

## **‘The ’Merican Expert’ L. R. Menzies and his Role in a South Australian Mining Fiasco**

By BRIAN R. HILL

The momentous and beneficial input of mining experts from USA to the late 19<sup>th</sup> century mining industry in Australia has been long-recognised, and is well documented in the literature of the history of the industry, most recently in a comprehensive paper published in this *Journal* - ‘Just now the ’Merican expert is the Prominent Man’: American mining engineers and the Australian mining industry 1880s-1910s’.<sup>1</sup> The involvement of American mining experts was crucial in the development of Broken Hill and Mt. Lyell in Australia, and the rejuvenation and modernisation of Reefton in New Zealand.<sup>2</sup>

These ’Merican experts introduced new technology and management methods, revolutionising an industry that had relied in earlier years on Cornish mining methods and technology. The attempts to mine lodes of unprecedented width as at Broken Hill, the need for new ore concentrating and smelting techniques, and the necessity of conversion to bulk mining to achieve economies of scale through considerably expanded rates of output provided warranted the substitution of the old Cornish methods which had served Australian mining well in an earlier era, with the new mining methods that had been developed in USA, even though many had been initiated elsewhere. American mining experts who were prominent in this revolution in Australia included Patton, Howell and Schlapp at Broken Hill, and Peters and Sticht at Mt. Lyell, and Hoover in Western Australia.<sup>3</sup>

However, not all the efforts of the ’Merican experts were crowned with success. Sticht, whose work at Mt Lyell was internationally recognised, blundered when he bought the Copper Reward mine at Balfour in Tasmania in the belief the shallow surface lodes resembled the great lodes of Butte, Montana: he is reputed to have lost £70,000 before he realised his error.<sup>4</sup> The work of the eminent American metallurgist John Howell at the Te Aroha Silver and Gold Mining Company in New Zealand in 1888 ended in failure.<sup>5</sup> Described as ‘one of the foremost Mining Engineers,’ Howell had patented the White and Howell Revolving Roaster,<sup>6</sup> and he played an important role at BHP in Broken Hill where his work was highly regarded.<sup>7</sup> However despite the investment of substantial capital on Howell’s recommendation, the Te Aroha venture failed, with considerable losses.<sup>8</sup>

Mining is an industry where the ratio of failures to success is high because the uncertainties and risks faced are higher than in most other industries.<sup>9</sup> Most of the failures in which the ’Merican experts played a role involved their incorrect assessment of risk because of uncertainties and difficulties in the correct estimation of ore reserves or grade.

One ’Merican expert, Leslie Robert Menzies, was initially extravagantly praised and lauded for promoting a resurgence of gold mining in South Australia, but his

involvement in the establishment of a gold mine and major ore treatment venture in the colony in 1896-1898 resulted in the biggest and costliest mining fiasco in South Australia's history.

**Figure 1:** *The 40-head stamp battery, the largest gold treatment plant ever constructed in South Australia, which was installed at the Menzies Barossa gold mine in 1898. The stamp battery is in the shed at left: the boilers and enginehouse are in the lower shed immediately to the right of the mill building, and the rock breaker is to the right of the picture. It was designed to treat 600 tons a week.*



Source: Courtesy Primary Industries and Resources South Australia.

### **The biggest stamp battery ever installed in S.A.**

When the biggest stamp battery ever installed in S.A. was opened before an admiring crowd of 200 at the Menzies Barossa Gold Mining Company's mine in March 1898 (Figure 1), it was the brainchild of American mining expert, Leslie Robert Menzies. Among the dignitaries attending the opening function were politicians and Mines Department officials, sharebrokers and investors. The machinery was 'started' by Menzies' wife 'attended by a bevy of ladies'.<sup>10</sup> With 40 stamps, the new plant dwarfed the other batteries in the state, which usually had only 5 or 10 head of stamps. Even the next biggest – the mills at the Bird-in-Hand gold mine at Woodside, the Westward Ho at Mannahill, and the Alma-Victoria mine at Waukaringa - had only 20 stamps.<sup>11</sup> The Menzies' plant was hailed by an admiring Adelaide Press as the biggest and best, which would revolutionise gold mining in South Australia with mass production, and lead to a resurgence of gold mining in the state.

However despite its 600 tons per week capacity, the new mill that had been opened with such fanfare operated for only a few weeks, treating only one parcel of 1,500 tons before it was shut down and all 150 hands laid off. The reason for this calamity was that instead of the expected 750 ounces of gold predicted from the 1,500 ton crushing, only 30 ounces were recovered.<sup>12</sup> This disastrous result indicated that the grade of ore being mined was only 1/25 of the grade upon which the decision to erect such a substantial treatment plant had been justified. Except for a parcel of ore of 200 tons that was trialled in 1898 in a vain attempt to prove there was something wrong with the first crushing, the mill never worked again. In 1899, it was scrapped at considerable loss, thus ending a saga of disappointment and failure in SA mining that has no equal.

### **The 'Merican expert L.R. Menzies**

The promoter of the Menzies Barossa Gold Mining Company NL, the American L.R. Menzies (Figure 2), was a self-anointed 'mining expert' who spuriously claimed that he had a Master of Engineering degree. Although he himself had never developed a mining project on the scale of the Menzies Barossa, Menzies had some legitimate claim to mining expertise in that he was a successful gold prospector with experience in California, New Zealand and Western Australia. In the latter he had achieved some fame as the discoverer of the Menzies gold field in 1894, and had the town of Menzies named after him: this was the fame that Menzies exploited so skilfully in his promotion in South Australia of the Menzies Barossa Gold Mining Company NL.

Like many former boomtowns in the WA gold fields, Menzies today, with a population of 142 and one pub, is only a shadow of its former glory. However at the time of L.R. Menzies' activities in South Australia, although Menzies was then only three years old it already had a population of 10,000 and boasted 13 hotels, 3 banks, breweries, a daily newspaper, a school, a hospital and 4 churches.<sup>13</sup> Some mining companies employing the name Menzies in their titles to excite investors had been floated in Adelaide in the mid-1890s to buy mines in the Menzies goldfield in WA.<sup>14</sup> So Menzies' name and reputation as a successful prospector were well known to South Australian investors in 1897. Added to this was Menzies' skill as a raconteur with an ability to keep listeners enthralled with his stories. Menzies told his stories so convincingly that it is likely he came to believe some of his own hyperbole. He certainly believed enough to repeat many of his wild claims as factual in his autobiography published in 1937.<sup>15</sup>

The two leases that Menzies pegged over his WA discovery, the Lady Shenton and the Florence, were sold by the syndicate he represented for £140,000 and £120,000 respectively, and Menzies became rich. In 1895 he married the 18-year old daughter of a Western Australian jeweller and built a mansion on the slopes of Mt. Eliza overlooking the Swan River.<sup>16</sup> However, within three years Menzies had lost his fortune, and one of the main contributors to his financial demise was the Menzies Barossa gold mine fiasco.

