Arnhem Land Gold Development N.L.
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Your confidential note covering the memorandum from Mr. Brown of 25/3/35 re gold buying by Arnhem Land Gold Development N.L.

I do not know of any definite or first hand information on this subject, the rumours are all second-hand, the following are a few of the rumours and the persons who mentioned them.

Mr. Lovat - late Arnhem Land Extended Co., informed that that Chegley had informed him that he was a gold buyer, but had gone out of the business owing to the fact that the Arnhem Land Development Co., was giving a higher price ($1 per oz) and that he could not compete.

Mr. Lovat also mentioned that Burke, assayer at Golden Dyke Mine had told him that the Arnhem Land Development Co., were buying gold. On our recent visit to the Golden Dyke Mine, Burke informed Mr. Clarke that the Arnhem Land Co., were buying gold.

Wen at Pine Creek recently Mr. Ross, Manager, Enterprise Mine, mentioned to me that a prospector whose name he could not then recall, had informed him, the prospector, that he had sold direct to John Baily 13oz gold for which Baily paid $10 per oz.

Although the foregoing is not direct evidence, it carries strong suspicion, and taken in conjunction with the known extreme low grade ores now being treated at the Arnhem Land Co. Mine, the value of which, we have not been able to reconcile with the gold alleged to have been recovered from that ore.

If it is desired to clean the business up, I consider your and the Doctors suggestion "to send an unknown investigator" as about the only way whereby conclusive results could be obtained.
29th March, 1935

His Honour
The Administrator

Arnhem Land Gold Development N.L.

Yesterday Mr. F.C.C. Pollard, Manager for the above mentioned Company, handed in to this Office for smelting a parcel of retorted gold weighing 44 csa. This on returned 43.5 csa. of smelted gold.

Mr. Pollard also stated that the gold was the result from the crushing of 102 tons of ore. Presumably from 39 chain Gostean.

This equals a return of 8.53 dwts. of smelted gold per ton of ore.

Mr. Pollard also stated that the gold amalgam on retorting yielded a little less than 1/3 rd of its weight of gold.

During our recent visit to the mine, Mr. Pollard showed us a quantity of amalgam which he stated weighed 45 csa. and was recovered from 68 tons of ore from 39 chain Gostean. This, based on his statements would equal 4.41 dwts. smelted gold per ton of ore.

There must have been a remarkable increase in the gold content of the 34 tons of ore crushed after we left, to bring the 68 tons at 4.31 dwts up to 8.53 dwts., the 34 tons would have to yield 16.74 dwts per ton to account for the gold obtained.

The inference is obvious.

Acting Director of Mines
His Honour,  
The Administrator,  

... ... ... ... ... ... ... ... ... ... ... 

Arnhem Land Gold Development N.L.

The results of our second inspection of the above-mentioned company’s mine at Yelemba, which was carried out on the 17th, 18th and 19th of this month in conjunction with Dr. Woolnough, has confirmed practically all of the results obtained during our first inspection under report of 18/2/1935.

The only appreciable difference was the result from a small ferruginous vug in Costean 39 chain, which gave an assay of 1oz 17dwt 5 grns fine gold per ton, whereas the sample taken previously from similar material yielded 4 dwt only. The increased value could be natural, but considering all circumstances, it could be otherwise and consequently, is doubtful. However, it made no material difference to the bulk sample of the costean, which included a proportionate amount of the vug material. This second bulk sample assayed 1 dwt 5 grains fine gold per ton, a difference of 7 grains fine gold per ton only.

The Manager, Mr. Pollard, showed us a parcel of amalgam, which he stated weighed 45 ounces, 3 dwts and was recovered from 68 ton of ore from the 39 chain costean. The gold content of the amalgam was not definitely known, but the Manager stated that he estimated the gold content at about half the weight of the amalgam, say 22½ ounces, which, if correct would equal about 6 3/4 dwts gold bullion per ton.

Based on our sampling of the ore in this costean, we cannot reconcile the recovery of this amount of gold (that is assuming it at 6 3/4 dwts per ton) from the ore treated, and further, we are definitely of the opinion that the gold has been obtained from sources other than the 39 chain costean. Also, we were not able to locate any other workings on the mine, from which such values could be obtained.

Shaft No. 2A (Main Shaft)  This was unwatered in 6 hours by bailing, the lode matter or rather buck quartz veins, a few inches wide in and near bottom of shaft, were sampled in the presence of Mr. Pollard. The samples assayed from a trace to 22 grains fine gold per ton, which confirms Mr. Pollard's previous statement to us "that there was nothing of value in the shaft".

We also measured the shaft and found the depth to be 57 feet. Our measurement of the shaft, on our first visit was 58 ft by plumbing, but we consider the latter measurement of 57 feet as being the more accurate. This definitely proves that the statement of Mr. Pollard to us, to the effect that the shaft was 75ft deep was deliberate lie, also that his statement in his reports dated 12/1/1934 to 28/2/1934 as Engineer to the Company, to the effect that a lode was struck at 60 feet and continued for 7' 6" carrying good gold was also a deliberate lie.
<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.1 General sample taken over working face of 39 chain costeen</td>
<td>22 grains fine gold per ton</td>
</tr>
<tr>
<td>No.2 Ferruginous vugs in 39 chain costeen</td>
<td>1 oz 17 dts 5 grms fine gold per ton</td>
</tr>
<tr>
<td>No.3 Clayey, ironstone quartz vugs in 39 chain costeen</td>
<td>0 * 1 * 9</td>
</tr>
<tr>
<td>No.4 Cut across face of No.2 West Costeen</td>
<td>No Gold</td>
</tr>
<tr>
<td>No.5 Sample from Dump &amp; Battery</td>
<td>0 oz 4 dts 6 grms</td>
</tr>
<tr>
<td>No.6 Rejects at Battery</td>
<td>Bull</td>
</tr>
<tr>
<td>No.7 Large stones in Battery Dump</td>
<td>Trace</td>
</tr>
<tr>
<td>No.8 Loose material at Battery Dump. The fines screened through about a 12 mesh sieve and then taken for sample</td>
<td>0 oz 5 dwt 0 grms fine gold per ton</td>
</tr>
<tr>
<td>No.9 Some clayey ore on floor at Battery</td>
<td>0 * 0 * 22</td>
</tr>
<tr>
<td>No.10 Leader in 2 A shaft</td>
<td>Trace</td>
</tr>
<tr>
<td>No.11 Formation around North, South &amp; East sides of 2 A shaft</td>
<td>0 oz 0 dwt 22 grms fine gold per ton</td>
</tr>
<tr>
<td>No.12 Formation under leader in 2 A shaft</td>
<td>0 * 1 * 0</td>
</tr>
<tr>
<td>No.13 Feed at Battery taken over a period of 2 hrs.</td>
<td>0 * 0 * 7</td>
</tr>
<tr>
<td>No.14 Tails from Battery after tables</td>
<td>0 * 0 * 9</td>
</tr>
<tr>
<td>No.15 * * * before</td>
<td></td>
</tr>
</tbody>
</table>

27th March, 1935

**ACTING DIRECTOR OF MINES**

**GOLD MINER'S ASSAYER**
Missrs. Stutterd & Clark.

Arnhem Land Gold Development
Company's Mine.

(1) You are requested to sample thoroughly all workings including shafts, cesspools and dumps.

(2) Take samples yourselves across width of lode where same definable.

(3) If necessary timbering in shaft should be removed to allow access for samples, also spots where samples taken should be accurately located by measurement.

(4) Take width of lodes or shoots and where possible indicate geological formations penetrated by shaft and drives.

(5) Report generally on Company's mining operations.

(6) Advise quantity of ore ready for crushing.

(7) If any ore recently crushed, results should be ascertained and reported.

Mr. Stutterd.

Should a mining engineer named W.J. Turner, who left Sydney for Darwin by aeroplane on 4th February, arrive whilst you are on the property, please see him. He is reporting upon the adjoining property. If he is willing and has time, ask him to make an independent report for the Government on the general mining operations carried out and the potentialities of Arnhem Land Gold Development property.

R.H. Weddell
Administrator.
Northern Territory
18th February, 1935

His Honour,
The Administrator,

Arnhem Land Gold Development N.T.

In compliance with the instructions enumerated in your memorandum of the 5/2/1935, we proceeded to the mine per aeroplane and arrived there at 7.45 a.m. on the 7/2/1935.

During the same day, the Manager, Mr. Pollard, showed us over the various leases and mine workings, and pointed out all workings etc.

On the following and subsequent days up to the 11th, we carefully examined and sampled all workings that were open for inspection, this included all workings with the exception of the shafts, which were filled with water to above the workings and which water, Mr. Pollard stated could not then be removed.

The country rock through which the main line of load runs consists of sandstones, schists and quartzite. A small band of diorite was showing on the Eastern side of Protected Gold Lease Application No. 1136.

The main lode outcrops consists mainly of hard white buck quartz, which traverse the country on a strike West of North and dipping to the West, these in parts are massive, particularly North of costean 39 chain, where they are exposed for a width of up to 20 feet, and run for a mile or more further North. In other parts, the massive outcrops disappear and are replaced by a stock-work of white quartz veinlets from half to a few inches wide, which are interspersed through schistone rock. This is well illustrated at costean No.1 West. The country rock and lodes generally are impregnated with iron oxides, which in places runs to masses up to 6" wide.

The attached plan shows the subdivision into Protected Gold Lease Applications of the area formerly held as Exclusive Prospecting Licence No. 66, together with the various workings thereon, also the attached photos show other items of interest.

Our sampling indicates a uniform low grade of the ore available. All samples taken, unless specially mentioned, were representative of the ore in bulk, just as it would be taken out for treatment. The too often misleading method, by which, on a selection of a few ounces of rich specimens, extraordinary assays are obtained, was carefully avoided.

We are satisfied on the evidence available, that small quantities of rich ore have been on the property, but the bulk of the ore is extremely poor, and at present there is little or nothing to indicate the presence of
commercial quantities or ore of a payable value.

A considerable amount of surface work has been carried out by the company, of which the landing ground, construction and housing of employees was essential, but the purchase and erection of a milling plant was decidedly premature, considering the meagre nature of the development work carried out at the time of the purchase.

Ore treated to date 11/2/1935 was 25 to 30 tons, gold recovered - nil. It is possible that from 1 to $1\frac{1}{2}$ ounces of gold have been absorbed by the plant.

No. 1 Shaft. on Protected Gold Lease Application No. 1136 held in the name of Arnheim Land Gold Development N.L.. It is a small prospecting shaft, now fallen in and full of water. A buck quartz lode or floater was showing on surface on West side.

Shaft No. 2 A. (Main shaft). Situated 25ft East of No. 1 shaft. Mr. Pollard stated that the shaft was 75 feet deep, and it was their intention to sink to 100 feet, at about which depth they anticipated cutting the lode, which was dipping towards the shaft. It was also anticipated that when the lode was out at 100ft or thereabouts, this shaft would drain the other shafts nearby, such as No. 1 No. 2 and No. 3, thus enabling them to work those shafts without the cost of additional pumping plant. Mr. Pollard also stated that nothing of value has as yet been located in the shaft. The shaft is close timbered and the water stands at 37' 6" from the surface. Our measurements, by plumbing, indicated a depth from collar set to bottom of 58 feet.

Regarding the requested removal of timber for the purpose of sampling, as it was admitted that there was nothing of value to sample, and the fact that it would be extremely risky to remove the timber, this was not persisted in, although refused by Mr. Pollard.

No. 2 Shaft is 45 feet North West of No.2A shaft. Timbergave way about 6 feet from surface, shaft filled up to that level with mullock. A dump of mullocky ore of about 25 tons is on the East side of the shaft. Sample 17 - Assay 2 dwts 2 grams fine gold per ton.

No. 3 shaft is 126 feet North North West of No. 2A shaft. Water stands at 39' 6"; bottom of shaft 50 feet deep from collar set. (Our measurement by plumbing).

Mr. Pollard stated that he was unable to remove the water, as there was no pumping equipment on the shaft.

