<td>headframe</td>
<td>Timber structure over a shaft to allow men, ore and materials to be raised or lowered</td>
</tr>
<tr>
<td>level</td>
<td>An essentially horizontal passage in a mine</td>
</tr>
<tr>
<td>mullock</td>
<td>Waste rock raised from a mine</td>
</tr>
<tr>
<td>ore</td>
<td>Rock containing mineral(s) that can be mined and treated at a profit</td>
</tr>
<tr>
<td>orebody</td>
<td>A well defined mass of ore that can be profitably mined</td>
</tr>
<tr>
<td>oreshoot</td>
<td>An elongated orebody with its long axis usually inclined to the horizontal</td>
</tr>
<tr>
<td>plat</td>
<td>Enlarged chamber or lobby where a mine level meets the shaft</td>
</tr>
<tr>
<td>puddling</td>
<td>Breaking down clayey material with water to release its contained gold</td>
</tr>
<tr>
<td>puddling machine</td>
<td>Circular trough lined with wood or iron, in which harrows rotate, attached by arms to a vertical central axle. Washdirt placed in water in the trough is broken down to release its gold by the action of the rotating harrows</td>
</tr>
<tr>
<td>rise</td>
<td>An upward shaft from a mine level to follow an orebody or to connect to the level above for ventilation or access. Opposite of winze</td>
</tr>
<tr>
<td>shaft</td>
<td>Vertical or steeply inclined access to a mine, similar to a lift-well</td>
</tr>
<tr>
<td>stamp battery</td>
<td>Machine for crushing ore by sequentially dropping a series of heavy, metal-shod shafts or ‘stamps’. See also ‘battery’</td>
</tr>
<tr>
<td>stoping</td>
<td>The process of extracting ore from underground</td>
</tr>
<tr>
<td>strata</td>
<td>Layers or beds of rock</td>
</tr>
<tr>
<td>strike</td>
<td>Horizontal direction or trend of rock strata, or other linear features such as quartz reefs</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>--------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>tailings</td>
<td>Residue left after the economic minerals have been extracted from ore</td>
</tr>
<tr>
<td>tribute</td>
<td>Contract to carry out mining for an agreed share of the mineral produced</td>
</tr>
<tr>
<td>tributor</td>
<td>Miner who works for a share of the mine's product rather than for wages</td>
</tr>
<tr>
<td>washdirt</td>
<td>Gravel, sand, clay or cement containing worthwhile amounts of gold</td>
</tr>
<tr>
<td>whim</td>
<td>A large diameter wooden drum mounted on a vertical axle and held steady by a timber framework. A horse harnessed to a beam beneath the drum rotates it by walking in a circle. A rope wound around the drum raises or lowers a bucket in a nearby shaft.</td>
</tr>
<tr>
<td>winze</td>
<td>A small shaft sunk in the floor of a mine level to follow down and test an orebody, or to connect to the next level for ventilation or access. Opposite of rise</td>
</tr>
</tbody>
</table>
## Conversion Factors

### Gold (Troy) Weight

<table>
<thead>
<tr>
<th>Troy Unit</th>
<th>Abbreviation</th>
<th>Metric Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 grain</td>
<td>1gr</td>
<td>0.07g</td>
</tr>
<tr>
<td>24 grains</td>
<td>= 1 pennyweight</td>
<td>1dwt</td>
</tr>
<tr>
<td>20 pennyweights</td>
<td>= 1 ounce</td>
<td>1oz</td>
</tr>
<tr>
<td>12 ounces</td>
<td>= 1 pound</td>
<td>1lb</td>
</tr>
</tbody>
</table>

### Avoirdupois (Commerce) Weight

<table>
<thead>
<tr>
<th>Avoirdupois Unit</th>
<th>Abbreviation</th>
<th>Metric Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 ounce</td>
<td>1oz</td>
<td>28.35g</td>
</tr>
<tr>
<td>16 ounces</td>
<td>= 1 pound</td>
<td>453.59g</td>
</tr>
<tr>
<td>14 pounds</td>
<td>= 1 stone</td>
<td>6.35kg</td>
</tr>
<tr>
<td>8 stones</td>
<td>= 1 hundredweight</td>
<td>1cwt</td>
</tr>
<tr>
<td>20 hundredweights</td>
<td>= 1 ton</td>
<td>1t</td>
</tr>
</tbody>
</table>

### Money

<table>
<thead>
<tr>
<th>Sterling Unit</th>
<th>Abbreviation</th>
<th>Dollar Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 penny</td>
<td>1d</td>
<td>0.83¢</td>
</tr>
<tr>
<td>12 pennies</td>
<td>= 1 shilling</td>
<td>1s (1/-)</td>
</tr>
<tr>
<td>20 shillings</td>
<td>= 1 pound</td>
<td>£1</td>
</tr>
<tr>
<td>1 [gold] sovereign</td>
<td>= 1 pound</td>
<td>£1</td>
</tr>
<tr>
<td>21 shillings</td>
<td>= 1 guinea</td>
<td>£1 1s</td>
</tr>
</tbody>
</table>

### Length

<table>
<thead>
<tr>
<th>Imperial Unit</th>
<th>Abbreviation</th>
<th>Metric Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 inch</td>
<td>1in (1”)</td>
<td>2.54cm</td>
</tr>
<tr>
<td>12 inches</td>
<td>= 1 foot</td>
<td>30.48cm</td>
</tr>
<tr>
<td>3 feet</td>
<td>= 1 yard</td>
<td>0.91m</td>
</tr>
<tr>
<td>22 yards</td>
<td>= 1 chain</td>
<td>20.1m</td>
</tr>
<tr>
<td>10 chains</td>
<td>= 1 furlong</td>
<td>201m</td>
</tr>
<tr>
<td>8 furlongs</td>
<td>= 1 mile</td>
<td>1.6km</td>
</tr>
</tbody>
</table>

### Volume

<table>
<thead>
<tr>
<th>Imperial Unit</th>
<th>Abbreviation</th>
<th>Metric Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 pint</td>
<td>1pt</td>
<td>568ml</td>
</tr>
<tr>
<td>8 pints</td>
<td>= 1 gallon</td>
<td>4.55l</td>
</tr>
</tbody>
</table>

### Area

<table>
<thead>
<tr>
<th>Imperial Unit</th>
<th>Abbreviation</th>
<th>Metric Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 square chains</td>
<td>= 1 acre</td>
<td>4047m²</td>
</tr>
<tr>
<td>640 acres</td>
<td>= 1 square mile</td>
<td></td>
</tr>
</tbody>
</table>
Introduction

Reports of rich gold discoveries in New South Wales and Victoria during 1851, following on from the California rush of 1849-50, raised the English investment market to fever pitch during 1852. The Port Phillip and Colonial Gold Mining Company (‘Port Phillip Company’) was one of a large number of so-called ‘gold bubble’ companies formed in England at this time to exploit Australian gold deposits by large-scale company mining.

Within a few years the Port Phillip Company was the only survivor of this episode of British corporate gold-fever. After a precarious early existence, the company’s fortunes changed and it became a highly efficient gold producer at Clunes, some 30km north of Ballarat. During a thirty-year period the company produced over 0.5 million ounces of gold (the third most productive quartz reef mine in Victoria) and £225,000 in dividends.

Why did this one company succeed where its London contemporaries, and many colonial companies, failed? This dissertation argues that Rivett Henry Bland, the resident Victorian director of the Port Phillip Company was instrumental in its success. Bland secured exclusive mining rights over the richest part of the Clunes goldfield, early in the development of Victorian quartz mining. This proved to be the key to the company’s success. He involved local diggers in the actual mining operations, while the company undertook the capital-intensive ore treatment process. This was an innovative approach at a time of antipathy to big business in Victoria.

The halcyon days of the individual gold digger in Victoria were relatively short-lived. After 1856, the year of peak gold output, shallow alluvial gold production went into steady decline. From then on, the increasing physical and financial resources needed for underground mining forced the remaining diggers to form cooperatives or companies, or seek other employment. There are many accounts of the experiences of individual diggers, of the digging community as a whole, and broad histories of most of the goldfields. By contrast, very little has been written about the early gold

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mining companies. My thesis seeks to address this dearth by providing a longitudinal study of one of the leading gold mining companies in nineteenth-century Victoria.

When discussing nineteenth-century company gold mining in Australia, most historians tend to project an image of small, locally funded, inefficient operations prior to the investment of British capital in the late 1880s. By contrast, Geoffrey Blainey stresses the uniqueness of the British-owned and funded Port Phillip Company and its importance to the development of quartz mining in Victoria. It was the largest gold mining and milling operation in Australia from 1857 until the early 1880s, and frequently cited as an example of industry best practice.

An investment offshoot of the Port Phillip Company, the Victoria (London) Mining Company, Limited, was floated in London in 1860. Its sole purpose was to invest in other gold mining companies in Victoria, an activity that the Port Phillip Company's constitution precluded it from doing directly. The Victoria Company invested in over 30 companies during the 1860s, a time when colonial risk capital was hard to raise. Again, this runs counter to the generally accepted view that British investment in Australian gold mining did not take place until more than two decades later.

In absolute monetary terms, investments by the Port Phillip and Victoria companies during the 1850s and 1860s represented only a fraction of the later wave of British investment. Their contribution to the growth of the Victorian gold mining industry however, exceeds simple monetary considerations.

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Chapter 1

The birth of the Port Phillip and Colonial Gold Mining Company

The Company’s precursor

Key elements of the Port Phillip Company’s corporate structure and its large-scale mining philosophy can be traced to a London-based Brazilian mining company, the St. John d’el Rey Mining Company (‘St John Company’). The St John Company was in effect, the antecedent of the Port Phillip Company through the two companies’ common founding directors. Several of the Port Phillip Company’s senior staff had earlier worked at the Morro Velho mine of the St John Company. These highly skilled and motivated professionals brought their invaluable experience to the Port Phillip Company’s operations at Clunes.

Small amounts of gold had first been discovered in Brazil in the early 1600s. Subsequent prospecting during the 1690s led to the discovery of the rich Minas Gerais (General Mines) district, situated in the rugged interior about 300 km north of Rio de Janeiro. News of this discovery triggered the first of the world’s great gold rushes, in which thousands of would-be diggers left Europe to seek their fortunes.\(^1\)

Most of the easily won surficial gold in the Minas Gerais district had been exhausted by the 1730s and the individual diggers left, their place being taken by Brazilian entrepreneurs using slave labour to extract gold by open-cut mining. The largest and most productive open-cut mine was situated on the Morro Velho estate of the da Silva family, near the present-day city of Nova Lima.\(^2\) After the open-cuttable gold resources ran out in the late 1700s, mining in Brazil essentially ceased, owing to a lack of capital and the expertise required for underground mining.

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\(^2\) Ibid., pp.12, 13.
British investment in Brazil grew rapidly following its declaration of independence in 1822, and a boom in British-based Brazilian mining companies began after the introduction of its constitution in 1824. British participation in Brazilian mining brought not only the injection of investment capital, but also the introduction of skilled Cornish miners and modern machinery. An estimated 400 Latin American gold mining ventures were floated as joint-stock companies in Britain during a series of booms between 1824 and 1900. Most failed, often due to poor management, although the failure rate was probably not much different from that of present-day speculative enterprises.

Mining companies operating in the Minas Gerais district of Brazil however, fared better than the overall average. Ten out of the eighteen British companies floated between 1824 and 1898 to mine gold there made a profit. One, the St John Company, was spectacularly successful. Operating continuously for 126 years, it produced more gold than any other mining company in South America: 3,292,140 ounces (100 tons) of gold, for a total profit of £8,024,495.

Named after São João del Rei, the town near its original mining properties in southern Minas Gerais, the St. John d’el Rey Mining Company was floated as a joint-stock company in London on 5 April 1830. The company purchased the Morro Velho estate with its worked-out open-cut gold mine in 1834, with the objective of mining the underground portions of the orebody. One of the founding directors of the company, and its chairman, was John Diston Powles.

A London merchant and entrepreneur, Powles had been heavily involved in trading and investment in South America since the early 1820s. One of his first ventures had been the floating of a loan to the Colombian Government in 1822. He vigorously promoted a succession of South American mining companies, the first being the Colombian Mining Association in 1824.

