

COMPANY FORMATION IN THE TE AROHA MINING DISTRICT IN
THE 1930s

Philip Hart

Te Aroha Mining District Working Papers

No. 105

2016

Historical Research Unit
Faculty of Arts & Social Sciences
The University of Waikato
Private Bag 3105
Hamilton, New Zealand

ISSN: 2463-6266

© 2016 Philip Hart

Contact: prhart1940@gmail.com



THE UNIVERSITY OF
WAIKATO
Te Whare Wānanga o Waikato

COMPANY FORMATION IN THE TE AROHA MINING DISTRICT IN THE 1930s

Abstract: *During the early years of the Depression, a few investors sought to form companies to rework almost every portion of the Te Aroha Mining District. Some flotations failed, and even when companies were formed very little work was done. A wide variety of people were promoters and investors, very few of whom had any mining knowledge or access to capital. Competition for ground and low commercial morality led to conflicts and exaggerated claims (notably that Te Aroha's lodes were linked to Karangahake and Waihi). The Mines Department, anxious to prevent misinformation about these ventures being used to extract money from the gullible and also anxious to defend the industry from harm, was concerned about fraudulent assays and misleading reports from self-proclaimed 'experts'. All these under-capitalized ventures quickly failed, for what little development took place quickly revealed the poverty of the ore.*

These syndicates and companies are dealt with chronologically.

THE NGAHERE GOLD PROSPECTING COMPANY

The Ngahere Gold Prospecting Company was the only one to be formed before the Depression, having been established in 1925 to acquire a dredging claim near Blackball, on the West Coast of the South Island. Three years later, an attempt to sell the company to the Dredging Corporation operating in Malaya failed.¹ By mid-1930, lack of funds forced it to cease operations and surrender its dredging claim and water races.² In early 1932, through John William McCoy,³ it acquired an option to buy the Bonanza, Cadman, and other Waiorongomai claims owned by James Alexander Pond.⁴ Having sufficient funds to start prospecting, it announced

¹ Company Files, BADZ 5181, box 491 no. 2867, ANZ-A.

² Minister of Mines to Secretary, Ngahere Gold Prospecting Company, 4 July 1930, Mines Department, MD 1, 10/12/9, ANZ-W.

³ See paper on prospectors and investors in the Te Aroha Mining District in the 1930s.

⁴ See paper on his life.

plans to drive a low level.⁵ High-grade ore was reportedly found on the surface, and the Bonanza low level would cut four reefs; if these were payable at depth, the company would ‘resume milling from all points’.⁶ By July, the 150-foot-long low level had struck stone so hard that driving was ‘too expensive’ until a rock drilling plant was installed, but bringing machinery up the lower road was impossible because the council’s quarry had destroyed part of it.⁷ McCoy, the chairman of directors, asked for assistance from the county engineer to restore the road, otherwise it might ‘be necessary to suspend operations until this difficulty has been overcome’.⁸ When assistance was declined,⁹ he informed the Mines Department that his company, under an arrangement with the local unemployment committee, had supplied tools and paid for the supervision, transport and insurance of the six relief workers clearing the road, and asked it to force the council to repair its damage.¹⁰ A Works Department engineer confirmed that at the quarry there was ‘a chasm’ about three chains long where the road had been; to obtain suitable grades about 15 chains would have to be reconstructed. Using unemployed labour it might be possible to make a rough track and winch the machinery over the chasm, which ‘would not be much hardship’ compared with other mining operations.¹¹ As the Works Department would not assist because the road was not a legal one,¹² the repairs were not made.

⁵ Press cutting from *Evening Post*, 8 April 1932, Mines Department, MD 1, 10/7/23, ANZ-W; J.F. Downey to Warden, 26 October 1932, Te Aroha Warden’s Court, Mining Applications 1932, 35/1932, BCDG 11289/2a, ANZ-A.

⁶ Press cutting from *Evening Post*, 12 May 1932, Mines Department, MD 1, 10/7/23, ANZ-W.

⁷ Ngahere Gold Prospecting Company to Under-Secretary, Mines Department, 25 July 1932, Mines Department, MD 1, 21/2/4, ANZ-W.

⁸ J.W. McCoy to Chairman, Piako County Council, 8 July 1932, Public Works Department, BAAS 5113, A269/21, ANZ-A.

⁹ Ngahere Gold Prospecting Company to Under-Secretary, Mines Department, 25 July 1932, Mines Department, MD 1, 21/2/4, ANZ-W.

¹⁰ J.W. McCoy to Under-Secretary, Mines Department, 25 July 1932, Public Works Department, BAAS 5113, A269/21, ANZ-A.

¹¹ W. Smith (Paeroa Works Office) to Assistant Engineer, Public Works Department, Paeroa, 29 August 1932, Public Works Department, BAAS 5113, A269/21, ANZ-A.

¹² Under-Secretary, Works Department, to J.W. McCoy, 5 November 1932, Public Works Department, BAAS 5113, A269/21, ANZ-A.

In October, Pond informed the mining inspector, John Francis Downey, that he had visited the mine 'to advise regarding the two main lodes'. He was 'pleased at the progress being made in clearing and retimbering the old Waiorongomai drive to the face'; its extension would cut 'the Bonanza and other lodes at a considerable depth'.¹³ Downey was not impressed, for the work done 'mainly, if not entirely', consisted of 'cleaning up and repairing of an old level, two men being employed, and even these not regularly for the whole time'.¹⁴ Work ceased soon afterwards, and by May 1933 the company was in liquidation, shareholders being required to provide funds to pay outstanding rents owing on its claims.¹⁵

MILTON & CO (N.Z.) LTD

Robert Milton Scelly¹⁶ helped float several companies to work the northwestern side of the mountain from near the peak to the Mangakino Valley. The most important, Milton & Co (N.Z.) Ltd, registered on 6 September 1932, intended to work claims and be commission agents and underwriters. The initial capital of £5,000 in £1 shares was increased to £6,000 in October 1933. The company was formed by Scelly, its secretary, and its two directors, Ernest Charles Culpan, an Auckland clerk, and Clifford Leaman Sanderson, an agent based in Auckland.¹⁷ The career of Culpan has not been traced; Sanderson, at first a land agent and then a salesman, would invest in Harakeke Mines Ltd in 1934, dying in June 1937, aged only 48.¹⁸

By August 1933, 4,2730 shares had been allotted, of which 1,500 were fully paid up. Culpan and Sanderson, as the vendors, each received 50 fully paid up shares, while Scelly had 1,600, 1,400 being fully paid up. The next

¹³ J.A. Pond to J.F. Downey, 11 October 1932, Inspector of Mines, BBDO 10046, A902, MM8, ANZ-A.

¹⁴ J.F. Downey to Warden, 26 October 1932, Te Aroha Warden's Court, Mining Applications 1932, 35/1932, BCDG 11289/2a, ANZ-A.

¹⁵ Horace McCoy to Receiver of Gold Revenue, Te Aroha, 12 May 1933, Te Aroha Warden's Court, Mining Applications 1933, 3/1933, BCDG 11289/2a, ANZ-A.

¹⁶ See paper on prospectors and investors in the Te Aroha Mining District in the 1930s.

¹⁷ Company Files, BADZ 5181, box 665 no. 4292, ANZ-A.

¹⁸ See advertisement, *New Zealand Herald*, 30 August 1928, p. 18; *Evening Post*, 19 September 1934, p. 12; Death Certificate of Clifford Leaman Sanderson, 10 June 1937, 1937/23946, BDM; *New Zealand Herald*, 11 June 1937, p. 1.

largest shareholding was 200 held by a ‘gentleman’ of Mission Bay, Auckland. Eight shareholders each had 100, one had 60, and the remaining 34 had 50 or less, the lowest holding being 20. Amongst the shareholders the following were notable: Herbert Holroyd, long involved in the wool business before becoming manager of the Wanganui Woollen Mills,¹⁹ who would be a director of Te Aroha Gold Mines in 1933; Caroline Deeble, mother of William John Deeble,²⁰ a Tuakau butcher and during the 1930s the owner of a prospecting license at Te Aroha;²¹ and Margaret Clark Boyd and Edward Boyd, a farmer at Leamington, Cambridge, who would both invest in the Huia Syndicate Ltd. Holroyd and the Boyds each held 100 shares. The remaining shareholders were concentrated in Auckland and Taranaki. Auckland had nine shareholders, and there was one each at Drury and Paerata. New Plymouth, Hawera, and Inglewood had three each, Stratford, Waverley, and Waitara two each, and there was one each at Opunake, Okato, and Eltham. Whanganui had three. Of the Waitako shareholders, one each lived at Hamilton, Cambridge, Waharoa, and Te Rore, plus three at Te Aroha. Not including the shareholders noted above, there were eight farmers, four married women, three mercers, two each of baker, company managers, hotelkeepers, engineers, and storekeepers, and one jeweller, bank manager, foreman, furnisher, butcher, clerk, solicitor, saddler, gentleman, photographer, ironmonger, accountant, agent, and draper. On 18 September 1933, 625 shares were allotted to an additional 13 shareholders. One was a professor at Victoria University College in Wellington, six lived at Palmerston North, one each at Feilding and New Plymouth, and four at Auckland. There were two each of company directors, bakers, accountants, and doctors, along with a department store manager, a dentist, a merchant, and an electrical engineer. On 13 October, 220 shares were allotted to five shareholders, four of them new ones: a draper of Bulls, a baker of Taihape, a commercial traveller of Whanganui, and a company manager of Tauranga. Twelve shareholders, 11 being new ones, were allotted 445 shares on 23 November. Four lived in Auckland, three in Hawera, two in Palmerston North, and one each at Foxton and New Plymouth. There was a firm of shopkeepers, a grocer, an accountant, a solicitor, a storekeeper, a dentist, a doctor, a chemist, a draper, a company

¹⁹ See *Evening Post*, 28 October 1915, p. 8, 25 August 1937, p. 8; see also 30 November 1939, p. 15.

²⁰ See Birth Certificate of William Deeble, 13 August 1866, 1865/25084, BDM.

²¹ See paper on prospectors and investors in the Te Aroha Mining District in the 1930s.

secretary, and a milk vendor. On 11 December, 335 shares were allotted to nine people, eight of them new shareholders. Auckland, Taumarunui, and Dannevirke had two each, and Paeroa and Ngatea one each; there were two accountants, two chemists, and a doctor, a builder, a schoolmaster, and a storekeeper. By January 1934, 4,335 shares had been subscribed (including the 1,500 not paid for in cash), calls totaling £3,955 had been made but £525 5s had not been paid, and four shareholders had sold their shares. The last allotment was on 2 July 1934, when a Masterton dentist and his wife both acquired 50 shares.²²

In March 1933, Sir Edwin Mitchelson²³ informed the Mines Department that he had been negotiating to sell his Tui Special Quartz Claim to Milton & Co.²⁴ During the ten years he held this he claimed to have spent £1,300, but at the age of 89 had decided to sell it.²⁵ By the following month the company had paid £600 for an option to purchase; it claimed it would erect a battery costing from £50,000 to £60,000.²⁶ After the mine was purchased in September, two men started clearing out and retimbering No. 4 drive. No work was done on any other level, and no ore was taken out.²⁷ As well as acquiring the old Tui mine, the company obtained prospecting licenses in June 1933 and August 1934.²⁸

In November 1933, when Northern Goldfields Ltd sought protection of its prospecting licenses, Milton & Co sought their forfeiture for being unworked.²⁹ When the first plaint was heard in December, Milton & Co, which owned an adjoining property, claimed it wanted to acquire the disputed ground ‘to work it properly and efficiently’, for the owners were not prospecting it. Scelly said that his company proposed to install machinery costing about £70,000, and that if this land was acquired ‘drives could be

²² Company Files, BADZ 5181, box 665 no. 4292, ANZ-A.

²³ See paper on Henry Hopper Adams.

²⁴ Edwin Mitchelson to Under-Secretary, Mines Department, 28 March 1933, Mines Department, MD 1, 10/9/25, ANZ-W.

²⁵ Te Aroha Warden’s Court, Mining Applications 1933, 1/1933, BCDG 11289/2a, ANZ-A.

²⁶ Te Aroha Warden’s Court, Mining Applications 1933, 17/1933, BCDG 11289/2a, ANZ-A; Warden’s Court, *Te Aroha News*, 12 June 1933, p. 1.

²⁷ Milton & Co. to J.F. Downey, 7 March 1934, Mines Department, MD 1, 12/408, ANZ-W.

²⁸ Te Aroha Warden’s Court, Register of Mining Privileges 1933-1972, folios 35, 55, BBAV 11500/5a, ANZ-A.

²⁹ Te Aroha Warden’s Court, Mining Applications 1933, 54-58/1933, BCDG 11289/2a, ANZ-A.

commenced and the reefs and the whole place properly prospected. He claimed that the holders were holding the area for speculative purposes, as they were selling vendor shares instead of company's shares to carry on with', whereas his company 'had prospected all areas which it held'. In response to an unrecorded question, he denied having

approached a director of the Northern Goldfields recently inviting him to work "a slinter" ['a fast one']³⁰ and run with his company for a consideration.... He did not know the directors of the Northern Goldfields Co, and did not think it was a strong company.... His company had been employed eight or nine men on the adjoining claims. Much time had been spent on assaying at the company's own plant at Auckland. About £1200 had been expended on wages here and at Auckland, while £250 had been paid to engineers.

Walter Joseph Gibbs³¹ insisted Northern Goldfields intended to work its ground. Frank Kingsley Burrell, then an Auckland agent but later a Whangarei publican who would die of tuberculosis in 1943 aged only 38,³² and who had been a vendor when Northern Goldfields acquired its Te Aroha ground,³³ corroborated. He stated that Scelly had visited him at his home recently and suggested that Northern Goldfields 'let the Huia section go' and that Burrell should acquire it from Gibbs and sell it to Scelly's company. 'Scelly had offered to split any proceeds there from with him'. In his judgment, the warden ignored Scelly's reported machinations but noted that 'the plaintiff company had already held an option over the area and failed to exercise it'. Because some work had been done, he fined Northern Goldfields £10 instead of forfeiting its ground.³⁴

In June 1935, Milton & Co was successfully sued by Robert Anderson Cochrane,³⁵ one of its miners, to enforce payment of £22 for wages.³⁶ As it still did not pay, in February 1936 it was taken to court again. By then it

³⁰ *The Dictionary of New Zealand English*, ed. H.W. Orsman (Oxford, 1997), p. 743.

³¹ See paper on prospectors and investors in the Te Aroha Mining District in the 1930s.

³² See *New Zealand Herald*, 17 January 1940, p. 11; Death Certificate of Frank Kingsley Burrell, 4 July 1943, 1943/31305, BDM.

³³ Company Files, BADZ 5181, box 680 no. 4419, ANZ-A.

³⁴ Warden's Court, *Te Aroha News*, 18 December 1933, p. 5.

³⁵ See chapter on prospectors and investors in the Te Aroha Mining District in the 1930s.