A buck quartz outcrop 5 feet wide is showing on surface on West side of shaft. About 2 tons broken; sample No. 15 - Assay 1 dwt grains fine gold per ton.

On East side of shaft is a dump of about 20 tons of white quartz, which Mr. Pollard stated came from the bottom of shaft and crosscut; Sample No. 14 - Assay trace gold. This sample would give a more accurate value of the ore in shaft and crosscut than if taken in the face.
Costean 60 feet North West of No. 3 shaft, and 4 feet deep and 50 feet long. This shows a buck quartz lode impregnated in parts with hematite, which appears to be 12 feet wide overall, but the costean is not sufficiently deep to enable us to determine the exact width of the lode. A sample was taken over the full 12 feet, No. 18 Assay trace of gold.

Costean 100 yards North of No. 3 shaft; 40 feet long; 18" deep. North West end shows lode of quartz 12" wide; at South East end is a quartz lode 18" wide, a joint sample of each assayed trace of gold. Sample No. 19.

No. 1 West Costean; situated on Protected Gold Lease Application No. 1122; held in name of E.H. Bailey and is about 31 chains North of main shaft. A cut North East and South West across lode formation; is 138 feet long and 6 feet deep. 78 feet of the North Eastern end consists of a stockwork of small white quartz veinlets from ½" to several inches wide interspersed through schist country. A bulk sample was taken over 78 feet. Sample No. 8 - Assay trace of gold.

39 Chain Costean; now known as the open cut and is the principal seat of the present mining operations. It is situated on Protected Gold Lease Application No. 1123, which is held in the name of E.H. Bailey.

A cut has been made over a distance of 270 feet on a bearing East North East and West South West on the Eastern end, about 35 feet in a broken quartzite formation, is exposed apparently for a width of 23 feet. This broken quartzite is interlaced with seams and vugs of clay, ironstone, and rubbly quartz, which are small in extent and run in all directions, and are apparently secondary fillings of the quartzite fractures. It is not defined in any way and could not be classed as a lode. Where the 23ft width is exposed, the cut has been opened out for a length of about 12 feet by 10 feet deep by 12 feet wide.

A bulk sample was taken over the East, South and West sides of cut. Sample No. 3 - Assayed 1 dwt 5 grms fine gold per ton, the dump of ore from the cut, consisting of about 80 tons was sampled and assayed 1 dwt 10 grains fine gold per ton. Sample No. 7. A further selected sample taken from the puggy ironstone vugs assayed 1 dwt 21 grms fine gold per ton. (No. 4 sample). A sample was taken from a band of hard quartzite 5 feet wide - sample No. 5 - contained no gold.

The clayey vugs and seams were sampled (No. 6) assayed 4 dwt fine gold per ton. These selected samples represented a very small percentage of the ore in the face, but being of such an erratic nature, it is impossible to state what that percentage would be.

The assays indicate that the gold occurs only in the clay seams and ironstone vugs, and that the solid quartzite appears to be barren.

A further dump of about 25 tons now stacked at the battery awaiting treatment assayed 18 grains fine gold per ton - sample No. 16 -. During treatment of similar ore at battery, a sample was taken from each shovel full of ore as it was fed to the battery, over a period of 1½ hours; this sample assayed 1 dwt fine gold per tone (sample No. 12). The tailings resulting, sampled over the same period, assayed less than 5 grains fine gold per ton.
26 chain costean, 26 chain West of North from main shaft, situated on Protected Gold Lease Application No. 1138 held in name of Arnhem Land Gold Development N.L. This cut is East North East from No. 1 West costean, on what appears to be a parallel formation. The cut is 100 feet long by 5'6" deep; in the centre of costean, is a band of quartzite with small veins of Hematite through it; a sample was taken over a 5ft width of what appears to be lode matter - sample No. 10 - Assay trace of gold. The country rock is schist.

Costean situated on Protected Gold Lease Application No. 1136; about 150 yards East North East from Main shaft in diorite country, 12 feet long by 7 feet deep in centre. A lode formation carrying iron stained quartz, 18" wide; assayed a trace of gold. Sample No. 13.

North of 39 chain costean and running through Protected Gold Lease Application No. 1124 and further North; a large buck quartz reef runs along the centre of ridge for a mile or more and which stands out prominently. A knapped sample was taken over 300 feet long by up to 20 ft wide, result - trace of gold. Sample No. 2.

A costean has been cut on the East side of Protected Gold Lease Application No. 1090, through country which shows numerous ironstone boulders and floaters. No defined lode was showing. A knapped sample taken from the surface floaters assayed 4 dwts 15 grms fine gold per ton. Sample No. 9.

Costean 83 chain; situated on Protected Gold Lease Application No. 1126, the cut is 9 ft long to 4 feet deep, showing a lode about 18" wide of quartz and hemetite, in sandstone and quartzite country; sample over full 18 inches assayed 2 dwt fine gold per ton. Sample No. 1.

Transport

Over 140 tons of plant and material have been delivered to the mine from Pine Creek and Darwin by motor truck and aeroplane.

The conveyance of heavy material from Pine Creek by motor necessitated the opening up of a road and the building of bridges over the South Alligator River and Barramundie Creek, altogether we understand, #250 was spent by the Company on this work.

The road and motor trucks are used in the dry season only, the road being absolutely impassable for motor traffic during the wet season. During the wet season, light material, foodstuffs, passengers etc; are conveyed by aeroplane, usually direct to or from Darwin. Under present conditions, it would be impossible to work the mines on a commercial basis without the aeroplanes.

The transport plant consists of; 1 Fox Moth 'plane; 1 Gipsy Moth 'plane; 1 Ford 2 ton truck; 1 Dodge 15 cwt utility; 1 Dodge 2 ton truck and 1-2½ ton Karrrier truck.

The land ground for planes has been cleared of timber for 750 yards long and 125 yards wide, and is now being made wider.
Plant and Buildings

Main shaft: 1 set of Poppet logs 25 feet high, winding winch double cylinder 5" x 10" with 3 feet drum; Steam engine and air compressor, two jack hammer capacity; 12' x 18' receiver; 1 sinking pump in shaft; 1 20 H.P. steam boiler; 1 feed pump with nessary connecting piping etc. This boiler also supplies the mill engine etc., situated on the Eastern side of engine room. 4 head Tod-Williams output steam mill, 1250 lbs each. 1 8" x 6" Dodge Rock breaker (not erected). 2 3' x 3' copper plates in series in front of each box; 2 Curvilinear type concentrating tables; 4 Bordan Pans 4' diameter with nessary shafting, pulleys and belting.

The foregoing plant is driven by a Tangye steam engine 12 H.P.; steamed by the mine boiler. The whole of the plant is covered by timber and Galvanised iron building; Mill building 30' x 50'. Boiler and engine shed 60' x 20'; amalgamating room 10' x 12'.

The Mill Water supply is from a storage and tailings settling dam of 900 cubic yards capacity. The water is pumped by duplex pump $5\frac{1}{2}'' \times 3\frac{1}{2}'' \times 5''$ to a mill supply tank of 800 gallons capacity.

The mill, mine building and office is to be lighted by electric light generated by a 3 KV generator, most of which is installed. Other buildings consist of Office and store 30' x 30'; Motor garage 30' x 15'; Kitchen 16' x 14'; all of galvanised iron. Dining room 22' x 16' (Bark); 11 huts for employees 10' x 12' (Bark).

Domestic water supply is main water in wet season and by cartage from Barramundi Creek in dry season. Generally speaking, the water supply is weak. The average number of men employed during the past 12 months is 10.

(L.W. STUTTERD)
Acting Director of Mines

J.M. CLARK)
Government Assayer
### Assay results from Arnheim Land Gold Development N.L.

**Samples taken on 8th; 9th; 10th; 11th February, 1935.**

<table>
<thead>
<tr>
<th>Sample No.</th>
<th>Fine Gold per ton.</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>2 dwts 0 grains</td>
<td>From costean 83 chain; taken from lode 18&quot; wide. Lode is quartz and hematite</td>
</tr>
<tr>
<td>2.</td>
<td>Trace</td>
<td>Buck quartz outcrop North of 39 chain costean. Sample taken over distance of 300 feet.</td>
</tr>
<tr>
<td>3.</td>
<td>1 dwt 5 grains</td>
<td>Sample taken round face of 39 chain costean in supposed lode formation.</td>
</tr>
<tr>
<td>4.</td>
<td>1 dwt 21 grains</td>
<td>Sample taken from puggy ironstone veins, showing in costean 39 chains.</td>
</tr>
<tr>
<td>5.</td>
<td>Nil.</td>
<td>Sample taken from 5' band of quartzite in costean 39 chains.</td>
</tr>
<tr>
<td>6.</td>
<td>4 dwt 0 grains</td>
<td>Sample from rubbly quartz pugs and veins in costean 39 chain.</td>
</tr>
<tr>
<td>7.</td>
<td>1 dwt 10 grains</td>
<td>Sample from dumps containing approx. 80 tons of ore at 39 chain costean.</td>
</tr>
<tr>
<td>8.</td>
<td>Trace</td>
<td>Sample from No.1 West costean.</td>
</tr>
<tr>
<td>9.</td>
<td>4 dwt 15 grains</td>
<td>Sample from costean on P.G.L.A. 1090 Sample taken from ironstone boulders around costean.</td>
</tr>
<tr>
<td>10.</td>
<td>Trace</td>
<td>Sample from 26 chain costean.</td>
</tr>
<tr>
<td>12.</td>
<td>1 dwt 0 grains</td>
<td>Mill feed. A sample was taken off each shovel full fed to battery for 1½ hours.</td>
</tr>
<tr>
<td>13.</td>
<td>Trace</td>
<td>Sample from costean on P.G.L.A. 1136</td>
</tr>
<tr>
<td>14.</td>
<td>Trace</td>
<td>Sample taken from dump at No. 3 shaft.</td>
</tr>
<tr>
<td>15.</td>
<td>1 dwt 22 grains</td>
<td>Sample taken from quartz outcrop on West side of No. 3 shaft.</td>
</tr>
<tr>
<td>16.</td>
<td>18 grains</td>
<td>Sample from dump at battery containing approximately 25 tons.</td>
</tr>
<tr>
<td>17.</td>
<td>2 dwt 2 grains</td>
<td>Sample from dump at No. 2 shaft.</td>
</tr>
<tr>
<td>18.</td>
<td>Trace</td>
<td>Sample from costean 60' North of No. 3 shaft.</td>
</tr>
<tr>
<td>19.</td>
<td>Trace</td>
<td>Sample from costean 100 yards North No. 3 shaft.</td>
</tr>
<tr>
<td>20.</td>
<td>Less than 5 grains</td>
<td>Sample Mill tailings taken same time as mill feed.</td>
</tr>
</tbody>
</table>

(L.W. STUTTERD)

**ACTING DIRECTOR OF MINES**

(J.M. CLARK)

**GOVERNMENT ASSAYER.**
Northern Territory Mines Branch,
Chief Warden's Office,
Darwin, 5th December, 1933.

His Honour,
The Administrator.

Re Arnhem Land Gold Development Co. N.L.
and complaint by Mr. Francis Birtles.

In accordance with the request contained in the memorandum N.L. 722 from the Department of the Interior of 17th November, 1933, to you, I have to advise as follows:

The history of the show at Yemelba or near Goonginnis Springs (to use the name mentioned by Mr. John Bailey when he applied some months ago for a Prospecting Area) goes back further than Mr. Birtles' letter implies, it having been discovered by Mr. S. Tollis in the year 1920. I inspected the show and reported officially on it in September, 1922. At that time there was only a small leader of heavy ironstone exposed, and that ironstone appeared to cut out at a depth of about 8 ft. from the surface. The ironstone carried good gold, and assays then varied from 1 ounces 4 dwts to 7 ounces fine gold to the long ton.

Two tons of the heavy ironstone ore were on the surface at the time of my visit. My inspection followed after requests from the White Hope Company which at that time held an option over the show from the late Mr. George Laurie.