Benjamin Disraeli, while still a young solicitor, lost heavily on investments in Powles’ schemes. Powles later paid Disraeli to write pamphlets promoting the prospects of several of his new companies to help sell their shares. According to a small but vocal
group of critics, Powles was an unscrupulous schemer, prepared to exploit every legal loophole and to use relatives or close associates to help him further his schemes.\(^8\) He remained as chairman of the St John Company until his death in 1867, exerting a strong influence on the company’s affairs for over three decades.

\[\text{Morro Velho mine}\]  

\(^8\) Christopher Richardson, *Mr. John Diston Powles: or, The Antecedents, as a promoter and director of foreign mining companies, of An Administrative Reformer*, Printed for the Author, London, 1855, p.3.  
One of Powles’ fellow directors, Captain James Vetch, R.E., had more than ten year’s previous experience in Mexican silver mining. The two contributed substantially to framing the St John Company’s mining policy, which endured for over a century. A British superintendent, selected by the directors and resident in Brazil, had complete autonomy over its mining operations. This was essential due to the remoteness of the mine from London, delays in communications, and sometimes rapidly changing circumstances. A team of Cornish miners with basic mining equipment accompanied the first superintendent to Brazil. They formed the nucleus of the workforce and later trained indigenous workers and slave labourers in underground mining methods.

Under the first superintendent, Charles Herring Jr., the company introduced large-scale mining and modern ore treatment methods, establishing an extremely efficient operation that lasted from 1834 until 1960. In its heyday, between the 1880s-1920s, Morro Velho was one of the world’s largest, deepest (8,700 feet down-slope) and most productive gold mines. British miners and artisans hired to work at Morro Velho on 4-6 year contracts were encouraged to take their families with them. The company provided housing, education, medical and religious support in the ethos of Victorian paternalism. Many engineers, geologists and metallurgists gained valuable experience by working at or visiting Morro Velho. Their expertise was eventually spread worldwide and included several senior staff at the Port Phillip mine in Clunes.

Due to the remoteness of the Morro Velho mine the St John Company created a self-sufficient community there. It built public utilities, stores and workshops capable of meeting all of the company’s needs except for large items of machinery, which were shipped in from Britain. Some of this spirit of enterprise and self-sufficiency was reflected in the Port Phillip Company’s sending artisans, machinery and stores to Victoria with its mining workforce in 1852.

Slave labour was an unwelcome but practical reality facing foreign mining companies in Brazil in the nineteenth century. Brazilian labourers were reluctant to work in the mines, while a wholly expatriate workforce would have been prohibitively expensive.

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10 Robert W. Randall, Real del Monte: A British Mining Venture in Mexico, Latin American Monographs No.26, Austin, University of Texas Press, 1972, pp.39, 40.
11 Eakin, pp.23, 24, 273.
12 The mine closed in 1960 but was later re-opened. It continues to operate in 2002.
14 Eakin, pp.28-30.
As a result, the St John Company’s work force consisted largely of slaves purchased or rented from other mining companies, trained and supervised by a nucleus of Cornish miners and mine captains.\textsuperscript{15} Although the St John Company’s administrative and technical structure was the blueprint for the Port Phillip Company’s operations in Victoria, slave labour could not be an option. Instead, the Port Phillip Company proposed to rely on a nucleus of skilled company miners to train and supervise unskilled free settlers or out-of-work diggers.

The St John Company began paying dividends in 1842. By the time of the first gold discoveries in Australia in 1851, its shareholders had not only recouped their original investment, but that year alone received a return of over 30%.\textsuperscript{16} With production and profits rising each year, the St John Company had become the most successful British-owned overseas gold mining company to that time. This experience was to be drawn on when the Port Phillip Company was formed in early 1852.

News of the first ‘official’ discoveries of gold in New South Wales reached Britain in August 1851, at a time when John Diston Powles was promoting his first Australian venture, the English and Australian Copper Company. It was to take over the Patent Copper Company’s smelters at Swansea in Wales, and at Burra, north of Adelaide. Together with Powles, the promoters were Henry William Schneider (a Barrow-in-Furness ironmaster and shipbuilder), and Sir William Foster (a Norwich lawyer and town councillor). The three became directors and majority shareholders in the new company, between them holding about 85% of its shares.\textsuperscript{17}

\textbf{Formation of the Port Phillip and Colonial Gold Mining Company}

Interest in Australian gold mining increased in Britain during September 1851, when \textit{The Times} published articles based on ‘letters home’, describing the various gold finds, their prospects, and the general air of ‘gold fever’ in New South Wales.\textsuperscript{18} Eight gold mining and ore treatment companies were formed in Britain during November-

\begin{flushright}
\textsuperscript{15} Ibid., pp.31-33.
\textsuperscript{17} \textit{Return of the Balance Sheet of The English & Australian Copper Company}, J.S.C Registry Office, 10 Aug. 1852, BT41 222/1259, Public Record Office, Kew, U.K.
\end{flushright}
December 1851, to exploit the goldfields of New South Wales and the first discoveries in Victoria at Clunes and Anderson’s Creek.

From early 1852, news reached London of much richer Victorian gold finds at Buninyong, then Ballarat, Mount Alexander and Bendigo. These discoveries triggered a rash of nearly 40 British-based Australian gold mining companies in 1852, twelve in January alone, including the Port Phillip and Colonial Gold Mining Company.19

The prospectus of the ‘Port Philip and Colonial Gold Mining Company’ (reproduced on the following page), appeared on 26 January 1852, offering 150,000 shares at £1 each.20 John Diston Powles and the other principals of the recently formed English and Australian Copper Company promoted the issue. Two shares in the new company were preferentially offered to the holder of each share in the English and Australian Copper Company. With the combination of ‘gold fever’ and an existing shareholder ‘mailing list’ it appears that the floating of the company took about one week, a far cry from the public listing processes of today. Mining company prospectuses of this era, indeed continuing through into the early twentieth century, were extremely short, simple, optimistic documents. Much reliance was placed upon the opinion of ‘experienced mining men’ with established track records.

Evan Hopkins, a highly regarded mining engineer with extensive Central American gold mining experience, was appointed as the Port Phillip Company’s Australian consultant. He was to receive the considerable fee of £1,250 per year (compared to £72 per year for a company miner).21 Hopkins’ involvement in the venture, plus the long association of directors John Powles and James Vetch with the highly successful St John Company, would have assured investors that the Port Phillip Company stood an excellent chance of succeeding on the Victorian goldfields.

19 The alternative spelling ‘Port Philip’ occurs frequently in British journals until mid-1854, while colonial references consistently use the spelling ‘Port Phillip’ from late 1852. For purposes of clarity and continuity the spelling ‘Port Phillip’ is used throughout this thesis, apart from specific quotations from early documents.
20 The Times, 26 January 1852, p.2.
21 Records, Port Phillip & Colonial Gold Mining Company, List of Individuals engaged in the service of the Port Phillip & Colonial Gold Mining Company who have left England for Australia, La Trobe Manuscript Collection, MS12057, Box 2560/2, Letter No.23, State Library of Victoria.
PORT PHILIP AND COLONIAL GOLD MINING
COMPANY.- Provisionally Registered
Capital £150,000, in 150,000 shares, of £1 each.

DIRECTORS
Sir William Foster, Bart  J. D. Powles, Esq
J. J. Cummins, Esq  Henry Ranking, Esq
J. O. Hanson, jun., Esq  H. W. Schneider, Esq
Joseph Hardcastle, Esq  Captain James Vetch, R. E.
(With power to add to their number)

AUDITORS – George Engstrom, Esq :  Edward Hurry, Esq

BANKERS – Messrs. Barclay, Bevan, Tritton, and Co.

This Company has been formed for the prosecution of Mining in the colony of Port Philip, now called Victoria, or any other of the British Colonies.

The intelligence recently received from Port Philip leaves no doubt of the existence of a large extent of auriferous deposit in that colony, offering ample inducement to the prosecution of mining enterprise.

The opinions of scientific persons have, for some time past, favoured the belief that the geological formation of Australia would be found the same as that of California – an opinion which seems to be now confirmed by practical experience.

It is unnecessary here to give a detail of what has been done in Australia by the unskilled and desultory labours of individuals. Private communications amply confirm the statements which have appeared in the public journals. Mining, like all other pursuits, requires to be conducted with system and method – with the aid of which mechanical skill and experience are capable of supplying – in order that it may obtain its just remuneration. Without these helps the labour of individuals is often misapplied, and the produce obtained imperfectly and wastefully realised.

This company proposes to supply from England the capital, the skill, and machinery necessary for the successful prosecution of mining labour in Australia.

Mr. Evan Hopkins, who has had considerable experience in gold mining in Spanish America, will proceed to Port Philip to establish the Company’s operations, with a suitable body of persons to carry on the same.

The Company’s capital will be £150,000, in 150,000 shares of £1 each, to be paid on complete registration.

This Company has been formed by the promoters of the English and Australian Copper Company. That Company is, by its constitution, restricted to the reduction of ores by smelting, or any other process, and it is at this moment engaged in preparing the necessary machines for that purpose to transport to Port Philip. It is believed that this Company may very much promote the objects for which that Company was formed. They will work in harmonious co-operation with each other; and in order to secure to the shareholders in the English and Australian Copper Company the opportunity of partaking in the present undertaking. If they shall think fit to do so, the preference of subscribing to the capital of this Company will be given to the shareholders in the English and Australian Copper Company.

Each shareholder in the English and Australian Copper Company will be entitled to two shares in this Company for every share held by him in the former Company.

Ten thousand shares will be reserved for appropriation in Australia.

The Directors believe that this undertaking will be not only remunerative to its shareholders, but that it will be highly advantageous to the colony, by introducing into it a body of skilful and experienced miners, capable of doing justice to its mineral resources.

The Company will possess the power of acquiring, holding and disposing of lands in any of the British colonies.

Application will be made to the Board of Trade for a Royal Charter of incorporation.

Permission will be reserved to increase the capital, if necessary, hereafter, with the consent of the shareholders.

Applications for shares to be addressed, on or before the 2d of February, to the Company’s office, 17, Gracechurch-street; or to Messrs. Laurence, Cazenove and Pearce, Auction Mart.

FORM OF APPLICATION FOR SHARES

TO THE DIRECTORS OF THE PORT PHILIP AND COLONIAL GOLD MINING COMPANY

GENTLEMEN, I request you will allot to me shares, of £1 each, in the Port Philip and Colonial Gold Mining Company, the amount of which I engage to pay whenever called on by you to do so. I am the proprietor of shares in the English and Australian Copper Company, the numbers of which are stated at foot.* [parties who are not shareholders in the English and Australian Copper Company will strike out this]

I am, Gentlemen, your obedient servant,

Name……………………………………………………
Address………………………………………………
Reference……………………………………………….
Date……………………………………………………

*Nos…………..
The promoters intended to send out a colonial superintendent with autonomous powers, together with a skilled work force and modern equipment, to carry out large-scale mining in Victoria along the lines of current practice in Britain and the Americas. They met with the British Secretary of State, Sir John Pakington, on 9 March 1852, to explain their strategy and discuss the granting of mining leases in Victoria. Sir John advised them that the British Government would not intercede in the matter, leaving the granting of leases to the new Victorian administration. He felt confident however, that the colonial authorities would offer ‘…every practicable facility…’ to ‘…competent parties…’ such as the Port Phillip Company.\textsuperscript{22}

The promoters were optimistic that there would be ‘harmonious co-operation’ in Australia between the Port Phillip and the English and Australian Copper companies. Certainly some cooperation (or friendly competition) seems to have taken place during 1852. Despite its core business in Australia being copper smelting at Burra, the English and Australian Copper Company sent a party to Victoria to purchase gold on its behalf.

An advertisement accompanying the prospectus advised intending shareholders that the Port Phillip Company had secured an exclusive colonial franchise to use ‘Longmaid’s Patent for the Reduction of Ores.’\textsuperscript{23} This demonstrated the frantic pace at which events were unfolding in Britain and the paucity of factual information from the Australian goldfields. Longmaid’s patent involved smelting auriferous material to extract the gold, in a manner somewhat analogous to the smelting of iron and copper ores.

Such a technique was commercially impractical, more so in gold rush Victoria, with its poor infrastructure and lack of high grade coal. It was in stark contrast to the flexible, low-cost methods of gravity separation and mercury amalgamation then in widespread use in California and rapidly gaining acceptance in Australia. The copper smelting background of the Port Phillip Company’s promoters probably played a psychological role in selecting Longmaid’s process. In the end, practicality prevailed and the Port Phillip Company did not put Longmaid’s process to use.