³⁶ Te Aroha Magistrate's Court, Civil Record Book 1930-1933, 101/1935, BCDG 11221/7a, ANZ-A.

was in liquidation and Scelly, being ‘merely secretary for the Company’, denied having ‘any individual responsibility’. Although attempts by Cochrane’s lawyers to obtain access to its books to discover what had been paid to employees had failed, Scelly’s solicitor had promised that the debt would be paid. Scelly argued that ‘its creditors had no right to shoulder their claims onto him as an individual. Furthermore, whatever Scelly’s solicitor had promised in a letter, he had no authority to do so’ unless so instructed. Scelly’s solicitor explained that ‘he had visited many of the company’s shareholders and had obtained from them assurances that certain monies would be subscribed to meet outstanding liabilities. It was on that account that he had written intimating that Cochrane’s claim would be met’. The books had not been written up after the company ceased functioning. Because the magistrate required clarification of the facts, he adjourned the case.³⁷ Over the succeeding three months, Cochrane’s solicitor applied to inspect the books to determine ‘the exact relationship’ between the company and Scelly, but despite repeated requests access was denied, leading the magistrate to determine that, as there had been an attempt to avoid revealing this relationship, Scelly must pay the £30 himself.³⁸

NORMAN EDWARD BLOMFIELD PLANS TO FORM A SYNDICATE ... MAYBE

Another example of suspect commercial morality was revealed in June 1933, when Norman Edward Blomfield, a Hamilton agent, sought the forfeiture of the Tui Special Quartz Claim from Mitchelson.³⁹ Earlier a farmer, by 1931 Blomfield was the Hamilton manager of the Texas Company.⁴⁰ The hearing, which ‘attracted most of the mining community’ in Te Aroha, began with Blomfield’s counsel announcing his client’s inability unable to attend because of a cycle accident. When he argued that Mitchelson should forfeit the ground for not working it since 1922, Mitchelson’s counsel admitted that 15 men had not been employed as

³⁷ *Te Aroha News*, 14 February 1936, p. 5.

³⁸ *Te Aroha News*, 11 May 1936, p. 5.

³⁹ Te Aroha Warden’s Court, *Plaint Book 1899-1947*, Hearing of 8 June 1933, BBAV 11551/1a ANZ-A.

⁴⁰ See Marriage Certificate of Norman Edward Blomfield, 12 December 1922, 1922/7272, BDM; *Hamilton Electoral Roll, 1931*, p. 18.

required and that during investigations to determine whether mining was warranted the ground had not been developed. Noting that Milton & Co had an option to purchase the claim, he suggested that Blomfield had ‘seen a loophole whereby he could victimise Sir Edwin and make money out of him. He had made his application with the idea of gaining a consideration for his withdrawal’. Blomfield ‘had already made overtures to both Sir Edwin and his secretary, offering to withdraw if given £120’, the value he set on the mine. His cycling accident was ‘convenient’, and as he was not a miner but an insurance agent and ‘a money-maker’ he should lose his case. Mitchelson’s private secretary gave evidence that £7,300 had been spent on the mine and that ‘very satisfactory’ tests had been made in England ‘from time to time’. Some weeks previously, he had been visited by

an alleged agent from Blomfield, who said the plaintiff would accept an offer of £220 to withdraw. Later a telegram (produced) was received, in which plaintiff stated, “in view of the Te Aroha Gold Mining Syndicate’s interest £120 is my value on Tui.” In a second visit the same agent had informed witness that Blomfield needed the money to divide amongst his creditors.

Blomfield’s counsel responded that his client’s offer to accept £120 ‘was unknown to him, and he was not prepared for it’, prompting the warden to comment that ‘it must be something of a shock to you’ and determine that the ‘plaintiff had no merits and was endeavouring to take advantage of the circumstances to extract money’. Blomfield’s counsel explained that he had been instructed that Blomfield ‘represented a syndicate of Hamilton businessmen with £4,000 capital, who were prepared to test and work the claim, and that they were in touch with a South Australian company, who would send an expert over to test and treat the ore’. The warden responded that ‘the telegram was a complete “knock-out” to you’, fined Mitchelson £10 in lieu of forfeiture, and ordered Blomfield to pay costs.⁴¹ It must be assumed that Blomfield’s talk of forming a syndicate was a fabrication; he was never again involved in mining, later becoming a farmer once more.⁴²

THE TE AROHA GOLD SYNDICATE LTD

⁴¹ Warden’s Court, *Te Aroha News*, 12 June 1933, p. 1.

⁴² Hamilton Probates, BCDG 4421, 477/1965, ANZ-A.

In 1932 the Te Aroha Gold Syndicate Ltd took over the Huia and contiguous claims at Tui with the intention of forming 'a large company'.⁴³ It acquired its first prospecting license, for 100 acres, in April.⁴⁴ On 4 July, Scelly agreed to sell all his mining rights to enable the formation of a syndicate with the miniscule capital of £2,500. The first directors were William Reginald Hamilton,⁴⁵ Sydney George Brooks Morrison, and Horace Charles Skogsborg Fair; in 1932 the latter two were Auckland salesmen, but Morrison had retired as director by December 1933, when Fair was a merchant.⁴⁶ Morrison had become a land agent in 1925.⁴⁷ In 1937, when his wife divorced him (with his consent), Fair was a commercial traveller.⁴⁸ By the early 1940s, if not earlier, he was a storekeeper at Waitakaruru.⁴⁹ The other initial subscribers were Scelly, Frederick William Maslin, Cyril Cuthbert Frank Heywood, and Charles Raymond Gallie; all were then clerks living in Auckland.⁵⁰ When Maslin died in 1977 he was a retired civil servant who left a mere \$2,976.⁵¹ Gallie, who when he died in 1978 was a retired stationer living at Papatoetoe, left a valueless estate.⁵²

All shares in the syndicate were purchased, £1 being paid up on each one. The smallest holdings, by a salesman and a billiard saloon proprietor, were of five shares each; the largest was the 256 held by Scelly, who was the company's secretary. By December 1934, three Auckland accountants had sold their shares, leaving 55 shareholders. Of these, 32 lived in Auckland and suburbs, five at Pokeno, three at Hamilton, two each at Cambridge, Te Awamutu, and Tuakau, and one each at Whangerei, Rotorua, East Tamaki, Waharoa, Tuhikaramea, Matamata, Pukekohe, Rototuna, and Te Aroha. There were nine farmers, eight married women, three each of retired, butchers, agents, and gentlemen, two each of bakers,

⁴³ *AJHR*, 1933, C-2, p. 28.

⁴⁴ 'Prospectus of Te Aroha-Karangahake Gold Mine Ltd', p. 18, Company Files, BADZ 5181, box 648 no. 4152, ANZ-A.

⁴⁵ See paper on prospectors and investors in the Te Aroha Mining District in the 1930s.

⁴⁶ Company Files, BADZ 5181, box 661 no. 4258, ANZ-A.

⁴⁷ Advertisement, *New Zealand Herald*, 6 May 1925, p. 6.

⁴⁸ Supreme Court, Divorce Files, BBAE 4985, D90/1937, ANZ-A.

⁴⁹ Advertisement, *New Zealand Herald*, 5 June 1942, p. 1; *Auckland Star*, 30 March 1944, p. 2, 4 May 1944, p. 6.

⁵⁰ Company Files, BADZ 5181, box 661 no. 4258, ANZ-A.

⁵¹ Probates, ABAJ 21954, W4079, box 171, 341/77, ANZ-W.

⁵² Probates, BBAE 1570, P818/1978, ANZ-A.

motor engineers, company managers, hotelkeepers, and locksmiths, the remainder being one accountant, printer, baker, monumental mason, doctor, chemist, stationer, contractor, merchant, billiard saloon proprietor, builder, solicitor, clerk, salesman, manufacturing milliner, ironmonger, and a Te Aroha saddler.⁵³

To encourage investors, on 10 August a report, printed under the letterhead of the Coromandel School of Mines, was provided by Urquhart Brand Inglis, a mining engineer, metallurgist, geologist, and assayer.⁵⁴ He described the location of the syndicate's 320 acres and its well-defined reefs. The Huia, the most accessible reef, had been traced for about a mile, and 'highly payable gold' had been extracted.

Dish prospects and samples assayed show gold almost wherever tried, and several places where work has been done on the surface and in the levels on the cross reef show high values by assay. Ruby silver is found in places, and the sulphides of zinc, lead, and copper are often high grade in metal-content and carry a little gold and a good deal of silver.

He reproduced five of the samples he had assayed, the lowest being £3 13s 2d per ton and the highest £18 5s 10d. Nearby a 'very large reef' had recently been found by Norman Neilson,⁵⁵ one of the syndicate's prospectors, two samples giving £1 11s 4d and £5 4s 6d. Their leases contained good lodes at Tui and Mangakino, and 'the well-known Talisman Mine at Karangahake lies only 5 miles north of this area on the line of the Te Aroha reefs, and the Waihi field about 10 miles north-east'. Base metals were to be found in abundance, and 'vast amounts of sulphide ore' existed 'below the free-milling or upper zone'. The topography meant mining costs would be low. He explained away the fact of this area not being worked previously by its remoteness and the difficulty of access. As mining had focused on Waiorongomai, prospecting was left to 'one or two old timers who did not reveal where they were working until they were too old to do any more, and they had confined themselves to looking for specimens'. The

⁵³ Company Files, BADZ 5181, box 661 no. 4258, ANZ-A.

⁵⁴ See *Otago Witness*, 9 November 1904, p. 48; Waihi Warden's Court, Mining Registrations 1889-1973, BAFV 13667/5756, 13667/3795, ANZ-A; *New Zealand Herald*, advertisement, 9 February 1923, p. 4, 17 October 1932, p. 10.

⁵⁵ See paper on prospectors and investors in the Te Aroha Mining District in the 1930s.

geological survey published in 1913, 'owing to lack of time and funds', had not examined these reefs. Inglis' conclusion was unqualified:

I have no hesitation, after careful investigation during two recent visits to the property, in stating that there are millions of tons of free-milling ore in sight, and many more millions of tons of sulphide ore certainly existing at depth similar to the ore from which the Talisman Mine at Karangahake obtained about £3,000,000 in gold-silver bullion.

It is quite possible that this untried field contains a vast body of ore of similar nature and value to that found at Karangahake and at Waihi. The geological nature of the country is much the same.

Owing to the ease with which the ore can be extracted and transported to the Treatment Plant, and the gold won, also the value of sulphides saved, and the fact that expensive shaft-sinking, timbering, pumping, and winding are not required here, the cost of winning the values should be very much less than it has been at Waihi or Karangahake.

Never before in New Zealand have such promising prospects been seen in so many large reefs over a large though comparatively compact area, and I have the greatest confidence in stating that if these properties are properly developed with the necessary initial capital, that there is every chance of a large and permanent mining Company being established to the benefit of the shareholders and of The Dominion in general.⁵⁶

This report was markedly more optimistic than earlier ones, and his assay results were much better than those Downey, for instance, had obtained.

When this report was brought to the attention of the Mines Department, the under-secretary, Alfred Henry Kimbell, told Inglis that, as he had not been director of the Coromandel School of Mines 'for several years', he should not use its letterhead for his reports. 'Will you kindly now write to the Syndicate asking it to strike out in the report all references' to this school. He asked whether the syndicate paid for the assays,⁵⁷ the implication being that his assays might not be as objective as those made by a disinterested person. Inglis responded that he had informed the syndicate that this school 'had at present no official Government standing'. His assays

⁵⁶ U.B. Inglis, 'Report on the Te Aroha Gold Syndicate's Properties, Te Aroha, N.Z.', 10 August 1932, Mines Department, MD 1, 12/408, ANZ-W.

⁵⁷ Under-Secretary, Mines Department, to U.B. Inglis, 18 October 1932, Mines Department, MD 1, 12/408, ANZ-W.

had used headed paper he had bought under an arrangement with the school trustees, and were 'paid for indirectly by the syndicate in with the cost of my visits to Te Aroha and report thereon'.⁵⁸

(Inglis, who had worked 'as a mining engineer, etc, in Coromandel' since 1912,⁵⁹ never made a discouraging report on any mine he was asked to inspect.⁶⁰ The Mines Department had been concerned about him as far back as 1921, when the mining inspector reported that, although he had the necessary qualifications for his position, 'owing to the lack of interest taken by the Miners and others' he had 'become somewhat careless, consequently the Local Council had occasion to reprimand him'. He was teaching only one subject relating to mining, junior electricity.⁶¹ The following year, attendance continued to be small, though some of the school council considered that if Inglis 'took more interest in his work', attendance would increase, a view the inspector doubted as the high school taught these subjects.⁶² Consequently, after nearly 11 years in sole charge, Inglis' salary was reduced before he was replaced as director.⁶³ Having failed to obtain another post, including one in the department, when his replacement suddenly resigned he was re-appointed.⁶⁴ At the beginning of 1926, the

⁵⁸ U.B. Inglis to Under-Secretary, Mines Department, 22 October 1932, Mines Department, MD 1, 12/408, ANZ-W.

⁵⁹ U.B. Inglis, 'Notes on the Geology of the Murphy's Hill District Coromandel', 28 September 1934, p. 5, in Urquhart B. Inglis, 'Reports on Gold Mining Claims at Coromandel, 1919-1935' (typescript), MS 471, Library of the Auckland Institute and War Memorial Museum.

⁶⁰ See Urquhart B. Inglis, 'Reports on Gold Mining Claims at Coromandel, 1919-1935' (typescript), MS 471, Library of the Auckland Institute and War Memorial Museum.

⁶¹ Matthew Paul (Inspector of Mines) to Under-Secretary, Mines Department, 23 November 1921, Mines Department, MD 1, 17/1/5, Part 1, ANZ-W.

⁶² Matthew Paul to Under-Secretary, Mines Department, 3 April 1922, Mines Department, MD 1, 17/1/5, Part 1, ANZ-W.

⁶³ Under-Secretary, Mines Department, to Secretary, Coromandel School of Mines, 21 September 1922; U.B. Inglis to Under-Secretary, Mines Department, 23 December 1922; Secretary, Coromandel School of Mines, to Under-Secretary, Mines Department, 6 February 1923, Mines Department, MD 1, 17/1/15, Part 1, ANZ-W.

⁶⁴ U.B. Inglis to Under-Secretary, Mines Department, 11 April 1923; Matthew Paul to Under-Secretary, Mines Department, 3 October 1924; Under-Secretary, Mines Department, to Secretary, Coromandel School of Mines, 3 December 1924; Secretary, Coromandel School of Mines, 9 December 1924, 9 February 1925; Under-Secretary,

school was closed as being superfluous.⁶⁵ Inglis, reduced to working on the roads, encouraged his mining friends to seek his reinstatement, and then (having again failed to obtain a post with the department) used the building for his office.⁶⁶ By 1931 he was on relief work, but although the department refused to re-open the school under his control, it did agree to employ him for one day a week to make assays.⁶⁷ Twelve months later, Downey cautioned the department that he was not in favour of the government paying for his assays:

There are certain features about the way in which the assaying has been done in the past I do not altogether like. For one thing Mr Inglis has been mixing up private assaying with the School work in a way I cannot look upon as satisfactory. He did between 60 and 70 assays for outsiders, which should have been paid for, but no money received from them has been handed to the Trustees. He tells me he bought the materials to do this stuff himself, but I have no means of checking the correctness or otherwise of this, and in any case the business left him open to a good deal of suspicion. Then, there is no saying how the samples were taken, and as far as I am concerned I look upon the assaying of them as merely waste of time and money. Further, for a reason I do not wish to put on papers, but which you can readily surmise, neither the Supervisor nor myself is inclined to place much reliance on the assayer's work. Mr [Henry Franklin] Shepherd [a leading Coromandel mine manager]⁶⁸ certainly places no reliance

Mines Department, to Matthew Paul, 22 May 1925, Mines Department, MD 1, 17/1/15, Part 1, ANZ-W.