In the following year, Mr. Laurie interested Melbourne people in the show and it was inspected by Messrs. W.F. Murphy and Shepherd. In the following year, 1924, Mr. Laurie interested Cairns people in it, and Mr. W. Colley inspected the show. Each of these parties turned it down, and the ground was not taken up again until it was granted to Mr. John Bailey recently as Exclusive Prospecting Licence No. 66.

Mines Branch Files 409/20 and 529/22 deal with previous official inspections of this show.

Mr. Laurie died a few years ago, but it is well known that before his death he accompanied Mr. Francis Birtles out to that locality, it being understood that Mr. Birtles was taking cinematograph photos. Mr. Birtles claims to have been interested in the show for several years, but it is significant that Mr. Birtles' name has never at any time appeared in the registers of this Office as the holder of any mining tenement of any description in the Territory. Mr. Birtles may have raised a little of the two tons of ore recently sent away for smelting, but it may be taken as a certainty that the greater part of that ore was lying broken on the surface at the time of my visit there in 1922.

A few weeks ago - and since 15th October, 1933, when Mr. Birtles' letter to the Hon. the Prime Minister was written - a copy of the printed prospectus of the Arnhem Land Gold Development Co. N.L. was loaned to me. The most sensational part of the prospectus was the report on the property by Mr. Francis Birtles and I did not then, nor do I now, believe the statements contained in that printed report over Mr. Birtles' name.
a-greed in our local paper results of assays of some samples which Mr. Bailey submitted to me. The results published were exactly those contained in my assay certificate, and that part was absolutely true. The samples then submitted to me for assay each consisted of one large stone, and they could not represent any great body of ore, but they were samples of three different materials namely (1) the heavy ironstone ore with which I was familiar (2) whitish quartz and (3) heavy ironstone ore containing sulphide. The samples assayed respectively:

(1) Gold 5 ozs 3 dwts 17 grns Silver 5 ozs 3 dwts 17 grns.
(2) " 3 " 1 " 6 " " 3 " 1 " 1 "
(3) " 10 " 7 " 10 " " 10 " 2 " 14 "

They are said to have come from an ore body 4 feet wide where all 3 classes of ore exist in different parts of the lode.

A week ago, I assayed another sample sent in by Mr. Bailey. This sample consisted of finely crushed pieces of different classes of ore, and may, or may not, be a representative sample. It assayed 25 ounces 15 dwts of gold bullion per long but I have not had time to complete the assay by the determination of the fine-gold contents. The bullion was very light in colour and probably is nearly half silver.

For the past few months I have been quietly watching events and gathering information about Yemelba, and may say that in the few matters in which Mr. Bailey and I have come into contact, nothing in any way dishonorable in his conduct has come to my notice.

On the other hand, Mr. Birtles' letter which is intended to be very damaging to Mr. J. Bailey, does not show Mr. Birtles off to advantage. The aeroplane, of which Mr. Birtles complains, has had a number of very successful flights, and so far, manifestly has been neither useless or dangerous.

At present Mr. Birtles is camping somewhere near the Edith River siding, and sends a blackboy along to the trains to get his mail. I was informed that he has a motor vehicle and that being the case, his statement that he "will be forced to camp out along the Mary River" to "live on fish and buffalo meat for the next six months of impassable flood and bog" is absolute rubbish. Tracks for motor traffic were quite reliable in those parts for 3 or 4 weeks after the 15th October last, but they are becoming boggy now owing to recent rains.

Under the circumstances, I think it wise to visit and sample the mine at Yemelba as early as possible. In conversation with the air pilot of the "Magic Carpet" aeroplane (Mr. Copley) he thinks that about Wednesday or Thursday 13th or 14th instant, would be convenient time for him to take me out to the mine, the journey from Pine Creek occupying only about 45 minutes. He proposes that I should go out to the mine one morning do my work and camp there, and return to Pine Creek the following morning. Subject to your approval, that matter will be arranged by me, and my report on the mine would be submitted after assay of the samples proposed to be taken.

(Sgd.) Norman C. Bell.
Director of Mines and Chief Warden.
Northern Territory Mines Branch,
Chief Warden's Office,
Darwin, 27th December, 1933.

His Honour,
The Administrator.

Re Arnheim Land Gold Development Co. N.L.
and complaint by Mr. Francis Birtles.

Further to my memorandum of 5th instant, I have now to advise that by courtesy of Arnheim Land Gold Development Co. N.L., Mr. Air Pilot Cropley conveyed me by aeroplane from Pine Creek to the Arnheim Land Gold Development Co.'s Exclusive Prospecting Area to the East of Barramundie Creek in the South Alligator locality on Friday 15th instant.

On arriving at the mine, the manager, Mr. Pollard, showed me round the various mine workings and I went down the two shafts known respectively as No. 2A and No. 3 where work was then going on. There were then 5 men employed at the mine, there being two men at each of the shafts mentioned and the cook for the party. Three other employees had left for South a week before my visit, but the place of at least one of these men is being filled. Mr. Air Pilot Cropley is also an employee of the Company.

When the Company began operations on the mine, the workings were only very shallow canteens and open cuts across and along the line of lode. The No. 1 shaft put down by the company among the old workings to 15 feet, fell in, owing to the soft nature of some of the lode material. Shafts Nos. 2, 2A and 3 put down afterwards have been closely and substantially timbered and the workmanship is a credit to those responsible for it. This close timbering however, effectually prevents any easy inspection of the country or lode material through which the shafts are sunk.

The lode is a rather peculiar formation which was about 3 feet wide on the surface and strikes a little West of North and East of South. It dips to the East. It is a schistose formation, intersected at intervals by quartz veins which dip to the South, and seem to resemble saddle reefs, as successive seams were met with in sinking, but too little work has yet been done to say just what kind of body it is, or what its dimensions are. There are also occasional clayey seams roughly parallel to the quartz seams.

At the time of my visit, rain was falling and there had been previous showers. As a consequence, water was making in both No. 2A and No. 3 shafts, particularly in the latter, which was then 57 feet deep. As only windlasses are being used for sinking as yet, the water is a considerable handicap, and although there had been going on right up to the moment of my descending No. 3 shaft, it was then nearly up to knees in the shaft. I could not actually see the bottom of the shaft, and the only part of the body which could be seen was about 2 feet all round the shaft above the water and below the shaft timbers. Samples of the lode material there, and of a clayey seam were taken by me.
then underlies rather flatly to the East. A good deal of water had accumulated in this shaft and as a consequence, I was unable to get to the bottom. It is said to be about 40 feet deep.

A vertical shaft No. 2A has been sunk in country rock of altered sandstone at a spot about 12 or 14 yards East of No. 2 shaft, and was 45 feet deep at the time of my visit. A clayey seam was then coming into the South Western corner of this shaft and probably is an indication that the lode is not far away at that point. A sample of the clayey seam was taken by me but no sample of the country rock was taken.

As the shafts, very necessarily, are close timbered and the water prevented me from closely examining the bottoms of the shafts, the only thing was to sample the dumps of material raised to the surface and dumped alongside the shaft from which it came.

A small quantity of about 3 hundredweights of high grade ore was lying in a separate paddock. The ore, consisting of quartz and ironstone carrying sulphides and also a little copper in places, is very rich, but it seems to occur very irregularly and infrequently, for the values of my samples of the dumps do not indicate the striking of any very rich pieces, in my samples.

The samples of the dumps gave rather poor results. Those results are as follows:

<table>
<thead>
<tr>
<th>Sample Description</th>
<th>Fine Gold (ozs. dwts. grs.)</th>
<th>Silver (ozs. dwts. grs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>From small clayey seam at bottom of No. 2A shaft.</td>
<td>0 3 2</td>
<td>0 0 14</td>
</tr>
<tr>
<td>Sample of quartz from No. 2 shaft</td>
<td>0 2 10</td>
<td>0 0 10</td>
</tr>
<tr>
<td>Sample from near bottom of No. 3 shaft at depth 56 ft. (Approx.)</td>
<td>0 2 10</td>
<td>0 0 10</td>
</tr>
<tr>
<td>Sample from small mullocky seam near bottom of No. 3 shaft.</td>
<td>0 3 2</td>
<td>0 0 14</td>
</tr>
<tr>
<td>Sample of material in dump on South side of No. 3 shaft.</td>
<td>0 3 19</td>
<td>0 0 16</td>
</tr>
<tr>
<td>Sample of material in dump on Eastern side of No. 3 shaft.</td>
<td>0 3 2</td>
<td>0 0 14</td>
</tr>
<tr>
<td>Sample of dark coloured material on North side.</td>
<td>0 3 2</td>
<td>0 0 14</td>
</tr>
<tr>
<td>Sample of large pieces of mineralised quartz on South West side of No. 3 shaft.</td>
<td>0 3 2</td>
<td>0 0 14</td>
</tr>
<tr>
<td>Sample of light brown leached material round bottom of dump on East side No. 3 shaft.</td>
<td>3 19</td>
<td>0 0 16</td>
</tr>
<tr>
<td>Sample of 3 hundredweights selected rich ore (quartz ironstone &amp; sulphide ore paddock).</td>
<td>Trace</td>
<td>Trace</td>
</tr>
<tr>
<td>Sample of one piece of heavy sulphide ore specially broken by me.</td>
<td>2 16 0</td>
<td>3 14 0</td>
</tr>
<tr>
<td></td>
<td>5 18 0</td>
<td>9 12 0</td>
</tr>
</tbody>
</table>

The Managing Director, Mr. J. Bailey, concurred in the opinion expressed by me that the high values are in the heavy mineral, patches of which are very small and infrequent.
The mine manager, Mr. Pollard, stated that it is their intention to sink the shafts to 100 feet as soon as possible, and ascertain there the values and size of the ore body. During the wet season it is probable that very little underground work will be possible. Although only a very small amount of rich ore was in the paddock at the time of my visit, and the ore around the shafts is low grade, I desire to express my appreciation of the very good and solid work which is being done by the Arnheim Land Gold Development Co. N.L. in their attempt to prove their property.

A number of comfortable huts have been erected for camps for the men, and also a bark dining room and kitchen. On my return journey on 16th instant, the aeroplane brought me straight to Darwin.

(Sgd.) Norman C. Bell.
Director of Mines.
Northern Territory Mines Branch,
Chief Wardens Office,
Darwin, 13th February, 1934.

His Honour
The Administrator.

Arnheim Land Gold Development Co. Ltd.

In reply to the memo of 25/1/1934 from the Secretary of the Department of the Interior regarding the statement alleged to have been made by Mr. J. Bailey, which was published in the "Sydney Morning Herald" of 23/1/1934, I have to advise as follows:

On the mine in question, 3 shafts have been sunk by the Company, the shallowest being 40 feet deep and the deepest over 60 feet in depth. These shafts are about 90 feet apart, and the lode has been tested right along the surface between these shafts, but when I visited the mine on 15th December last, the lode was not tested by a drive from shaft to shaft although it is understood that some driving has been done from the No. 3 shaft since the time of my inspection.

The lode has been cut in No. 2 shaft at a depth of 60 feet since 15/12/33, and a sample which, it is understood, came from the lode there, was assayed by me and showed 5 ounces 6 dwts fine gold and 2 ounces 3 dwts of silver per long ton. Another sample submitted by Mr. Bailey previously assayed 25 ounces 15 dwts Gold Bullion, being 15 ounces 4 dwts fine gold and 10 ounces 11 dwts of silver per long ton.

The statement that assays indicated a return of 10 to 20 ounces to the ton, in a sense is true, but as far as could be seen at the time of my inspection, the rich ore occurs in very small quantities, and the rich samples have been picked samples and not representative of the whole lode.

While I cannot tell what may have happened since the time of my visit, I believe that while the lode - where cut at 60 ft - is 6 ft 6 ins. wide, I do not believe that that lode averages 10 to 20 ounces of gold per ton over that 6 ft 6 ins. nor anything like it.

The Company has established an aerial service between the mine and Darwin and as far as I know, there are now 9 or 10 men engaged by the Company.

A copy of my report dated 27/12/33 was forwarded to you. Excepting the cutting of the lode at 60 ft in the 2A shaft, there is little information to add to that report.

It is possible, I intend to visit the mine again at an early date.