The Port Phillip Company was officially registered as a joint stock company on 27 February 1852. John Diston Powles, Sir William Foster and Henry William Schneider collectively held 59% of the 59,235 shares applied for by that date, effectively controlling the company. Powles was elected chairman of directors, a position he held until his death in 1867.

The earliest ‘joint stock adventures’ (companies) in Britain, such as the East India and Hudson’s Bay companies, and the Bank of England, were each incorporated by a Special Act of Parliament or a Royal Charter. Unincorporated ‘companies’ began to appear during the eighteenth century in the banking and insurance sectors, as well as for more speculative purposes. From a legal viewpoint, unincorporated joint stock companies were private partnerships of dubious standing. Amongst other problems, if such a company went into debt, its shareholders’ legal liability was unlimited. Despite this, unincorporated joint stock companies continued to flourish in the late 1700s and early 1800s as investment activity grew, fuelled by the Industrial Revolution. It was not until 1844 that companies could become incorporated other than by Act of Parliament or Royal Charter, and 1855-6 before legislation was passed recognising all joint stock companies as legal entities with limited liability.

Following its registration in February 1852, the Port Phillip Company needed recognition as a legal entity, to buy or lease land in Victoria for mining purposes, and to deal in gold. This necessitated the directors’ applying for a Royal Charter of Incorporation, which was granted in August 1852. At the same time, the company’s authorised capital was increased to £500,000 in 100,000 shares of £5 each, paid up to £1.

Beginnings of the Company’s operations

Evan Hopkins, the company’s consulting mining engineer, accompanied by his son and a servant left England for Australia on 20 February 1852, travelling via the overland mail route to Suez, thence to Galle and Singapore. Engaged by the Port

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24 Schedule to the Deed of Settlement of the Port Phillip and Colonial Gold Mining Company, J.S.C Registry Office, 27 Feb. 1852, PRO Kew, BT41 567/3102.
26 Eakin, p.23.
27 Gore-Browne, pp.1, 2.
Phillip Company for a two-year period, Hopkins was to use his extensive gold mining experience to select the most prospective areas in Victoria for large-scale company mining. He would also assist the company's colonial superintendent in setting up the actual mining operations. After spending several weeks in Singapore, Hopkins' party sailed for Melbourne, accompanied by representatives of the English and Australian Copper Company.

By the time that Hopkins’ party left Britain, William Henry Ritchie had been appointed as colonial superintendent of the company for a seven-year term, on an annual salary of £500 plus 2% commission on profits.\(^\text{29}\) This ‘package’ was comparable with the £1,000 per annum paid to the St John Company’s superintendent in Brazil,\(^\text{30}\) emphasising the high degree of responsibility and trust that the position entailed.

Once William Ritchie had been appointed as superintendent, recruitment of skilled miners and artisans began. Cornish tin and copper miners and Cumberland coal miners were chosen to provide a balanced workforce, capable of tackling any mining project in a remote location. By contemporary standards, the pay and conditions offered by the Port Phillip Company were generous. Each miner was bound by an individual contract to work for the company for a five-year period. He was not to engage in ‘…any other business or speculation whatever…’ and was to ‘…at all times, conduct himself in a sober, orderly, and becoming manner.’\(^\text{31}\)

Each miner’s contract guaranteed a minimum income of £6 per month on tribute (contract rate) or tutwork (hourly wages). The contract offered each miner the opportunity to train other workers, and sub-contract them back to the company for his own profit. This provision seems to be based on the practices of the St John Company, where a nucleus of Cornish miners trained (and presumably profited from the labour of) large numbers of slaves and free Brazilian labourers.

The company offered an early form of workers’ compensation, an allowance of £4 per month being payable in the event of a work-related injury preventing a miner from fulfilling his contract. Each miner was provided with rations and passage to Victoria for himself, and his family if required, with a guaranteed return passage at the end of


\(^{30}\) Eakin, p.237.

\(^{31}\) Records, Port Phillip and Colonial Gold Mining Company, Agreement with James Middleton, Copy Letter.
his contract. Families were encouraged to accompany the miners in the belief that their presence would create a more stable workforce. The company also undertook to provide miners and their dependents with basic provisions and accommodation during their term in Australia.\footnote{Ibid., Letter of instructions to W.H.Ritchie, Copy Letter No.3, p.2.} For those miners whose wives or families remained in Britain, provision was made to remit part of their wages to their dependents in the form of ‘Home Pay’.

A week before his departure for Victoria, William Ritchie was supplied with a Power of Attorney to act legally on behalf of the company, together with a lengthy letter of advice from the directors to guide him in his role as colonial superintendent.\footnote{Ibid.} The directors had come to realise that the situation in Victoria was continually changing and Ritchie was counselled to play matters ‘by ear’ as they arose. In spite of the assurances of the Colonial Office, the directors were becoming increasingly concerned that Victorian goldfields regulations, particularly the lack of provision for mining leases, appeared to favour individual diggers over companies. Ritchie was urged to promote the advantages of systematic company mining over haphazard individual diggings to the colonial authorities at every opportunity.

Negotiations to secure mining leases in Victoria would probably take considerable time, the directors believed. In the interim, purchasing gold from the diggers at discounted prices and later reselling it at the official rate could yield considerable profits. Ritchie was instructed to start buying gold as soon as he reached Melbourne, receiving £10,000 in sovereigns to begin his purchases, and a letter of credit on the Union Bank of Australia for a further £10,000.\footnote{Ibid.} Two further shipments, each of £10,000 in sovereigns, were scheduled to follow shortly afterwards on the ships ‘Dalhousie’ and ‘Geelong’ to increase Ritchie’s available funds. In effect, the directors were prepared to commit 40% of the company’s capital to the gold buying scheme as a short-term measure.

Gold purchased by William Ritchie was to be shipped to London through the Union Bank of Australia. Alternatively, if a higher price could be obtained, he was to despatch gold to India for sale by Malcolm & Co., the company’s agents in Calcutta. Joseph Brown of the English and Australian Copper Company, soon due to arrive in Melbourne from Singapore, would have the latest information on Calcutta gold prices.
by the time Ritchie arrived. Brown was possibly already based in Calcutta or Singapore, marketing his company’s copper products to India, at that time the world’s largest consumer of copper.35 While both companies were to buy gold independently, Ritchie and Brown were encouraged to maintain close and supportive relations.36

William Ritchie, his brother Thomas (hired by the company as a clerk) and their families left for Victoria in charge of the first party of company miners on the ship ‘Augusta Schneider’.37 The company had chartered the ship on its maiden voyage, to carry the Cornish miners and their families (a total of 131 passengers), together with mining machinery, equipment and stores. Three of the company’s directors travelled to Falmouth to farewell the miners and inspect the ship38 which sailed on 6 April 1852. Henry Schneider was a director and also the largest shareholder in the Port Phillip Company at the time, holding just over one-third of its shares. He was a director of the Barrow Shipbuilding Works and was probably involved in the construction, naming, and possibly the ownership of the ‘Augusta Schneider’.

A month later on 4 May 1852, the ship ‘Geelong’ departed Liverpool, carrying amongst its passengers 28 Cumberland miners and their families under the supervision of an ‘…experienced mine agent.’39 The passenger list showed Henry Thomson (Engineer) and his wife Elizabeth among the cabin passengers.40 This was Henry Alderson Thompson, who had been appointed as the Port Phillip Company’s second in charge in Victoria. He was to serve for several years as the company’s mine agent, and later as general manager of its Clunes treatment works, before establishing himself in Melbourne in the late 1860s as a consulting mining engineer.

Evan Hopkin’s party arrived in Melbourne from Singapore on 5 June 1852, aboard the barque ‘Fatel Oheb’.41 Joseph Brown and his staff arrived on the same ship, to begin gold buying on behalf of the English and Australian Copper Company. In the gold rush conditions of mid-1852 lucky diggers were finding fortunes overnight, making a mockery of wages employment. This fostered a universal mood of

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38 Mining Journal, vol. 22, 10 April 1852, p.175.
39 Ibid., 22 May 1852, p.247.
41 Passenger List, Barque ‘Fatel Oheb’, Inwards from Foreign Ports, June 1852 Public Record Office Victoria.
independence and disdain for traditional values and institutions. Hopkins would soon have become aware of these sentiments and the reluctance of the colonial administration to be seen to favour ‘big business’ at a time of such turmoil. A week later, Hopkins met with Lieutenant Governor Charles La Trobe, introducing himself and outlining his mission to secure ground on which large-scale company operations could commence once the mining parties arrived.\(^{42}\)

The tone of a letter that Hopkins presented to La Trobe suggests that he realised this assignment would not be as straightforward as the London directors had first thought. He was concerned that the mining regulations did not provide for company-style operations and that in the prevailing circumstances, the miners’ contracts would need re-negotiating before they were put to work.\(^{43}\) Hopkins left Melbourne for the Mount Alexander diggings on 15 June 1852, before receiving La Trobe’s letter of reply, which offered him ‘...every facility consistent with general order and the public advantage...’\(^{44}\) In other words there could be no special treatment for companies at such a time, regardless of their financial backing, expertise or good intentions.

Hopkins visited the goldfields of Mt. Alexander and Bendigo during the second half of June 1852 to see the situation first-hand. He concluded that the goldfields had by then been sufficiently well explored to show that most of the gold was alluvial, and that there was little potential for the mining of quartz reefs.\(^{45}\) He was accustomed to the South American goldfields where most of the gold was mined from quartz reefs carrying large quantities of base-metal sulphide minerals such as arsenopyrite, pyrite and chalcopyrite.

Sulphide-poor, white quartz reefs on the then-known goldfields throughout the world carried only small amounts of gold, which invariably decreased rapidly with depth. On this basis, Hopkins considered the apparently sulphide-poor quartz reefs of Victoria to be of little value. But where had the enormous amount of alluvial gold come from, if not from erosion of the nearby quartz reefs?

\(^{42}\) *Mining Journal*, vol. 22, 23 October 1852, p.515.
\(^{43}\) Chief Secretary’s Office, *Inward Registered Correspondence*, VPRS 1189/84, letter 52/1660.
\(^{44}\) Ibid., La Trobe’s draft reply attached.
\(^{45}\) *Mining Journal*, vol. 27, 14 February 1857, p.120.
Victorian quartz reefs were subsequently found to carry sulphide minerals below the water table but, overall, the ratio of sulphide minerals to gold was very low, especially when compared to the type of gold deposits that Hopkins had previously experienced. In Australia’s dry climate, the rich alluvial gold deposits of the early 1850s were the product of thousands of feet of downward erosion of the quartz reefs, over a period of tens of millions of years. At the same time, there was sufficient percolation of groundwater to decompose any sulphide minerals in the sections of the quartz reefs above the water table. What sulphide minerals had been present were therefore not seen at or near the surface, as they were in areas with higher rainfall and more rapid erosion, such as South America.

Hopkins concluded that small-scale alluvial mining operations were all that could be undertaken by the company in the prevailing circumstances. This would best be done with a reduced workforce and some of the tools and small equipment carried on the ‘Augusta Schneider’. Larger machinery such as stamp batteries for quartz mining, soon to arrive with William Ritchie and the company miners, should be sold he believed, as it would not be needed. \(^{46}\) Ironically, it was just this type of equipment that would eventually put the company on the path to prosperity. Hopkins felt that the company should release any miners who wished to cancel their contracts and try their luck on their own at the goldfields. His view was to contrast with that of William Ritchie, the man directly responsible to the Port Phillip Company for the work force.

Both the ‘Augusta Schneider’ and the ‘Geelong’ arrived safely in Melbourne in late August 1852. Almost immediately, twelve Cornish miners ‘deserted’ the company. William Ritchie sent a list of their names to London, where it was published in the _Mining Journal_ in January 1853. \(^{47}\) ‘Blacklisting’ seems harsh by today’s standards, but all the miners had signed contracts that included a default clause with a £500 penalty, and they or their families had been given cash advances. The company’s directors were presumably realistic enough to realise that they would never recover the money already paid to the men, but published their names as a deterrent.