**Figure 2:** *Leslie Robert Menzies*



Source: The Rt. Hon. Leslie Robert Menzies, *A Gold Seeker's Odyssey*, London, 1937.

### **Barossa Gold Field**

The Menzies Barossa gold mine is located in the Barossa Gold Field some 42 kilometres north of Adelaide and about 10 kilometres south east of Gawler. Soon after the discovery of alluvial gold in the area by Job Harris in 1868, 2,000 diggers rushed the site, and within a couple of years some 46,750 ounces of gold had been recovered.<sup>17</sup> There is no doubt that the quartz reefs on which the Menzies Barossa gold mine was later floated would have been at least cursorily prospected while the alluvial gold field was so active: they out-cropped and could be traced on the surface of the hillside, and were also exposed in a gorge cut by the South Para River. Although auriferous in places, it must have been apparent then that the reefs were too low grade to work in that era, although other gold mines were opened up in that region and elsewhere in the Adelaide Hills at that time.<sup>18</sup> In the early 1890s some of the reefs in the Barossa gold field were taken up. In 1894, the Comet Syndicate started driving on the reef exposed in the south bank of the South Para River, but lacking finance was reformed into the Lady Pearce Syndicate that in September 1895 raised £2,000 capital to develop the

property.<sup>19</sup> In 1895, the Royal Phoenix Syndicate took up a lease on the northern boundary of the Lady Pearce mine and began tunnelling on a reef exposure.<sup>20</sup>

The stimulus for this activity was the great gold mining investment boom which erupted on the London Stock Exchange in 1894 and 1895. The boom, fed partly by the then current economic conditions which was propitious for gold mining, was stimulated by the success of mines on the Rand in South Africa. There, through successful application of the cyanide process, the working of refractory primary ores proved profitable, which allowed the successful development of the deep level mines and ensured their longevity.<sup>21</sup> The sensational gold discoveries at Coolgardie and Kalgoorlie in Western Australia [WA] fed the excitement as a wild gold share boom erupted. Seeking to profit from the boom, promoters everywhere sought gold properties to float on the Stock Exchange, and they were met by a willing wall of investors keen to speculate in gold mining shares.<sup>22</sup>

Fresh from his triumph in WA where the successful Lady Shenton mine had been developed on the site of his gold discovery at Menzies,<sup>23</sup> L.R. Menzies came to SA seeking a project to promote. Although the colony of SA had the greatest copper mines in the then British empire, and its neighbouring colonies – Victoria, New South Wales and WA – all had great goldfields of dazzling success, South Australia had missed out on the golden bounty lavished by nature on its neighbours: SA produced only one hundredth of the gold produced by the other colonies. Believing that this lack of success created opportunity, Menzies came to SA with funds available from his WA triumph. He later said that he originally ‘had no intention of taking up any mines in the colony’, but after visiting the Barossa, Blumberg and Wadnaminga gold fields, he found there were ‘many promising properties in South Australia lying idle for want of a little capital’.<sup>24</sup>

The 1895 prospectus of the Lady Pearce company had claimed gold grades of over an ounce to the ton in the reef it was opening up.<sup>25</sup> This caught Menzies’ attention and attracted to the potential for development of the reefs being explored in the Barossa goldfield by the Lady Pearce company and the Royal Phoenix Syndicate, he bought control. He also bought into nearly every lease in the immediate area.

Employing the usual method of gold mine promotion employed at that time, in June 1896 Menzies formed a syndicate - the Menzies Barossa Gold Mining Syndicate NL - to be taken over by a public company. The syndicate would be reformed into a company, Menzies Barossa Gold Mining Company NL, and each £100 share in the syndicate would be converted into 1,000 shares of 10s paid up to 5s in this new company. For the original investors this effectively reduced the actual cost per 5s. Share to 2s.<sup>26</sup> The syndicate issued 160 shares of £100 each, including 80 free shares to the Royal Phoenix vendors who also received £2,500 cash for the property, and 80 shares offered to the public at £100 each, raising £8,000.<sup>27</sup> The syndicate prospectus carried favourable expert reports from Captain William Oats, manager of Hannan’s Oroya Company and Brookman’s Boulder Company on the Golden Mile, and from Menzies sporting his claimed M.E. qualification, and Joseph Provis, Member of the Federated Institute of Mining and Mechanical Engineers, England. Although coy about actual

assay values, the three mining experts all reported that the continuous reef was four feet wide and showed 'copious coarse gold'. To compensate for the experts' lack of commitment concerning actual assay values, the prospectus also carried a 'Certificate of Assay' by assayer James Fraser, based on a sample submitted by Captain Oats that showed 10.4 ounces of gold per ton: however there was no explanation of what the sample represented.

In January 1897 the Menzies Barossa Gold Mining Company NL effected an amalgamation with the Lady Pearce company, thus consolidating the Royal Phoenix and Lady Pearce properties under the ownership of the one company. Within months of achieving this, Menzies' company announced ambitious plans to develop the Menzies Barossa mine on a grand scale, and to install the biggest treatment plant ever erected in South Australia. This created considerable excitement in the colony, which at that time was severely depressed economically.

### **The area booms**

While the excitement about the Menzies Barossa Gold Mining Company was at its height before the debacle of the initial crushing, several other companies were formed to 'mine' other supposed gold reefs in that locality. All had the name Menzies in their titles.<sup>28</sup> Most had only a quartz reef outcrop or a patch of quartz exposed on the surface. None turned out to be successful, and all were abandoned after the Menzies Barossa disaster. Menzies was involved in most of these ventures. One newspaper report mentions the Barossa Boulders lease between Deep Lead and the Menzies Barossa mine which was held by Messrs Menzies and Redmond and party, which the report says 'seems well worth developing, and if it was in West Australia no doubt would be successfully boomed as a splendid investment'.<sup>29</sup>