⁶⁵ Minister of Education to Minister of Mines, 30 January 1926; Minister of Education to Secretary, Coromandel School of Mines, 19 February 1926, Mines Department, MD 1, 17/1/15, Part 1, ANZ-W.

⁶⁶ U.B. Inglis to Under-Secretary, Mines Department, 15 September 1926; Matthew Paul to Under-Secretary, Mines Department, 10 November 1927; U.B. Inglis to Under-Secretary, Mines Department, 20 November 1927; Secretary, Coromandel School of Mines, to Under-Secretary, Mines Department, 28 June 1928, Mines Department, MD 1, 17/1/15, Part 1, ANZ-W.

⁶⁷ U.B. Inglis to Under-Secretary, Mines Department, 14 March 1931; Under-Secretary, Mines Department, to U.B. Inglis, 23 March 1931; Under-Secretary, Mines Department, to H.F. Shepherd and others, 23 December 1931, Mines Department, MD 1, 17/1/15, Part 1, ANZ-W.

⁶⁸ See Marriage Certificate of Henry Franklin Shepherd, 1897/991, BDM; *Observer*, 29 May 1897, p. 8; *Auckland Star*, 20 May 1897, p. 4; *Ohinemuri Gazette*, 3 August 1921, p. 3.

on it, and has taken no assays to Mr Inglis, preferring to do them himself with a view to getting reliable results.

Inglis did not follow correct procedures in obtaining his materials, and as Downey could see no good resulting from his assaying for prospectors he wanted the samples sent to the Thames School of Mines. And Inglis had worked up a petition to have the school reopened so that he could have a steady job.⁶⁹ Despite these warnings, after visiting Coromandel Kimbell permitted Inglis to spend three days a week, 'at the most', assaying samples provided by Shepherd.⁷⁰ Six months later, the 'Coromandel Mining Executive' decided, 'wisely', Downey thought, to send all its assay work to Thames; Inglis, as honorary secretary of the local miners' and prospectors' association, claimed his members were 'much perturbed' by this decision.⁷¹ Subsequently Shepherd did permit Inglis to continue doing some assaying but under his 'direct control' because 'certain results were not reliable'.⁷² Inglis' continued involvement meant he was 'always at loggerheads with' Hugh Crawford, director of the Thames school.)⁷³

One month after Inglis' report was written, Scelly applied for a battery site at Te Aroha on land suggested by the mayor and town clerk, stating he intended forming a company with a capital of £125,000.⁷⁴ On 21 September, the syndicate purchased Scelly's prospecting license to the north-west of the old Peter Maxwell for £500,⁷⁵ and in October paid Gibbs £325 for an option

⁶⁹ J.F. Downey to Under-Secretary, Mines Department, 10 December 1932; see petition dated 4 July 1932, Mines Department, MD 1, 17/1/15, Part 1, ANZ-W.

⁷⁰ Memorandum by Under-Secretary, Mines Department, 22 December 1932, Mines Department, MD 1, 17/1/15, Part 1, ANZ-W.

⁷¹ J.F. Downey to Under-Secretary, Mines Department, 14 June 1933; U.B. Inglis to Minister of Mines, 21 June 1933, Mines Department, MD 1, 17/1/15, Part 1, ANZ-W.

⁷² Hugh Crawford to Under-Secretary, Mines Department, 30 June 1933, Mines Department, MD 1, 17/1/15, Part 1, ANZ-W.

⁷³ Jim Thorne to Paddy Webb (Minister of Mines), 13 October 1936, Mines Department, MD 1, 17/1/15, Part 1, ANZ-W.

⁷⁴ R.M. Scelly to Commissioner of Crown Lands, Auckland, 13 September 1932, Mines Department, MD 1, 12/408, ANZ-W.

⁷⁵ Te Aroha Warden's Court, Registrations 1932, no. 4140, BCDG 11288/10a; Register of Mining Privileges 1913-1932, folio 219, BBAV 11500/4a, ANZ-A.

over his licenses.⁷⁶ At the beginning of October, when the council considered a request for permission to erect a battery at the end of Russell Street in Ruakaka, Scelly claimed that ‘a good deal’ of the capital had been promised. He wanted a quick decision, for ‘the company was ready to go to the public with its prospectus and did not want to be delayed by any uncertainty about the site’. The plans were grandiose: the mill would run for 24 hours a day and would treat 150 tons daily at first and 500 tons eventually. About 130 workers would be employed within the first 12 months, and there was enough money ‘in sight’ to start work in a couple of months. An aerial tramway would be erected once thorough prospecting was completed. The site was granted.⁷⁷

As was to be expected, the *Te Aroha News* supported this development, and in December gave an enthusiastic account of a visit to the syndicate’s prospecting lease near the top of the mountain.⁷⁸ Asked to report on the planned battery, Downey considered that

if the plant is erected in the immediate future, and before a lot of prospecting is first done, it will not crush very much material. However I am informed the Company does not propose building the battery right away, but will first test its reefs exhaustively by driving adits, etc, on them. So there is a probability the battery may never be built.⁷⁹

At the end of October, after visiting the battery site and discussing the syndicate’s plans with Inglis, Hugh Crawford, and Aucklanders familiar with the field, the Commissioner of Crown Lands reported that he doubted the syndicate had a payable concern.⁸⁰

Arguments soon started about the value of the ore. In October, when urging the Minister of Mines, Charles Edward de la Barca Macmillan, to assist Gibbs to obtain the battery site, one persistent local mining advocate,

⁷⁶ ‘Prospectus of Te-Aroha Karangahake Gold Mine Ltd’, p. 18, Company Files, BADZ 5181, box 648 no. 4152, ANZ-A.

⁷⁷ *Te Aroha News*, 5 October 1932, p. 5.

⁷⁸ *Te Aroha News*, 21 October 1932, p. 4, 9 December 1932, p. 5.

⁷⁹ J.F. Downey to Under-Secretary, Mines Department, 6 October 1932, Mines Department, MD 1, 12/408, ANZ-W.

⁸⁰ Commissioner of Crown Lands to Under-Secretary, Lands and Survey Department, 31 October 1932, Mines Department, MD 1, 12/408, ANZ-W.

Charles Scott,⁸¹ claimed ‘very satisfactory assays’ had been made.⁸² One month later Scelly complained about Kimbell’s refusal to show him Eric Ogilvy Macpherson’s 1932 geological report on the district⁸³ because Macpherson ‘seemed to be circulating very freely from the Hotel where he was staying what he thought of our claim, and it seems hardly fair that these people should know more about Mr McPherson’s investigations than we do ourselves’. Scelly claimed Macpherson had only spent one day investigating his property. ‘He went up via the track and came down via the track, and most he could possibly see of the property was the reef system which is handy to our camp. This by no means covers our reef systems’. It would take a month to check the claims, and Scelly claimed to have proved ‘conclusively’ that the geological survey was ‘incorrect as far as our area is concerned’. He claimed to have received favourable reports from ‘men of very high standing in the mining world’,⁸⁴ unnamed.

Macpherson had had one sample, taken by the owners from the ‘Huia west branch stope’, assayed in Wellington. It produced gold worth £2 15s 4d per ton, which would confirm Inglis’ results,⁸⁵ but because he had not selected it himself questions would remain about the validity of the assay. When inspecting the Mangakino Valley, where the syndicate had some leases,⁸⁶ Macpherson took seven samples, which produced gold valued under 8d in four cases and in three others produced 10d, 1s 2d, and 2s 6d, each containing a small amount of silver in each.⁸⁷

In June 1933, Scelly sent all shareholders a ‘Report on Te Aroha Gold Syndicate’s and Milton & Co’s Property at Te Aroha N.Z.’, provided by its ‘Engineer in Charge’, Arthur Clyde Whiting.⁸⁸ Whiting, an Auckland civil

⁸¹ See paper on prospectors and investors in the Te Aroha Mining District in the 1930s.

⁸² Charles Scott to Minister of Mines, 23 October 1932, Mines Department, MD 1, 12/408, ANZ-W.

⁸³ See paper on mining in the Te Aroha district during the Depression years.

⁸⁴ R.M. Scelly to Under-Secretary, Mines Department, 21 November 1932, Mines Department, MD 1, 12/408, ANZ-W.

⁸⁵ R.L. Andrew to Under-Secretary, Mines Department, 10 November 1932, Mines Department, MD 1, 12/408, ANZ-W.

⁸⁶ *Te Aroha News*, 9 December 1932, p. 5.

⁸⁷ R.L. Andrew to Under-Secretary, Mines Department, 10 November 1932, Mines Department, MD 1, 12/408, ANZ-W.

⁸⁸ R.M. Scelly to William Willis, 14 June 1933, Milton & Co Papers, MS 407, Library of the Auckland Institute and War Memorial Museum.

engineer, who was never mentioned in the press apart from his divorce in 1940, would leave a valueless estate when he died in 1965.⁸⁹ He reported that the 300 acres contained ‘a great number of quartz reefs, the largest being the Champion Lode’, which had been traced for ‘about’ one and a half miles and ‘proved at different places to be from 30 to 50 feet wide’. Several of the ‘many’ branch reefs showed ‘free gold in the dish’, and a newly discovered reef estimated to be about 25 feet wide he believed was a continuation of the Huia reef from which Gibbs, who held the adjoining property, had obtained good assays. Details were given of mining in the 1880s, shareholders being assured that about 50,000 tons, assaying at from £1 10s to £2 per ton, remained to be stoped out. ‘As the most expensive part of the working’, driving the levels, had been done, the ore would be ‘very inexpensive’ to extract and could be ‘treated by a modern plant for a few shillings per ton’, saving from 95 to 97 per cent of the bullion. Several assays were given, the lowest being £1 16s and the highest £13 7s. Although the ‘broken nature of the country and the dense undergrowth’ created considerable difficulties, several more outcrops had been discovered: the reefs had not been traced yet, but most discoveries showed ‘gold in the dish’. This ruggedness would be ‘a great boon’ when mining began because the company could drive ‘directly on to outcropping reefs’ and ‘entirely eliminate “dead working” and costly pumping and winding machinery’. Electric power was nearby, and water and timber were ample, and plans could be viewed at the syndicate’s office. (The cost of erecting a tramway to the battery was not mentioned.) Whiting concluded that there were ‘millions of tons of free milling and sulphide ore’ and that ‘one has only to inspect the properties to become impressed with the immense possibilities of this field’, especially when it was ‘only some 15 miles in a direct line from Waihi and Karangahake from which the Waihi Company has taken some £20,000,000 sterling’,⁹⁰ thereby suggesting that the Waihi lodes continued on to Te Aroha.

In mid-June, Scelly wrote that Milton & Co had ‘been somewhat held up’ by the warden’s court not sitting during the past two months, but

⁸⁹ Company Files, BADZ 5181, box 692 no. 4516; Probates, BBAE 1570, P2060/1965, ANZ-A; *New Zealand Herald*, 10 December 1935, p. 16.

⁹⁰ C. Whiting, ‘Report on Te Aroha Gold Syndicate’s and Milton & Co’s Property at Te Aroha N.Z.’, n.d. [1933], Milton & Co Papers, MS 407, Library of the Auckland Institute and War Memorial Museum.

anticipated placing shares on the market 'within six weeks'.⁹¹ But that was the last to be heard of this syndicate.

TE AROHA-KARANGAHAKE GOLD MINE LTD

Gibbs told the warden that he had approached Scelly 'and with his assistance had formed' the Te Aroha-Karangahake Gold Mine Ltd.⁹² On 21 November 1932, the Te Aroha Gold Syndicate agreed to it obtaining an option over its prospecting license and battery site as well as its option over Gibbs' properties. The syndicate was to receive £5,000 in cash for its prospecting license and £5,000 in cash and 70,000 fully paid-up shares for Gibbs' properties; Gibbs would receive this cash and 20,000 shares.⁹³ The capital of the new company was to be £125,000, in 5s shares; the minimum subscription required before any shares were allotted was 28,000 shares, the amount payable on application being 1s, another 1s to be paid on allotment.⁹⁴

The prospectus, issued on 25 November, was entitled 'Prosperity'. Its 23 pages were attractively printed and included several photographs. One showed two prospectors 'dollying and washing on one of the claims'. Another was an 'aerial view taken over the lower portion of the syndicate's property, showing Waihi in the distance, from which £17,000,000 has been won', again implying a geological link with that field. There was a photo of a miner taking a sample from a drive and another of the same man taking a sample in a 'Rise in one of the Drives out of which 20oz of Gold have been taken'. The others were an aerial view of the proposed battery site and aerial tramway, a panoramic view of the mountain, and an 'aerial view of the Te Aroha ranges, showing proximity of the claims to the famous Waihi mine and the old Talisman mine'. £3,000,000 was written above the Talisman mine, again implying the reefs might be linked, a point made explicit in the company's name. The first paragraph of the foreword was sub-headed 'A Sound Proposition':

⁹¹ R.M. Scelly to William Willis, 14 June 1933, Milton & Co Papers, MS 407, Library of the Auckland Institute and War Memorial Museum.

⁹² Warden's Court, *Te Aroha News*, 18 December 1933, p. 5.

⁹³ 'Prospectus of Te Aroha-Karangahake Gold Mine Ltd', p. 18, Company Files, BADZ 5181, box 648 no. 4152, ANZ-A.

⁹⁴ 'Prospectus of Te Aroha-Karangahake Gold Mine Ltd', pp. 18, 23, Company Files, BADZ 5181, box 648 no. 4152, ANZ-A.

In the history of gold-mining investment, there have been so many “wild-cat” schemes launched by unscrupulous or over-optimistic promoters that the public now views any new proposition of this nature with a suspicious eye. Realising the difficulties experienced by the intending investor in determining the merits or demerits of a new field, the Directors, before placing this issue on the market, have exercised the utmost care in examining the property to be acquired by this Company. Rigid and thorough surveys and tests have been made by competent and independent experts. Perusal of the copies of their reports which appear herein will show that the Directors have every right to recommend with complete confidence this issue for public subscription.

Having thus reassured the cautious, readers were assured that hidden wealth existed in this ‘wild, virgin country, never systematically explored until now’. The ‘enormous quantities of free-milling and refractory stone’ were ‘readily accessible without any preliminary work’, and ‘enough proven ore’ was ‘already exposed to provide for many years’ crushing on a large scale’. This ‘large and wonderful industry’ would ‘prove a great heritage to its individual investors, and an inestimable boon to our country’. A modern battery similar to ones in Australia and British Columbia would be erected. It was intended to absorb the company ‘in a new company capitalised up to £500,000 or more. This capital will be obtained from English financiers, thus ensuring the profits of the Company being held within the Empire’. Potential investors were assured that people with money in English banks that was not earning interest would lend their capital, citing an undated issue of the *New Zealand Herald* to show that large amounts were being offered for other ventures. Working would be done ‘on sound economical lines’.