(Sgd.) Norman C. Bell,
Director of Mines.
Northern Territory Mines Branch,
Chief Warden's Office,
Darwin, 24th March, 1934.

His Honour
The Administrator.

I have to report that on the morning
of the 3rd instant at the expressed wish of Mr. Arthur Waghorn,
Chairman of Directors of the Sino Development Co. Ltd., who was
then at Pine Creek, and at his expense, I travelled to Pine Creek
per the "Magic Carpet" aeroplane, and discussed with Mr. Waghorn
various matters in connection with the mine holdings in which his
company here is interested.

On the following morning in the same
aeroplane, I travelled from Pine Creek to Yelemba where on an area
held by Mr. J. Bailey, under exclusive Prospecting Licence No. 66,
the Arnheim Land Gold Development N.L. has its mine.

Considerable rain had fallen since my
previous visit there in December last, and, as was then anticipated
the work of baling out the water draining into the workings had
forced the manager, Mr. Pollard, to leave the underground workings
temporarily and to employ the men in surface prospecting. I was
informed that the No. 2A shaft had been deepened to about 70 ft.,
that the reef had been cut at about 60 ft. and was in the shaft for
about 6 ft., and that a little high grade ore having been found
in the lode there.

Also, that in the No. 3 shaft, at a depth
of about 40 ft. a crosscut had been put in for about 18 ft. before
it was decided to go on with surface prospecting.

That day, in company with Mr. Pollard, I
inspected that Northern portion of the area held under Exclusive
Prospecting Licence No. 66. About a quarter of a mile to the East
of the camp there is a range about 900 ft above the surrounding
country running almost North and South, which is capped with sand-
stone and quartzite, but older slates and schists are exposed lower
down the sides of the range. This range is just outside the bound-
ary of Prospecting Area No. 66.

On that prospecting area a low hill rises
just North West of the mine and runs Northwards through the area and
parallel to the big range. In this low hill at about 26 chains
North of the mine a costeen about 40 ft long and about 4 ft deep
was being put in at a spot where some likely looking quartz was
out-cropping. At 39 chains North of the mine, a second costeen
about 50 ft long was being put in on another quartz outcrop and
good prospect have been obtained. At one point about the middle
of the costeen over about 12 inches wide, the hard quartz was taken
be me and dollyed, and also the loose rubble surrounding it. Both
samples showed good gold in the dish, and the same samples brought
back to Darwin and assayed, gave results as follow:-

| Hard quartz | 9oz 3dwt 10 grns gold bullion per long ton |
| Loose rubble | 9oz 3dwt 15 grns |

I had not time to assay for fine gold.
Northern Territory Mines Branch,
Chief Warden's Office,
Darwin, 10th July, 1934.

His Honour,
The Acting Administrator.

Yemelba (South Alligator) District.

On Sunday, 24th June, Dr. Woolnough, Geological Adviser to the Commonwealth Government, and I arrived at the main camp at Yemelba, which is situated near the South Eastern corner of the area held under Exclusive Prospecting Licence No. 66 by Mr. John Bailey for the Arnheim Land Gold Development Co. N.L.

At about 12 miles from the mine we met Mr. F.C.C. Pollard, Manager of the Arnheim Land Gold Development Co.'s mine on his way into Pine Creek, and he very kindly returned to the mine to show us round.

At the mine a number of bark huts and camps have been erected for the workmen who number about a dozen. The Company employs a cook, and the manager, and the men live together. The Managing Director, Mr. John Bailey, was also at the mine and works at the mine with the other men.

The Company has a heavy boiler, steam engine, compressor, stamp batteries, etc., at Pine Creek awaiting transport to the mine, but the first work after the wet season ended was the repairing and preparing of tracks and river crossings for the conveyance of the heavy machinery 80 miles from Pine Creek to the mine.

Very strong low level bridges have been put in across the Mary and the Little Mary Rivers, Gerowie Creek, the South Alligator River and Barramundie Creek, besides cutting of tracks, and repairing of old crossings nearer Pine Creek. This road work is highly creditable to the Company and to its employees.

At the time of our visit, there had not been time to convey any of the heavy machinery to the mine, and as the bailing of water and the raising of ore and mullock from the deeper workings is too expensive by hand, the workings near the main camp are not being de-watered until machinery for that purpose can be carted to the mine. Mr. Pollard informed me that since I visited the mine in December last and went down No. 2A and No. 3 shafts, these shafts have been deepened to 75 feet and 57 feet respectively.

He also stated that the lode in No. 2A shaft is 12 ft. wide and that it carries mineralised quartz and sulphides. There was no opportunity for us to go down this shaft as it had not been de-watered, but I assume that in the lode mentioned by Mr. Pollard, the amount of mineralised quartz and sulphide is relatively small, as not much of it was showing on the dump.

The old No. 2 shaft was sunk for 25 ft vertical and then 20 feet on the underlie dipping East toward No. 3 shaft. This shaft has partly fallen in owing to the soft nature of the schistose country rock, but the quartz from the reef carried
a hill which commences to rise about 20 chains North West of the camp.

The No. 1 West coosteen is on the Western slope of the hill about 30 chains from the camp and is about 50 yards long and 6 to 7 feet deep in the centre. It shows one central reef with 2 flat quartz spurs running into the main reef. No sample was taken by me, but Mr. Pollard stated that a general sample along the whole coosteen shows a little gold.

The 26 chain coosteen is East of No. 1 West coosteen and is in strata dipping flatly to the East. The coosteen is about 2 chains long and about 7 feet deep in its deepest part. Three definite quartz veins were exposed in it, one showing dense hematite freely. Mr. Pollard stated that all 3 veins contain gold, but I had not time to sample them.

The 39 chain coosteen is higher up the hill, and is about 3 chains long. The country rock here is a gritty silicious sandstone with quartz veins in the lines of weakness. When I visited the mine in March last, I took a sample from about the middle of a flat reef at a spot indicated by Mr. Pollard and over about 18 inches. The hard quartz in my sample assayed 2 ounces 0 pennyweights 10 grains of gold bullion, while the fine rubble from the same sample assayed 5 ounces 3 dwts. 15 grains of gold bullion per long ton. The gold bullion was of good quality.

These samples were not intended to be representative of the whole of the reef exposed in the coosteen, but the results definitely do show that the reef there is well worth further development. At the time of my last visit, the coosteen had been deepened and the reef seems to be flat and ten to twelve feet thick. Mr. Pollard stated that there is gold over 40 feet in the coosteen, but I had not the time to sample it.

Proceeding further along the ridge of the hill in a North North Westerly direction, we walked over reef after reef in definite eschelon formation. I did not count the reefs, but at a rough estimate would say that we walked over a dozen of them each one striking just West of North, and perhaps 80 yards to 100 yards in length, with the Southern end of each one about 15 or 20 yards West of the Northern end of the other. The outcrops indicate wide strong reefs below.

No work had been done on these reefs at the time of our visit, but their proximity to other reefs which are definitely auriferous, leads one to suppose that they may also carry gold.

Proceeding then in a North North Easterly direction to a point about 1 1/2 miles North North West from the main camp, we came to another reef outcrop on which work was only beginning. In March last, I picked up at random from this same outcrop, various pieces of mineralised quartz and assayed them as one sample on my return to Darwin. This sample assayed 5 dwts. 7 grns. of gold bullion per long ton, and while not representative, it certainly indicates the need to prospect that outcrop.

After returning to the main camp, we motored past the Company's aerodrome to the South Western corner of the same prospecting area, where there is a large flat outcrop of bony ironstone.
Summed up, the position is that my own samplings at various times show that (1) small bodies of rich ore have been proved to exist in the reef near the main camp. (2) in the reef in the 39 chain costeen; and that gold definitely exists; (3) in the reef about 1½ miles North North West of the main camp; and (4) in the ironstone formation about 1 mile West South West of the main camp.

No large quantities of ore seem to have been raised yet for milling, and for my own part, I would prefer to see ore at grass sufficient to keep the stamps going for some months before crushing begins. Before leaving the mine, I suggested to Mr. Pollard that it would be very wise to set one man at work constantly to sample the various reefs wherever possible, and to prepare those samples for panning or for assay.

There are many reefs within their 5 square mile prospecting area that are waiting to be tested, and I consider that to avoid waste of shareholders money, and to ensure success, that testing should be immediately proceeded with.

Arnhem Land Gold Development Co.'s Eastern Block.

With Mr. Pollard's guidance, Dr. Woolnough and I inspected portion of the Exclusive Prospect Area which is East of the main block. This Eastern block is mostly taken up by a high range about 950 feet high, at the top of which sandstone beds tilted Eastwards at about 35 degrees, overlie the older schistose rocks in which the quartz reefs occur. Some promising looking mineralised quartz reefs were seen, but no work has been done on the area.

Mr. R. Dawes Prospecting Area. The extreme North Western corner of this area was passed over by us, this being flat foothill. The main portion of this area is covered with the range similar in character to the Arnhem Co.'s East block which is North of Dawes' block.

Mr. J. Gilchrist's Prospecting Area. This is South of and adjoining the main Arnhem Land Co.'s (Bailey's) area. It is mostly in undulating or flat country. About 4 flat reef outcrops were shown to us, and prospecting of these is justified. Work on this area was to begin just after our visit.

There was not time to inspect Mr. J. Trew's Prospecting Area, which lies South of Gilchrist's area. The mountain range swings round and passes nearly through Mr. Trew's area, leaving, so we were informed, flat country both South East of and North West of the range in Trew's area. There was not time to visit either of the prospecting areas held by the two Roberts Bros. and both West of the main (Bailey's) area, but we met both brothers at the main camp and they have since written stating that they have definitely located gold in a promising reef and have sent in two samples for assay.

Owing to a huge accumulation of assay and other work on hand, it will be impossible for me to assay these samples for several weeks to come.

Agg.) Norman C. Bell.
Director of Mines.
ARNHEIM LAND GOLD MINE N.L.

No. 1 General Sample taken over working face of 39 chain costeen
42 grains fine gold per ton
1 oz 17 dwts 5 grns fine gold per ton
0 " 1 " 9 " " "
No Gold
No. 2 Ferruginous vugs in 39 chain costeen
0 ozs 4 dwts 6 grns " " "
Nil
No. 3 Clayey, ironstone quartz vugs in 39 chain costeen
Trace
No. 4 Cut across face of No. 2 West Costeen
No. 5 Sample from Dump at Battery
No. 6 Rejects at Battery
No. 7 Large stones in Battery Dump
No. 8 Loose material at Battery Dump. The fines screened through about a 12 mesh sieve and then taken for sample
0 ozs 5 dwts 0 grns fine gold per ton
0 " 0 " 22 " " "
No. 9 Some clayey ore on floor at Battery
0 " 0 " 22 " " "
No. 10 Leader in 2 A shaft
No. 11 Formation around North, South & East sides of 2 A shaft
Trace
No. 12 Formation under leader in 2 A shaft
No. 13 Feed at Battery taken over a period of 2 hrs.
0 ozs 0 dwts 22 grns fine gold per ton
0 " 1 " 0 " " "
No. 14 Tails from Battery after tables
0 " 0 " 7 " " "
No. 15 " " " before "
0 " 0 " 9 " " "

SAMPLE FROM GOLDEN DYKE MINE

No. 1 Sample taken over width of about 15' in face at end of South Drive
0 ozs 5 dwts 16 grns fine gold per ton
No. 2 Sample taken over width of 9' in North drive
0 " 6 " 10 " " "
No. 3 Sample taken from ore at dump in mill
0 " 7 " 15 " " "
Samples from Golden Dyke Mine

No. 1 Sample taken over width of about 15' in face at end of South Drive
0.908 dust 16 gms fine gold

No. 2 Sample taken over width of 9' in North drive
0 - 6 - 10

No. 3 Sample taken from ore at dump
0 - 7 - 15

1.175
No 1. Trench sample taken over working face of 39 chain costeent

2.7 grains fine gold

2.7 grains fine gold

No 2. Ferruginous nuggs in 39 chain costeent

No 3. Clayey, monestone quartz nuggs in 39 chain costeent

No 4. Cut across face of No 2 West costeent

No 5. Sample from Dump at Battery

0.0 0.22

No 6. Rejects at Battery

0.0 0.22

No 7. Large stones in Battery Dump

0.6 0.1

No 8. Loose material at Battery Dump the fines screened through about a 12 mesh sieve and then taken for sample

No 9. Some clayey ore on floor at Battery

0.0 0.22

No 10. Leader in 2A shaft

No 11. Formation around North, South & East sides of 2A shaft

Trace

No 12. Formation under leader in 2A shaft

0.0 0.22

No 13. Feed at Battery taken over period of 2 hrs

0 1 0

No 14. Tails from Battery after tables

0 0.7

No 15. " before "

0 0.0
Please arrange with Commonwealth Railway Commissioner use of quadricycle when necessary expedite movements otherwise serious delay probable stop also request Arnheim Company instruct Cropley give preference our transport from mine.