William Ritchie set the remaining Cornishmen to work in early October 1852, digging on small claims at Forest Creek (Castlemaine). The Cumberland miners commenced similar small-scale mining at Bendigo a short time later. Dividing the miners into

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\(^{46}\) Ibid., vol. 25, 1 December 1855, p.766.  
\(^{47}\) Ibid., vol. 23, 8 January 1853, p. 26.
parties of three or four was the only way to comply with the existing mining regulations. It was however, the exact opposite of the company’s ‘big mine’ philosophy, and resulted in poor supervision and inefficiency.

Ritchie and Hopkins renegotiated the miners’ contracts upwards to give them two-thirds of any gold won, as well as continuing to provide them with food and accommodation. Despite this substantial incentive, none of the small parties produced much gold. On average, the company’s one-third share of the gold met only half its cost of providing the miners with food. As a group, the Cumberland miners produced about three times as much gold per man as the Cornish miners, leading to accusations of theft being levelled against the Cornishmen. This may or may not have been the case, but the two groups were working on different goldfields, and alluvial gold grades were notoriously erratic.

The cost of food and basic supplies reached astronomical levels on the Victorian goldfields in 1852. Although the company had shipped out provisions with the miners, Evan Hopkins purchased a Forest Creek store tent and its stocks to ensure continuing supplies, and to serve as a gold-buying office. Fire destroyed the tent and most of its contents on 28 December, causing an estimated loss of £10,000. The company lost a further £2,253 10s following William Ritchie’s purchase and freight from Sydney of a load of flour, which turned out to be water-damaged and had to be sold at a discount. By late 1852, the Port Phillip Company’s operations in Victoria had cost many thousands of pounds but had achieved very little. What had started out as a promising venture, set up on sound commercial principles, appeared to be failing due to ineffective management and more significantly, gold rush factors beyond the company’s control.

William Ritchie’s responsibilities as the company’s Victorian superintendent, and those of Evan Hopkins as mining consultant, had been clearly defined in Ritchie’s written instructions from the board of directors. The actual relationship between the two men, caught up in the turmoil of the gold rush and with little going according to plan, is more difficult to determine. Possibly Ritchie was overwhelmed by the

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48 Ibid., 26 March 1853, p. 181.
49 The Times, 4 July 1853, p.6.
50 Argus (Melbourne), 1 January 1853, p.2.
circumstances. In any event, Hopkins projected himself both then and later, as the man in charge, making all the decisions.

According to Hopkins, he commenced gold buying at Forest Creek in October 1852, on the basis that buying and refining gold would be the most profitable activity for the company under the circumstances. While Hopkin’s rationale was sound, it merely echoed the pages of instructions given to William Ritchie prior to his departure from England. No further mention has been found of cooperative activities with Joseph Brown of the English and Australian Copper Company, although both men appear to have been based in Melbourne at the same time. Ritchie is seldom mentioned in contemporary reports of the company’s activities, suggesting that he left much of the administration to Evan Hopkins.

Certainly the directors’ opinion of William Ritchie had changed dramatically within four months of his appointment. This was not as a result of his conduct in Victoria, as he had not yet arrived there. A letter from the directors in July 1852 implied they had recently discovered that Ritchie had been involved in some form of speculative practice in his previous position. This, they believed, could reflect badly on him and also on the company. 53 It is not clear though, whether this was simply a moral issue, or if a question of legal culpability was involved.

After the discovery of his inferred impropriety, the directors resolved to dismiss William Ritchie as soon as possible and appoint a new senior executive to take charge of the Victorian operations. The situation called for a person in whom the directors could have absolute faith and trust and, in view of the turbulent state of affairs in Victoria, a person with demonstrated administrative ability and a good grasp of colonial politics. The man selected in July 1852 was Rivett Henry Bland.

53 Ibid., Letter of Instructions to R.H.Bland from the Board of Directors.
Chapter 2

The early career of Rivett Henry Bland

*The Western Australian pioneer*

![Rivett Henry Bland](image)

Rivett Bland played a key part in the success of the Port Phillip and Colonial Gold Mining Company. It is difficult to imagine the company’s surviving the turbulent ‘pro-digger/anti-company’ period of the 1850s without such a strong personality directing its affairs. Indeed, most of its contemporaries failed at this time, as their funds were squandered through poor management or on futile ventures, or they were forced from the goldfields by anti-company sentiment.

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1 Clunes Museum photograph.
Rivett Henry Bland was born in Newark, Nottinghamshire on 2 February 1811, the son of Dr Thomas and Emma Bland. After attending Newark Grammar School, at age 14 he was sent to St Bartholomew’s Hospital in London to study the traditional family profession of medicine. His medical career was cut short at the age of 17 when apparently he contracted consumption. Taking the only available option at the time, he embarked the following year on a long sea voyage to a warmer climate. Accompanied by two employees, Bland emigrated to the newly founded Colony of Western Australia on the ‘Marquis of Anglesea’, arriving at the Swan River settlement on 23 August 1829.

A month after Bland’s arrival, Lieutenant Governor James Stirling and Surveyor-General John Roe marked off Crown land allotments along the banks of the Swan River, upstream from present-day Perth. As a new settler in the colony Rivett Bland qualified for a land grant, his eligibility determined by his early arrival and having sufficient financial resources to develop the land. He was assigned Swan Location 11, a long, narrow block of 8,000 acres, extending nearly 20 miles eastward from the bank of the Swan River. Bland’s other commitments in the colony, and possibly his health at that time, appear to have precluded him from carrying out the development work necessary to gain freehold title to the land. Thomas Yule performed this work in return for a half-interest in the property. Bland disposed of the entire property to Thomas Yule and Joseph Harris after freehold title was granted in 1835. The western part of Swan Location 11, adjoining the Swan River, subsequently became the site of the well-known Houghton vineyard.

Governor Stirling appointed Rivett Bland as Superintendent of Government Stock on 1 February 1830 at a salary of £100 per year, the first of Bland’s government positions over the next twenty years. In September 1831, Stirling commissioned Ensign Robert Dale and Rivett Bland to lead the first party of settlers over the Darling Ranges to the York district, 42 miles east of Perth. After helping survey the site for York township, Bland carried out Stirling’s instructions to establish and superintend a

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2 Christened Revett after his maternal grandmother’s maiden name, his name appears to have been corrupted to Rivett at an early age. This latter spelling has been adopted for purposes of consistency.
5 Flora Smith & Donald Barrett-Lennard, A History of Houghton (Swan Location 11), published by the authors, East Guilford, W.A., 1979[?], p.3.
6 Ibid., p.5.
7 Ibid., p.14.
government experimental farm on 1,000 acres of land to the east of the town. A policy change by the British Colonial Office in 1832 ended official involvement in the farming scheme. Bland was subsequently awarded the property in recognition of his contributions to settling the York district.\(^8\)

Bland’s pastoral interests grew rapidly and in 1834 he was recognised as ‘…one of the largest flockmasters in the colony…’\(^9\) By the mid-1830s he owned some 8,000 acres of land on the outskirts of York, a property he named ‘Balladong’. He was appointed a Justice of the Peace and Government Resident at York on 24 November 1834.\(^10\) At the same time, or shortly afterwards, he was appointed Superintendent of Natives in the York district.

Rivett Bland appears to have completely recovered from consumption, leading an active life on the fringe of the then-settled area of Western Australia. He did however suffer from ophthalmia for much of his time in the colony, taking long periods of leave for rest and treatment, and returning to Britain for medical attention on at least three occasions. His first trip back to Britain lasted from late 1836 until late 1837.\(^11\)

He returned to Western Australia accompanied by Emily Lutzen (also referred to as Emily Sultizer),\(^12\) whom he married at Guilford on 28 March 1838.\(^13\) They took up residence in York where Bland resumed his government duties as well as his farming and other commercial interests. He was appointed a commissioner and guardian of ‘The Children’s Friend Society’ in 1839, formed to safeguard the welfare of juvenile emigrants to Western Australia.\(^14\) During 1840, Bland subdivided and sold part of ‘Balladong’ as building allotments at the southern end of York township. Bounded on the north by Bland Street and Bland’s Brook, this part of York is still known today as ‘Blandstown’.

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\(^9\) George Fletcher Moore, *Diary of Ten Years Eventful Life of an Early Settler in Western Australia and also A Descriptive Vocabulary of the Language of the Aborigines*, Perth, University of Western Australia Press, facsimile edn, 1978 (1884), p.245.

\(^10\) Bland Papers 1832-1893, Colonial Secretary to Bland, Letter Nos. 2(i), 2(ii).

\(^11\) *Western Australian Government Gazette*, December 3, 1836.


\(^13\) Daniele, p.182.

\(^14\) *Western Australian Government Gazette*, June 8, 1839.
In his position as Superintendent of Natives in the York area, Bland achieved considerable success in improving the state of Aboriginal-settler relations, and gaining the trust and respect of the local tribes. Governor John Hutt recognised Bland’s achievements by appointing him to the more senior post of Protector of Natives on 4 October 1841, at a salary of £250 per year. Two months later, he was also appointed Sub-Registrar of Births, Deaths, and Marriages for the York district.

Rivett Bland devoted much of his time after late 1841 to Aboriginal affairs. He established a school for Aboriginal children in York early in 1842 but this failed, he believed, due to the small population and a lack of extra-curricular activities to hold the children’s interest. Confirmation of his appointment as Protector of Natives by the Secretary of State in London took nearly a year. When the approval finally arrived in September 1842, Governor Hutt extended Bland’s area of responsibility to include the Aborigines in the Albany district, 250 miles away on the southern coast. Bland was familiar with this region, having been a member of the party that travelled overland from Albany in January 1842, through previously unexplored country to the

15 Bland Papers 1832-1893, Colonial Secretary to Bland re appointment as Protector of Natives, Letter No. 2(iii).
16 Western Australian Government Gazette, December 3, 1841.
17 Ibid., January 13, 1843.
18 Ibid., September 2, 1842.
Vasse River (near present-day Busselton). After ten years spent in the less settled parts of the colony, he was by now regarded as an experienced bushman.

From his base at York Rivett Bland, as Protector of Natives, was responsible for Aboriginal welfare and Aboriginal–settler relations in half of the area of Western Australia then occupied by Europeans. He was a more enlightened man than many of his contemporaries, his firm but fair approach winning the respect and trust of most of the tribes in his area of responsibility. Bland took a keen interest in Aboriginal lore and customs, particularly their after-life beliefs, presenting a paper on that subject to the Royal Society of Tasmania, of which he was a member, in 1854.

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Constant outdoor life, much of it on horseback, led to another bout of ophthalmia in late 1843 and Bland returned to Britain for further treatment. While in Britain he impressed the British Admiralty with the excellent properties of Western Australian jarrah, arranging what is believed to be the first export consignment of the timber, for use on the London docks.

Emily Bland became pregnant during their stay in Britain and after seven years of marriage, Rivett and Emily were overjoyed at the prospect of their first child. They arrived back in Western Australia aboard the ‘Prima Donna’ on 5 June 1845. Owing to medical concerns Emily stayed in Perth to have her baby, rather than returning to York. Possibly due to the inexperience of the naval surgeon who attended her, both Emily and the baby died in childbirth. Devastated by the double tragedy Rivett Bland returned to York shortly afterwards, not participating in public life for some time. Late in 1845 he resumed his position as Protector of Natives on an increased salary of £300 per year, and shortly afterwards was appointed magistrate of a small-claims tribunal in York.

Bland was appointed, and remained for nearly twenty years, one of four trustees nominated by Governor Hutt to administer a grant of government land to the Benedictine Order, near the northern end of Bland’s Aboriginal protectorate. Here, Bishop Rosendo Salvado founded the New Norcia mission in January 1846. Salvado intended to bring missionary-style religion and education to the Aborigines on the fringe of the settled area of the colony. The first visitor to Salvado’s ‘…poor, wretched Hut…’ at New Norcia, in March 1846, was Rivett Bland. His practical advice to the Spanish priest, then struggling in an alien environment, was still remembered with affection by Salvado 45 years later.