Inglis’ report was reproduced, unchanged; although the Coromandel School of Mines letterhead was removed, its name appeared at its conclusion. A Hamilton civil engineer and ‘consulting ropeway engineer’ reported on his visit to the ‘Huia Minefield’ (!) and described how easily it could be linked to the battery site by an inexpensive aerial ropeway. The lowest of nine assays done for Gibbs in February 1932 gave £1 0s 3d per ton and the highest £8 7s 8d; two taken from outcrops had exceptional results, £122 7s and £134 11s 6d. A November 1932 report of output in the Waihi mine was printed to prove it had similarly low assays, and although it was ‘one of the greatest gold producers in the world, a comparison of the Waihi

and the Te Aroha-Karangahake Limited Mine will quickly prove that this Company has secured something which is unique in the history of New Zealand gold-mining'. Gibbs' plan of the properties, running from the Huia to the Mangakino Valley, indicated large reefs, and Inglis' assays were included with his report (still headed 'Coromandel School of Mines') to the Te Aroha Gold Syndicate.

Alexander Walter Bird,⁹⁵ described as being the late battery superintendent for the Waihi Grand Junction Company, provided a report on the battery site and treatment plant. After leaving Waihi, Bird was a metallurgist at Neavesville and in 1935 was manager of the Hume Pipe Company in Auckland; when he died in 1956 his occupation was works manager.⁹⁶ His report was accompanied by an illustration of the Alaska Juneau Mill, for he recommended erecting a smaller version of this. Its cost 'should easily be covered by the calling of your shares up to 3/- per 5/- share'. Although he admitted to only having spent a 'very limited' time on the site, he had examined a number of samples and been 'very much impressed with the fine dish prospects of gold obtained from any of the stone I chose'. While acknowledging that only a 'comparatively small amount of prospecting and development' had been done, there was 'evidence of enormous quantities of free milling ore ready to be mined, and from what I saw and the information I have received from mining men of repute, I consider the mine warrants the immediate erection of a reasonably large and up-to-date plant'.

An undated extract from the *Auckland Star* was printed to show the desire expressed at the Ottawa Conference to raise the world price of gold as a way of raising prices generally. Assurances were given that modern mining machinery and processes would overcome earlier difficulties. The 'enormous quantity' of base metals was expected to be very valuable, and the thorough investigations being done were 'very encouraging indeed. A supplement to this Prospectus, dealing in full with this, will probably be issued at a later date'. The final pages included an article from the *New Zealand Herald* about a visit to the 'wild, virgin country' in which indications of gold were found wherever the ore was tested, concluding that

⁹⁵ See New Zealand Defence Force, World War 1 Personnel Records, AABK 18805, W5520, no. 14815, ANZ-W; Hamilton High Court, *Barker v. Bird*, Action Files, BCDG 14616/2, A43, ANZ-A; Supreme Court, *Waikato Argus*, 23 May 1911, p. 2.

⁹⁶ See *Thames Electoral Roll, 1931*, p. 14; *Manakau Electoral Roll, 1935*, p. 18; Probates, BBAE 1570, P1848/1956, ANZ-A.

it was ‘obvious’ Te Aroha was ‘a field worthy of most thorough examination’.⁹⁷ This article, from ‘a correspondent’,⁹⁸ was stylistically very similar to that of other articles on mining written by Ernest D’Esterre, who held prospecting licenses in the district.⁹⁹

The directors were D’Esterre, a journalist who gave his occupation as prospector, Thomas Gladstone Julian,¹⁰⁰ George Herbert Chesterman, late District Public Trustee at Hamilton,¹⁰¹ and Charles Peter Hoiland, a mine manager living in Auckland; none were ‘interested in the promotion of the Company or in any property proposed to be acquired by’ it. Other initial subscribers were Morrison of the Te Aroha Gold Syndicate, whose occupation was given as a traveller, and two other Aucklanders: Douglas Dunedin Nithsdale McGregor, an accountant, and Donald Stewart Burt, a solicitor.¹⁰² By February the following year the directorate had changed, as was revealed when Downey sent the Mines Department a copy of the rather crudely typed enclosure [the typos have been corrected], dated 9 February, issued with the prospectus:

SOME OF THE IMPORTANT FEATURES OF THE TE AROHA-
KARANGAHAKE GOLD MINE

A virgin field of large area containing, without any shadow of doubt, huge quantities of gold bearing quartz. Assays of surface stone all show gold in highly payable quantities. Drives put in have yielded stone of extremely high values, up to 30oz (worth today £225) to the ton. The Government Geologist who examined the property expressed the opinion that a drive at lower levels would in all probability reveal a “Bonanza.”

With the amount of ore in sight and the known value of it, there is no possible chance of original investors in the Company not getting their money back and some profit. There is enough in the base metals to pay very big dividends on the Capital, even if there were no gold at all.

⁹⁷ Prospectus of Te Aroha-Karangahake Gold Mine Ltd, 25 November 1932, Company Files, BADZ 5181, box 648 no. 4152, ANZ-A.

⁹⁸ A Correspondent, ‘Search for Gold: The Te Aroha Range: Wild, Virgin Country: Thorough Tests Needed’, *New Zealand Herald*, 22 March 1932, p. 6.

⁹⁹ See paper on prospectors and investors in the Te Aroha Mining District in the 1930s.

¹⁰⁰ See paper on prospectors and investors in the Te Aroha Mining District in the 1930s.

¹⁰¹ See Hamilton Probates, BCDG 4421, 621/1978, ANZ-A.

¹⁰² ‘Prospectus of Te Aroha-Karangahake Gold Mine Ltd’, 25 November 1932, Company Files, BADZ 5181, box 648 no. 4152, ANZ-A.

The proposal is to instal an initial plant to handle 100 tons per day. A very reliable authority (Mr [Alexander Walter] Bird) estimates the cost of winning the gold and treating won't exceed £1 per ton of quartz. If you study the assays and strike a low average of their value and add 75% to that to get at today's value, you will form some idea of the huge profits to be made on even 100 tons daily. (Waihi treats about 1000 tons daily at the present time)....

Gold Mining is considered by many eminent authorities to be the soundest investment offering today, particularly the mining of quartz reefs of good quality with large quantities to work on.

The Te Aroha field fulfils all the requirements of a first class mining Investment, to the very letter....

INVEST IN A PROPOSITION THAT WILL MAKE YOU A LOT OF MONEY AND AT THE SAME TIME HELP TO ESTABLISH A GOLD MINE THAT WILL BE OF NATIONAL IMPORTANCE AND A BENEFIT TO EVERYBODY IN THIS DOMINION....

Directors: Mr D'Esterre Editor of the Auckland Weekly.
Expert Mining Metallurgist.
Inspected property various times
and taken his own assays.
Supports Inglis' report.
Purchased large parcel of shares.

Mr Hoiland Wealthy man. Sent out here 20 years ago by Financial Institutions in England to obtain mining proposition but could find nothing suitable. This is the only proposition he had invested in in N.Z. or recommended. Has had considerable experience in Africa, New Zealand and other countries. Considered one of the best authorities on mining in New Zealand. Says millions of tons of ore in our field which will yield over £3 per ton on basis of £4 per oz of gold. Supports Inglis' report to the letter. Has thoroughly inspected reef systems at various periods.

Mr Bird Has had considerable experience in the Yukon and The Rand. 17 Years Battery Superintendent at Waihi. Reported on and recommended also

supervised Alexander Mine at Reefton against Government opposition. This mine is paying big dividends.

Supports Inglis' report in all details. Says one of the best low grade mining propositions he has ever seen.

These men, including Mr Inglis, say we have a genuine mining investment which under good management will pay big dividends, and is not a mining gamble like Coromandel, The Thames and other places. They say it will be superior to Waihi as the reefs are larger by far, richer, and easier to work.

The Company proposes to erect a battery of say 100 tons daily capacity to crush ore in sight, pay good dividends, and set aside £20,000 of Capital for further development and then the field will entice English capital of huge amount if required.

Easiest mine to work in New Zealand.

Geologists had never been over the property previously to Govt. Geologist who inspected the reef system last November and says it is a good payable field with enormous possibilities.

We invite inspection by practical men and they can take their own sample of stone.

Prices of Gold taken from Government Hand-Book of Mines:

Thames	3/2/6 per ounce
Coromandel	3/1/6
Waihi	2/15/-
Karangahake	2/15/-
TE AROHA	3/15/-

Syndicate Members prepared to take shares instead of cash.

Just recently stone assaying over 30 ounces to the ton has been taken out of the Huia reef.

Several more reefs discovered since the Prospectus was printed.

Shares selling rapidly.¹⁰³

Downey commented, remarkably calmly in the light of this puffery, that 'very much of this enclosure, as of the general Prospectus, I can only look upon as most unreliable'. He stressed that claims a government geologist had claimed the Huia would produce a bonanza and was a 'good payable field with enormous possibilities' were not to be found in either the 1913 or 1932 reports. As for Hoiland being considered one of the greatest mining authorities in New Zealand, he would be interested 'to know by

¹⁰³ Enclosure with J.F. Downey to Under-Secretary, Mines Department, 15 February 1933, Mines Department, MD 1, 12/408, ANZ-W.

whom he is considered such an eminent authority. I must admit I have never heard of him as a mining man, and as far as I can learn, all my mining acquaintances here are in the same position'. He could not recall Bird having any connection with the Alexander mine and was 'quite sure he at no time supervised the work there. Then what is meant by the remark "against Government opposition" puzzles me completely'.¹⁰⁴

(Charles Peter Hoiland, who had been born in Copenhagen and would be naturalized in 1912,¹⁰⁵ was a blacksmith at Kuaotunu in 1895 when, with an assayer, he patented a method of 'oxidizing cyanide by means of compressed air'.¹⁰⁶ Aged 29 in April 1897,¹⁰⁷ he received a provisional mine manager's warrant to permit him to manage the Cadman and Seddon mines at Waiorongomai.¹⁰⁸ By August he was managing the Grand Result, above the Premier,¹⁰⁹ and driving a tunnel that had hit a leader parallel to the Vulcan reef and was expecting to strike the main lode 'at any moment'. Assays had produced over three ounces of gold to the ton. The claim was 'held by a local syndicate under partial protection pending the introduction of English capital', and many people expected it to be 'one of the probable buttresses of the forthcoming Waiorongomai boom'.¹¹⁰ There was no such boom, and, like so many optimistically christened claims, it did not live up to its name. By 1898, the Montezuma Company had acquired this 'valuable property' and six men were breaking out 100 tons of 'very promising stuff' from the Vulcan lode.¹¹¹ In February, Hoiland was driving a new tunnel and reporting good progress.¹¹² In April, a tramway linked it to the county tramway to enable 50 tons to be sent for testing.¹¹³ The result was not

¹⁰⁴ J.F. Downey to Under-Secretary, Mines Department, 15 February 1933, Mines Department, MD 1, 12/408, ANZ-W.

¹⁰⁵ Probate, AAOM 6030, box 150, no. 1703, ANZ-W.

¹⁰⁶ *New Zealand Gazette*, 22 August 1895, p. 1290.

¹⁰⁷ Marriage Certificate of Charles Peter Hoiland, 2 September 1901, 1901/2917, BDM.

¹⁰⁸ 'Mining Inspectors' Reports on applications for warrant to act as Provisional Mine Manager', no. 176, Mines Department, MD 4, 11/47, ANZ-W.

¹⁰⁹ *Ohinemuri Gazette*, 7 August 1897, p. 5.

¹¹⁰ *Thames Advertiser*, 4 August 1897, p. 3; *Ohinemuri Gazette*, 7 August 1897, p. 5.

¹¹¹ *Te Aroha News*, 1 February 1898, p. 2.

¹¹² *Te Aroha News*, 10 February 1898, p. 2.

¹¹³ *Te Aroha News*, 7 April 1898, p. 2; *AJHR*, 1898, C-3, p. 74, C-3A, p. 53.

revealed, but by March 1899 the syndicate's funds were exhausted,¹¹⁴ and Hoiland ceased to be a mine manager. In 1901, he was an engine fitter.¹¹⁵ In 1933, when reporting on Milton & Co's and the Te Aroha Gold Syndicate's properties, he described himself as 'Late Mining Adviser', Burdett, Coutts & Co, New Zealand & London Finance Corporation Limited, Bankers, London'.¹¹⁶ When he died in 1944, he was an engineer living in Auckland; he left £2,834 0s 9d to his widow.)¹¹⁷

Downey had expressed himself more forcefully to Kimbell just before receiving the typed circular. Writing that the department should not encourage any wild cat schemes, he cited this company as an instance

of how far unscrupulous operators can go. This Company was out for a capital of £125,000 to work the northern end of the field, and recent statements in the daily press have been to the effect that the capital has been fully subscribed. If this is so, all I can say is that I am very sorry for the people who were deluded into putting their money into it. I look upon the flotation as a "wild-cat" of the worst kind, and one that cannot fail to do immeasurable harm to the mining industry.¹¹⁸

In the margin, Kimbell scribbled: 'A wicked flotation'.¹¹⁹

Crawford, similarly concerned, sent a registered letter to the secretary of the Australian Institute of Mining and Metallurgy expressing concern about the flotation of companies with 'very little chance of ever paying their way', and enclosing a copy of the prospectus, 'which may explain a great deal'. Assays were done by an interested party, Gibbs, and as for Inglis'

¹¹⁴ *AJHR*, 1899, C-3A, p. 53; Bank of New Zealand, Ohinemuri Branch, Half-Yearly Balance Book, 31 March 1899, Accounts Closed, Bank of New Zealand Archives, Wellington.

¹¹⁵ Marriage Certificate of Charles Peter Hoiland, 2 September 1901, 1901/2917, BDM.

¹¹⁶ C.P. Hoiland, 'Milton & Co's & Te Aroha Gold Syndicate's Properties at Te Aroha', 7 October 1933, Mines Department, MD 1, 12/408, ANZ-W.

¹¹⁷ Death Certificate of Charles Peter Hoiland, 7 July 1944, 1944/22371, BDM; Probate, AAOM 6030, box 150, no. 13703, ANZ-W.

¹¹⁸ J.F. Downey to Under-Secretary, Mines Department, 10 February 1933, Mines Department, MD 1, 21/2/4, ANZ-W.

¹¹⁹ Marginal comment by Under-Secretary, Mines Department, n.d. [February 1933], on J.F. Downey to Under-Secretary, Mines Department, 10 February 1933, Mines Department, MD 1, 21/2/4, ANZ-W.

assay, 'I doubt if he has parted the Gold and Silver beads obtained from the assays. Mr Inglis has a failing and in my opinion would not be reliable to sample a mine. Mr Colin Fraser would be able to bear out the statement that I have made'.¹²⁰ (Fraser, formerly a geologist in New Zealand, was then a leading figure in Broken Hill mining.)¹²¹ Downey continued to disapprove of Inglis, complaining that none of the trustees of the Coromandel Miners' and Prospectors' Association represented either the business community or the local body, and it had been 'largely brought into existence' by its secretary, Inglis.¹²²

As very little of the property was opened up, it was premature to speak of treatment. In a section marked 'PRIVATE' Crawford noted that all Macpherson's assays were well under £1 per ton, whereas Gibbs, asked to take a sample, produced one of about £2. In March 1932, five tons treated at the Thames School of Mines produced an ounce of bullion valued at £2 12s, and in December five tons gave £20 7s 8d. This information was 'of a private nature but has been quoted to show how the public are being robbed'. Crawford wanted a committee of mining engineers established to provide accurate information to stock exchanges and recommend 'reliable mining Engineers to report on properties'.¹²³

Macpherson, asked whether he had made the statements quoted in the typed circular, responded with a brief telegram: 'Prospectus nonsense and entirely misleading'.¹²⁴ Accordingly the Minister informed the company's secretary that he took 'serious exception to certain statements', and, as Macpherson denied the statements attributed to him, the circular should be withdrawn and all copies not sent out destroyed. He also sought

¹²⁰ Hugh Crawford to Secretary, Australian Institute of Mining and Metallurgy, 1 February 1933, Outwards Correspondence 1930-1933, School of Mines Archives, Thames.