Woolnough 18/3/35.
ARNHIM LAND GOLD DEVELOPMENT N.L.

On the 12th January, 1933, John Bailey of 321 Pitt Street, Sydney, New South Wales, described as a Mining Company Director lodged an application with the Department for an Exclusive Prospecting Licence over an area of 5 square miles in the vicinity of Wamalba approximately 75 miles E.N.E. from Brooks Creek Railway Station on the Darwin Railway. The necessary fees were paid (£72s.10d) and the number of Mr. Bailey's Miner's Right was given as 257.

On 26/1/33 the Administrator advised that Bailey's Prospecting Licence had been issued on the 23rd January, 1933, and No. 66. The Licence was transmitted to Mr. Bailey under covering letter dated 24th February, 1933.

Subsequently in April 1933, an original prospectus dated 21st February, 1933, of the Arnhim Land Gold Development N.L. was submitted to the Department with regard to certain statements made therein that the Company had secured a lease of 5 square miles area. Under date 19th May, 1933, in a letter addressed to Mr. E.H. Bailey, Secretary of the Company, the then Minister (Hon. J.A. Perkins) directed attention to certain false statements in the Prospectus especially as regards the statement that the Company had secured a lease No. 66 of 5 square miles from the Federal Government, and several other statements in the Prospectus. Concerning this misstatement the Company was asked to take the necessary steps to amend the Prospectus and eliminate the incorrect data referred to. In a letter dated 24th May, 1933, addressed to the Minister the Secretary of the Company acknowledged that they had inadvertently and incorrectly described the Prospecting Licence as a Lease in the Prospectus issued by the Company. He also stated that "there was no intention to deceive the public in this respect or to embarrass your Department and we can only express our deep regret that such an interpretation may be placed upon our action. The Prospectus referred to will be altered without delay in the terms as set out in your letter."
Under covering letter dated 8th June, 1933, a copy of the amended Prospectus was forwarded for the formal approval. The required alterations had been duly made.

The Prospectus set out that the Company was registered under the Companies Act 1899-1900 of New South Wales. The capital of the Company was £20,000 in 200,000 shares of 2/- each of which 100,000 contributed shares were offered for public subscription payable 1/- per share on application with calls at the rate of 3d. per share at intervals of not less than one month. 66,666 shares each with 2/- fully paid were to be issued to Francis Birtles, Vendor, John Bailey, Ernest Henry Bailey, Thomas Henry Glover, Olave Aldridge Newth, Walter James Grey and Gregory Sinnott Madden, promoters of the Company and/or their nominees. 33,334 prospecting shares each of 2/- were held in reserve for issue as and when and on such terms as the Directors shall decide.

The first Directors of the Company were John Bailey, Thomas Henry Glover, Olave Aldridge Newth, Walter James Grey and George Fern, all of Sydney, - bankers E.S. and A. Bank Limited, - Solicitors, Gregory Madden, - Legal Manager and Secretary, Ernest Henry Bailey.

Under the heading "Objects of the Company" the Prospectus reads as follows -

(1) The Company was formed for the purpose of carrying into effect the terms of an agreement made between Francis Birtles and the Promoters of the Company for the purchase and development of a gold bearing reef described by Francis Birtles in Arnhem Land, Northern Territory, and included in John Bailey's Exclusive Prospecting Licence No. 66 which he holds in trust for the Company.

(2) To organise, equip and despatch a party of experienced miners under a competent mining engineer to thoroughly test the reef, with the object of determining the size and richness of the ore available. Also to have crushed and tested the ore won during these operations;

(3) To take up such leases as may be deemed necessary in the best interests of the Company;

(4) To do all work, development and disposal of the leases and licences acquired by the Company and to form such other
Company or Companies as may be thought proper and necessary.

The Prospectus included a letter addressed to Mr. John Bailey by Francis Birtles dated 6th February, 1933, which stated that in 1926 after an 18 months journey through Arnhem Land, Birtles brought back samples of stone obtained from the reef. He had the stone assayed in Melbourne and found it showed 15 ozs. of gold to the ton.

Later, Birtles returned to Arnhem Land and spent two years there developing the reef with the aid of native labour. He brought back further samples and had them assayed in Adelaide. These showed 9 ozs of gold and 11 ozs of silver to the ton. Subsequently another sample which was taken from the cap of the reef assayed in Sydney, gave 6½ ozs. to the ton. The Prospectus also publishes the facsimile of a letter from the Electrolytic Refining and Smelting Co. of Australia Ltd. at Port Kembla, New South Wales to Mr. J. Bailey dated 9th February, 1933, which shows the result of an assay of a sample of ore delivered to the Company on the 8th February, 1933, as -

Gold 6 ozs. 4 wghts. 5 grns.
Silver 3 " 18 " 20 "

This ore was alleged to have been taken from the cap of the reef and handed to the Promoters of the Company by Mr. Birtles. In this letter Birtles also states that during the two years he had been opening up the reef he had prospected and tested it by dollying for a length of over 4 of a mile. The letter concluded with the following paragraph:

"It is with a deep sense of responsibility that I assure investors that I regard this reef as the most promising gold proposition I know of in Australia. I will personally attend to all matters of transport and organisation for the camp and the comfort of the working party, and I will accompany and remain with it till I have proved this reef is all I say it is. The property, with proper development will richly reward those who have faith in my integrity and judgment."

Under date 15th October, 1933, in a letter to the Prime Minister, Francis Birtles directed attention to the operations of the Arnhem Land Gold Development Co. N.L. and the Managing Director - John Bailey - "whose over coloured reports are being circulated with the sole purpose of creating
a wild cat boom on the Stock Exchange." Birtles stated that he had some two months previously resigned his position with the Company. He also questioned the Company's proposal to acquire an aeroplane for use at the Mine. This letter was nothing more or less than a diatribe against John Bailey. A copy of this letter was, under covering memorandum dated 17/11/1933, forwarded to the Administrator for consideration and report by the Director of Mines (Mr. Bell).

On 15/11/1933 certain questions relating to the Arnheim Land Co. submitted upon notice by Senator Rae, were replied to by Senator Sir George Pearce as representing the Minister for the Interior.

Under date 5/12/1933 the Administrator forwarded Mr. Bell's report on Francis Birtles' letter to the Prime Minister. This report was perused by the Minister on 19/12/1933.

In his report Mr. Bell states that the show at Yemelba was discovered in 1920 by a Mr. S. Tollis and officially reported upon by him in September, 1922. At that time, he states, there was only a small ledge of heavy ironstone exposed, and that ironstone appeared to cut out at a depth of about 3 feet from the surface. The ironstone carried good gold, and assays then varied from 1 oz 4 wghts to 7 ozs fine gold to the long ton. Two tons of the heavy ironstone were on the surface at the time of his visit. After traversing the early history of the show for some years Mr. Bell states - "Mr. Birtles claims to have been interested in the show for several years, but it is significant that Mr. Birtles' name has never at any time appeared in the registers of this Office as the holder of any mining tenement of any description in the Territory. Mr. Birtles may have raised a little of the 2 tons of ore recently sent away for smelting, but it may be taken as a certainty that the greater part of that ore was lying broken on the surface at the time of my visit there in 1922."

Regarding the Prospectus of the Arnheim Land Co. Mr. Bell remarks -
"A few weeks ago - and since 15/10/1933, when Mr. Birtles' letter to the Prime Minister was written - a copy of the printed prospectus of the Arnheim Land Gold Development Co. N.L. was loaned to me. The most sensational part of that prospectus was the report on the property by Mr. Francis Birtles and I did not then, nor do I now, believe the statements contained in that printed report over Mr. Birtles' name."

Mr. Bell further states:-

"I have not seen any of Mr. Bailey's 'overcoloured reports' of which Mr. Birtles complains but there have appeared in our local paper results of assays of some samples which Mr. Bailey submitted to me. The results published were exactly those contained in my assay certificate and that part was absolutely true. The samples then submitted to me for assay each consisted of one large stone, and they could not represent any great body of ore, but they were samples of three different materials, namely (1) the heavy ironslime ore with which I was familiar, (2) whitish quartz and (3) heavy ironslime ore containing sulphide. The samples assayed respectively:

(1) Gold 5 ozs 3 wghts 17 grms, Silver 5 ozs 3 wghts 17 grms
(2) * 3 * 1 * 6 * * 3 * 1 * 1 *
(3) * 10 * 7 * 10 * * 10 * 2 * 14 *

They are said to have come from an ore body 4 feet wide where all 3 classes of ore exist in different parts of the lode.

A week ago, I assayed another sample sent in by Mr. Bailey. This sample consisted of finely crushed pieces of different classes of ore, and may, or may not, be a representative sample. It assayed 25 ozs 5 wghts of gold bullion per long ton, but I have not had time to complete the assay by the determination of the fine gold contents. The bullion
was very light in colour and probably is nearly half silver.

For the past few months, I have been quietly watching events and gathering information about Ymelba, and may say that in the few matters in which Mr. Bailey and I have come into contact, nothing in any way dishonourable in his conduct has come to my notice. On the other hand Mr. Birtles' letter which is intended to be very damaging to Mr. J. Bailey, does not show Mr. Birtles off to advantage. The aeroplane of which Mr. Birtles complains, has had a number of very successful flights, and so far, manifestly has been neither useless nor dangerous."

Concluded

Mr. Bell completed this report by stating that he thought it would be wise for him to visit and sample the mine at Ymelba as early as possible.

Under date 27/12/1933 Mr. Bell reported having visited the mine on 15/12/1933 by means of the Company's aeroplane. On arrival at the mine the Manager (Mr. Pollard) showed him round the various mine workings and he went down two shafts known respectively as No. 2A and No. 3 where work was then going on. Five men were employed at the mine there being two men at each of the shafts and the cook for the party. Mr. Bell states that when the Company began operations on the mine, the workings were only very shallow costeens and open cuts across and along the line of lode.

The No. 1 shaft put down by the Company among the old workings to 15 feet, fell in, owing to the soft nature of some of the lode material. Shafts Nos. 2, 2A and 3 put down afterwards have been closely and substantially timbered and the workmanship is a credit to those responsible for it. This close timbering however, effectually prevents any easy inspection of the country or lode material through which the shafts are sunk.

Mr. Bell states

The lode is a rather peculiar formation
which was about 3 feet wide on the surface and strikes a little West of North and East of South. It dips to the East. It is a schistose formation, intersected at intervals by quartz veins which dip to the South, and seem to resemble saddle reefs, as successive seams were met with in sinking, but too little work has yet been done to say just what kind of body it is, or what its dimensions are. There are also occasional clayey seams roughly parallel to the quartz seams.

At the time of this visit Mr. Bell states water was making in both No. 2A and No. 3 shafts, particularly the latter, which was then 57 feet deep. As only windlasses were being used for sinking the water was a considerable handicap and, although baling had been going on up to the moment of his descending No. 3 shaft, it was then nearly up to knees in the shaft. He (Mr. Bell) could not actually see the bottom of the shaft, and the only part of the ore body which could be seen was about 2 feet all round the shaft above the water and below the shaft timbers. Samples of the lode material there, and of a clayey seam were taken by him.