Still serving as Protector of Natives and magistrate, including a period as relieving Resident Magistrate in Albany in late 1846, Rivett Bland appeared to spend more time in the York area than in the years before Emily’s death. He devoted considerable

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26 Western Australian Government Gazette, October 31, 1845.
27 Bland Papers 1832-1893, R. Salvado to R.H.Bland, Letters No. 9 (i), 9 (iii).
energy to his farming interests, in exporting sandalwood to China, and in financing local farmers to purchase land and stock.\textsuperscript{28}

Charles Fitzgerald succeeded John Hutt as Lieutenant Governor of Western Australia in August 1848. The following month, Governor Fitzgerald appointed Rivett Bland as his private secretary and Clerk of the Executive and Legislative Councils.\textsuperscript{29} This marked the start of a period of great change in Bland’s life. He resigned his positions as magistrate and Protector of Natives, sold his ‘Balladong’ property and prepared to leave the township of York that he had helped found nearly twenty years earlier.\textsuperscript{30} At about the same time Bland was courting his second wife. Martha Hinds (nee McCallum) was the widow of a York settler and had a daughter, Emma. Rivett and Martha were married in St George’s Church, Perth, on 26 December 1848.\textsuperscript{31}

Early in December 1848, Bland accompanied Governor Fitzgerald on an expedition to the Murchison River, north of present-day Geraldton, to examine the recently discovered ‘Geraldine’ lead deposit. As well as being the Governor’s secretary, he was probably included in the party for his knowledge of Aboriginal dialects and customs. Despite Bland’s rapport with the Aborigines further south, the party was attacked on its return trip to the coast and the Governor speared in the leg, although all subsequently reached safety.\textsuperscript{32}

Rivett Bland’s fortunes continued to improve during early 1849. He was promoted to acting Colonial Secretary of Western Australia on 8 January, the most senior public service position in the colony. Two weeks later he deputised for Governor Fitzgerald while the latter went on a tour of the colony.\textsuperscript{33} Surveyor-General John Roe, on an expedition in the southeast of the colony, sighted a distinctive double peaked hill near the coast between Albany and Esperance, which he named Mt Bland.\textsuperscript{34} Bland’s fortunes changed by mid-1849, however. His increased duties as Colonial Secretary began to affect his health and in June he was again suffering from ophthalmia.

\begin{itemize}
\item \textsuperscript{28} Cowan, pp.72-76.
\item \textsuperscript{29} \textit{Western Australian Government Gazette}, September 5, 1848.
\item \textsuperscript{30} \textit{Bland Papers} 1832-1893, York settlers to R.H.Bland, Letter No. 5.(i).
\item \textsuperscript{31} Daniele, p.182.
\item \textsuperscript{33} \textit{Western Australian Government Gazette}, January 23, 1849.
\item \textsuperscript{34} J. S. Roe, ‘Report by J. S. Roe, Esq., Surveyor General, of his Expedition to explore the interior country south eastward from York, between September 1848 and February 1849’, \textit{Exploration Diaries 1827-1871}, vol.4, p.182, Western Australia Department of Lands and Surveys, Battye Library, Perth.
\end{itemize}
Governor Fitzgerald deferred Bland’s request to visit Adelaide for two months leave however, owing to the pressures of government business at the time.

Late in 1849 Bland’s ophthalmia flared again, and Fitzgerald finally agreed to his taking leave in January 1850. Martha Bland was pregnant and expected to give birth in February, so they decided to travel to Adelaide (where she had relatives) for the birth, and for treatment of Rivett’s eyes. Despite acting as Colonial Secretary for more than a year, Bland’s position still had not been confirmed by Earl Grey, the British Secretary of State in London.

Bland and Fitzgerald agreed that if news arrived while Bland was in Adelaide that Earl Grey had appointed someone else as Colonial Secretary, Bland would revert to his former position of Clerk of Councils. In this event, Fitzgerald agreed that Bland could also take 18 months leave to visit Britain before resuming his old role. The Blands left for Adelaide in early March 1850, but there is no indication that Martha had given birth before leaving Perth, or shortly after their arrival in Adelaide. It can only be assumed that she had miscarried and that despite this, they still sailed to Adelaide.

Nearing the end of his leave in mid-1850, Rivett Bland had received no news from either Perth or London. Assuming that he still held the position of acting Colonial Secretary, he set about planning his return to Western Australia. Due to a misunderstanding over its destination, the Blands missed sailing on the ‘Hawk’, the only ship that could have returned them to Perth in time for Bland to resume his duties. Unable to get back to Perth and with the alternative of sailing on to Britain becoming hazardous as winter approached, they were effectively trapped in Adelaide.

When the ‘Hawk’ arrived in Perth without the Blands or any news from them, Governor Fitzgerald assumed that they had sailed for Britain and, needing a Colonial Secretary, he promoted Bland’s temporary replacement, Thomas Yule. Learning later of Yule’s appointment, Bland sent two letters of resignation to Perth on different ships. Fitzgerald received only one of the letters; the other, which contained a

36 Ibid.
37 Western Australian Government Gazette, March 5, 1850.
38 Ibid., September 10, 1850, October 1, 1850.
detailed explanation of the circumstances, was lost when the ship ‘Harlequin’ was wrecked. Had the second letter arrived, Fitzgerald may have been inclined to reconsider Bland’s position, but in the circumstances he had no option but to promote Thomas Yule.

Following his resignation, Bland intended to sail to Britain in the spring of 1850 and apply in person at the Colonial Office for a fresh posting in Australia. Probably drained by the series of misfortunes, he fell seriously ill. He suffered a nine-month bout of ophthalmia and lost the sight of one eye early in 1851. The birth of Frederick Revett Bland on 8 February 1851 was a short-lived joy in this dark period for the Bland family. Frederick died seven weeks later on 28 March.

Both Rivett and Martha Bland had recovered sufficiently to travel by May 1851, sailing for Britain on the ‘Royal Shepherdess’, but the ship sprang a leak and was forced to return to Adelaide for repairs. Winter was approaching once more and Bland’s doctor advised him against sailing around Cape Horn, so the Blands travelled to Sydney instead, finally leaving from there for Britain in January 1852.

**Rivett Bland joins the Port Phillip Company**

Arriving in London towards mid-1852, Rivett Bland wrote to the Colonial Office asking to be considered for an appointment in one of the Australian colonies. He detailed his previous experience in the Western Australian public service and the unfortunate events surrounding his resignation. He emphasised the diverse roles that he had successfully undertaken over nearly two decades, and the high regard in which the three governors of the colony had held him.

In a terse letter dated 11 June 1852, Sir John Pakington, the recently appointed Secretary of State, advised Bland that his request would be considered ‘…with those of other Candidates for employment under this Department.’ This must have been a bitter disappointment for Bland after his long period of loyal service and the setbacks of the previous few years.

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40 Ibid.  
41 Ibid.  
42 Ibid., Colonial Office to R.H.Bland, Letter No. 3.
The letter was addressed to Rivett Bland at 17 Gracechurch Street, London. This was the office of his uncle, John Diston Powles. Bland was presumably using this as his London base during his search for a new position.

These events took place when the directors of the recently floated Port Phillip Company, also operating from the same address, were urgently seeking a replacement for superintendent William Ritchie. Powles would soon have learned of Bland’s cool reception at the Colonial Office and it requires little imagination to believe that he would have seen Rivett Bland as the answer to the Port Phillip Company’s dilemma.

Despite Bland’s lack of mining experience he had many other desirable qualities for a company looking for an overseas manager. He had proven abilities as a colonial administrator, magistrate, welfare officer, senior public servant, explorer, financier, grazier and exporter, with over twenty years’ experience in Australian conditions. At Powles’ insistence, Bland wrote him a formal letter on 5 July 1852, outlining his career and enclosing references vouching for his achievements, ‘...as well as my integrity in matters of private life.’

Bland’s references to personal integrity may have been, at least in part, prompted by the alleged indiscretions of William Ritchie.

By 20 July 1852 the board of directors of the Port Phillip Company, chaired by John Diston Powles, had selected Rivett Bland to take over the management of the company’s Victorian operations. The directors were determined to dismiss William Ritchie but wanted his removal to be made with a minimum of fuss and ill feeling. Rather than simply replace one superintendent so soon with another, and possibly at the insistence of Powles and his close associates, they appointed Bland as a director of the company, resident in Australia.

Critics of Bland and Powles made several allegations of nepotism in the London press over the following two years, claiming that with his lack of mining experience, Bland was given the position solely because he was John Powles’ nephew. At this time however, patronage was commonplace, and Powles had taken an arms-length approach by insisting that Bland provide the board of directors with character references and a written record of his previous experience. In any case, the

43 Ibid., R.H.Bland to J.D.Powles, Letter No. 17.
44 Records, Port Phillip and Colonial Gold Mining Company, Letter of Instructions to R.H.Bland.
necessary mining experience was already available to the company in Victoria through Evan Hopkins, Henry Thompson and the miners sent out from Britain. What was really needed now was a resolute administrator who could advance the cause of company mining in the face of digger antipathy and government laissez faire.

By way of comparison, the appointment of Evelyn Ward Powles (either the chairman's son or another nephew) as a clerk in Victoria, was considerably less successful. Evelyn Powles worked for the company for about a year before returning to Britain. A letter from a critic of the company, published in London in 1857, implied that Evelyn Powles' inefficiency had cost the company over £4,500 in an unsuccessful mining venture at Ballarat.45

**Bland's arrival in Victoria**

The affairs of the Port Phillip Company were in a precarious state when the steamship ‘Sydney’ arrived in Melbourne on 8 November 1852,46 carrying amongst its passengers the newly appointed resident director, Rivett Bland and his wife Martha. Bland’s arrival came as a complete surprise to the company’s employees and representatives, particularly William Ritchie, who was quickly but discreetly dismissed. Taking control of the company’s affairs, Bland was presumably dismayed at the lack of progress towards large-scale mining operations. In fairness to Ritchie and Hopkins, the delay was due largely to the government's reluctance to grant mining leases, or to sell freehold land to mining companies, as the New South Wales Government had already done.

Bland first set up office (or took over Ritchie’s office) in Melbourne at 8 Collins Street.47 The Blands may have resided in nearby Russell Street. Their infant son, Revett Samson, born shortly after their arrival, died there in April 1853.48

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47 Chief Secretary’s Office, Inward Registered Correspondence, VPRS 1189/84, letter 53/396, Public Record Office Victoria.
48 Argus, 30 April 1853.
While he probably made several trips to the Forest Creek and Bendigo goldfields in the first few months to see the conditions and problems first-hand, Bland delegated Henry Thompson to supervise the company’s miners. A good working relationship seems to have developed between the two.

Bland’s professional connections in his early years in Victoria are only sparsely reported. His previous interests and government positions in Western Australia would probably have led to acquaintanceships with like-minded people in Victoria. His new position, representing British mining investment, required regular contacts with the highest levels of government, as well as bankers and other mining industry representatives. Bland joined the Melbourne Club in 1858 for the social and business contacts it provided, maintaining his membership into the 1880s.\textsuperscript{49} He was also a member of the Royal Society of Victoria and its forerunners from 1854.

Chapter 3

The Port Phillip Company’s early struggles in Victoria

Digger independence versus big business

As far as the directors were concerned, Bland’s appointment as resident director did not impinge on Evan Hopkins’ role as the consultant responsible for selecting prospective areas, obtaining leases and setting up mining operations. They believed that Hopkins’ years of experience would prove invaluable in securing the best prospects for the company, despite the present impasse over the granting of mining leases. While outwardly maintaining cordial relations, Hopkins and Bland held radically different views on what should be done to keep the company afloat in the meantime.

Hopkins believed the alluvial gold deposits would soon be exhausted and that mining would cease in Victoria within two years. Because of the leasing difficulties he argued, the company should concentrate on the gold buying and smelting operations that he had set up. He predicted that the quartz reefs would be uneconomic to mine, as they did not contain the base-metal sulphide minerals that accompanied economic gold mineralisation elsewhere in the world. He was mistaken. Subsequent mining would show that the Victorian quartz reefs did in fact carry economic gold values to great depths. At the same time, they contained an unusually low amount of sulphides, compared to the other gold provinces then known around the world.

By contrast, Bland was determined to pursue the granting of mining leases for the long-term future of the company, using gold buying and smelting only as stopgap measures to conserve the dwindling funds. In any event, gold buying was becoming less profitable as more competitors entered the market. Both men agreed however, that the company’s small-scale alluvial mining operations had to be closed down, as they were steadily losing money. As a first step, Bland released from their contracts any of the company miners who wished to try their own luck at the goldfields.