¹²¹ See John Kennett, 'Sir Colin Fraser', *Australian Dictionary of Biography*, vol. 8 (Melbourne, 1981), pp. 576-577.

¹²² J.F. Downey to Under-Secretary, Mines Department, 23 November 1932, Mines Department, MD 1, 23/1/31, ANZ-W.

¹²³ Hugh Crawford to Secretary, Australian Institute of Mining and Metallurgy, 1 February 1933, Outwards Correspondence 1930-1933, School of Mines Archives, Thames.

¹²⁴ Under-Secretary, Mines Department, to E.O. Macpherson, 21 February 1933 (telegram); E.O. Macpherson to Under-Secretary, Mines Department, 22 February 1933 (telegram), Mines Department, MD 1, 12/408, ANZ-W.

justification of the statement about government opposition to Bird;¹²⁵ he received no reply.

Other blatantly exaggerated claims were made. Hewitt and Company, brokers and land agents of Wellington, in February issued a circular announcing ‘the recent discovery of an enormous body of quartz which had proved in a great number of assays to be rich in gold’. Calling Inglis the director of the Coromandel School of Mines, it was a variant of much of the typed circular. For example, it quoted an unnamed ‘eminent mining expert’ who estimated ‘that £1 per ton will cover all costs of mining and extracting the gold. If you take the various assay values and add 75% to arrive at the present value of gold you will get some idea of the enormous returns that can be expected on a Capital of approximately £100,000’.¹²⁶ Told of Macpherson’s denial of statements attributed to him, Herbert Hewitt, a director,¹²⁷ justified the circular by explaining it was based on the prospectus, reports from people who seemed well informed, and on his own visit, when he saw ‘numerous samples dollied and washed and producing colour. To prove my sincerity I have offered to pay the expenses of a local expert to go and inspect for prospective investors’. He asked to be told whether the property was bad, for ‘the last thing’ he wanted to do was ‘to sell a single share’ in an unsound proposition.¹²⁸ Four days later, having been informed by his brother that the typewritten sheets were the cause of the trouble, he decided to destroy these and to inform all who had purchased shares through him of the objection ‘to the reference to Government Geologist and giving them the opportunity of withdrawing their applications if such reference influenced them to take shares’.¹²⁹ One assay made for Hewitt in March produced 13dwt 5gr of gold and 1oz 12dwt 13gr of silver, a result he passed on to the department.¹³⁰ He retained an

¹²⁵ Minister of Mines to A.P. Young (Interim Secretary, Te Aroha-Karangahake Gold Mine Ltd), 23 February 1933, Mines Department, MD 1, 12/408, ANZ-W.

¹²⁶ Circular dated 7 February 1933, enclosed with Herbert Hewitt to Minister of Mines, 24 February 1933, Mines Department, MD 1, 12/408, ANZ-W.

¹²⁷ See advertisements, *Evening Post*, 1 July 1930, p. 2, 11 October 1932, p. 3; *Wellington Central Electoral Roll, 1935*, p. 68.

¹²⁸ Herbert Hewitt to Minister of Mines, 24 February 1933, Mines Department, MD 1, 12/408, ANZ-W.

¹²⁹ Herbert Hewitt to Minister of Mines, 28 February 1933, Mines Department, MD 1, 12/408, ANZ-W.

¹³⁰ Assay for Herbert Hewitt, 18 March 1933, Mines Department, MD 1, 12/408, ANZ-W.

interest in the area, another assay made in November producing less than four grains per ton; the highest result from four made in July 1935 was 5dwt 9gr.¹³¹

Challenged about the typed circular, Scelly, writing on behalf of Milton & Co, which had the sole right to sell shares,¹³² assured the Minister he did not know its origin but suggested it had been produced by a Wellington sharebroker, who had been told to withdraw it.¹³³ As he had not answered his questions about Bird, the Minister warned that unless the circular was withdrawn he would 'be compelled in the public interest to take further action'.¹³⁴ Milton & Co then explained that Wellington brokers they had not appointed had issued the now-withdrawn circular, and denied knowing about Bird and his statements.¹³⁵

On 1 April, the *New Zealand Herald* published the annual report to the council of the Waihi School of Mines made by its director, Arthur Herbert Vivian Morgan, which a correspondent described as including 'a note of warning to would-be investors':

It had been brought under his notice that certain assays had been published in a prospectus with the object of inducing the public to take up shares in a proposed goldmining venture. As the school staff had no knowledge of how or even where samples were taken, no responsibility whatever could be assumed for any deductions made from assay results of such samples.

Amplifying his remarks following the reading of the report, the director said that when his attention was drawn to the published assays he felt that the selected high assay results of some of the samples might, in the absence of any verification of where or how the samples were taken, be misleading to the public. It was quite possible for a sample to assay £100 a ton and yet this might mean nothing at all, but a layman might be misled by reading such assay values made at a recognised institution. The director was

¹³¹ Assays for Herbert Hewitt, 30 November 1933, 15 July 1935, Mines Department, MD 1, 12/408, ANZ-W.

¹³² 'Prospectus of Te Aroha-Karangahake Gold Mine Ltd', p. 18, Company Files, BADZ 5181, box 648 no. 4152, ANZ-A.

¹³³ R.M. Scelly to Minister of Mines, 25 February 1933, Mines Department, MD 1, 12/408, ANZ-W.

¹³⁴ Minister of Mines to Milton & Co, 6 March 1933, Mines Department, MD 1, 12/408, ANZ-W.

¹³⁵ Milton & Co to Minister of Mines, 13 March 1933, Mines Department, MD 1, 12/408, ANZ-W.

not prepared to say the sample was all right or where the stone actually came from....

Mr Morgan explained that in this particular case a member of the Auckland Stock Exchange and the Under-Secretary of Mines, Mr A.H. Kimbell, had been advised of the circumstances under which the samples had been assayed at the school.¹³⁶

Four days later, Kimbell told all school of mines directors that, as many samples assayed for promoters 'were manifestly selected', they should discover more detail about how the sampling was done. If results were high, reports should state that the school did not accept any responsibility for any deductions made from these.¹³⁷ In what was possibly a coincidence, this letter was written on the same date that Milton & Co informed both Macmillan and Kimbell that information received recently had convinced them that Morgan had been referring to the Te Aroha-Karangahake Gold Mine Company. Milton & Co now disassociated itself from the 'offending report which we assume to be an official assay certificate submitted by one W.J. Gibbs' and included in the prospectus. 'It is extremely difficult for us to say anything stronger than this - that we now believe that these samples sent by Mr Gibbs, who was a claim holder and Vendor to the Company, were not truly representative of the country to be mined'. This had become known only recently, and as a result 'we have entirely severed our connection with Mr Gibbs'. The company admitted it should not have accepted verbal statements so lightly, but it had acted on the new knowledge by withdrawing and destroying all prospectuses and refunding all money collected. In future it would impose 'very rigid conditions relating to the taking of samples by entirely disinterested authorities'.¹³⁸

Inglis, writing five days later as honorary secretary of the Coromandel Miners' and Prospectors' Association, told Kimbell that, since ceasing work for companies 21 years previously, in his assaying for the public he had always been careful to warn those providing samples that, as they came from the best part of the reef, the remaining ore must be of lower value, some vendors published their high results and suppressed 'the covering remarks'. He claimed to have 'upset one or two wild-cat shows near here by

¹³⁶ Waihi Correspondent, *New Zealand Herald*, 1 April 1933, p. 10.

¹³⁷ Under-Secretary, Mines Department, to Directors of all Schools of Mines, 5 April 1933, Mines Department, MD 1, 12/1/11, ANZ-W.

¹³⁸ Milton & Co. to Minister of Mines and Under-Secretary, Mines Department, 5 April 1933, Mines Department, MD 1, 12/408, ANZ-W.

either sampling them myself before letting out results, or by getting a reliable man to take samples'.¹³⁹

When the flotation was announced, the *New Zealand Financial Times* considered the property to be 'good enough for any reasonable investor to be willing to consider'. The board of directors was 'reasonable though we should have liked to see one more Director well and favourably known in Auckland and gold mining circles'. It congratulated Milton & Co for giving investors 'such a splendid presentation' in its prospectus, and urged them to give the proposition 'very serious consideration', and recommended arranging with the Waihi Company to 'work the mine on a 50-50 basis of profits after costs'.¹⁴⁰ This article was reprinted in the *Te Aroha News*, whose editorial considered the comments 'very favourable'. It did not see any need for advice from the Waihi Company, nor that potential investors should discuss the proposition with independent mining and investment circles in Auckland, for nobody there understood Te Aroha's gold. It expressed regret that 'so little information' was provided by the company, because although it was stated shares were 'being taken out freely, quite a number' in Te Aroha, but progress had not been reported to the press. 'In fact no official information seems to be available.'¹⁴¹ One month later, it noted that 'for some time past nothing has been heard' of the company. By then, it 'might have been expected to go to allotment but after reaching a certain point it has dropped into obscurity'.¹⁴² It was most unlikely the newspaper had not heard of money being refunded to local residents, but no mentions of this or the likely reasons were ever published, no doubt to avoid sullyng the reputation of local mining. Presumably this company was referred to in June as having been formed 'but although (taking into consideration the economic stress) shares sold well, the company did not go to allotment'.¹⁴³

TE AROHA GOLD MINES LTD

¹³⁹ U.B. Inglis to Under-Secretary, Mines Department, 10 April 1933, Mines Department, MD 1, 12/1/11, ANZ-W.

¹⁴⁰ *New Zealand Financial Times*, n.d., reprinted in *Te Aroha News*, 15 February 1933, p. 5.

¹⁴¹ Editorial, *Te Aroha News*, 15 February 1933, p. 4.

¹⁴² *Te Aroha News*, 17 March 1933, p. 4.

¹⁴³ *Auckland Star*, 3 June 1933, p. 4.

Te Aroha Gold Mines Ltd was formed to take over the Te Aroha-Karangahake Gold Mine Company's claims. In October 1933 it obtained an option to purchase the licenses of the Te Aroha Gold Syndicate for £4,000 in cash and 8,500 fully paid up shares, those of Alfred Clyde Packwood Clark¹⁴⁴ for 5,000 fully paid up shares, those of Milton & Co for £9,000 in cash and 18,000 fully paid up shares, and those of William John Deeble¹⁴⁵ for 3,000 fully paid up shares. Incorporated on 5 October, it proposed to raise a capital of £250,000 in £1 shares. The directors as at 10 October were Arthur Clyde Whiting (who had reported on the district for the Te Aroha Gold Syndicate), Frederick Bowmont Venn, an Auckland accountant, Anthony Charles Morcom-Green, a Takapuna clerk, and Edward Dentist Davies, who indeed was an Auckland dentist.¹⁴⁶ The only time Venn was mentioned in the press was when he was divorced in 1935.¹⁴⁷ Morcom-Green's probate described him as a gentleman.¹⁴⁸ Scelly was an original subscriber, along with Sanderson of Milton & Co and McGregor, an original subscriber to Te Aroha-Karangahake Gold Mine Ltd. By the time a typed prospectus was issued on 29 March 1934, the directors had become Holroyd, Richard George Rainger and Ernest Christian Foote of Auckland, and David Snell Tremaine of Whangarei, all company directors, and Julian, formerly a director of Te Aroha-Karangahake Gold Mine Ltd.¹⁴⁹ Rainger had been an indent agent with his brother,¹⁵⁰ William Joseph Rainger,¹⁵¹ who had invested in Tui mining during the First World War.¹⁵² He then became 'a manufacturer's representative on his own'.¹⁵³ When he died in 1954, leaving an estate valued under £31,000, he was described as a retired merchant.¹⁵⁴

¹⁴⁴ See paper on prospectors and investors in the Te Aroha Mining District in the 1930s.

¹⁴⁵ See chapter on prospectors and investors in the Te Aroha Mining District in the 1930s.

¹⁴⁶ Company Files, BADZ 5181, box 692 no. 4516, ANZ-A.

¹⁴⁷ Supreme Court, Divorce Files, BBAE 4985, D220/1935, ANZ-A; *New Zealand Herald*, 10 December 1935, p. 16.

¹⁴⁸ Probates, BAZZ 1570, 382/1996, ANZ-A.

¹⁴⁹ Company Files, BADZ 5181, box 692 no. 4516, ANZ-A.

¹⁵⁰ *New Zealand Herald*, 23 March 1954, p. 10.

¹⁵¹ See *New Zealand Herald*, 7 September 1932, p. 12.

¹⁵² Te Aroha Warden's Court, Plaints 1916, 1/1916, BBAV 11572/4a; Mining Applications 1916, 5, 15, 24, 44/1916, BBAV 11289/22a; Register of Mining Privileges 1913-1932, folios 61, 69, BBAV 11500/4a, ANZ-A.

¹⁵³ *New Zealand Herald*, 23 March 1954, p. 10.

¹⁵⁴ Probates, BBAE 1570, P1465/1954, ANZ-A.

Foote was a hotelkeeper 'for many years' in Auckland and a director of several companies.¹⁵⁵ On his death in 1960, he left an estate valued at under £100,000.¹⁵⁶ Davies' estate was a modest £5,170 15s 10d when he died in 1948.¹⁵⁷

The prospectus was accompanied by a sheet of paper headed 'Important Features of this Prospectus'. These were that the directors had 'taken great pains to obtain a thorough investigation by competent experts', and had included their reports in full; that the experts pointed out 'the remarkable result from the assays'; that 'vast quantities of free-milling ore and galena are readily accessible'; the location of the claims made for 'ease of working'; that 'the prospects for the Gold Mining Industry have never been brighter'; that they had the services of an experienced (but unnamed) mining engineer 'conversant with the locality and the latest methods of mining and extraction'; and that approximately £20,000 had been spent in developing these properties prior to their acquisition (this point would be hard to prove). It gave the qualifications of the experts quoted: Hoiland, their technical adviser, was formerly mining adviser to the New Zealand and London Finance Corporation Ltd, the mining branch of Burdett, Coutts and Co, bankers, of London; Inglis was described as a 'Mining Engineer and Assayer, Director of School of Mines, Coromandel for 12 years'; L. O'N. Thomson was a mining engineer for Mt Isa Mines, Queensland; and L. Roy Heywood was an Auckland consulting mining engineer.¹⁵⁸ (Who clearly had other interests: in 1929 he wrote a long letter to the press advocating rabbit farming.)¹⁵⁹

The first paragraph of the foreword to the prospectus was sub-headed 'A Sound Proposition', as in the prospectus of Te Aroha-Karangahake Gold Mine Ltd, and was a slightly reworded version of the latter's first paragraph, omitting its warning against 'wild cats'. As before, investors unsure of the possibilities of a new field were assured that the directors had exercised 'the utmost care' by having 'rigid and thorough surveys and tests' made by 'competent and independent experts'.¹⁶⁰ As with the Te Aroha-

¹⁵⁵ *New Zealand Herald*, 30 December 1960, Section 1, p. 2.