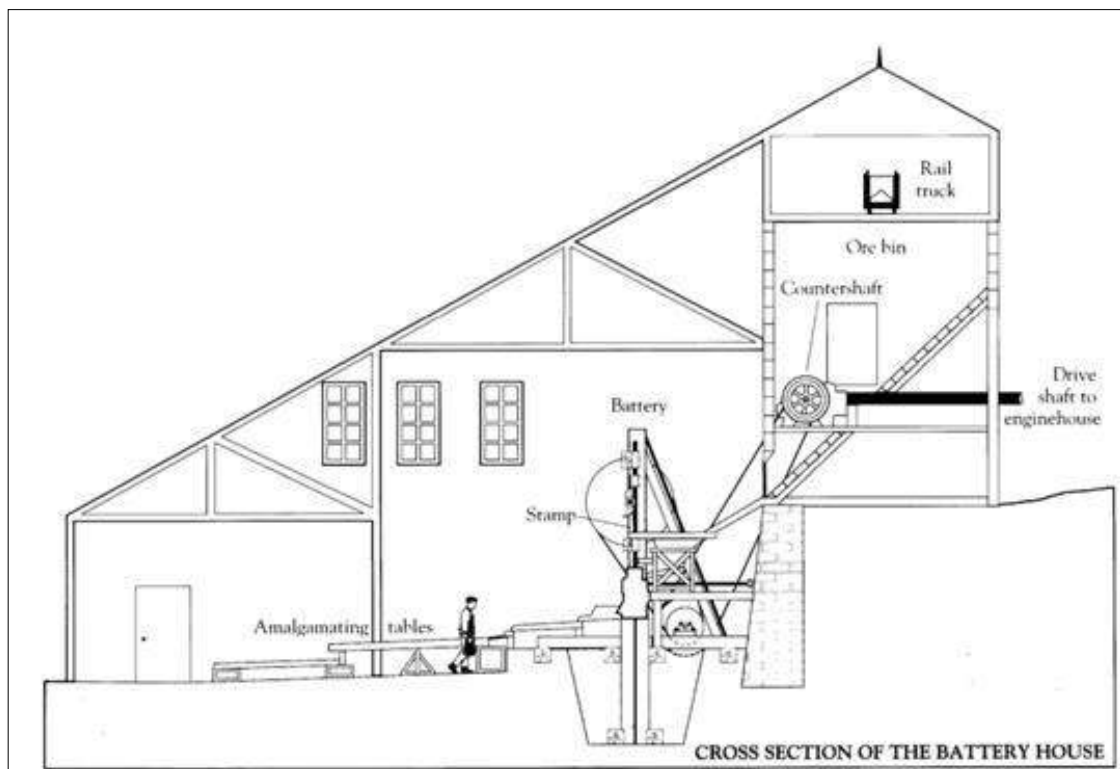
Another prospect near the Menzies Barossa mine was 'boomed as a splendid investment' by Menzies, who floated another company on it. This was the Menzies Barossa North Gold Mining Company NL, and Menzies himself, again with his ME 'qualification' after his name, provided one of the mining expert's reports for its prospectus that sought to raise £4,000 from the public.<sup>30</sup> Menzies was one of the directors of this company and his 'expert's report' for the prospectus was written in the usual exaggerated, favourable tone employed in prospectus reports in that era to entice investors.<sup>31</sup> Echoing Menzies, the other prospectus expert, Joseph Provis MFIME, who was lecturer in Mining and Metallurgical Science at the Kapunda School of Mines, similarly 'had no hesitation in recommending the Property to the investing public as a safe one for investment ... which ... should yield handsome returns to the shareholders in the near future'. But Provis went even further than Menzies in his enthusiasm telling investors, 'You have unlimited quantities of gold bearing ore to operate upon ...'. Provis then listed a series of assays from quartz samples from the Menzies Barossa North property running several ounces of gold to the ton 'although in no single instance was Gold visible to the eye'.<sup>32</sup> Despite the reported 'unlimited quantities of gold bearing ore' the mine went on to produce no ore and no gold at all, and this 'safe mining investment yielding handsome returns' was wound up in 1899 when the shareholders in

the Menzies Barossa North Gold Mining Company NL received a first and final liquidation dividend of 2d. per share for shares on which they had contributed 5s.<sup>33</sup>

### The mine and treatment plant

Martin & Co. of Gawler manufactured the stamp battery at the Menzies Barossa mine, and it cost £4,750. It was housed in an impressive mill shed that was 34 metres long, 20 metres wide, and 12 metres high (Figure 3). The 40 stamps weighed 900 lbs each, and the heads were arranged to have 90 to 95 drops per minute, giving the mill a crushing capacity of 600 tons a week. It was powered by a horizontal steam engine. Water for the treatment plant was obtained from the South Para river which was only 60 metres downhill from the mill. A double action plunger pump was capable of delivering 9,000 gallons of water an hour.<sup>34</sup>

**Figure 3:** Cross section of the 40-stamp battery at the Menzies Barossa gold mine. The boilers and enginehouse are off the section to the right. After preliminary crushing in a rock-breaker, the ore was introduced into the ore bin at top right, and then crushed in the stamp battery. The resulting slurry then ran over the amalgamating tables which were coated with mercury. This trapped the free gold, forming an amalgam with it. The amalgam was scraped from the plates and the mercury retorted off and the gold smelted into bars. A full description of the plant is to be found in 'Menzies Barossa Mine: The Crushing Machinery,' *South Australian Advertiser*, 9 March 1898.

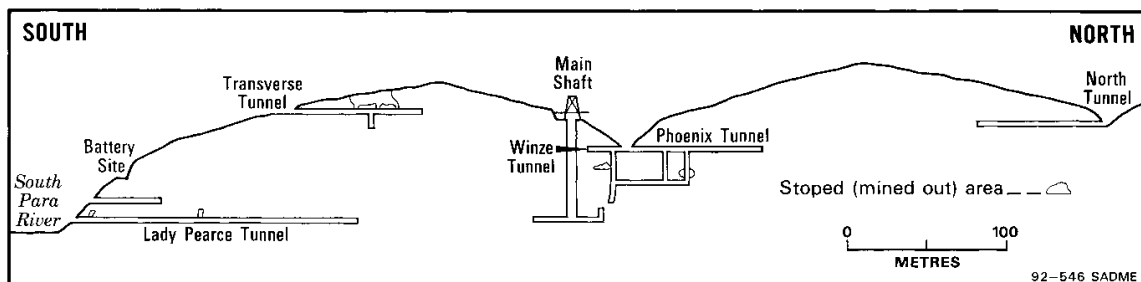


Source: Courtesy, Greg Drew,

The mine, located in fairly rugged country where the reefs were exposed in the sides of the steep gullies had horizontal adits tunnelled into them. In one gully it was

decided to sink a shaft to intersect at depth the reef exposed in the Phoenix Tunnel, and also to connect with the reef being driven on in the Lady Pearce Tunnel (Figure 4).<sup>35</sup> It was intended that all the ore mined could then be hauled up this main shaft, and trammed around a spur of the hill to the battery. To save some trucking distance this tramline went through a tunnel driven through the crest of the hill. The shaft, which was 66 metres deep, was timbered in three compartments. Two patent safety type cages were counterbalanced in two of the compartments, while the third was a service compartment containing a ladderway and pipes for pumping mine water. The steam engine winder, manufactured by Martin & Co. of Gawler cost £750. The timber headframe towered 15½ metres high over the shaft. Ignoring those copper mines in the colony that were well equipped, a newspaper report noted that seldom before had a more complete plant for mining and treatment been erected on any mine in Australia, 'and certainly never before in this colony'. It was further reported that the machinery on the mine was substantial and up-to-date, and 'gave the impression that those entrusted in the venture have faith in its permanence'.<sup>36</sup>

**Figure 4:** A cross section of the Menzies Barossa gold mine showing the mine workings.



Source: Courtesy Primary Industries and Resources South Australia.