1 Records, Port Phillip and Colonial Gold Mining Company, Letter of Instructions to R.H.Bland.
3 Ibid., vol. 27, 14 February 1857, p.120.
Shortly before his departure for Victoria, Bland received a memorandum from the board written by one of the directors, possibly James Vetch. Amongst other points, the memorandum stressed that due to the richness of the nearby alluvial gold deposits, quartz reefs were a valuable resource. It recommended purchasing land that contained quartz reefs, both as an investment and for large-scale company mining. This document ranks amongst the earliest recognitions of the potential value of Victorian quartz reefs, several years ahead of popular opinion. Based on the memorandum, the directors authorised Bland to spend up to £10,000 purchasing land containing quartz reefs, the actual areas to be selected by Evan Hopkins. This must have caused a considerable difference of opinion when Bland first broached the subject with Hopkins. The latter had dismissed the quartz reefs as uneconomic after his first inspection of the goldfields.

Bland wrote to Governor Charles La Trobe in January 1853, informing him of the imminent cutbacks in the company’s operations and raising the issue of granting mining leases over land already ‘worked out’ by the diggers. This was not a new idea, but Bland hoped that his request would be considered sympathetically in the circumstances. Accompanied by Evan Hopkins, Bland subsequently met La Trobe to discuss the company’s future prospects. La Trobe suggested that the Port Phillip Company should consider quartz mining. This would require machinery and capital not available to the average digger, and as a result, would not pose a threat to the diggers’ livelihoods. If the company accepted his suggestion, La Trobe assured them, the government would readily grant it large leases over quartz reefs.

Hopkins rejected La Trobe’s offer out of hand, reportedly remarking, ‘We are not such fools as to engage in quartz mining’. The vital prerequisite to all the company’s large-scale mining plans was some form of secure tenure over large areas of prospective land. Regardless of his personal views on the value of quartz reefs, Hopkins could have been more circumspect in his reply to La Trobe, who was trying to help the company during a very difficult time for his own administration. By his precipitate action, Hopkins seriously set back the Port Phillip Company’s efforts to gain mining leases, greatly increasing the friction between himself and Bland.

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5 Ibid., Letter of Instructions to R.H.Bland.
6 Chief Secretary’s Office, Inward Registered Correspondence, VPRS 1189/84, letter B53/396.

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With any hope of securing more workable extents of ground now dashed, Bland closed down the loss-making operations at Bendigo and Forest Creek, reducing the company workforce to ten men by mid-1853. At the same time the company’s public gold smelting and assaying office, established by Evan Hopkins, opened in April at premises in Flinders Lane, Melbourne,\(^8\) between Russell and Exhibition streets. Despite its actual location, the premises were usually referred to as the ‘Collins Street property’. The company had shipped out [corrugated] iron houses,\(^9\) probably on the ‘Augusta Schneider’, which were later erected along the Flinders Lane frontage. Bland may have used one of these as an office, and he and Martha may have lived in one, at least as a temporary measure, although by 1859 the houses were in a poor state of repair.\(^{10}\)

Evan Hopkins left Victoria late in 1853, near the end of his two-year contract. He would resume his mining consultancy in London. By this stage, he and Bland had strongly differing views on the company’s future direction and how it should be achieved. Hopkins and his supporters kept up a steady flow of letters to the London press for several years after his return to Britain, accusing the directors of favouring Bland and ignoring Hopkins’ advice. Hopkins was highly experienced in South American gold mining and sincere, albeit misguided, in his advice to avoid mining Victorian quartz reefs. With Bland in charge and determined to mine the reefs, Hopkins was convinced that the Port Phillip Company was doomed to fail.

Bland however, was committed to the company’s ‘big mine’ philosophy, the first step of which was the acquisition of secure mining leases. His belief in the longevity of the Victorian gold deposits (as opposed to Hopkins’ ‘two-year’ view) and the need to persevere was most likely reinforced by the directors’ memorandum recommending the purchase of quartz reef properties. Bland’s approach was to prove the more appropriate. Despite this, several years would pass before the company’s large-scale mining ambitions could be realised.

Lobbying by mining company representatives during 1852, including Evan Hopkins on behalf of the Port Phillip Company, had resulted in the government’s issuing the first regulations for mining leases in October of that year, shortly before Bland’s

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\(^8\) *Herald* (Melbourne), 27 February 1926, p.3.

\(^9\) Richardson, p.21.

\(^{10}\) Report of the Shareholder’s Committee of the Port Phillip and Colonial Gold Mining Company; Appointed at the General Meeting of the Proprietors, held at the London Tavern on the 19th January, 1860, London, Richard Clay, 1860, p.57.
arrival. These early regulations proved unacceptable to mining companies and individual diggers alike, imposing a high rent regardless of success, rather than a royalty based on the quantity of gold actually produced.

More acceptable regulations incorporating a royalty system were subsequently issued in April 1853. Two months later, Rivett Bland applied for a mining lease over ‘worked out’ ground at Fryers Creek (present-day Fryerstown, near Castlemaine). Governor La Trobe approved the grant of a lease over part of the area in October 1853 and Bland instructed Henry Thompson to put the ten remaining company miners to work as soon as the lease document was signed.¹¹

Within two weeks of La Trobe’s approving the company’s lease application the situation changed dramatically. Diggers protested to local Gold Commissioner T.D.S. Heron that the ground within the proposed lease was not ‘worked out’ as defined under the regulations, but still mined by them on a seasonal basis. They argued that La Trobe’s decision would deprive them of their mining claims and their independence. Local storekeepers added to the protest, accusing the company of importing its own supplies, thereby robbing them of business. At a meeting on 1 November 1853 the protestors, encouraged by Commissioner Heron, petitioned the government not to ratify the granting of the lease.

Yielding to the diggers’ pressure, the government reversed its earlier decision. Chief Goldfields Commissioner William Wright advised Bland in late November 1853 that the Fryers Creek lease would now not be granted. Bland dismissed most of the remaining miners and sent Henry Thompson to inspect the Ovens district (centred on present-day Beechworth), where alluvial gold and tin had recently been discovered.¹² Thompson returned to report that there were good prospects for mining the tin, which also contained considerable amounts of fine gold.

¹² Ibid., pp.18, 19.
Bland had recently lobbied the government over further amendments to the mining lease regulations and was reluctant to commit to another mining venture before the outcome was known. Thompson returned to Fryers Creek to purchase gold from the diggers, and to be near the refused lease area with the one remaining company miner in case the regulations were changed in the company’s favour. Meanwhile, learning that the Ovens diggers were having difficulty separating fine gold from the alluvial tin grains, Bland commissioned a local agent, Mr Strudwicke, to purchase all the tin ore that was available. He planned to transport the ore to the company’s smelting works in Melbourne, where the gold could be efficiently extracted by the use of mercury. The remaining tin ore would then be shipped for sale in England.

Governor La Trobe had resigned early in 1853 but in the absence of his replacement, remained in Victoria until December of that year. His successor, Charles Hotham, did not arrive until June 1854. Government policy decisions, including changes to the leasing regulations, were therefore held in abeyance for over a year awaiting the new Governor’s approval. The company’s purchase of tin ore from the Ovens had progressed very slowly during this period, due to the inflated value the diggers put on
its gold content.\textsuperscript{13} Bland sent Henry Thompson to reconnoitre the McIvor (Heathcote) goldfield in May 1854, so that if the new Governor approved amendments to the leasing regulations, the company could act swiftly to secure prospective leases.

On his arrival, Governor Hotham found the colonial treasury almost bankrupt due to poor financial management and soaring inflation, and immediately instituted drastic economic reforms. He refused to make any decisions on mining matters until he had visited the goldfields and seen the situation for himself. Hotham’s goldfields tour took place during August-September 1854, following which he was reluctant to grant mining leases to companies, believing that this would infringe the rights of the individual diggers. As a concession however, he was prepared to grant extended claims to cooperative parties, in other words, small ‘companies’.

Realising that further lobbying over the leasing issue was pointless at this stage, Bland decided in late October 1854 to apply for one of the new extended claims at the Ovens and begin mining, using locally hired labour. He reasoned that there would be less opposition to companies, large or small, on the Ovens, due to its remoteness from the more ‘anti-company’ central goldfields. The company also had experience in separating the mixture of alluvial tin and gold found there.\textsuperscript{14} Before finally committing to the venture, Bland wrote to Chief Goldfields Commissioner William Wright, enquiring what extent of ‘worked out’ or ‘flooded’ land would be granted under the new extended claims. Wright’s reply indicated that a length not exceeding forty yards per man would be allowed, at the discretion of the local Goldfields Commissioner (a fourfold increase on the original extent of each man’s claim).\textsuperscript{15}

Encouraged by this news, Bland and Thompson visited the Ovens in November to peg an extended claim. The local Goldfields Commissioner however refused to use his new discretionary powers, insisting that ten yards per man was all that would be allowed. Bland instructed Henry Thompson to ‘take possession’ of as much length of Reid’s Creek as possible and start work at once, rather than lose any more time. Returning to Melbourne, Bland wrote to Chief Commissioner Wright appealing against his subordinate’s action. Wright does not appear to have responded, presumably being occupied with the Goldfields Commission of Inquiry, set up after the events of the Eureka Stockade at Ballarat, on 3 December 1854.

\textsuperscript{13} Ibid., p. 24.  
\textsuperscript{14} Ibid., pp. 36, 37.  
\textsuperscript{15} Ibid., pp.41-43.
Despite Bland’s parting instructions, Thompson was only able to secure the normal length of ten yards of creek bed per man allowed under the old regulations, together with ‘water rights’ at the upstream end of the claim. In order to mine the tin and gold-bearing alluvium in the creek valley, it was first necessary to lower the groundwater level. This was achieved by diverting the creek into a specially dug water-race some distance upstream from the claim. Carrying the creek flow around the claim, the water-race led to a water wheel located near its downstream end. The water wheel drove a pump, which in turn drained the claim, allowing it to be mined progressively upstream.

The ‘no-mans land’ upstream from the claim to where the creek diversion took place was locally termed ‘water rights’. Although Thompson’s miners only merited a ten-yard length of creek bed each, the ‘water rights’ amounted to effective control of a much greater length of creek valley upstream.\(^{16}\) It was important not to drain too much of the valley in advance of mining however, to avoid ‘claim-jumpers’ staking claims in the ‘water rights’ section. Claim jumping was not tolerated amongst the individual diggers, but company operations were often regarded as ‘fair game’.

Between January and July 1855, the company’s miners worked two claims pegged along sections of Reid’s Creek near Beechworth, together with a claim purchased from another party of diggers. For most of this period only small amounts of tin and gold were recovered but Thompson persevered, believing that the values would improve upstream. Suddenly, in July 1855 the yields from several claims, including the Port Phillip Company’s, showed a marked improvement. This triggered a small rush, with a number of diggers pegging claims on the company’s ‘water rights’ area. The local Goldfields Commissioner would probably have disallowed such ‘claim-jumping’ but a Mining Warden had replaced him the month before, as part of the post-Eureka reform of the Mining Act. Refusing to remove the trespassers, the Warden instead ruled that all extended claims would now be limited to a maximum length of 80 yards, regardless of the number of men involved, and cancelled the protection of ‘water rights’.

Rivett Bland was angered by the decision. Operations would simply not be viable under the reduced claim lengths. He had recently ceased gold-buying operations due to unfavourable exchange rates and increased competition from the banks. While the

\(^{16}\) Ibid., p.47, 53, 55.
company's public smelting and assaying services were showing modest profits, these covered only a fraction of the costs that had been incurred at the Ovens diggings. There was no course of appeal against the Warden's decision however, so Bland instructed Thompson to stop work and dismiss the miners.  

Over the next few weeks, Henry Thompson put forward several schemes for prospecting in the Ovens region and seeking ‘worked out’ ground on the central goldfields. Bland was unwilling to pursue them however, because of the continuing uncertainty over mining titles. Resolutions carried in August 1855 by the newly formed local courts on mining matters at Beechworth and Castlemaine condemned the granting of leases to companies as being against the interests of individual diggers. Such strong opposition on the two goldfields where the company had so far tried to undertake large-scale mining convinced Bland not to persist with what had become a fruitless exercise. Instead, he adopted a different approach altogether.