¹⁵⁶ Probates, BBAE 1570, P735/1961, ANZ-A.

¹⁵⁷ Probates, BBAE 1570, P1479/1948, ANZ-A.

¹⁵⁸ Company Files, BADZ 5181, box 692 no. 4516, ANZ-A.

¹⁵⁹ Letter from L. Roy Heywood, *New Zealand Herald*, 29 June 1929, p. 14.

¹⁶⁰ See 'Prospectus of Te-Aroha-Karangahake Gold Mine Ltd', p. 3, Company Files, BADZ 5181, box 648 no. 4152, ANZ-A.

Karangahake company and Malcolm Hardy's 1940 one,¹⁶¹ the closeness of its ground to Waihi and Karangahake was emphasized. All these mines 'operated on sections of the main Hauraki Reef System, of which our property forms part, the geological nature of the country being similar'; that the area was unworked was explained by its rugged nature and refractory ore, 'now easily treated'. And 'only since the present Company commenced operations that experts have realized the vast possibilities of our field. Twelve months ago a wilderness of almost impenetrable bush is now a network of tracks exposing mineral bearing reefs'. The 1888 report by the mining inspector on the initial Tui find was cited, along with the 1906 *Mining Handbook's* view that, when refractory ores could be treated, Te Aroha would contain a large mining population. Statements were repeated word for word from the Te Aroha-Karangahake Company's prospectus, emphasizing that inexpensive mining was possible because 'enormous quantities of free-milling and refractory stone' were available and 'accessible with very little preliminary work. Enough ore is already exposed to provide many years' crushing on a large scale'.¹⁶² It was 'inconceivable that anyone could have doubted the possibilities of Waihi or the Alexander Mine, yet such was the case. Both of these mines at different stages during their respective careers were condemned by certain prominent geologists'. The mention of this mine and of prominent people condemning it echoed the statements about Bird in the typed circular added to the Te Aroha-Karangahake prospectus. Under the heading 'Prospects', identical wording from the previous prospectus was repeated, apart from a couple of small changes such as 'the' country placing 'our' country.¹⁶³ The 'Activities' section repeated, more briefly, the same proposals: a low level to give 2,000 feet of backs, a modern battery, to be added to as required, and eventually selling the property in London.¹⁶⁴ Page 17 of the earlier prospectus dealing with how best to mine and treat quartz and the prospect for base metals was reprinted with only minor rewording. Heywood's assay of one of Scelly's

¹⁶¹ See paper on Malcolm Hardy.

¹⁶² Taken from p. 3 of 'Prospectus of Te Aroha-Karangahake Gold Mine Ltd', the only change being the omission of the word 'readily' before 'accessible': Company Files, BADZ 5181, box 648 no. 4152, ANZ-A.

¹⁶³ 'Prospectus of Te Aroha-Karangahake Gold Mine Ltd', p. 3, Company Files, BADZ 5181, box 648 no. 4152, ANZ-A.

¹⁶⁴ Compare with 'Prospectus of Te Aroha-Karangahake Gold Mine Ltd', p. 4, Company Files, BADZ 5181, box 648 no. 4152, ANZ-A.

samples, valued at 15s 2d, was cited to prove the 'wealth of Te Aroha base metals'. The prospectus concluded with 'Points of Interest' stressing that the price of gold had greatly risen, that the mountainous nature of the properties made them 'much cheaper to work', and that the base metals alone made mining worthwhile, 'even considering the now low prices'.¹⁶⁵

Although the assay sheet and the experts' reports were not included in the copy of the prospectus lodged with the Company's Office, the Mines Department later received a copy from a dissatisfied shareholder. Before this latest company was formed, on 5 June Inglis, now describing himself as 'Late Director - School of Mines, Coromandel', produced a report on what were described as Milton & Co's and the Te Aroha Gold Syndicate's properties. In essence repeating his earlier report, he added that the area had been 'visited by eminent mining geologists of the day, such as the late Professor [James] Black¹⁶⁶ and the Rev. J[oseph] Campbell,¹⁶⁷ who have reported rich gold and silver, also lead, copper, zinc, tellurides of gold and silver, cinnabar and other metals'. Whereas trial crushings in the early days had returned only about 20 per cent of the value because of heavy transport costs, now ore could be successfully treated for 'a few shillings per ton'. It was 'now generally acknowledged in mining circles that free-milling ore worth a pound per ton or even less, with continuous working in quantity', could 'pay large and steady dividends'. This suggested the ore was free-milling, whereas his reference to the views of Black and Campbell had indicated it was refractory. At Tui, 'from 50,000 to 100,000 tons of ore worth over £1 per ton' was 'proved and ready for breaking down'. He gave results of six assays made from a larger number he had done, stressing these were not picked but gave the general value. All were worth well over £1 per ton, the highest being £3 2s 8d, but the lowest was for only 3d, presumably to show that he had not selected the results, although having only one so low suggested it and not the higher ones was exceptional. Three results from the Science Department of Auckland University College gave £2 1s 6d, £2 5s, and £13 7s; it was noted stated who had taken these. In conclusion, based on 33 years 'of continuous mining experience in all classes of gold-bearing country', he considered 'a general low-grade reef system of unlimited extent' to be 'a far more payable and lasting proposition than small and showy reefs'. The direction of the lodes indicated that they were

¹⁶⁵ Company Files, BADZ 5181, box 692 no. 4516, ANZ-A.

¹⁶⁶ See paper on prospectors' and miners' skills in general and at Te Aroha in particular.

¹⁶⁷ See paper on his life.

‘the southern portion of the same big reef systems’ at Waihi and Karangahake, and the surface indications at both of these fields had been, he claimed, ‘by no means any more encouraging than those at Te Aroha’. As several visits had made him ‘further impressed by the enormous possibilities of these large gold and mineral bearing reefs’, he had ‘no hesitation in saying that if they had been found in America or any other keen mining country we would to-day have one of the world’s largest mining Companies operating at Te Aroha and showing steady returns to the investors’.¹⁶⁸

Although Hoiland admitted his report, dated 7 October, was based on just one visit, the country was ‘not new to me as I have done a considerable amount of mining and treatment of ore from Te Aroha mountain some 35 years ago’ (details of his involvement had not been recorded at the time). He gave a brief summary of why Waiorongomai had failed, in particular ‘an unwise policy of paying high dividends’ (which had been notable by their absence). His ‘striking example’ was the New Find Company, which he stated had a capital of £2,667 including promoters’ shares of £2,000, and which paid £28,126 in dividends between February 1882 and December 1884.¹⁶⁹ In fact, the nominal capital was £20,000, of which £2,000 were indeed given in paid up shares to the promoters, and only £667 10s subscribed, but between December 1883 and July 1886 only £3,960 was paid as dividends, the latter date being the last time a dividend was paid.¹⁷⁰ He gave a more accurate summary of the topography and the small amount of mining done. The property required ‘a large capital for development and treatment plant. Up to the present, several thousands of pounds have been expended on prospecting and profitably developing these properties’, an unproven total, and he congratulated Milton and Company on ‘the manner in which they have tackled this large proposition’. Hoiland concluded by citing American examples of mines with similar ore being highly profitable, anticipating that this ore should ‘pay substantial dividends for many years to come’.¹⁷¹

¹⁶⁸ U.B. Inglis, ‘Report on Milton & Co’s and Te Aroha Gold Syndicate’s Properties at Te Aroha, N.Z.’, 5 June 1933, Mines Department, MD 1, 12/408, ANZ-W.

¹⁶⁹ C.P. Hoiland, ‘Milton & Co’s & Te Aroha Gold Syndicate’s Properties at Te Aroha’, 7 October 1933, Mines Department, MD 1, 12/408, ANZ-W.

¹⁷⁰ *New Zealand Gazette*, 23 March 1882, p. 489, 12 May 1887, p. 616.

¹⁷¹ C.P. Hoiland, ‘Milton & Co’s & Te Aroha Gold Syndicate’s Properties at Te Aroha’, 7 October 1933, Mines Department, MD 1, 12/408, ANZ-W.

Thomson's report, dated 20 November 1933, anticipated millions of tons of ore being available, and noted that Te Aroha galena contained 30 per cent lead compared with Mt Isa's nine per cent. Working would be economical, and he endorsed Hoiland's statement that ore averaging £1 per ton was payable; indeed an efficiently run mine should produce 'quite a large margin for profit'. He had not taken any assays himself, but accepted the results obtained by Inglis and Hoiland. His enthusiasm was rather tepid, for while he considered development warranted, he insisted twice in his final paragraph that to be payable the mines must be developed on a large scale.¹⁷²

All this information was in vain; this company was not floated.

THE HUIA SYNDICATE LTD

Yet another attempted flotation by Scelly was the formation in March 1934 of the Huia Syndicate Ltd, which acquired the Huia Special Quartz Claim and three adjacent prospecting licenses. Its capital was a mere £3,000, in the usual £1 shares. Scelly was secretary, and the directors were Culpan, also a director of Milton & Co, and Jedaiah Martin, an Auckland salesman. By 6 June, 2,135 shares were allotted, in addition to the 1,000 paid up ones given to the Auckland vendors. In addition to Culpan and Martin, the original subscribers were Julian and McGregor of Te Aroha-Karangahake Gold Mine Ltd and Te Aroha Gold Mines Ltd, Eileen Jane Edwards, a clerk who had married in 1929 but not had any children,¹⁷³ Adrian Buxton Black, a secretary for several companies,¹⁷⁴ and Denis Calvin Muir, a secretary, of whom nothing has been traced. The largest holding, 1,000, was in the name of Sanderson, of Milton & Co. The other 26 shareholders nearly all resided far from the mines. Three lived in Auckland, one (Deeble) at Tuakau, one at Ohinewai, one at Taumarunui, and one at Te Kuiti. The remainder were in the west and south of the North Island: one at New Plymouth, one at Hawera, three at both Whanganui and Marton, one at Bulls, two at Feilding, four at Palmerston North, and six at

¹⁷² L.O'N. Thomson, 'Report on Milton & Co.'s Te Aroha Gold Syndicate's Properties at Te Aroha, N.Z.', 20 November 1933, Mines Department, MD 1, 12/408, ANZ-W.

¹⁷³ Marriage Certificate of Minnie Eileen Janey Hooper, 1929/5012; index to births, BDM.

¹⁷⁴ See *Auckland Star*, 5 November 1929, p. 11, advertisement, 6 May 1939, p. 23, advertisement, 2 December 1941, p. 12, advertisement, 2 June 1944, p. 2; *New Zealand Herald*, 29 June 1934, p. 16.

Masterton. Their occupations revealed no familiarity with mining: apart from those mentioned above, four were farmers, three were retired, there were two each of solicitors, merchants, bank managers, and married women; the only other women were a spinster, a nurse, and a saleswoman; the remaining male occupations were a bursar, an estate agent, a draper, a surgeon, a doctor, a baker, a traveller, a storekeeper, and an auctioneer. The day before the company was registered, it was arranged that it would pay for the properties with £1,250 in cash, 1,000 paid up shares, and 5,000 paid up shares in the about-to-be-floated Te Aroha Gold Mines Ltd.¹⁷⁵

Scelly wrote to possible investors encouraging them to subscribe. John Boyd, a farmer at Pukekura near Cambridge, received at least two letters, the second, dated 18 October, telling him that Milton & Co had registered Te Aroha Gold Mines Ltd and that he was conducting a 'strenuous selling campaign' in New Zealand and Australia and would try to place some shares in England. He asked Boyd if he could assist by finding people who would be interested in buying shares.¹⁷⁶ 'Being assured that the mine was sufficiently far advanced to start operating within three weeks', Edward Boyd and Margaret Clark Boyd, John's wife, each bought 100 shares in Milton & Co.¹⁷⁷ Others living in the Waikato-Te Aroha district also purchased shares.¹⁷⁸ The only information Mrs Boyd received after taking up her shares was the first annual report given by Sanderson, the chairman of directors, on 28 December 1933:

After many setbacks in our early existence we have at last achieved a certain measure of success.

Shareholders will know that the difficulties met with in all such undertakings as ours did not escape us, and no doubt certain misgivings were experienced by some of our members regarding our ability to realise on our claims.

¹⁷⁵ Company Files, BADZ 5181, box 708 no. 4635, ANZ-A.

¹⁷⁶ R.M. Scelly to John Boyd, 18 October 1933, Mines Department, MD 1, 12/408, ANZ-W.

¹⁷⁷ Margaret C. Boyd to Robert Coulter, 26 November 1936, Mines Department, MD 1, 12/408, ANZ-W; Company Files, BADZ 5181, box 665 no. 4292, ANZ-A. Edward was listed as a shareholder, but was not included in the electoral rolls, which recorded John and Margaret Clark Boyd as being a married couple living at Pukekura: *Raglan Electoral Rolls, 1931*, p. 18, *1935*, p. 17.

¹⁷⁸ Robert Coulter to Minister of Mines, 7 December 1936, Mines Department, MD 1, 12/408, ANZ-W.

To one who has not been privileged to inspect our properties it is difficult perhaps to gauge the amount of work that has to be done before an unexplored mining area can be brought to a sufficiently developed state to submit to a purchasing Company.

With the assistance of the local Unemployment Committee at Te Aroha we have employed between ten and twelve men constantly on our properties, and valuable development work has resulted.

What was virgin bush sixteen months ago is now a network of tracks and a mass of mineral bearing reefs. The winter conditions met with by our field staff are terrifically trying, and great credit is due to them for the manner in which they have carried on.

Our main objective, i.e. the disposal of our claims, has been achieved and on such terms that promise a handsome return to the Company.

The flotation of the purchasing Company, Te Aroha Gold Mines Ltd, is our next objective, and our prospects in this connection are distinctly promising. While no shares have yet been placed on the market, we have entered into negotiations with outside organisations for the disposal of a large parcel of shares.

Added to this, we have our own organisation of Brokers who have expressed their confidence in making a ready disposal of sufficient shares to warrant our ordering plant at an early date.

I would like to take this opportunity of reminding shareholders of the value they can be to the success of our venture merely by bringing to others' notice the value of Te Aroha Gold Mines Ltd, and by sending in the names and addresses to us of those whom they consider would be interested to the extent of investing.

Turning to the accounts for the year, you will observe that a small loss has been made, and it is a matter for congratulation that the loss is so small. It was of course known that a loss would result until such time as a sale of our claims was effected, and now that our claims are under option, our position is assured.¹⁷⁹

This masterpiece of careful phraseology attempted to turn potential success into actual success when, in reality, the company was failing. It was accompanied by a profit and loss account revealing an expenditure of £1,821 13s 8d that included £479 12s 6d 'commission to Salesmen', the only income being £350 'By Flotation grant from Te Aroha Gold Syndicate Ltd'. The net loss for the 12 months to 30 November was £1,471 18s 8d. Of the nominal capital of £6,000 in £1 shares, 545 shares had not been subscribed and £568

¹⁷⁹ Directors' Report to Shareholders of Milton & Co, 28 December 1933, Mines Department, MD 1, 12/408, ANZ-W.