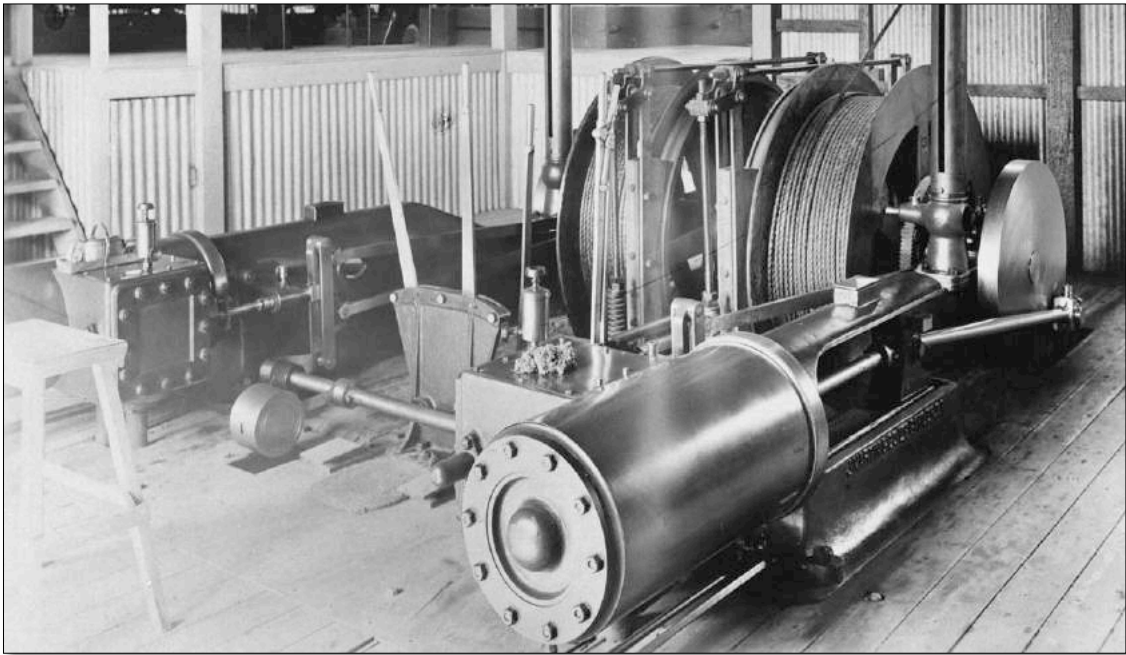
### **The opening ceremony**

Commensurate with the size of the treatment plant to be opened, Menzies staged a spectacular extravaganza for the official opening ceremony at the Menzies Barossa mine on 9 March 1898. A special train brought 200 guests from Adelaide to Gawler, which according to one newspaper report was 'en fete' for the occasion<sup>37</sup>. A band played on the balcony of the Gawler Institute, and then at the lavishly catered function at the mine. The guests were conveyed to the mine in horse-drawn drags<sup>38</sup> that entered the mine property through a triumphant arch while 'flags floated from many a tree'. The mine manager, Captain Oliver, explained the points of the mine to the visitors who were 'struck with admiration at the powerful and handsome set of stampers'. The company chairman, T.H. Bright, pointed out that it was mainly through Menzies' instrumentality that the company was formed and the money found to equip the mine with such a plant. After the opening of the plant by Mrs Menzies, the crowd was entertained to lunch in a large marquee erected for the event. More than a dozen toasts were proposed and responded to, with most speakers declaring that development of the Menzies Barossa gold mine ushered a new era in South Australian mining which was 'the one thing that would pull South Australia out of the mire'.<sup>39</sup>



Although he was heartily applauded, being received with ‘loud and prolonged cheering’, Menzies curiously chose not to speak but said his partner, W. A. Redmond, would express his opinion of the property for him. Redmond regretted that Menzies was so modest. He went on to give a long description of the mine where ‘there could be no mistake ... about there being many hundreds of thousands of tons of tons’ of ore. As for the grade, they had ‘sampled the mine day by day, foot by foot, as development progressed ... and their estimate was, as it had been from the start, that it was a half ounce proposition’. Redmond, who claimed experience on the Rand, said that he and Menzies had calculated that the new plant could crush  $2\frac{1}{2}$  tons per stamp *per diem* or 600 tons a week. Milling costs would be £100 a week or less than 1 dwt to the ton, and mining would not cost three times as much as the battery. They had made ‘a very careful estimate and could guarantee the shareholders to make a profit on anything over 4 dwts a ton’. Swiftly calculating that this indicated a profit of some £600 a week or nearly 200 percent a year on the issued capital of the company, the crowd cheered enthusiastically as Redmond urged shareholders to ‘stick with their shares ... and they would be well satisfied’.<sup>40</sup> Unbeknown to shareholders then, but to their later dismay, the grade of the first crushing of 1,500 tons of ore turned out to be less than ten grains of gold per ton, only  $1/25^{\text{th}}$  of the promised half an ounce grade.<sup>41</sup>

**Figure 5:** *Same Martin & Co steam winder as installed at the Menzies Barossa mine.*



Source: Courtesy Primary Industries and Resources South Australia.

### **Disaster**

In the first few weeks after the official opening, the company issued regular reports to the Press indicating all was proceeding smoothly to plan at the mine. The full plant would be in operation shortly, and a winze was being sunk on a lode ‘5 feet wide

showing splendid gold'.<sup>42</sup> It was April before the mill was completed and crushing started. It was not long before disaster struck.

As the crushing proceeded it became obvious that something was very wrong when it was observed that there was no amalgam accumulating on the plates. Menzies reassured the directors that the gold would be recovered from the stamp battery's mortar boxes which also had mercury placed in them, and he was sure the 'crushing would still go from 6 - 7 dwts'.<sup>43</sup> The apprehensive directors gathered at the mine for the clean up of the crushing, when to their consternation only 30 ounces instead of the expected 750 ounces were recovered. That day, in a state of shock, the directors shut the mill, closed the mine, and dismissed 150 men. At that stage while the mine and plant were still being developed it had been costing about £600 a week to operate, and the company still owed some £3,000 to the suppliers of the plant.

Initially the fact that the ore contained virtually no gold was not even considered. Menzies and the directors rather frantically sought and put forward various explanations for the disastrous result: they blamed the poor recovery on the amalgamating plates not being 'seasoned,' or copper in the ore affecting the mercury on the plates.<sup>44</sup> However, assays of the tailings, which revealed only a trace of gold, dispelled these theories, and the grim fact that there was actually very little gold in the reefs being mined finally struck home. When the failure of the crushing was announced the company's shares collapsed in the market from 4s buyer no seller, to 4½d seller no buyer.<sup>45</sup>

The Press reacted angrily to the catastrophe seeing it as major setback to the establishment of a gold mining industry in the colony, while the Menzies Barossa chairman, Bright,

desired to make no explanation save that the Directors had relied implicitly on Mr Menzies, who he now believed had been over-sanguine, and had made a mistake. He had no wish to saddle that gentleman with undeserved blame, but unquestionably the public had a right to an explanation from him.<sup>46</sup>