A change of direction

The early diggers had exhausted most of the shallow alluvial gold at Ballarat by about 1854. Progressively deeper shafts were then sunk to reach gold-bearing gravels in old river channels, now buried beneath thick layers of sands, clays and basalt. Each shaft of the 'deep sinking' phase took months to excavate and equip, requiring increased amounts of labour and money which were obtained by forming cooperatives or small companies. In mid-1855, Bland commissioned Henry Thompson to investigate these basalt-covered deposits, increasingly referred to as 'deep leads', with the view to sinking a shaft. While the project was technically feasible, and government geologist Alfred Selwyn endorsed Thompson's report, Bland decided that the investment risk was too great in view of the continuing uncertainty in gaining a mining lease.

With alluvial gold production beginning to decline steadily after 1856, increasing interest was shown in the mining and crushing of gold-bearing quartz reefs. Small parties operated the first few ventures but it was obvious that the future lay with larger
cooperatives or companies, owing to the amount of capital and expertise required. At the same time, popular sentiment on the goldfields was beginning to lean towards ‘big business’ as a way of employing the increasing numbers of out-of-work alluvial miners.

Late in 1855, Bland had realised that the trend towards quartz mining could provide just the opportunity that the company needed. Henry Thompson was sent to investigate the quartz reefs of the Mount Blackwood goldfield in October 1855. Quartz-crushing machines had been operating there for some time, charging diggers £6 per ton to treat their ore. He later investigated quartz reefs at Mount Egerton, Steiglitz (between Geelong and Ballarat), and near Kilmore.\(^ {21}\)

Thompson’s reports reinforced Bland’s view that the company should set up a large, efficient quartz-crushing plant to treat ore being mined by others, particularly small parties with no capital or machinery. If the company could obtain a lease, and mine and crush on its own behalf, so much the better. The latest technology should be used, as the present machines were inefficient and losing much of the gold, particularly in the recovery process which usually relied on amalgamation with mercury.

Bland wrote to the London directors in November 1855, putting forward his proposal and urging them to act quickly to ship out the appropriate machinery if they wished to seize the opportunity. Other than recommending steam engines owing to the impracticality of waterpower, he left the choice of machinery best suited to the task to those board members with experience in the St John Company’s operations.\(^ {22}\) While Bland awaited the directors’ response, Thompson continued searching for promising quartz reefs at which the company could erect a public crushing plant, or which it could secure under a mining claim and test with a small work force.

At about the same time, George Milner Stephen met with the London directors, who by then were receiving mounting criticism from the shareholders over the company’s lack of progress after nearly four years. A barrister, geologist and mineralogist, Stephen had spent three years in Victoria during the early gold rushes and claimed to be familiar with legislative and mining matters there. There is a suggestion that Evan

\(^{21}\) Ibid., pp.108-112.

\(^{22}\) Ibid., p.113.
Hopkins, disappointed over his treatment by the Port Phillip Company, may have been behind Stephen's approach.\textsuperscript{23}

Stephen had helped float the British-Australian Gold Mining Company while in London, and was soon to return to Victoria as its manager.\textsuperscript{24} He offered his expertise to the Port Phillip Company, to manage a ‘mineral station’ (ore treatment works) in Victoria, in exchange for a share of the profits. At the same time he offered to sell the company a quartz-crushing and gold recovery machine of his own invention.\textsuperscript{25}

Eager to demonstrate some progress the directors agreed to Stephen’s proposal, on the proviso that there were sufficient funds and prospects available, without interfering with the efforts of Bland and Thompson. Stephen gave the directors a list of the machinery he would need to set up the mineral station and then sailed for Victoria. The first shipment of machinery, including four of his own-designed machines purchased by the Port Phillip Company, was despatched shortly afterward.\textsuperscript{26}

Bland was unaware of the directors’ arrangements until Stephen’s arrival in Melbourne in early March 1856, followed shortly afterwards by an article in the \textit{Argus} referring to Stephen as ‘…comptroller of the Port Phillip Company…’\textsuperscript{27} Bland wrote a swift response, stressing that he was in charge of the company’s operations and that Stephen’s agreement with the directors depended on his ability to ‘…fully satisfy me [Bland] of the feasibility of his plans; failing this, the agreement ends.’\textsuperscript{28} In their eagerness the directors had broken the cardinal rule of giving their resident director autonomy over the company’s Victorian operations. Although Stephen appealed to some of the directors for more backing, the board had to support Bland and the ‘mineral station’ proposal fell through. George Milner Stephen operated a short-lived quartz crushing venture at Ballarat\textsuperscript{29} before going on to become a politician and later, a faith healer.\textsuperscript{30}

\textsuperscript{23} \textit{Mining Journal}, vol. 26, 9 August 1856, p.532.
\textsuperscript{25} \textit{Argus}, 8 March 1856, p.5.
\textsuperscript{26} \textit{Report of the Directors}, 1856, pp.105, 106.
\textsuperscript{27} \textit{Argus}, 8 March 1856, p.5.
\textsuperscript{28} Ibid., 14 March 1856, p.6.
\textsuperscript{29} W. B. Withers, \textit{History of Ballarat and some Ballarat reminiscences}, Ballarat, facsimile edn, 1999 (1870), p. 46.
\textsuperscript{30} Smith, p.474.
Henry Thompson’s search for prospective quartz reefs continued into early 1856, with visits to both the Goulburn River district and Ballarat. With no response from London to his own quartz crushing proposal, Bland assembled a small plant from equipment already on hand. This was used to test promising quartz reefs on a small claim taken out at Black Hill, near the northern end of the Ballarat goldfield. The company began mining on the Black Hill claim in late May 1856, shortly afterwards pegging several more claims over a wide quartz reef in nearby Dead Horse Gully.\textsuperscript{31}

Machinery costing £3,500 arrived in Melbourne early in June 1856, selected on ‘the best advice’ by the London directors in response to Bland’s proposal of the previous November. George Milner Stephen’s four quartz-crushing machines presumably arrived in the same shipment but their fate is not mentioned.\textsuperscript{32} Joseph Robson supervised the installation of the new machinery at Dead Horse Gully and crushing commenced there about late October 1856.\textsuperscript{33} Robson had some 25 years prior experience in gold mining and ore processing at the St John Company’s Morro Velho mine in Brazil and was ‘…well known to the Board…’ of the Port Phillip Company.\textsuperscript{34} He arrived from Brazil on the ship ‘Bore’ in August 1853 but his activities in Victoria are not known prior to mid-1855, when he designed a washing machine for the Port Phillip Company’s operations at Beechworth.\textsuperscript{35} He was subsequently appointed to manage the Black Hill mining operation around May 1856.\textsuperscript{36}

Capable of crushing 20 tons of quartz per day, the treatment plant consisted of a 12-head stamp battery driven by a 20 horsepower portable steam engine, which also operated a pump to supply the battery with process water. Ore was roasted or ‘burnt’ in a kiln before being crushed, to render the quartz more brittle. Employing a similar gold recovery method to that of the St John Company, pulverised ore leaving the stamp battery flowed over ‘strakes’ (a series of inclined wooden tables) covered with blanketing, which caught most of the gold on its hairs. After leaving the strakes the pulverised ore then passed through two mercury-filled amalgamating troughs, to recover fine gold particles that had not been trapped by the blankets.

\textsuperscript{31} Records, Port Phillip and Colonial Gold Mining Company, Progress report, Joseph Robson to R.H.Bland.
\textsuperscript{32} The Times, 6 September 1856, p.8.
\textsuperscript{33} Star (Ballarat), 11 November 1856.
\textsuperscript{34} Report of the Directors of the Port Phillip and Colonial Gold Mining Company, 26th January, 1858, London, R. Clay, 1858, p.28.
\textsuperscript{35} Report of the Directors, 1856, p.78.
\textsuperscript{36} Star, 14 August 1856.
A second treatment plant was erected shortly afterwards at Black Hill, crushing quartz mined from the company’s claim as well as public crushing for diggers working in the nearby Mopoke Gully. Rees Davies, a Welsh mechanical engineer managed the plant, which had the added refinement of an amalgamating machine in its gold recovery section. Davies had gained his engineering experience at the ironworks of the Crawshay family at Merthyr Tydfil, in South Wales.\textsuperscript{37}

In six months the company spent nearly £10,000 on building the two quartz-crushing plants and their associated infrastructure at Ballarat, and using its sixty-man workforce to carry out extensive mining operations. The project came to a standstill towards the end of January 1857 however, due to poor gold grades in the quartz reefs and a shortage of processing water caused by a drought.

Even as the first machinery was being installed at Dead Horse Gully, Bland and Thompson were seeking still larger and richer quartz reefs. A rush to the quartz reefs at Clunes took place in June-July 1856 and the pair went to investigate. Bland was impressed by the number of quartz reefs in such a small area, and more so by their apparent richness. Diggers were mining ore carrying ten ounces of gold or more per ton from reefs on the north bank of Creswick Creek, treating it at crude public quartz-crushing machines situated along the creek. The richest part of the quartz reefs lay slightly further to the north however, within private land from which the diggers were barred. Here, after a search of four years, was the opportunity that Rivett Bland had been looking for.

\textit{The sale of a goldfield}

Clunes was the first officially recognised goldfield in Victoria, and three men ultimately received rewards from the government for its discovery. A year after the first alluvial gold rush to Clunes in 1851, the government inadvertently sold the Crown land containing the richest portion of the goldfield to the local squatter for £160. This was a chain of events without parallel in Victoria’s gold mining history. The peculiar circumstances provided the Port Phillip Company with the opportunity to establish a large-scale company mining operation on private land. This obviated the necessity for

\textsuperscript{37} Ibid., 8 April 1858.
a mining lease, as the mining legislation then in force related only to Crown land. It was to prove the turning point in the company’s fortunes.

Many later mines, some large gold producers, were established on private land, particularly deep lead alluvial mines in the nearby Creswick district. Deep lead deposits however, are not exposed at surface and unlike the quartz reefs of Clunes, they had not been discovered before the land was alienated from the Crown.

Shortly before the separation of the Port Phillip District as the Colony of Victoria, many people were leaving for the recently discovered goldfields of New South Wales. To halt the population loss Melbourne’s mayor, William Nicholson, and a group of prominent citizens and businessmen formed the Gold Rewards Committee in June 1851. The committee offered a reward of 200 guineas for the discovery of a goldfield within 200 miles of Melbourne.\(^{38}\) Within a few weeks, two goldfields had been officially recognised, at Clunes and Warrandyte. Faced with conflicting claims over which was discovered first, the Gold Rewards Committee could not select a winner and the reward was never paid.\(^{39}\)

The Victorian Government established six Select Committees between 1853 and 1890, to identify and reward the discoverers of the various goldfields throughout the Colony. The first Select Committee in 1853-4 decided that three men claiming to have discovered gold at Clunes should be rewarded for their individual contributions to the opening up of Victoria’s first goldfield. They were William Campbell for making the original discovery in March 1850; Georg Bruhn for prospecting in central Victoria, finding gold at Clunes in April 1851, and relaying news of his find to others; James Esmond for finding gold at Clunes in June 1851, for the production and sale of the first parcel of Victorian gold in August 1851, and for introducing the Californian cradle into Victoria.\(^{40}\)

Squatter and later parliamentarian, William Campbell discovered gold on the ‘Clunes’ run of his brother-in-law, Donald Cameron, in March 1850.\(^{41}\) The find was suppressed to prevent possible harm to Cameron’s pastoral interests, although it was

\(^{38}\) Argus, 11 June 1851.


an open secret amongst his workers who gouged gold from the quartz reefs in their leisure hours.\textsuperscript{42}

Governor Charles Fitzroy in Sydney issued regulations in late June 1850, covering the purchase of freehold land on pastoral licences in parts of the Port Phillip District. Donald Cameron’s ‘Clunes’ run fell into this category. Each eligible squatter was offered the first right to select land within his licence, the so-called ‘pre-emptive right’. Provided that certain conditions were met, the squatter could purchase up to 640 acres of his run for any purpose, including growing crops for sale (which was prohibited on the grazing licence area). The price to be paid was £1 per acre, unless the land possessed special advantages, in which case a higher valuation could be imposed.\textsuperscript{43}

Donald Cameron wrote to Superintendent Charles La Trobe of the Port Phillip District six months later, on 26 December 1850, applying to purchase a 320-acre portion of his ‘Clunes’ run. With a half-mile of frontage to the western bank of Tullaroop (Creswick) Creek, his pre-emptive right application covered the homestead and the fertile river flats, making good agricultural sense. In the same letter however, Cameron applied to purchase 160 acres on the eastern bank of the creek. This land was of much poorer agricultural value, but covered the gold-bearing quartz reefs, pitted with the shafts dug by Cameron’s employees earlier that year. His intention was almost certainly to prevent any future mining by turning the area into private property.