15s was unpaid, giving a paid up capital of £4,886 5s.¹⁸⁰ Three years later, when Margaret Boyd asked her solicitor to investigate, she was told he considered the mine was 'a dud'.¹⁸¹ The Minister of Mines, now Patrick (commonly Paddy) Webb, who had been approached on her behalf by Robert Coulter, mayor of Te Aroha and her Member of Parliament, commented that Scelly 'has been discovered by my Department to be a most unsatisfactory individual to deal with' and said he had asked the Registrar of Companies to investigate.¹⁸² Mrs Boyd had attempted to discover whether Te Aroha Gold Mines had been registered, but 'I cannot get any satisfaction from them'.¹⁸³ The result of the investigation was that all the directors of the Huia Syndicate, Te Aroha Gold Mines, and Te Aroha Gold Syndicate were prosecuted and fined for failing to supply statements of their companies' affairs,¹⁸⁴ and all these unfloated companies were struck off the register on 12 April 1937.¹⁸⁵ When Milton & Co went into liquidation was not recorded on its company's office file.

NORTHERN GOLDFIELDS LTD

Northern Goldfields Ltd, already mentioned when being sued by Milton & Co for forfeiture of its prospecting leases, had been registered in April 1933. The vendors were D'Esterre, Thomas Archibald Felton,¹⁸⁶ Gibbs, William Goodfellow,¹⁸⁷ the merchants James Henry Gunson and John Charles Spedding of Auckland and Alexander Fowler Roberts of Wellington and Robert Albert Anderson of Invercargill, Norman Berridge Spencer, a solicitor, and Frank Kingsley Burrell, an agent, both of

¹⁸⁰ Financial Statements of Milton & Co, 30 November 1933, Mines Department, MD 1, 12/408, ANZ-W.

¹⁸¹ Margaret C. Boyd to Robert Coulter, 26 November 1936, Mines Department, MD 1, 12/408, ANZ-W.

¹⁸² P.C. Webb to Robert Coulter, 18 December 1936, Mines Department, MD 1, 12/408, ANZ-W.

¹⁸³ Margaret Boyd to Robert Coulter, 18 January 1937, Mines Department, MD 1, 12/408, ANZ-W.

¹⁸⁴ 'Statement of Affairs - Mining Companies - Failure to Supply', n.d., Mines Department, MD 1, 12/408, ANZ-W.

¹⁸⁵ Company Files, BADZ 5181, box 661 no. 4258, ANZ-A.

¹⁸⁶ See paper on prospectors and investors in the Te Aroha Mining District in the 1930s.

¹⁸⁷ See chapter on prospectors and investors in the Te Aroha Mining District in the 1930s.

Auckland.¹⁸⁸ Sir James Gunson inherited his father's agricultural wholesale business and ran it until it was sold. Mayor of Auckland from 1915 to 1925, he was also president of the Auckland Chamber of Commerce, chairman of the Auckland Harbour Board, and involved in a variety of other civic and charitable duties. 'He had wide commercial interests and was a director of the Kauri Timber Co, the Auckland Gas Co, and the New Zealand Insurance Co', serving on the board for 42 years, including three terms as chairman.¹⁸⁹ His estate was valued at under £85,000 in 1963.¹⁹⁰ Spedding, a merchant, was involved in a wide range of business interests and left £14,655 13s 1d on his death in 1940.¹⁹¹ Sir Alexander Roberts was manager and later managing director of a firm of stock and station agents in Wellington, and a director of the A.M.P. Society since 1923. He was mayor of Lower Hutt from 1929 to 1931.¹⁹² Sir Robert Anderson was an accountant who, with Sir James Ward, founded J.G. Ward and Co, becoming the firm's chief executive officer. In 1930 he was appointed a director of the Bank of New Zealand, and held directorships in many other companies as well as owning farms. He was active in local government and a governor of Rotary.¹⁹³ Spencer was prominent in business circles, including as a director of the Mercantile Bank of Australia.¹⁹⁴ Burrell had been involved in Milton & Co previously. Each vendor received £1,000 worth of paid up shares. The directors were Nairn Victor Le Petit, a company manager, Harrison Nutter Spencer, an engineer who became a solicitor,¹⁹⁵ and Frederick Charles Carr, an auctioneer,¹⁹⁶ all of Auckland,¹⁹⁷ with Goodfellow being managing director.¹⁹⁸ Felton was the secretary. The Spencer brothers, sons of Percy,¹⁹⁹

¹⁸⁸ Company Files, BADZ 5181, box 680 no. 4419, ANZ-A.

¹⁸⁹ *New Zealand Herald*, 14 May 1963, Section 1, p. 5.

¹⁹⁰ Probates, BBAE 1570, P2562/1963, ANZ-A.

¹⁹¹ See *New Zealand Herald*, 21 June 1940, p. 8; Probates, BBAE 1570, P489/1940, ANZ-A.

¹⁹² *Evening Post*, 20 March 1961, p. 12.

¹⁹³ *Evening Post*, 14 October 1942, p. 3.

¹⁹⁴ See *Waikato Times*, 26 February 1914, p. 4; *Truth*, 28 March 1929, p. 1; *New Zealand Herald*, advertisement, 16 May 1941, p. 13, 15 February 1945, p. 4.

¹⁹⁵ See Personnel Files, Army Department, WW1 4/1198, WW11 1/18/523, ANZ-W.

¹⁹⁶ See *Auckland Star*, 2 December 1926, p. 8, advertisement, 4 February 1928, p. 21.

¹⁹⁷ Company Files, BADZ 5181, box 680 no. 4419, ANZ-A.

¹⁹⁸ K.M. Barrance to Under-Secretary, Mines Department, 18 July 1933, Mines Department, MD 1, 10/9/87, ANZ-W.

an Auckland solicitor heavily involved in Waiorongomai mining in the early twentieth century,²⁰⁰ left valueless estates, as did Carr.²⁰¹ Le Petit was a sales manager when he died, again leaving a valueless estate.²⁰²

The nominal capital was to be £20,000. By 30 May, 1,115 shares had been sold. A list of shareholders is not included in the company files, the only names recorded being Daniel Vickery Bryant, manager of Bryant House Trustees in Hamilton and a notable businessman and philanthropist,²⁰³ and two self-styled gentlemen of Te Aroha, one of them a grocer and the other being Ralph Lake Somers, hotelkeeper there for 22 years and mayor for eight years,²⁰⁴ who had earlier had minor investments in local mining.²⁰⁵

Gibbs sold three leases to the company, and two licenses were also obtained from Devey and one each from William James McMillan, Raymond Arthur Hopson, Clifford Alban Reid, Maurice O'Connor, John Herbert Harold Wood, Ludovic Blackwood, D'Esterre, Felton, and Neilson.²⁰⁶ This gave the company almost 800 acres.²⁰⁷ In addition, it acquired prospecting licenses at Coromandel, three being owned by D'Esterre and the others by Goodfellow, Norman Berridge Spencer, and Henry Franklin Shepherd, an experienced Coromandel mine manager,²⁰⁸ and William Henry Madill.²⁰⁹

¹⁹⁹ Birth Certificates of Norman Berridge Spencer, 1891/3857; Harrison Nutter Spencer, 12 April 1895, 1895/2299, BDM.

²⁰⁰ See paper on the Bendigo Battery.

²⁰¹ Probates, BBAE 5181, P513/1968, P3829/1974, P1770/1978, ANZ-A.

²⁰² Probates, BBAE 5181, P2680/1963, ANZ-A.

²⁰³ See Rosalind McClean, *A Stockman's Gift: Daniel Vickery Bryant and the Bryant Charitable Trusts: A legacy for Waikato* (Hamilton, 2007).

²⁰⁴ See *Ohinemuri Gazette*, 23 July 1906, p. 2; *Observer*, 21 November 1914, p. 5; *Te Aroha News*, 6 March 1909, p. 2, 27 March 1914, p. 2, 2 October 1923, p. 1.

²⁰⁵ *Auckland Weekly News*, 4 November 1909, p. 26; Company Files, BADZ 5181, box 226 no. 1332, ANZ-A.

²⁰⁶ Company Files, BADZ 5181, box 680 no. 4419; Te Aroha Warden's Court, Mining Registrations 1933, nos. 4218, 4219, 4220, BBAV 11288/10a, ANZ-A: for mini-biographies of all these men, see paper on prospectors and investors in the Te Aroha Mining District in the 1930s.

²⁰⁷ Warden's Court, *Te Aroha News*, 18 December 1933, p. 5.

²⁰⁸ See Under-Secretary, Mines Department, to H.F. Shepherd and others, 23 December 1931, Mines Department, MD 1, 17/1/15, Part 1, ANZ-W; *Cyclopedia of New Zealand*, vol. 2, pp. 485-486.

Madill, a land agent, after struggling financially for ten years was forced into bankruptcy in August 1933 because of the fall in land values. He owed £4,306 18s and his sole asset, his furniture, amounted to only £25.²¹⁰ In 1937 he would have a prospecting license at Karangahake.²¹¹ When he died in 1978, he was a retired supervisor whose estate was not given a value.²¹²

Nettleton attempted to sell other ground to the company for £500, but this was declined because it was believed the vendors were 'exploiting' the competition for licenses to inflate the price for properties of uncertain value.²¹³

Gibbs, Northern Goldfield's representative at Te Aroha, announced it planned to diamond drill its entire ground.²¹⁴ In December 1933, when protection was requested, Milton & Co attempted to obtain the forfeiture of its claims on the grounds of non-working. The company admitted doing no work since September but claimed about £1,000 had been spent previously.²¹⁵ Gibbs, who had fallen out with Scelly in April over his misleading assays for Te Aroha-Karangahake Gold Mine Ltd,²¹⁶ gave evidence for the company, claiming that, when Te Aroha-Karangahake Gold Mine Ltd failed,

he had gone further afield and had influenced several influential men, including Mr W. Goodfellow who had interviewed Mr [Joseph Gordon] Coates, the Minister for Mines, and the Under-Secretary for Mines, and obtained a promise of £1 for £1 subsidy on prospecting work which might be carried out. This promise had been made in view of the fact that the land to be explored was all virgin and the work would absorb a large number of unemployed. Armed with this promise the Northern Goldfields Co had proceeded to work. From April to September the sum of £950

²⁰⁹ Company Files, BADZ 5181, box 680 no. 4419; Coromandel Warden's Court, Instruments 1933-1936, no. 2061, AAAE 15204/5a, ANZ-A.

²¹⁰ Bankruptcy Files, BAEA 21460, 1933/113, ANZ-A; *Auckland Star*, 14 July 1927, p. 4, 25 August 1933, p. 3, 7 September 1933, p. 8.

²¹¹ *New Zealand Herald*, 13 July 1937, p. 5.

²¹² Probate, BBAE 1570, P3617/1978, ANZ-A.

²¹³ William Goodfellow to Under-Secretary, Mines Department, 18 July 1933, Mines Department, MD 1, 10/9/87, ANZ-W.

²¹⁴ *Te Aroha News*, 12 June 1933, p. 1.

²¹⁵ Warden's Court, *Te Aroha News*, 18 December 1933, p. 5.

²¹⁶ Milton & Co to Minister of Mines and Under-Secretary, Mines Department, 5 April 1933, Mines Department, MD 1, 12/408, ANZ-W.

2/11 had been spent on wages. The area had been explored and the most valuable reef at the time was found to be that known as Neilson's reef. Since then, however, a new and more valuable reef had been discovered. This was quite a valuable lode and would be a very necessary adjunct to the main Huia reef for any future operations. In September the company had decided to concentrate on other holdings at Coromandel.... The object was to return to Te Aroha and diamond drill the whole of the hill in order to prove it. The Government had promised to assist in procuring suitable drills and this would be done. The company proposed to spend another £10,000 in prospecting a similar area at Coromandel. The whole of the holdings of Northern Goldfields Ltd were transferred by him to the company.... He getting in consideration from £600 to £800 and a thousand shares in the company. In the past he had spent £1400 of his own money in pioneering in and about Te Aroha.

The warden accepted that 'a good deal of work' had been done. 'It became a matter of raising new capital in September and the explanation of the ceasing of operations was that the company was inspecting and prospecting other properties at Coromandel. Assuming that this was correct the breach was nevertheless committed', but as work had been done, he fined it £10 instead of forfeiting the ground.²¹⁷

This company, like all the others, was under-capitalized. In December, when protection was sought for the Huia while further capital was raised, Downey believed it had spent 'a good deal in prospecting' and 'exhausted its funds. A great deal of money would be needed to develop the claim to any useful purpose'.²¹⁸ In December, Goodfellow claimed it had spent a 'considerable sum', not quantified, during the preceding six months prospecting its Coromandel licenses; its mining engineer was working out a scheme to work these, and protection was sought whilst more capital was raised.²¹⁹ Downey understood that no money had been spent 'and no actual work whatever done, on these areas since they were granted' to the original licensees, and the company was 'in no better position to work them than the original owners'.²²⁰ In November 1935, when the company was sued for £7

²¹⁷ Warden's Court, *Te Aroha News*, 18 December 1933, p. 5.

²¹⁸ J.F. Downey to Warden, 6 December 1933, Te Aroha Warden's Court, Mining Applications 1933, 53/1933, BCDG 11289/2a, ANZ-A.

²¹⁹ Coromandel Warden's Court, Applications 1933, 201/1933, BACL 14391/17a, ANZ-A.

²²⁰ J.F. Downey to Warden, 18 December 1933, Coromandel Warden's Court, Mining Applications 1933, 210/1933, BACL 14391/17a, ANZ-A.

10s rents owing, it could not pay because it had no funds and would 'very shortly' go into liquidation. When a distress warrant was obtained to enforce payment, there were no assets to seize.²²¹ In March 1936, the secretary, Douglas Dunedin Nithsdale McGregor, an original subscriber to the Te Aroha-Karangahake Gold Mine Ltd, resigned, informing the Mines Department that the company had done no work for 18 months, had forfeited its claims, and had no assets.²²²

WAIORONGOMAI GOLD MINES

Incorporated on 8 November 1933, Waiorongomai Gold Mines was the second company formed to work in this district. It was floated to acquire the Cadman and Bonanza Special Quartz Claims (owned by the vendor, Nettleton), the former Bendigo Battery, modified by James Alexander Pond as an oil flotation plant,²²³ and its water race. All the initial subscribers lived in Auckland: McCoy, Thomas Parry Pountney, a merchant, Alexander Manson, a broker, William Claud Motion, an agent, two company directors, James Merval Smith and Arnold Ellis Ely, and William Roy Pearson Moody, a solicitor. Pountney, Motion, and Enos Bond (a merchant who had earlier lost a considerable amount of capital in Henry Hopper Adams' ventures),²²⁴ were the first directors, to be joined in 1934 by McCoy when Motion retired. The capital was £10,000, in 80,000 shares of 2s 6d each.²²⁵

(Pountney, who had 'entered the family business, Carr Pountney and Co., Ltd, merchants and island traders', would leave an estate valued at under £3,000 in 1963.²²⁶ Manson also invested in a land development company and a tung oil one.²²⁷ Motion, a land agent for many years, had been a chairman of the Franklin County Council, and was farming at

²²¹ Te Aroha Warden's Court, Mining Applications 1935, 3/1935, BCDG 11289/3a, ANZ-A.

²²² Company Files, BADZ 5181, box 680 no. 4419, ANZ-A.

²²³ See paper on his life.

²²⁴ See paper on Henry Hopper Adams.