### **Damning report**

The directors requested the Mines Department to undertake a study of the mine and subsequently Government geologist, H.Y.L. Brown, carried out a detailed inspection of the Menzies Barossa mine, preparing plans of the workings and sampling all the reefs. The result was a damning report, which showed that the main reefs contained only traces of gold and any gold values came from small cross veins. Brown's report concluded:

The lodes ... are too poor in gold to yield payable returns ... The quantity of veinstone ... is too limited to supply sufficient material to keep the extensive crushing plant erected here employed. A great error has been made in erecting a large crushing plant and sinking a main shaft before the lodes had been thoroughly prospected and their value ascertained. Had frequent reliable tests of

the value of the lodes been made from time to time ... it would have been known that the ore was not rich enough to be payable when treated in bulk.<sup>47</sup>

Despite the Board loading responsibility for the fiasco on Menzies, neither the shareholders nor the public saw any fraudulent intent on Menzies' part. It is not unlikely that Menzies himself was fooled. He certainly relied heavily upon his business partner Redmond, and Captain Oliver. Despite his £10 a week salary as managing director of the Menzies Barossa company,<sup>48</sup> an enormous salary in South Australian mining at that time, Menzies seemed to pay only cursory attention to the development of the mine. He was absent in WA for three months during a critical period of mine development: in April, 1897 he apologised to the Board for this 'loss of valuable time' with his absence caused by problems and delays in winding up his affairs in WA.<sup>49</sup> It also appears that even when in SA he visited the mine site only about once a week. Menzies and the Board were tricked by the result of a trial crushing at the Mount Torrens government battery in April 1897, where a test parcel of 23 tons returned a grade of 12 dwts 17 grains per ton, with a tailings assay of 2 dwts 14 grains. It was assumed that these grades would be maintained throughout the mine. Menzies should have known it was not a representative sample, because he reported to the Board in April 1897, that he had 'inspected whence Captain Oliver took the 24 [sic] tons'.<sup>50</sup> However, there is little doubt that this test sample of ore must have come from a rich but small cross vein, or where this vein intersected the main reef, and it was not a representative sample of the main reef. Menzies' unquestioning belief in the potential profitability of the reefs at the Menzies Barossa mine might have been reinforced by the confident assertions of various mining experts who paid visits to the mine as it was being developed.<sup>51</sup>

Menzies received support from Captain R. Beaumont Clark, managing director of the Great St. Albans Gold Mining Company, Norseman, WA, who was in Adelaide at the time: 'I firmly believe that Mr Menzies had the greatest confidence in the mine, for I know him to be a straightforward and honourable man'.<sup>52</sup> At a meeting of the shareholders held at Gawler's Old Spot Hotel on 2 May to discuss the disaster, most speakers supported Menzies, one declaring him to be 'perfectly straight but too sanguine'.<sup>53</sup>

#### **'No intentional fraud'**

A subsequent 'Letter to the Editor' noting that Menzies had originally proposed to the Board in April 1897 that a battery of 60 head capacity be erected, queried why the company had not tested 200 tons at the Mount Torrens government battery before proceeding to erect the 40-head treatment plant, rather than the 'paltry 15 tons.' [Actually it was 23 tons] Despite his criticism of the decisions of Menzies and the Board, the letter writer found no 'intentional fraud, but the consequences of such an overwhelming blow to South Australian gold-mining must be borne by the responsible parties'.<sup>54</sup>

Suspicion must fall on the mine manager, Captain Oliver, and the sampler, Harry Garland. If they were carrying out the regular sampling and checking of the grade of development ore as they said they were, they would have had to have known of the

disastrously low grade of the reefs. Oliver's salary of £6 a week plus a house was considered to be very generous, and perhaps he wished to prolong his employment in that lucrative position as long as possible. There is also no doubt that the small test sample of 23 tons of ore treated at the Government's Mount Torrens battery was not representative of the general run of mine ore, but was selected by Oliver, as noted above, from one of the rich cross veins intersecting the almost barren large reefs. However it was the result of this trial crushing that was accepted as indicative of the average grade of ore to be mined, and which provided the warrant for the decision to install the plant. Director James Martin, who was one of the owners of Martin & Co. which manufactured the company's steam winder and battery, would also have been keen to see the treatment plant installation proceed despite the risk.

Menzies collapsed in a state of nervous exhaustion after the crushing disaster. He was too ill to attend a shareholders' meeting in Adelaide on 16 June. His partner, W.A. Redmond said he would read a statement to the meeting from Menzies 'who was too excited, and suffering from financial and domestic troubles' to be able to attend. Menzies wrote:

When I say I am disappointed beyond measure at the present state of our affairs you will, I trust, believe me. My fondest hopes have been shattered, my firmest beliefs rudely shaken – and my pockets emptied through what has occurred upon the Menzies Barossa property. ... I freely admit that I made a huge mistake, and it is no proper excuse to say that I did it all for the best. ... I have been punished by utter financial ruin<sup>55</sup>

Menzies did not seek re-election as a director at the meeting, and he severed all connection with the company. Still not able to accept their ill fortune and hoping that there had been 'something wrong with the first crushing,' the shareholders insisted that the company mine and treat another 200 tons of ore. The company made a call on its shares to finance this test crushing. However, when it returned only 3 dwts 23 grains of gold per ton,<sup>56</sup> the inevitable was accepted and the company was placed in liquidation. The almost brand new 30,000 ton a year plant which had treated a mere 1,700 tons of ore plus the mining equipment, having cost nearly £6,000, was disposed of for £3,000. This was the only recovery from a project that had cost more than £16,000.<sup>57</sup>

### **Not an uncommon experience**

This was not an uncommon experience for gold mining companies in that era, although none in SA suffered losses on this scale. Most gold mining companies erected treatment plants before they had sufficient ore reserves proven to warrant such capital expenditure. Such premature and risky decisions were often caused through undercapitalisation, with the result that they needed to be able to commence gold production as soon as possible to ensure cash flow. Again, in boom times many treatment plants were erected for share price boosting purposes: the erection of a mill at a mine implied to gullible investors not only the presence of sufficient ore reserves to justify such an installation, but also the imminent production of operating profits and

the payment of dividends.<sup>58</sup> However, the Menzies Barossa mine development differed in that the project was adequately financed, and its promoter and the Board of Directors believed it would be a profitable producer.