No. 2 shaft about 30 yards south of No. 3 and goes down about 20 feet vertical and then underlies rather flatly to the East. Owing to water was unable to get down. Shaft said to be 40 feet deep.

No. 2A shaft about 12 or 14 yards East of No. 2 shaft, sunk vertically in country rock of altered sandstone and was about 45 feet deep at time of visit. A clayey seam was then coming into the South Western corner of this shaft and probably indicates lode is not far away at that point. A sample of the clayey seam was taken, but no sample of the country rock was taken.

Mr. Bell remarks that as the shafts, very necessarily, are close timbered, and the water prevented him from closely examining the bottoms of such shafts, the only thing was to sample the dumps of material raised to surface and dumped alongside the shaft from whence it came. A small quantity of about 3 cwts of high grade ore was lying in a...
in a separate paddock. The ore consisting of quartz and ironstone carrying sulphides and also a little copper in places - is very rich, but it seems to occur very irregularly and infrequently, for the values of his samples of the dumps do not indicate the striking of any very rich pieces in his samples.

He further states that the samples of the dumps gave rather poor results as follows:

<table>
<thead>
<tr>
<th>Fine Gold</th>
<th>Silver</th>
</tr>
</thead>
<tbody>
<tr>
<td>ozs. wghts. grs.</td>
<td>ozs. wghts. grs.</td>
</tr>
<tr>
<td>From clayey seam at bottom No. 2A shaft.</td>
<td>0</td>
</tr>
<tr>
<td>Sample of quartz from No. 2 shaft</td>
<td>0</td>
</tr>
<tr>
<td>Sample from near bottom of No. 3 shaft at depth 56 ft (Approx)</td>
<td>0</td>
</tr>
<tr>
<td>Sample from small mulloloky seam near bottom No. 3 shaft</td>
<td>0</td>
</tr>
<tr>
<td>Sample of material in dump on South side of No. 3 shaft</td>
<td>0</td>
</tr>
<tr>
<td>Sample of material in dump on Eastern side of No. 3 shaft</td>
<td>0</td>
</tr>
<tr>
<td>Sample of dark coloured material on north side</td>
<td>0</td>
</tr>
<tr>
<td>Sample of large pieces mineralised quartz on S. W. side No. 3 shaft</td>
<td>0</td>
</tr>
<tr>
<td>Sample of light brown leached material round bottom of dump on East side No. 3 shaft</td>
<td>Trace</td>
</tr>
<tr>
<td>Sample of 3 cwt of selected rich ore (quartz ironstone and sulphide) in separate ore paddock</td>
<td>2</td>
</tr>
<tr>
<td>Sample of one piece of heavy sulphide ore specially broken by Mr. Bell</td>
<td>5</td>
</tr>
</tbody>
</table>

The report states that the Director Mr. J. Bailey, concurred in the opinion expressed by Mr. Bell that the high values are in the heavy mineral patches of which are very small and infrequent. The mine manager (Pollard) informed Mr. Bell at the time that it was intended to sink the shafts to 100 feet as soon as possible and ascertain there the values and size of the ore body.

Mr. Bell concluded this report by stating that it is probable very little underground work will be possible during the wet season. Although only a very small amount of rich ore was in the paddock at time of his visit and the ore around
the shafts is low grade, he expressed his appreciation of the very good and solid work which is being done by the Company in its attempt to prove the property.

Under date 6/12/1933 Birtles again wrote to the Prime Minister (referred to Department on 22/1/34) criticising the actions of John Bailey and the Company generally. Birtles also forwarded a copy of a letter sent by him to the Secretary, Sydney Stock Exchange; this letter dated 6/12/33 read as follows:

In connection with my telegram re John Bailey’s Arnheim Gold boom attempt as not being justified,

1. Samples and assays were from leaders only;
2. Rich pockets do not justify;
3. The reef has to be definitely located, opened up by shafts and drives and generally proved. This has not been done by the two, sometimes three hands actually employed,
4. The wet season working values and costs have to be considered,
5. Whether this will prove to be a wet or a dry working,
6. Machinery costs on the class of ore to be as yet won.
7. The Field is undoubtedly worthy of funds for development. More cash will be needed from public, banks or privately. On what terms.

On 23/1/34 the following paragraph appeared in the "Sydney Morning Herald"

"Brisbane, Tuesday.

Vigorous prospecting for gold is being carried out in the Northern Territory, according to the chairman of directors of the Arnheim Land Gold Development N.L. (Mr. J. Bailey) who passed through Brisbane at the week-end on the Mangola, after spending a month on the Company’s property 20 miles east of the East Alligator River.

Up till six months ago Mr. Bailey was president of the central branch of the Australian Worker’s Union, New South Wales, and recently was a member of the Legislative Assembly of New South Wales.

Mr. Bailey said that his company had sunk three shafts, ranging from 40 ft. to 60 ft. deep. It had also tested the line of lode for a distance of 80 ft, in which gold was showing over a width of 6 ft. 6 ins. Assays so far had indicated a return of 10 to 20 ounces to the ton. The company had established an aerial service between Darwin and the goldfield, where there were 10 Europeans engaged.

By memorandum dated 25/1/34 the last portion of the above paragraph/referred to the Administrator for confirmation and under date 13/2/34 a
report regarding same by Mr. Bell was forwarded. This report stated as follows:-

"On the mine in question 3 shafts have been sunk by the Company, the shallowest being 40 ft. deep and the deepest over 60 ft in depth. These shafts are about 90 ft. apart, and the lode has been tested right along the surface between these shafts, but when I (Bell) visited the mine on 15th December last, the lode was not tested by a drive from shaft to shaft, although it is understood that some driving has been done from the No. 3 shaft since the time of my inspection.

The lode has been cut in No. 2 shaft at a depth of 60 ft. since 15/12/33, and a sample which it is understood came from the lode there was assayed by me and showed 5 ozs. 5 wghts fine gold and 2 ozs 3 wghts of silver per long ton.

Another sample submitted by Mr. Bailey previously assayed 25 ozs 15 wghts gold bullion, being 15 ozs 4 wghts fine gold and 10 ozs 11 wghts of silver per long ton.

The statement that assays indicated a return of 10 to 20 ozs to the ton, in a sense is true, but as far as could be seen at the time of my inspection the rich ore occurs in very small quantities, and the rich samples have been picked samples and not representative of of the whole lode.

While I (Bell) cannot tell what may have happened since the time of my visit, I believe that while the lode - where cut at 60 ft. - is 6 ft. 6 ins. wide, I do not believe that that lode averages 10 to 20 ozs of gold per ton over that 6 ft 6 ins. nor anything like it."

The following are extracts from an article on the Arnheim Land Gold Development Co's operations which appeared in the Northern Standard of 12/1/34:

"Mr. Bailey brought into Darwin several samples of ore, which are to be taken to Sydney
for assay. A lode which contains good gold has been struck in No. 2A shaft at a depth of 60 ft. This lode has been exposed for a depth of 4½ ft. Acid is still in the ore.

The cross-cut at the 50 ft. level in No. 3 shaft has been driven across the lode for a distance of 10 ft. in an easterly direction. The face of this cross-cut is still in ore and is carrying good gold. During the past month this line of lode has been tested in a northerly direction from No. 3 shaft for a distance of 83 chains which exposed a lode which was of considerable width, and contained good gold values.

A further cut was also put in at the 83 chain which exposed a lode of good width and gave good gold by dollying. The other two undeveloped lodes on the Company's licence have also been inspected and tested. They show good results.

On 4/3/34 Mr. Bell again visited the mine by means of the Company's aeroplane. The report states:—

As considerable rain had fallen the Manager had been forced to leave the underground workings temporarily, and to employ the men in surface prospecting.

Mr. Bell was informed that No. 2A shaft had been deepened to about 70 ft. that the reef had been cut at about 60 ft., and was in the shaft for about 6 ft. and that a little high grade ore had been found in the lode there. Also, that in No. 3 shaft, at a depth of 40 ft. a cross-cut had been put in for about 18 ft., before it was decided to go on with surface prospecting.

Mr. Bell made a further examination of the area included in the licence. At 26 chains north of the mine, a costeen about 40 ft. long and about 4 ft. deep was being put in at a spot where some likely looking quartz was out-cropping. At 39 chains North of the mine, a second costeen about 50 ft. long was being put in on another quartz outcrop and good prospects have been obtained. At one point about the middle of the costeen over about 18 ins. wide, the hard quartz was taken by me and dollyed, and also the lode rubble surrounding it. Both samples showed good gold in the dish, and the same samples brought back to Darwin and assayed gave results of 1.46.
Hard quartz 2 ozs. 0 wghts. 10 grns. Gold bullion per long. £

Loose rubble 5' 3" 15'.

Mr. Bell states that he had no time "to assay for fine gold, but the assay prills showed the gold to be of very good quality." About 1½ miles from the mine, further North, Mr. Bell knapped pieces of mineralised quartz at random from an outcrop over about 30 yards. No work had been done on this outcrop. The sample assayed 5 dwts 7 grns. per ton. This result according to Mr. Bell was highly encouraging as it proved that gold exists further north than was previously supposed. Gold also exists in a large but slightly exposed outcrop about a mile to the West of the mine which was sampled by Mr. Bell in 1922. That sample assayed about 3 wghts fine gold per ton, and floaters assayed 7 wghts 18 grns per ton.

In a Press notice which appeared in the "Sunday Sun" of 27/5/34 it was stated that Mr. Pollard engineer and manager of Arnheim Land Gold Development Co. arrived last evening by the Mangola from Darwin. Mr. Pollard said that while in Sydney he would purchase crushing machinery for the mine, which is expected to be producing within the next five months, i.e. about November 1934.

Under date 10/7/1934 Mr. Bell submitted a further report of a visit to the Yemelba Field on 24/6/34 and particularly with regard to the Arnheim Land Co's operations. On this visit he was accompanied by Dr. Woolnough. They were shown over the Company's property by the Manager (Pollard). The general development work carried out by the Company as regards road making, bridge building etc. to enable the transport of heavy machinery being expeditiously carried out was favourably remarked upon.

Mr. Bell was informed by the Manager that since he visited the mine in December 1933 and went down No. 2A and No. 3 shafts, those shafts had been deepened to 75 ft. and 57 feet respectively. He (Pollard) also stated that the lode in No. 2A shaft is 12 ft. wide and that it carried mineralised quartz and sulphides. Mr. Bell states that this
shaft could not be examined owing to the presence of water but he assumed that in the lode mentioned by Mr. Pollard, the amount of mineralised quartz and sulphide is relatively small as not much of it was showing in the dump.

The old No. 2 shaft (about 45 ft. deep) had partly fallen in, but in a piece of gossany ore lying at the small dump near this shaft coarse free gold was seen by me. The other workings examined were:

The No. 1 West Costeeen about 30 chains from the Camp, is about 50 yards long and 6 to 7 ft. deep in the centre. It shows one central reef with 2 flat quartz spurs running into the main reef. No sample was taken but the Manager stated that a general sample along the whole costeeen showed a little gold.

The 26 chain Costeeen is east of No. 1 West, in strata dipping flatly to the East, and about 2 chains long and 7 ft. deep in deepest part. Three definite quartz veins were exposed in it, one showing dense hematite freely. It is mentioned that the Manager (Pollard) stated that all 3 veins contain gold but he had not time to sample them.

The 39 chain Costeeen is higher up the hill, about 3 chains long. The country rock here is a gritty silicious sandstone with quartz veins in the lines of weakness. Refers to his (Bell's) visit to the Mine in March 1934, when he took a sample from about the middle of a flat reef at a spot indicated by Mr. Pollard and over about 18 inches. The hard quartz in the sample referred to assayed 2 oza 0 wights 10 grns of gold bullion, while the fine rubble from the same sample assayed 5 oza 2 wights 15 grns of gold bullion per long ton. The gold was of good quality.

Mr. Bell states that these samples were not intended to be representative of the whole of the reef exposed in the costeeen, but the results definitely do show that the reef there is well worth further development. At the time of his (Bell's) last visit, the costeeen had been deepened and the reef seems to be flat and ten to twelve feet thick. He mentions that the Manager (Pollard) stated that
there is gold over 40 feet in the costeen, but he (Bell) had not the time to sample it.