Under the pre-emptive right regulations the land had to be surveyed prior to its sale, in order to prepare a deed of title, but there was a backlog of surveys at that time. Donald Cameron’s application had therefore not been processed when James Esmond found gold there in late June 1851. As a result, Cameron was unable to put the area ‘off limits’ to the first wave of gold diggers in July-August of that year. By September 1851 however, the alluvial gold at Clunes had been exhausted and the diggers moved away to the more promising Buninyong rush, leaving Clunes to Cameron and his sheep once more.

\textsuperscript{42} Argus, 5 August 1851.  
\textsuperscript{43} Port Phillip Government Gazette, Melbourne, No.28, 10 July 1850, p.483.
Almost one year after the first rush to Clunes, Colonial Secretary William Lonsdale sent a letter of offer to Donald Cameron in late June 1852. This advised Cameron that his application to purchase ‘...320 acres to include your homestead also 160 acres immediately opposite at the price of twenty shillings per acre,...’ had been approved by the Land Board.\textsuperscript{44} Despite the fact that the survey requirement was still outstanding, Donald Cameron was able to purchase the freehold over the prime part of Victoria’s first recognised goldfield for £160. When the survey belatedly took place in September 1854, the government surveyor drew attention to the gold-bearing quartz reefs and their possible economic importance. It was too late, however. The damage had been done. The matter was to cause the government considerable embarrassment over the next few years, prompting a Legislative Council enquiry in late 1855, but ultimately no one was held responsible for the bureaucratic bungle.\textsuperscript{45}

Donald Cameron sold his pastoral lease, the homestead and the 480 acres of private land to William Lane, John Whyte and Robert McDonald in January 1855, before returning to Scotland to retire.\textsuperscript{46} Robert McDonald became the local representative of the partnership, taking up residence in the Clunes homestead. McDonald was aware of the presence and value of the gold-bearing quartz reefs within the private land. He gave evidence to the 1855 Select Committee hearing into gold mining on private property that it was one of the principal reasons for buying the property.\textsuperscript{47}

\textit{Foundations of the Company’s success}

Ownership of all gold and silver minerals was first vested in the Crown during the reign of Elizabeth 1, and any subsequent sale of Crown land did not transfer ownership of the so-called ‘Royal Minerals’ to the purchaser. This old law formed part of the legislation which extended to British colonies, including nineteenth century Victoria.\textsuperscript{48} Following the discovery of gold in mid-1851, Governor La Trobe issued a proclamation on 15 August that all gold in Victoria belonged to the Crown, and that

\textsuperscript{44} \textit{Disposal of Auriferous Land at Clunes, 1855-6}, Legislative Council of Victoria, Melbourne, 10 January 1856, VPRS 2599/523, p.2., Public Record Office Victoria.
\textsuperscript{45} \textit{Disposal of Auriferous Land at Clunes}.
those digging for it without authorisation would be prosecuted. Three days later he issued regulations permitting the mining of gold from claims taken up on Crown land, by persons holding a valid mining licence.\textsuperscript{49} The fee charged for the mining licence (and its successor in 1855, the Miner’s Right), was in effect the royalty received by the government in lieu of its right to claim any gold won by the miner.

Gold mining on private land was a different matter. While landowners could sanction mining on their land, any Royal Minerals produced would belong to the Crown. Mining agreements between landowners and miners were therefore strictly speaking, illegal, but the government usually turned a blind eye to them owing to an absence of legislation covering mining on private land.\textsuperscript{50} Miners working on private land with the landowner’s consent were in many cases still paying a royalty to the government, by way of their Miner’s Right fees.

When Rivett Bland visited Clunes in mid-1856, independent diggers had been mining the small extent of the quartz reefs on Crown land for about a year. Their attempts to gain access to the more extensive reefs within the private land had ranged from petitioning the government to overturn the land sale, to making a mining agreement offer to the landowners, to illegal mining. All of the diggers’ advances had so far been rebuffed by the landowners. Bland saw that if he could reach an agreement with the landowners, the company would at last have reasonably secure access to a gold deposit, without the need for a mining lease from the government.

Bland began negotiations with the landowners in August 1856, shortly before the company’s quartz-crushing operations began at Ballarat. At the same time Henry Thompson carried out an appraisal of the Clunes reefs, particularly the potential for large-scale mining. Thompson’s report confirmed that the reefs within the private land were the most promising in the district, carrying from 3-10 ounces or more of gold to the ton. It was difficult to estimate the grade any more accurately than that, as trespassing diggers were stealing large quantities of gold at night.\textsuperscript{51} He estimated that several years’ supply of gold-bearing quartz could be won from the private land before reaching the level of the creek (when pumping of the groundwater would be necessary).

\textsuperscript{49} Argus, 16 and 18 August 1851.
\textsuperscript{51} Report of the Directors, 1858, p.7.
Following Bland’s initial approach, landowner William Lane commissioned John W. Osborne, a consulting engineer, to assess the quartz reefs and provide the three partners with an independent opinion of their value. Osborne’s report closely matched that of Henry Thompson, painting a glowing picture of the quantity and value of the reefs, the amenities of the land, the abundance of water and, by inference, the high price the owners could demand.\(^{52}\)

Negotiations continued throughout the rest of 1856 and despite further illegal mining by the diggers in December, an agreement had not been reached. The authorities stationed a detachment of police on the private land to deter trespassers, but this had little effect. An escalation of illegal mining and corresponding arrests for trespass took place during January 1857, coupled with Victoria-wide protests over the ‘locking up’ of gold-bearing areas within private land.\(^{53}\) At the same time, a lengthy debate on the issue of mining on private land was taking place in the Victorian Parliament.

At this crucial time Rivett Bland and the landowners finally reached an agreement on 27 January 1857. In return for exclusive mining rights over the 160 acres of private land containing the quartz reefs, the Port Phillip Company would pay the landowners a 10% royalty on the gross value of any gold produced. The agreement was to be for an initial two-year period, then renewable for a further 19 years.\(^{54}\) If operations proved unprofitable the company had the option to terminate the agreement by giving three month’s notice. Bland had inserted this provision to cover the possibility that experts such as Evan Hopkins were correct after all, in predicting that gold values in quartz reefs would prove to be economic only to shallow depths.\(^{55}\)

Bland also secured the right to sub-let the actual mining operation to a mutually approved party. This was a very important provision. It gave the Port Phillip Company the ability to oversee the entire operation, using a cooperative of local diggers to carry out the mining, while the company confined itself to crushing and treatment. Bland was determined to avoid ‘anti-company’ sentiment by this approach, to the extent of reserving the right to terminate the agreement within one month if he was unable to negotiate a suitable sub-letting agreement.\(^{56}\)

\(^{52}\) Ibid., pp.9-16.  
\(^{53}\) Petition of the Miners, Storekeepers, and others, now or lately residing on Clunes’ Diggings, 16th January, 1857, V.& P. 1856-7, E, No.5.  
\(^{54}\) Report of the Directors, 1858, pp.17, 18.  
\(^{56}\) Report of the Directors, 1858, pp.17, 18.
Mining had ceased at Dead Horse Gully in January 1857, due to poor gold grades, although the treatment plant continued crushing for nearby diggers for a short time. Bland then sent the idle engine and pumps to Creswick. He had negotiated an agreement to provide equipment to a party of miners there, in return for a share of the gold produced from their claim on the Black Lead. He struck a similar agreement the following month with a second party, also working on the Black Lead, providing a small engine and pumps from surplus equipment at Ballarat. The two parties had already carried out a considerable amount of work and Bland was hopeful of a quick profit, once the machinery lowered the water level and the gold-bearing gravels were extracted.\(^5^7\)

The Dead Horse Gully plant restarted in March using a replacement engine, treating a small amount of ore from the company’s claim and crushing quartz for nearby diggers. Public crushing however, proved difficult to sustain as the diggers moved further afield and the plant closed again within a few weeks. Both plants at Ballarat were dismantled in late March 1857 and most of the machinery transported to Clunes.

Both of the mining ventures at Creswick ultimately proved unsuccessful. The first party struck rich alluvial gravels when ‘bottoming’ their shaft, but were defeated by increasing quantities of water when they attempted to ‘open out’ the mine workings. Although the second party continued working until November 1857, it in turn was unable to pump sufficient water to keep its workings open. The Port Phillip Company received about £360 in gold by late 1857 as its share of the two ventures, leaving it only slightly in arrears when the recovered machinery was taken into account.\(^5^8\)

Operations at Ballarat and Creswick during 1856-7 could best be described as learning experiences, albeit expensive, at a cost of about £10,000. The company had undertaken quartz mining, constructed and operated two quartz-crushing plants, and invested in the mining operations of other parties. None of these particular ventures made a profit but the experience gained was invaluable and helped lay the foundations for the Port Phillip Company’s remarkable successes over the next three decades.

\(^{57}\) Ibid., pp.21, 22.  
\(^{58}\) Ibid., pp.37,38.
Formation of the Clunes Quartz Mining Company, Registered

With alluvial mining beginning to decline and a scarcity of ‘regular’ jobs in the towns, popular resistance to company mining in Victoria had softened somewhat by 1856. At Clunes however, and other localities where the diggers believed that landowners were obstructing their moral, if not legal rights to seek gold, feelings against ‘big business’ still ran high. In the Port Phillip Company’s case the People’s League (the diggers’ lobby group) also argued that the 10% royalty payment was too high, setting a precedent that other landowners would follow. While the royalty rate was certainly high, the landowners had commissioned an independent appraisal of the quartz reefs and therefore knew their potential value.

As well as securing a mining agreement with the Clunes landowners, another of the keys to the Port Phillip Company’s success there, particularly in the first few years, was the separation of the mining and ore treatment functions. Bland’s insistence on establishing a cooperative company of local miners to carry out the actual mining, while the Port Phillip Company undertook the ore treatment, showed considerable initiative and diplomacy. He was willing to address the individual diggers’ concerns in this practical manner, while still advancing the company’s plans for an efficient, large-scale mining operation.

Bland selected Charles Kinnear, a Ballarat mining entrepreneur, to form the Clunes Quartz Mining Company, Registered (‘Clunes Company’) to undertake the mining and raising of ore, thereby offering individual Clunes diggers an opportunity to participate. Bland protected his company’s interests by reserving the right not to treat ore carrying less than 1oz of gold per ton. This provision would encourage the Clunes Company to carefully select the ore sent for treatment, rather than mining ‘rubbish’ which could be rejected by the treatment works.

The Clunes Company issued its prospectus in early February 1857, inviting 100 miners to purchase a £15 share and join the company as working shareholders. A number of the formerly protesting ‘outside’ diggers changed their allegiance and took up shares, trespassing on the private land decreasing temporarily as a result. Charles Kinnear, Henry Thompson (representing the Port Phillip Company) and John Osborne (representing the landowners) managed the company, together with three mining captains elected by the shareholders.
The company’s £1,500 capital was used to purchase tools and equipment, provide medical services for the miners, erect buildings, and secure the mine area with nearly one mile of 6-foot high paling fence. Part of the private land was set aside as a residential area and each shareholder was offered an allotment on which to build a house, although few appear to have accepted the offer.

When operations began in May 1857 the Clunes Company undertook responsibility for all mining development, the breaking and raising of ore, and its delivery to the treatment works. For its part, the Port Phillip Company provided the machinery to crush and treat the ore, charging a flat rate of £3 per ton. Bland had fixed this rate knowing that the highly efficient St John Company was then treating ore for less than £1 per ton, while he believed that the Port Phillip Company could do the work for around £1.8s to £1.10s per ton. The treatment works were scheduled to crush a minimum quantity of 50 tons of quartz per day within three months. This would allow the Clunes Company sufficient time to complete the initial mine development before the production rate was increased to provide a better rate of return for both companies.

59 Star, 5 February 1857.
60 Report of the Directors, 1858, pp.18, 19.