Menzies took a serious blow financially from the Menzies Barossa disaster. He claimed that he had expended £7,000 in South Australia ‘without getting the return of a single penny’.<sup>59</sup> He quickly left the colony, and later wrote that, ‘A few months after the [Menzies Barossa] mine had started, J.L. Parsons, Consul of Japan, came to me with a request from the Mikado, to exploit Japan for gold and other minerals. One month later my affairs at the Gawler mines were in order and I was aboard the Japanese S.S. *Toku Maru*, bound for Tokyo’.<sup>60</sup> After claiming to have successfully developed a large dividend-paying gold mine at Yezzo in Japan utilising ‘stamp mills I ordered from May Brothers in Gawler’ [which was not the firm which had manufactured the battery installed on the Menzies Barossa mine], Menzies said he went on to further mining triumphs in Madagascar and Africa. All of these claims were made in Menzies’ autobiography, published in 1937. Menzies’ story of his life perhaps understandably ignores the Menzies Barossa mine fiasco, and it is an extraordinary book, very aptly described by Geoffrey Blainey as ‘a cheerful pack of lies’.<sup>61</sup>

#### **‘A cheerful pack of lies’**

Menzies’ earlier claim to have been awarded the Gold Medal of the Royal Geographical Society was perpetuated in his adoption of the initials FRGS after his name on the title page and dust cover of his autobiography. Presumably this stood for Fellow of the Royal Geographic Society, although the Royal Geographic Society’s list of Gold Medal winners does not include his name.<sup>62</sup> By this time he had discarded his claimed Master of Engineering degree, so no longer added the initials ME to his name, but instead he adorned himself with the honorific title The Right Honourable. The dust cover of his book proclaimed the author as ‘The Rt. Hon. Leslie Robert Menzies, F.R.G.S. Discoverer of the Menzies goldfields and founder of the city in W. Australia which bears his name’. Menzies claimed in his autobiography that at a Perth banquet given in his honour [before his South Australian adventure] by Sir William Robinson, Sir John Forrest, Sir George Shenton and other Government officials, he was

thanked for his services in the name of King Edward VII, and presented with life membership and the gold medal of the Fellowship of the Royal Geographic Society of London.<sup>63</sup> The chairman empowered to grant me the title of Right Honorable.<sup>64</sup>

The chairman, Menzies added, remarked that had Menzies been a British subject he would have received a knighthood.<sup>65</sup>

Menzies had a propensity to name-drop and claim close acquaintance with the famous and prominent. He probably did know most of them. He dedicated his autobiography to ‘the memory of Percy Douglas, Marquis of Queensberry who so often joined me in reminiscences of the incidents retold in this book’. The then Lord Percy Douglas had joined David Carnegie, son of the Earl of Southesk who later achieved

merit as an explorer, in the Coolgardie gold rush in 1892, and Menzies certainly knew Douglas in WA. He also said he knew him previously in New Zealand.<sup>66</sup>

The book reads as though the publishers hired a journalist or Hollywood scriptwriter to rewrite it and 'jazz it up' to make it more sensational, and hence more marketable. It bristles with inaccuracies that Menzies himself would surely have been aware of. There is a new version of the discovery of gold at Kalgoorlie by Paddy Hannan, renamed 'Hannon,' and his companions Flannagan and Shea who are called collectively 'Mike Hogan.' Caves at Yallingup described in Menzies' book as being 'near Brussels', are actually near Busselton, and so on.

Menzies' biography was subjected to a scathing review in the *Kalgoorlie Miner*.<sup>67</sup> The reviewer, the columnist 'Goanna Jack,' treated Menzies' rousing stories of his adventures with derision, caustically finding Menzies' 'tall tales' incredible and fantastic. Even Menzies' account of his actual discovery of gold at what became Menzies in October 1894 is wildly exaggerated in the book. Menzies related that when he saw quartz specimens at his feet studded with gold he jumped from his camel and scrunched his heels into a pile of nuggets, gathered £750,000 worth in two hours, carried it a hundred miles to Coolgardie with the camels running an even sixteen miles an hour, shouted the crowd there to \$4,000 worth of champagne, and triumphantly wheeled the gold in a barrow from his hotel to the bank. As Geoffrey Blainey remarked, 'A strong man, a strong barrow, his six tons of gold equalled the recorded yield of the entire colony for 1894!'.<sup>68</sup> Sir John Kirwan, who had been editor of the *Kalgoorlie Miner* during the gold rush era, wrote more charitably than 'Goanna Jack' of the 'astonishing examples of inaccuracies and exaggerations' in Menzies' book, finding Menzies' stories amusing and 'worthy of ranking with the marvellous inventions of Munchausen, De Rougement and Carr Boyd'.<sup>69</sup>

### **Sad denouement**

After his adventures in Japan, Madagascar and Africa, Menzies returned to Western Australia. He went prospecting in the Yilgarn gold field for a syndicate, but appears to have become unstable, and was drinking heavily.<sup>70</sup> He certainly fell on hard times and was shunned by former associates as a drunken down and out. One of his many generousities when he was affluent in the mid-1890s had been the gift of a splendid gold cup to the Perth rowing club, to be rowed for and won three times in succession by a river club. When the cup was finally won in this manner in 1912, it was suggested that it would be a graceful act to get the original donor to present it, but this proposal was roundly opposed by club members. This decision scandalised the *Sunday Times* which wrote that the rowing club apparently believed that Menzies would 'come only to drink their beer and eat their sandwiches, and probably cap his orgy of crime by borrowing a couple of bob from some affluent-looking member'.<sup>71</sup>

Menzies, who had been born in Baltimore, USA, returned to California in July 1915.<sup>72</sup> His wife and daughter had gone there years before, and they ran a fruit farm. Menzies wrote in his book that he later purchased the old Davenport gold mine at Auburn, California, which he said he was going to reopen. He noted there was a modest

framehouse on the hillside with a sign over the door reading: 'Menzies Consolidated'.<sup>73</sup> However there is no record of any work being carried out on the mine.<sup>74</sup>

Menzies died in California of heart disease on 23 December 1939. His obituary gave his age as 69<sup>75</sup> but his book indicates that he would have been 75.<sup>76</sup> In an obituary in the *Kalgoorlie Miner*, Sir John Kirwan said that he did not recall having met Menzies but during the early gold rush days he had heard much of him as a bright, energetic, individual with a reputation for tall yarns and wildly exaggerated versions of fact, but 'notwithstanding certain peculiarities, a keen and able prospector and good bushman'.<sup>77</sup>

Perhaps Menzies himself should have the last word. As he wrote in the closing pages of his autobiography:

My life has been strenuous and exciting. I have seen empires in the making. I have walked with empire builders. I have felt and seen the surge of humanity. I have been part of it.<sup>78</sup>

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## Endnotes

<sup>1</sup> See Jeremy Mouat, 'Just Now the 'Merican expert is the Prominent Man': American mining engineers and the Australian mining industry 1880s-1910s', *Journal of Australasian Mining History*, vol. 6, September 2008, pp. 136-149.

<sup>2</sup> See Geoffrey Blainey, 'A brief history of BHP Billiton', *Journal of Australasian Mining History*, vol. 8, September 2010, pp. 26, 27, 30. See also Roy Bridges, *From Silver to Steel: the romance of the Broken Hill Proprietary*, Melbourne, 1920, p. 174; Geoffrey Blainey, *The Rush That Never Ended*, Melbourne 1963, pp. 154, 155 for Herman Schlapp, pp. 154-157, for William H. Patton, p. 176, for Dr E.D. Peters, and p. 222 for Robert Carl Sticht; Brian R. Hill, 'Exciting career of an obscure mining entrepreneur: David Ziman (1862-1920)', *Journal of Australasian Mining History*, vol. 7, September 2009, p. 160, for Foster and the impact of the American experts on Reefton.