Proceeding further, the report continues along the ridge of the hill in a N.N.W. direction, we walked over reef after reef in definite echelon formation. He (Bell) did not count the reefs but on a rough estimate would say that we walked over a dozen of them, each one striking just west of north, and perhaps 50 to 100 yards in length with the southern end of each about 15 or 20 yards west of the northern end of the other. The outcrops indicate wide strong reefs below. No work, states Mr. Bell, had been done on these reefs at the time of our visit, but their proximity to other reefs which are definitely auriferous leads one to suppose that they may also carry gold.

Continuing (Mr. Bell states) in a N.N.E. direction to a point about 1½ miles N.N.W. from the main camp, we came to another reef outcrop on which work was only beginning. In March 1934, he (Bell) picked up at random from this same outcrop, various pieces of mineralised quartz and assayed them as one sample on his return to Darwin. This sample assayed 5 wghts 7 grains of gold bullion per long ton, and while not representative it certainly indicates the need to prospect that outcrop.

Summing up, Mr. Bell states the position is that my own samplings at various times show

1. That small bodies of rich ore have been proved to exist in the reef near the main camp and in the reef in the 39 chain costeen, and

2. That gold definitely exists in the reef about 1½ miles N.N.W. of the main camp and in the ironstone formation about 1 mile W.S.W. of the main camp.

No large quantities of ore seem to have been raised yet for milling, and for my (Bell's) own part, I would prefer to see ore at grass sufficient to keep the stamps going for some months, before crushing begins. Before leaving the mine he (Bell) suggested to the Manager (Pollard) that it would be very wise to set one
man at work constantly to sample the various reefs wherever possible, and to prepare those samples for panning or assay.

Mr. Bell also states that there are many reefs within the Company's (J. Bailey's) five square mile prospecting area that are waiting to be tested, and I consider that to avoid waste of shareholders' money, and to ensure success, that testing should be immediately proceeded with.

In a schedule attached to a General report dated 13/8/34 by Mr. Bell on his tour of inspection of northern mining properties etc. with Dr. Woolnough in June 1934, the result of an assay of a sample received from Arnheim Land Company on 3/7/34 is shown as 3 ozs 7 wghts 9 grns of Gold bullion giving 2 ozs 19 wghts 15 grns of fine gold per long ton. File No. N.L. 1548.

In a preliminary report dated 1/7/34 after his tour of inspection with Mr. Bell, Dr. Woolnough remarks as follows:

"Premature optimistic statements in regard to values must be condemned uncompromisingly. Fictitious claims of value are being advanced, in some instances, on the ground of more or less reliable assay results. Even where individual estimations have been carried out by official assayers, it does not necessarily follow that they represent mine averages. Unless accompanied by an official statement to that effect, such results must not be regarded as representing any considerable tonnage.

Opportunities for major developments by powerful companies appear to be numerous, but there is already strong indication that this fact is being misused by unscrupulous persons. It seems necessary that candid and unbiased reports should be issued by the Government at frequent intervals and that, if necessary, legislation should be passed to protect officers, who, in the execution of their duty, are compelled to draw attention to fraud and
misrepresentation.

Properly handled the present active revival of interest in mining in the Territory is capable of leading to lasting prosperity. It will require however, only one or two instances of mismanagement or mis-calculation to produce a reaction, the effects of which will retard the development of the country for a generation.*

Under date 26/7/34 the Manager of the Arnheim Land Company (Pollard) submitted a report on its prospecting area between the date of commencing work, 9/7/33 and the date of the report. No mention is made of any gold results.

A further progress report by the Manager (Pollard) dated 7/9/34 was submitted to Mr. Bell. This report dealt with the erection of the battery machinery etc. It was also noted that the No. 1 west Costeen had been extended for a further 10 ft. in an easterly direction. This costeen it was stated is still in the ore body. No mention is made of any gold results.

On 10/12/34 Senator Dunn asked a series of questions relating to the operations generally of the Arnheim Land Company. These questions were answered in a letter sent to Senator Dunn on 20/12/1934.

Another report dated 1/11/34 transmitted to the Department under memorandum dated 8/1/35 was received by Mr. Bell from the Manager (Pollard) stating that certain units of machinery had been erected and tested satisfactorily. It is also mentioned that the pump has been placed into No. 2A shaft, and we expect to resume sinking operations at an early date.

On 23/1/35(?) the "Bulletin" newspaper published a condensed history of Arnheim Land Gold Development N.L. and suggested a Sydney Stock Exchange inquiry. Having regard to this article and others, the Administrator at Darwin was asked (confidentially) on 29/1/35 to advise his considered opinion of company's present operations and bona fides also in view of the expiry of the Company's prospecting licence on 22/1/35 he was asked to advise whether the Company had applied for and been granted any mining leases, if so, to state the number.
area and other relevant particulars.

Under date 30/1/35 the following reply to the above communication was received from the Administrators:

"Your telegram 25th January. Bell visited Arnhem Land Gold Development Company's mine on several occasions reporting favourably to me every time and once with Dr. Woolnaugh who also reported favourably. Company is doing well I believe will continue to do well. Last visitor Hon. J. Coates having commented in most glowing terms. Bailey was doing his best for candidature of Coates as a Director but when Bailey who by nature is a suspicious man discovered that Coates had taken out an Exclusive Prospecting Licence adjoining his, he turned against Coates and opposed his becoming Director. Subsequently Coates floated Arnhem Extended Company. In my opinion adverse reports are result of feud between Bailey and Coates. There is certain amount of intrigue, others concerned being T. Murray J.V. and ? Campion associated with Joynton Smith enterprise. I am sure Bailey if requested by you would give all information possible respecting published reports. On January 21st Company lodged 80 lease applications in names of J. Bailey E. Bailey, A.K. Strachan, R. Copley and Arnhem Land Gold Development Company for 40 acres each, thus taking up 5 square miles whole area of Exclusive Prospecting Licence No. 66."

NOTE

Re above Mining leases for areas in the Northern Territory situated North of the 21st parallel of latitude are granted by the Administrator at Darwin on the recommendation of a Warden mining lease for area north of the 21st parallel are granted by the Minister.

On 4/2/35 the Administrator at Darwin was advised that the Department had arranged with Arnhem Land Gold Development to convey Stutterd (Acting Director of Mines) and Clark (Government Assayer) to Company's property immediately to sample thoroughly all workings including shafts, costeens and dumps etc.

Regarding this proposed inspection the "Sydney Morning Herald" of 5/2/35 published the following:

"Arnhem Land N.L. - Company has arranged with the Department of the Interior to send two of its officers to inspect and furnish a report on the areas at Arnhem Land."

On same date (5/2/35) the following paragraph appeared in the "Daily Telegraph" Sydney -

"A renewal of strong selling especially on forward account, caused an early slump in Arnhem Land, which was only partially extinguished in a late rally. This followed on intimation from the company that it had arranged for an inspection of its areas by two officers of the Department of the Interior in view of persistent reports circulated about the company. Over 10,400 shares were exchanged."

On 14/2/35 the Administrator advised, amongst other things that he had approved of 80 lease applications by Arnhem Land Gold Development Company (and others) on 13th February, 1935."
On 19/2/35 the following paragraph appeared in the Melbourne "Argus":

"Arnhem Land Goonginnis Springs (N.A.) 11th. - All lease applications approved. Mill and all its units running satisfactorily on low grade ore from 39 chain costeen to put amalgamating plates in working order. One shift being run by mills expected two shifts will commence early date. Development proceeding at 39 chain costeen. Lode being opened up; appears to maintain size and value. Extending aerodrome to civil aviation regulations almost complete. Only 200 yards by 25 yards to be cleared."

Under date 18/2/35 - Messrs. Stutterd and Clark's report on the operations of the Arnhem Land Gold and transmitted by him to the Department by carrier mail. Development Co. was submitted to the Administrator, and the following are extracts from such report:

Stutterd and Clark arrived at the Company's mine per aeroplane at 7.45 a.m. on 7/2/35. On that day they were shown over the leases and mine workings by the Manager (Pollard).

On following and subsequent days to 11/2/35 they carefully examined and sampled all workings that were open for inspection, this included all workings with the exception of the shafts, which were filled with water to above the workings and which water, the Manager stated could not then be removed.

The country rock through which the main line of lode runs consists of sandstones, schists, and quartzite. A small band of diorite was showing to the east of the mine workings.

The main lode outcrops consist mainly of hard white buck quartz, which traverse the country on a strike West of North and dipping to the East, these parts are massive, particularly North of Costeen 39 chains, where they are exposed for a width of up to 20 ft. and run for a mile or more further North. In other parts the massive outcrops disappear and are replaced by a stockwork of white quartz veinlets from half to a few inches wide, which are interspersed through schistose rock. This is well illustrated at costeen No. 1 West. The country rock and lodes generally are impregnated with iron oxides, which in places run to masses up to 6 ins. wide.

Our sampling indicates a uniform low grade of the ore available. All samples taken, unless specially
mentioned were representative of the ore in bulk, just as it would be taken out for treatment. The too often misleading method, by which, on a selection of a few ounces of rich specimen, extraordinary assays are obtained, was carefully avoided.

We are satisfied on the evidence available, that small quantities of rich ore have been on the property, but the bulk of the ore is extremely poor, and at present there is little or nothing to indicate the presence of commercial quantities of ore of a payable value.

After referring to the considerable amount of surface work carried out by the Company the report continues -

"Ore treated to date (11/2/35) was 25 to 30 tons, gold recovered - nil. It is possible that from 1 to 1½ ozs. of gold have been absorbed by the Plant."

The Mine Workings.

No. 1 Shaft. fallen in and full of water. A buck quartz lode or floutier was showing on surface on West side of No. 2A Main Shaft. 25 ft. east of No. 1 shaft. The Manager (Pollard) stated that shaft was 75 ft. deep and it was their intention to sink to 100 ft. at about which depth they anticipated cutting the lode, which was dipping towards the shaft. It was also anticipated that when the lode was cut at 100 ft. or thereabouts, this shaft would drain the other shafts nearby, such as No. 1, No. 2 and No. 3 thus enabling them to work those shafts without the cost of additional pumping plant. Mr. Pollard also stated that nothing of value has as yet been located in the shaft. The shaft is close timbered and the water stands at 37 ft. 6 ins. from the surface. Our measurements, by plumbing, indicated a depth from collar set to bottom of 58 ft.

Regarding the requested removal of timber for the purpose of sampling, as it was admitted that there was nothing of value to sample, and the fact that it would be extremely risky to remove the timber, this was not persisted
in, although refused by Mr. Pollard.

No. 2 Shaft. 45 ft. North west of No. 2A shaft. Shaft filled up to 6 ft. from surface with mullock. A dump of mullocky ore of about 25 tons on East side of shaft assayed 2 wghts 2 grns fine gold per ton. Sample No. 17.

No. 3 Shaft. 126 ft. N.N.W. of No. 2A shaft. Water stood at 39 ft. 6 ins. from surface. Plumbed depth from collar set 50 ft. Manager stated was unable to remove water as there was no pumping equipment on shaft. A buck quartz outcrop 10 ft. wide is showing on surface on West side of shaft. About 2 tons broken - assay 1 wght 22 grns fine gold per ton. Sample No. 15. On East side of shaft is a dump of about 20 tons of white quartz which Manager stated came from bottom of shaft and crosscut. Assay trace gold, Sample No. 14. This sample would give a more accurate value of the ore in shaft and crosscut than if taken in the face.

Costeen 60 ft. N.W. of No. 3 shaft, 4 ft. deep and 50 ft. long. This shows a buck quartz lode impregnated in parts with hematite, which appears to be 12 ft. wide overall, but the costeen is not sufficiently deep to enable us (Stutterd and Clark) to determine the exact width of the lode. A sample was taken over the full 12 ft. Assay - Trace of gold Sample No. 18.