²²⁵ Company Files, BADZ 5181, box 695 no. 4544, ANZ-A.

²²⁶ See *Auckland Star*, 2 September 1927, p. 4; *New Zealand Herald*, 21 June 1963, Section 1, p. 8; Probates, BBAE 1570, P2194/1963, ANZ-A.

²²⁷ *New Zealand Herald*, 24 June 1930, p. 5; *Auckland Star*, 29 March 1933, p. 4.

Waiuku at the time of his death in 1966.²²⁸ Ely, who had been a director of Ely's, a London drapery firm, after arriving in New Zealand had been a commercial traveler before settling in Auckland and becoming a director in the firm of Watson, Steele and Ganley, which serviced motor cars. He later became president of the Auckland Chamber of Commerce.²²⁹ He would leave an estate of £20,111 1s 5d.²³⁰ Moody also held shares in two non-mining companies.²³¹ As no value for his estate was recorded when he died,²³² it is not possible to determine his financial success.)

In their seven-page prospectus the provisional directors anticipated 'unequalled support from investors'. As usual, 'eminent mining engineers', unnamed, had 'favourably reported upon the substantial returns which may be anticipated'. The investment would be 'permanent' and had a 'high probability of remunerative returns for many years to come'. This 'feature of permanency' distinguished 'this proposition from many other Gold Mining ventures in New Zealand which have but a short lease of profitable life'. The introduction concluded with the patriotic and indeed internationalist argument that mining warranted

the support of everyone who has the welfare of New Zealand at heart. There is an insatiable world-wide demand for gold. The scarcity of gold has been one of the main causes of the present economic depression. New Zealand is one of the few gold producing countries. An increase in her output of gold will not only help her to win her way back to prosperity, but will also help to cure the economic ills of the world.

After these flamboyant words, it was claimed that no expensive preliminaries were required before producing 'payable ore in extensive quantities almost immediately'. £1,600 would be spent to increase the daily capacity of the plant to 50 tons, for tests to prove the suitability of its process had been 'highly satisfactory'. Previous mine managers were quoted

²²⁸ See advertisement, *New Zealand Herald*, 2 June 1935, p. 16; *Pukekohe and Waiuku Times*, 11 December 1917, p. 2, 14 April 1924, p. 5; Probates, BBAE 1570, P3418/1966, ANZ-A.

²²⁹ See *New Zealand Herald*, advertisement, 15 February 1930, p. 3, advertisement, 4 May 1935, p. 7, 3 April 1944, p. 4.

²³⁰ Probates, BBAE 1570, P566/1944, ANZ-A.

²³¹ *Auckland Star*, 21 June 1928, p. 4, 8 November 1930, p. 4.

²³² Probates, BBAE 1570, P36/1974, ANZ-A.

to prove ore of good value remained in the mines they had managed, but they did not explain why mines containing payable ore had been abandoned.

'A few', three, of the reports 'made by gentlemen of undoubted integrity and mining experience and ability' were printed. The first, by Pond, dated August 1933, briefly described the mines and lodes, many of the latter being payable. He explained that all the processes previously used, including cyanide, had failed to extract much value from the ores because, he had discovered, of copper salts in the ore. After small tests of the ore flotation method 'proved a remarkable success', he erected 'a plant capable of dealing with several tons a day', later increasing its size and obtaining 'about six or eight tons of concentrates' assaying from £40 to £50 a ton. He did not explain why he had not produced more, or why he did not mine the ore himself if his battery treated it so successfully. Alexander McGruer,²³³ who had been managed the Bonanza in 1909, briefly reported his 'great faith' in its rich ore. The third report, by the consulting mining engineer William Morgan Gimson for Mining House (N.Z.) Ltd, stated that when he inspected these properties in 1924 he 'formed an opinion that they held great possibilities'. Indeed, he had been so impressed that he had employed two prospectors and pegged out most of the ground now being taken up. 'Unfortunately the Welcome claim and the next one to it were not available and for this reason, together with the fact that at this time it was an extremely difficult matter to raise say £6000 for prospecting purposes, caused me to abandon the claims I had pegged'. The latter reason was much more convincing than the former, for failure to obtain all the area should not have prevented him developing adjoining ground. He concluded that 'this field had as good a chance as any on the Hauraki Peninsula'.²³⁴

(In August 1925, Gimson, of Hathaway and Gimson, mining engineers and metallurgists, of London and Auckland, had informed the Minister of Mines that he was trying to float an English company to work several mines, including the Tui ones. His firm had carried out 'over seven months of testing work' on the latter and was 'quite satisfied both as to the quantity of ore available' and its 'amenability to modern methods of treatment'. He urged that a bonus on production be created to encourage investment in this

²³³ See Mines Department, MD 1, 03/1038, 05/1038, 11/237, ANZ-W; *Thames Advertiser*, 11 March 1897, p. 2; *Observer*, 7 May 1910, p. 20.

²³⁴ Company Files, BADZ 5181, box 695 no. 4544, ANZ-A.

and other ventures.²³⁵ In December he applied for 99 acres at Tui but then withdrew the application.²³⁶ During the 1920s and early 1930s he had interests in mines at Neavesville, Tairua, Whangamata, Tapu, and Thames, including being a director and company secretary.²³⁷ By 1933 he was ‘engineer in charge of the consulting staff’ of Mining House.²³⁸ In a 1932 warning to his Minister, Kimbell detailed how Gimson, ‘who describes himself as a Mining Engineer’, had financially benefited himself and wasted investors’ funds in a Neavesville company he floated in 1927. Later tests had proved the ore was unpayable, and if Gimson ‘had tested the area instead of arranging to put up a plant, those who found £5,162 would not have lost their money’. Kimbell was annoyed that Gimson had ‘gone out of his way to depreciate the ability and knowledge held by many of those engaged in the Mining Industry and in the Department, and at the same time’ boosted ‘his own alleged superior knowledge’.²³⁹

Nettleton received £4,350 for his property, £600 in cash and the balance in 30,000 fully paid-up shares.²⁴⁰ The first allotment of shares, on 23 December, saw 12,300 allotted, a nominal value of £1,230, although only 1s a share was paid on allotment. The Mining House (N.Z.) Ltd of Christchurch, the ‘organising broker’, acquired 10,000, the initial directors taking their requisite 500 each, the remaining shareholders being one man, an Auckland tanner, and three married women, living at Duvanchelles, at Ruawai, and at Wharepapa in the Kaipara district. By 14 July 1934, the number of shares sold had risen to 24,807, but the only other recorded shareholder was a man ‘of no particular occupation’ living at Waikaraka,

²³⁵ W.M. Gimson to Minister of Mines, 18 August 1925; Minister of Mines to W.M. Gimson, 27 August 1925, Mines Department, MD 1, 10/9/25, ANZ-W.

²³⁶ Te Aroha Warden’s Court, Register of Applications 1921-1934, Hearing held on 3 December 1925, BBAV 11505/6b ANZ-A.

²³⁷ Thames Warden’s Court, Mining Applications 1925, 29/1925, BACL 14350/8a; Mining Applications 1927, 21/1927, BACL 14350/9a; Company Files, BADZ 5181, box 374 no. 2086, box 488 no. 2850, box 537 no. 3198, ANZ-A; W.M. Gimson to H.T. Castaing, 15 May 1933, Mines Department, MD 1, 23/2/1052, ANZ-W.

²³⁸ *Te Aroha News*, 22 November 1933, p. 4.

²³⁹ Under-Secretary, Mines Department, to Minister of Mines (‘Personal and Confidential’), 7 March 1932, Mines Department, MD 1, 12/1/11, ANZ-W.

²⁴⁰ *The New Zealand Gold Mining Year Book 1935*, comp. J.A. Blyth (Christchurch, 1935), p. 95.

near Whangarei.²⁴¹ The Mining House continued to underwrite the share issue, taking another 12,000, and in September would acquire another 5,193.²⁴² No list of shareholdings was sent to the Companies Office, but by the end of 1934 there were 23 shareholders and the nominal capital subscribed was £3,750, of which £1,500 was paid up. Twelve months later, the total allotment of 63,407 shares meant that the nominal capital was £7,925, of which £3,480 was paid up. By that time, with the company's fortunes fading, calls of £507 remained unpaid.²⁴³

In March 1934, the company acquired the Gold King Special Quartz Claim, abandoned by its previous owners because, as McCoy told the warden, 'it was no poor man's claim'.²⁴⁴ In July an application for a residence site on the Cadman was declined.²⁴⁵ During 1934 and 1935, it acquired three more claims, making a total of five.²⁴⁶ It continued to drive two main low levels, one to cut the Werahiko and Waitoki reefs, and the other in the Bonanza to intersect four reefs.²⁴⁷ To work the Bonanza and Gold King, south of Diamond Gully, in October 1934 it applied for an adjacent machine site plus dam and water race, and in the following April these were granted so that an air compressor could be erected.²⁴⁸ For an unknown reason, the company turned down an offer by Imperial Chemical Industries to test their ore in London.²⁴⁹

The company was continually hampered by lack of funds. In July 1934, for instance, protection for the Gold King was requested whilst arrangements were made 'for the provision of capital to enable a low level to

²⁴¹ Company Files, BADZ 5181, box 695 no. 4544, ANZ-A.

²⁴² Company Files, BADZ 5181, box 695 no. 4544, ANZ-A; *Te Aroha News*, 22 November 1933, p. 4.

²⁴³ *AJHR*, 1935, C-2, p. 32, 1936, C-2, p. 55.

²⁴⁴ Warden's Court, *Te Aroha News*, 2 March 1934, p. 4.

²⁴⁵ Te Aroha Warden's Court, Application for Residence Site, 9 July 1934, Mining Applications 1934, 20/1934, BCDG 11289/3a, ANZ-A.

²⁴⁶ Te Aroha Warden's Court, Register of Applications 1934-1961, 3. 24/1934, 15/1935, BBAV 11505/2a, ANZ-A; Warden's Court, *Te Aroha News*, 20 November 1936, p. 5.

²⁴⁷ Annual Report of Waiorongomai Gold Mines Ltd, 30 September 1935, Eric Coppard Papers, Waihi.

²⁴⁸ Te Aroha Warden's Court, Register of Applications 1934-1961, 33-35/1934, BBAV 11505/2a; for map, see Mining Applications 1934, 33/1934, BCDG 11289/3a, ANZ-A.

²⁴⁹ J.F. Downey to Under-Secretary, Mines Department, 3 October 1934, Mines Department, MD 1, 8/46, ANZ-W.

be projected through the reef system'. Downey supported this request, for the company was spending 'a good deal of money on a contiguous claim' and lacked the finance to develop this one as well.²⁵⁰ Seven men were employed when work started, and ten during 1934. Their work was restricted to opening up the mines, despite the prospectus claiming crushing could start almost immediately. During 1935, only one man was employed; by then, although £3,480 had been spent, no ore had been extracted.²⁵¹

An eight months' option was granted to an overseas company from 1 October 1934.²⁵² McCoy described it as 'a substantial London Corporation', and it was intended to create a company with 'a capital of not less than £400,000 to develop the entire Field and, if warranted, to erect a modern milling and treatment plant'. From ten to 12 men were currently employed 'opening up reefs for inspection by English engineers. A preliminary report' had been made by A. Firth Smith of London and by G.W. Thomson, both of whom had 'reported favourably'. He described Thomson as 'an expert in "selective flotation" which will dispose of metallurgical difficulties' which had handicapped the field previously.²⁵³ (Thomson, a mining engineer based in Dunedin, was consulting engineer to several Otago mines and actively involved in efforts to obtain English and Australian capital.)²⁵⁴

In February 1935, application was made to suspend labour conditions during negotiations with the London Mining Corporation for more capital. Although a financial representative was due by the end of March to finalize negotiations,²⁵⁵ the annual report for the year to 30 September 1935 announced that the option to purchase had not been exercised.²⁵⁶ In 1965,

²⁵⁰ Te Aroha Warden's Court, Mining Applications 1934, 18/1934, BCDG 11289/3a, ANZ-A.

²⁵¹ *AJHR*, 1934, C-2, p. 44; 1935, C-2, p. 32; 1936, C-2, p. 55.

²⁵² *New Zealand Gold Mining Year Book 1935*, p. 95.

²⁵³ J.W. McCoy to Minister of Mines, 29 October 1934, Inspector of Mines, BBDO 18634, A902, MM113, ANZ-A.

²⁵⁴ See *New Zealand Herald*, 8 November 1932, p. 11, 7 December 1932, p. 10, 7 February 1933, p. 5, 5 June 1933, p. 5, 27 June 1933, p. 5, 6 November 1933, p. 5, 13 August 1934, p. 5, advertisement, p. 18; *Auckland Star*, 13 February 1932, p. 8, 12 December 1932, p. 4.

²⁵⁵ Te Aroha Warden's Court, Mining Applications 1935, 3-5/1935, BCDG 11289/3a; J.W. McCoy to Minister of Mines, 15 February 1935, Inspector of Mines, BBDO 18634, A902, MM113, ANZ-A.

²⁵⁶ 'Annual Report of Waiorongomai Gold Mines Ltd', 30 September 1935, Eric Coppard Papers, Waihi.

the company's secretary, Horace McCoy, noted that 'the depression prevented overseas interests testing' the ground.²⁵⁷ That was not the true reason, for by 1936, when more attempts to float the property were made, the depression was abating. In a March 1936 declaration supporting renewed suspension of labour conditions, John William McCoy stated that his company had spent £3,970 on machinery and developing the mines. Having failed with the London Mining Corporation, negotiations had begun with another London company, which was sending an engineer to inspect. As well, the 'small battery' was to be reconditioned and modernised.²⁵⁸

All these attempts to sell the property failed, and in late September 1936 it was agreed to wind up the company.²⁵⁹ Three months later, the underwriters, Mining House (N.Z.) Ltd, also decided to wind up.²⁶⁰ Downey reported that there was no likelihood of the properties being sold, and its assets were three huts with a maximum value of £5.²⁶¹ The company was finally struck off the register the following year.²⁶²

CONCLUSION

None of these companies succeeded, not only because, in some cases, they lacked sufficient capital even to be floated but became in all cases their ore did not contain the excellence claimed in the prospectuses. Some claims made about the prospects were fraudulent, and known to be fraudulent by those making the claims; the same was probably true of some of the assays. Few of those involved in the flotations or attempted flotations were familiar with mining, and with few exceptions all were small businessmen with little financial status, which did not prevent some from being involved in several attempts to form companies. The only companies to be formed after the 1930s would reopen the Tui district.²⁶³

²⁵⁷ Note by Horace McCoy, July 1965, on 'Annual Report of Waiorongomai Gold Mines Ltd', 30 September 1935, Eric Coppard Papers, Waihi.

²⁵⁸ Te Aroha Warden's Court, Mining Applications 1936, 5-7/1936, BCDG 11289/3a, ANZ-A.

²⁵⁹ *New Zealand Gazette*, 1 October 1936, p. 1834.

²⁶⁰ *New Zealand Gazette*, 14 January 1937, p. 227.

²⁶¹ J.F. Downey to Under-Secretary, Mines Department, 7 December 1936, Inspector of Mines, BBDO 18634, A902, MM8, ANZ-A.

²⁶² Company Files, BADZ 5181, box 695 no. 4544, ANZ-A.

²⁶³ See papers on the Auckland Smelting Company and on Norpac and pollution.