<sup>3</sup> See Ronald H. Limbaugh, 'There is a game against us': W.J. Loring's Troubled Years as Bewick-Moreing Company's General Manager and Partner in Western Australia, 1905-1912', *Journal of Australasian Mining History*, vol. 2, September 2004, pp. 90-114; and Geoffrey Blainey, 'Herbert Hoover's Forgotten Years', *Business Archives and History*, vol. 3, 1963, pp. 53-70.

<sup>4</sup> Geoffrey Blainey, *The Peaks of Lyell*, Melbourne 1954, p. 254.

<sup>5</sup> Philip Hart, 'Australian Capital in New Zealand: The Te Aroha Silver and Gold Mining Company', *Journal of Australasian Mining History*, vol. 2, September 2004, pp. 35-53.

<sup>6</sup> P. Galvin, *The New Zealand Mining Handbook*, Wellington, 1906, p. 27.

<sup>7</sup> Geoffrey Blainey, *The Rise of Broken Hill*, Melbourne 1968, pp. 44, 57, 58, 88.

<sup>8</sup> See Hart, 'Australian Capital in New Zealand.' pp. 45-49.

<sup>9</sup> S. Herbert Frankel, 'Gold and International Equity Investment,' *Hobart Paper* 45, 1969, p. 22.

<sup>10</sup> 'Menzies Barossa Gold Mine: Starting of the Battery', *South Australian Register*, 10 March 1898.

<sup>11</sup> C.M. Horn and W.P. Fradd, 'Gold mining in South Australia. The first fifty years', in Jonathan Selby (ed.), *South Australia's Mining Heritage*, Adelaide, 1987, pp. 78, 82.

<sup>12</sup> Another 45 ounces of gold were subsequently recovered from the clean up of the mill, but this belated additional recovery was immaterial in the scheme of things.

<sup>13</sup> Shire of Menzies, 'A Brief History of Menzies', Menzies, nd.

<sup>14</sup> These companies included the Warrior Menzies Gold Mining Company floated in 1894, and the Menzies Sunbeam Gold Mining Company NL, Whitfield Menzies Gold Mining Syndicate NL, Menzies Lady Mary Gold Mining Syndicate NL, Menzies Tornado Gold Mining Company NL, Menzies Lady Sherry Gold Mining Company NL, and Adelaide Menzies Gold Mining Syndicate NL.

<sup>15</sup> The Rt. Hon. Leslie Robert Menzies F.R.G.S., *A Gold Seeker's Odyssey*, London, 1937.

<sup>16</sup> Sir John Kirwan, 'Early Goldfields Days: Some Strange Stories', *Kalgoorlie Miner*, Kalgoorlie, 18 April 1940.

<sup>17</sup> H.Y.L. Brown, *Record of the Mines of South Australia*, Adelaide. 1908, p. 202. According to Horn and Fradd, 'Gold mining in South Australia', p. 73, the Barossa gold field is ranked as South Australia's second largest gold producer with an estimated 100,000 ounces.

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<sup>18</sup> These included the nearby Lady Alice mine at Para Wirra, and mines at Birdwood and Mount Pleasant. See Brown, *Record of The Mines of South Australia*, pp. 261, 270, 277.

<sup>19</sup> 'Amended Prospectus of The Lady Pearce Gold Mining Company NL', September 1895, file 94/1895, State Records South Australia [SRSA].

<sup>20</sup> 'Royal Phoenix Gold Mining Company NL', files 31/1898 and 18/1898, SRSA. See also Greg Drew, 'The Barossa goldfield: A guide to the walking trail,' Mines and Energy SA, pamphlet, Adelaide 1996.

<sup>21</sup> Geoffrey Blainey, 'Lost Causes of the Jameson Raid, *Economic History Review*, vol. XVIII:2, 1965, pp. 350-66.

<sup>22</sup> David Kynaston, *The City of London. Vol II. The Golden Years 1890-1914*, London, 1995, p 110.

<sup>23</sup> The Lady Shenton Gold Mine Ltd was formed in January 1895 to acquire for 140,000 free shares of £1 each, the lease that Menzies had pegged for the syndicate. The company then issued 20,000 £1 shares for cash to the public. It regularly paid quarterly dividends of 1s. a share. Menzies was not a director. See *The Mining Manual*, London, 1899, p. 179. For the mine's subsequent history see Malcolm Uren, *Glint of Gold*, Adelaide, 1948, p. 263.

<sup>24</sup> 'South Australian Mining: The Menzies Barossa Mine: Progress and Developments', *South Australian Advertiser*, 2 October 1897.

<sup>25</sup> 'Prospectus of The Lady Pearce Gold Mining Company NL', Adelaide, September 1895, file 94/1895, SRSA.

<sup>26</sup> In addition to local politician, Hon. Jas. Martin MLC of Gawler, the original syndicate directors with Menzies were Perth associates of his, Sir George Shenton and H.S. Parker QC. The company directors were J.T. Bright and E. Lucas, together with Martin and Menzies.

<sup>27</sup> 'Prospectus of Menzies Barossa Gold Mining Syndicate NL', Adelaide, June 1896, file 94/1895, SRSA.

<sup>28</sup> Or had their name changed to include the name Menzies in their title like Malcolm's Barossa Mine renamed the Menzies Welcome? See Nic Klaasen, 'Menzies Gold Mine, Barossa Goldfield', Flinders Ranges Research, Adelaide, nd.

<sup>29</sup> 'South Australian Mining. The Menzies Barossa Mine: Progress and Developments', *South Australian Advertiser*, 2 October 1897.

<sup>30</sup> The vendors of the property who were not named, but possibly included Menzies in their number, received £750 cash and 200 free shares of £10 each in the Barossa North Gold Mining Syndicate, which then had 600 shares of £10 each issued. After the cash issue, the Syndicate was reformed into a no liability company of 60,000 shares of 10s, with each share in the Syndicate receiving 100 shares paid up to 5s.

<sup>31</sup> 'Prospectus of Menzies Barossa North Gold Mining Company NL', October 1896, file 178/1896, SRSA.

<sup>32</sup> *Ibid.*

<sup>33</sup> See Menzies Barossa North Gold Mining Company NL (in Liquidation), 'Statement of Receipts and Payments from October 10, 1899 to October 9, 1900', file 178/1896, SRSA. The liquidation dividend of 2d per £1 share totalled £416.13s.4d.

<sup>34</sup> 'Menzies Barossa Mine: The Crushing Machinery', *South Australian Advertiser*, 9 April 1898.

<sup>35</sup> See Brown, *Record of The Mines of South Australia*, pp. 206-208 for a very complete description of the mine workings.

<sup>36</sup> 'Mining in South Australia. The Menzies Barossa Battery: Starting The Machinery', *South Australian Advertiser*, 10 March 1898.

<sup>37</sup> 'Menzies Barossa Gold Mine: Starting of the Battery', *South Australian Register*, 10 March 1898.

<sup>38</sup> A drag was a type of stagecoach that was drawn by four horses. Menzies had to scour the country districts to assemble sufficient drags to convey the 200 guests to the mine for the opening ceremony.

<sup>39</sup> The source for the description of the mine opening ceremony is the *South Australian Advertiser* of 9 April 1898, and the *South Australian Register*, 10 March 1898. Both Adelaide newspapers carried comprehensive reports of the function, reporting the speeches in detail.

<sup>40</sup> 'Menzies Barossa Gold Mine: Starting of the Battery', *South Australian Register*, 10 March 1898.

<sup>41</sup> An ounce contains 20 dwts, and 24 grains comprise a pennyweight, so an ounce contains 480 grains.

<sup>42</sup> 'Menzies Barossa', *South Australian Advertiser*, 26 March 1898.

<sup>43</sup> 'Mr T.R. Bright Interviewed', *South Australian Register*, 25 April 1898.

<sup>44</sup> 'A Blow To The Mining Industry. Menzies Barossa Mine: A Miserable Crushing: An Explanation Needed', *South Australian Register*, 25 April 1898; 'The Menzies Barossa Mine', *South Australian Advertiser*, 26 April 1898.

<sup>45</sup> 'The Menzies Barossa Fiasco', *South Australian Register*, 26 April 1898.

<sup>46</sup> 'Mr T R. Bright Interviewed', *South Australian Register*, 25 April 1898.



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- <sup>47</sup> Brown, 'Menziess Barossa,' *Record of the Mines of South Australia*, pp. 206-208. Brown's report was published in full in both the *South Australian Advertiser* and the *South Australian Register*, 24 May 1898.
- <sup>48</sup> 'Menziess Barossa. Meeting of Shareholders: Sharp Cross Firing: A Try-again Policy', *South Australian Advertiser*, 17 June 1898.
- <sup>49</sup> See Menziess' report to the Directors of the Menziess Barossa Gold Mining Company NL, detailed in 'Menziess Barossa', *South Australian Register*, 26 April 1897.
- <sup>50</sup> *Ibid.*
- <sup>51</sup> One newspaper report ['A Trip To Barossa', *South Australian Advertiser*, 23 February 1898] states that one party of experts from the Golden Mile comprising T. Hewitson, manager of the Ivanhoe mine in Western Australia, and G.W. Kelly, the Ivanhoe's consulting engineer, and F.H. Pratt, constructing engineer of the Lake View Consols, were loud in their praise of the mine and its plant following a visit when it was being developed. When the visitors were 'shown stone that was dotted with the precious metal', they expressed the opinion that 'the present effort would be a success'.
- <sup>52</sup> 'The Menziess Barossa Mine', *South Australian Advertiser*, 29 April 1898.
- <sup>53</sup> 'Menziess Barossa Mine: Shareholders' Meeting At Gawler', *South Australian Advertiser*, 4 May 1898.
- <sup>54</sup> E.E. Nesbit, 'The Menziess Barossa crushing', *South Australian Register*, 2 May 1898.
- <sup>55</sup> 'Menziess Barossa. Meeting of Shareholders: Sharp Cross-Firing: A Try Again Policy', *South Australian Register*, 17 June 1898.
- <sup>56</sup> Brown, 'Menziess Barossa,' *Record of the Mines of South Australia*, p. 206.
- <sup>57</sup> The £3,000 realised from the sale of all the plant and mining equipment paid the company's creditors. The mining leases were eventually forfeited for non-payment of rent.
- <sup>58</sup> Brian R. Hill, 'New Zealand's 1896 Mining Boom,' *Journal of Australasian Mining History*, vol. 8, 2010, p. 140.
- <sup>59</sup> 'The Menziess Barossa Mine. Explanations and Assurances: Statements by Messrs. Menziess and Redmond', *South Australian Register*, 26 April 1898.
- <sup>60</sup> Geoffrey Blainey, *The Rush That Never Ended*, Melbourne 1963, pb. edn, p. 178.
- <sup>61</sup> *Ibid.*
- <sup>62</sup> Menziess' name does not appear in the list of the Royal Geographic Society's Gold Medal winners, but Sir John Forrest's name does. I thank Prof. Matthew Tonts of the University of Western Australia for kindly providing me with the complete list of Gold Medal winners of the Royal Geographic Society.
- <sup>63</sup> The three knights named were all members of the Shenton syndicate that Menziess had represented and they had all made very considerable profits from their investment. It is not unlikely that the dinner Menziess described took place, but it would have been a convivial, cheerful celebration marked by extravagantly jovial speeches.
- <sup>64</sup> Menziess, *A Gold Seeker's Odyssey*, p. 206.
- <sup>65</sup> This comment is not included in the London edition of Menziess' biography, which also omits reference to the Gold Medal of the Fellowship of the Royal Geographical Society of London. The title page of the London edition also omits the honorific 'The Right Honourable' and the letters FRGS from Menziess' name as author.
- <sup>66</sup> Malcolm Uren, *Glint of Gold*, Melbourne, 1948, p. 42.
- <sup>67</sup> 'Goanna Jack,' 'Debunking an Odyssey: Tall tales of the 'Fields', *Kalgoorlie Miner*, 11 February 1938.
- <sup>68</sup> Blainey, *The Rush That Never Ended*, p. 183.
- <sup>69</sup> Sir John Kirwan, 'Early Goldfields Days: Some Strange Stories', *Kalgoorlie Miner*, 18 April 1940.
- <sup>70</sup> Peter J. Bridge, 'Biographical Notes on the Author', Hesperian Press edition of *A Gold Seeker's Odyssey*, Perth, 2004, p. viii.
- <sup>71</sup> *Sunday Times* (Perth), 27 October 1912, p. 33.
- <sup>72</sup> Menziess arrived in San Francisco on the *Ventura* from Sydney on 18 August 1915. The ship's manifest showed he was 55 years old, and that he was a 'mining engineer'.
- <sup>73</sup> Menziess, *A Gold Seeker's Odyssey*, p. 276.
- <sup>74</sup> I thank Mr G.J. Chris Graves, of Newcastle, California, for this information, and also for the information provided in notes 72 and 76.
- <sup>75</sup> 'Obituary: Leslie R. Menziess', *Santa Monica Evening Outlook*, Santa Monica, 26 December 1939.
- <sup>76</sup> Menziess himself contributed to the confusion concerning his age: in the US Federal census of 1930 Menziess said he was born in Maryland in 1868. He reported that his father was born in Germany and his mother in England. His wife, Louise, was born in Australia in 1884. Their daughter, Louise who was born in Australia in 1899 died at the age of 91 on 22 August 1991, in Upland, California.
- <sup>77</sup> Sir John Kirwan, 'Discoverer of Menziess: Story of the Find', *Kalgoorlie Miner*, 16 April 1940.
- <sup>78</sup> Menziess, *A Gold Seeker's Odyssey*, p. 277.