Costeen - 100 yards N. of No. 3 shaft - 40 ft. long and 18 ins. deep. North-West end shows lode of quartz 12 ins. wide. At South east end is a quartz, 18 ins. wide. A joint sample of each assayed Trace of gold - Sample No. 19.

Costeen No. 1 West. About 31 chains N. of main shaft. A cut N. E. and S.W. across lode formation, is 138 ft. long and 6 ft. deep. 78 ft. of the north eastern end consists of a stockwork of small white quartz veinlets from 1/2 inch to several inches wide interspersed through schist country. A bulk sample was taken over 78 ft. Assay - Trace of gold - Sample No. 8.

Costeen 39 chains. Now known as the open cut and principal seat of present mining operations. A cut has been made over
a distance of 270 ft. on a bearing E.N.E. and W.S.W. on the
eastern end and about 35 ft. in a broken quartzite formation, is
exposed apparently for a width of 23 ft. This broken quartzite
is interlaced with seams and vugs of clay, ironstone and rubbly
quartz, which are small in extent and run in all directions,
and are apparently secondary fillings of the quartzite fractures.
It is not defined in any way and could not be classed as a lode.

Where the 23 ft. width is exposed, the cut has been opened
out for a length of about 12 ft by 10 ft. deep by 12 ft. wide.
A bulk sample was taken over the East, South and West sides of
cut which assayed 1 wght 5 grns fine gold per ton. Sample
No. 3. The dump of ore from the cut, consisting of about 50
tons was sampled and assayed 1 wght 10 grns fine gold per ton.
Sample No. 7. A further selected sample taken from the
priggy ironstone vugs assayed 1 wght 21 grns fine gold per ton.
Sample No. 4. A sample taken from a band of hard quartzite
5 ft. wide contained no gold. Sample No. 5. The clayey
vugs and seams were sampled and assayed 4 wghts fine gold per
ton. Sample No. 6. These selected samples, the report states
represented a very small percentage of the ore in the face, but
being of such an erratic nature it is impossible to state what
that percentage would be.

The assays indicate that the gold occurs
only in the clay seams and ironstone vugs, and that the solid
quartzite appears to be barren.

A further dump of about 25 tons now stack-
ed at the battery awaiting treatment assayed 18 grns. fine.
gold per ton. Sample No. 16. During treatment of similar
ore at battery, a sample was taken from each shovel full of ore
as it was fed to the battery, over a period of 1½ hours. This
sample assayed 1 wght fine gold per ton, Sample No. 12. The
takings resulting, sampled over the same period assayed less
than 5 grns fine gold per ton.

Costeen 26 chains. This cut is 26 chains W. of N. from main
shaft and is E.N.E. from No. 1 west costeen, on what appears
to be a parallel formation. The cut is 1100 ft. long by
5 ft. 6 ins. deep. In the centre of the coasteen is a band of quartzite with small veins of hematite through it. A sample was taken over a 5 ft. width of what appears to be lode matter and assayed - Trace of gold. Sample No. 10.

Coasteen about 150 yards E.N.E. from Main Shaft in diorite country, 12 ft. long by 7 ft. deep in centre. A lode formation carrying iron stained quartz 18 ins wide which assayed - Trace of gold - Sample No. 13.

North of the 39 chain coasteen, a large buck quartz reef runs along the centre of ridge for a mile or more and stands out prominetly. A knapped sample was taken over 300 ft. long by up to 20 ft. width and assayed - Trace of gold. Sample No. 2.

A coasteen about 36 chains W.N.W. from the mine has been cut through country which shows numerous ironstone boulders and floaters. No defined lode was showing. A knapped sample taken from the surface floaters, assayed 4 wghts 15 grns fine gold per ton. Sample No. 9.

Coasteen 83 chains situated about that distance due north of the mine. The cut is 9 ft. long to 4 ft. deep showing a lode about 18 ins. wide of quartz and hematite, in sandstone and quartzite country. A sample taken over the full 18 ins. assayed 2 wghts fine gold per ton. Sample No. 1.

The report states that the ore at grass at time of visit was approximately 132 tons with an average value of 1 wght. 10 grns. fine gold per ton. The report concludes with a description of the surface work carried out by the Company, the plant and machinery at the mine and a general description of all buildings etc. erected and in the vicinity of the mine.

In a covering memorandum dated 19/2/35 forwarding the above report by Messrs. Stutterd and Clark the Administrator makes the following observations:

"Whether the operations of this Company (Aranheim Land Gold Development Co.) are the result of stupidity and ignorance or a swindle I do not know, but the Company's only answer to the report must be the producing of gold, that is if it exists in payable quantities somewhere en
the property. I regret for the sake of the Territory the results achieved by this Company, as they are sure to be a set back to the mining industry."

The results of the assays of the samples taken by Messrs. Stutterd and Clark from 8th to 11th February, 1935, are as follows:

<table>
<thead>
<tr>
<th>Sample No.</th>
<th>Fine Gold per ton</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>2 dwts 0 grains</td>
<td>From costean 83 chain; taken from lode 16&quot; wide. Lode is quartz and hematite. Buck quartz outcrop North of 39 chain costean. Sample taken over distance of 300 feet.</td>
</tr>
<tr>
<td>2.</td>
<td>Trace</td>
<td>Sample taken round face of 39 chain costean in supposed lode formation.</td>
</tr>
<tr>
<td>3.</td>
<td>1 dwt 5 grains</td>
<td>Sample taken from puggy ironstone veins showing in costean 39 chain.</td>
</tr>
<tr>
<td>4.</td>
<td>1 dwt 21 grains</td>
<td>Sample taken from 5' band of quartzite in costean 39 chain.</td>
</tr>
<tr>
<td>5.</td>
<td>Nil</td>
<td>Sample taken from rubbly quartz pugs and veins in costean 39 chain.</td>
</tr>
<tr>
<td>6.</td>
<td>4 dwts 0 grains</td>
<td>Sample from dumps containing approx. 80 tons of ore at 39 chain costean.</td>
</tr>
<tr>
<td>7.</td>
<td>1 dwt 10 grains</td>
<td>Sample from costean on P.G.L.A. 1090. Sample from ironstone boulders around costean.</td>
</tr>
<tr>
<td>8.</td>
<td>Trace</td>
<td>Sample from 26 chain costean.</td>
</tr>
<tr>
<td>9.</td>
<td>4 dwt 15 grains</td>
<td>Mill feed. A sample was taken off each shovel full fed to battery for ½ hour.</td>
</tr>
<tr>
<td>10.</td>
<td>Trace</td>
<td>Sample from costean on P.G.L.A. 1136.</td>
</tr>
<tr>
<td>11.</td>
<td>Trace</td>
<td>Sample taken from dump at No. 3 shaft.</td>
</tr>
<tr>
<td>12.</td>
<td>1 dwt 0 grains</td>
<td>Sample taken from quartz outcrop in West side of No. 3 shaft.</td>
</tr>
<tr>
<td>13.</td>
<td>Trace</td>
<td>Sample from dump at battery containing approximately 25 tons.</td>
</tr>
<tr>
<td>14.</td>
<td>Trace</td>
<td>Sample from costean 60' North of No. 3 shaft.</td>
</tr>
<tr>
<td>15.</td>
<td>1 dwt 22 grains</td>
<td>Sample from costean 100 yards North No. 3 shaft.</td>
</tr>
<tr>
<td>16.</td>
<td>18 grains</td>
<td>Sample mill tailings taken same time as mill feed.</td>
</tr>
<tr>
<td>17.</td>
<td>2 dwts 2 grains</td>
<td></td>
</tr>
<tr>
<td>18.</td>
<td>Trace</td>
<td></td>
</tr>
<tr>
<td>19.</td>
<td>Trace</td>
<td></td>
</tr>
<tr>
<td>20.</td>
<td>Less than 5 grains</td>
<td></td>
</tr>
</tbody>
</table>
In response to the Department's request of 1/3/35 the Company has made available, copies of all statements that have been issued from time to time to the Press by the Company, regarding the operations and activities at the Company's Mine at Yelverton, Northern Territory. An analysis of these reports gives the following results:

<table>
<thead>
<tr>
<th>Date of Report</th>
<th>From whom</th>
<th>Principal points in Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/12/33</td>
<td>Engineer</td>
<td>Shaft No. 2A. Sunk and timbered further 15 ft. making total depth to date 35 ft. Country in this shaft is hard micaceous schist which requires close timbering because of greasy heads.</td>
</tr>
<tr>
<td></td>
<td>17/11/33</td>
<td>Shaft No. 3. Sunk further 14 ft. making total depth 54 ft. in a lode which shows good gold in the dolly. This shaft also requires close timbering. A sample of ore taken from the sink of this shaft at fifty ft. and assayed by the Mines Department, Darwin, gave 25 ozs 15 wghts of gold bullion to the ton.</td>
</tr>
<tr>
<td>7/12/33</td>
<td>Telegram to</td>
<td>Completed assay is as follows: fine gold content 15 ozs 4 wghts per ton Silver 10 ozs 11 wghts per ton. This assay takes the place of the above gold bullion assay.</td>
</tr>
<tr>
<td></td>
<td>Company from</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bell, Darwin</td>
<td></td>
</tr>
<tr>
<td>8/12/33</td>
<td>J. Bailey</td>
<td>Making arrangements for Director of Mines to visit Field.</td>
</tr>
<tr>
<td></td>
<td>Chairman</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Directors</td>
<td></td>
</tr>
<tr>
<td>19/12/33</td>
<td>Chairman</td>
<td>Work being vigorously continued in development of shafts. Object being to sink to 100 ft. level when cross-cutting will be pushed on with. Gold values are being maintained and improving as shafts descend. Inspection by Director of Mines had been completed and he had returned to Darwin.</td>
</tr>
<tr>
<td></td>
<td>Directors</td>
<td></td>
</tr>
<tr>
<td>12/1/34</td>
<td>Engineer</td>
<td>Since last report, lode struck in No. 2A shaft at depth of sixty 5 ft. carrying very good gold. 4' 6&quot; of lode has been exposed and sink still in ore. Sample of ore from this shaft being taken to Sydney by Chairman Director for assay.</td>
</tr>
<tr>
<td>5/2/34</td>
<td>Engineer</td>
<td>Principal Points in Report. Lode of considerable width has been struck in Shaft No. 2A at depth 60 ft. The ore showing fine gold freely on the sulphides. 7 ft. of ore in sink of shaft has been exposed and not through lode yet. Sample from ore in sink of this shaft assayed by Mines Department gave gold 5 ozs 6 wghts silver 2 ozs 3 wghts per long ton.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No. 3 Shaft. Crosscut advanced further 8 ft. making total distance 12 ft. Face of crosscut still in ore and contains good gold values. Sample taken across face of this crosscut for distance 12 ft assayed 11 ozs 2 wghts 12 grns gold per ton.</td>
</tr>
</tbody>
</table>
Date of Report  From whom  Principal points in Report

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Can these samples be verified for figures that appear to be very high. If the Company.

14/2/34  Engineer

No. 2A Shaft. Advanced further 5 ft. making total depth 72 ft. Lode 7' 6" wide at that depth. Black and white quartz encountered in sink this shaft showing nice coarse gold.

21/2/34  Resolution carried at Extraordinary meeting of Company 20/2/34

No. 3 Shaft. Crosscut at 50 ft timbered for distance 10 ft. extended further 4 ft. making total distance driven 16 ft. The face of this crosscut is in soft quartz carrying good gold values.

28/2/34  Engineer

No. 2A Shaft. Sunk further 3 ft. making total depth 75 ft. At this depth shaft has passed through lode. Owing heavy rains shaft making good deal water. Operations suspended pending arrival pumping machinery.

7/3/34  Engineer

No. 3 Shaft. Crosscut extended further 2 ft. The face of this crosscut continues to show good gold values.

Men employed No. 2A shaft now engaged cutting costeens across lode 20 chains north of No. 3 shaft at point lode enters mountain. Lode at this point shows fair gold in dallying. Costeen commenced across lode at point 39 chains north of No. 3 shaft. Ore at this point shows fine gold freely in the oxides and should open up well.

19 Chains costeen opening up remarkably well. Ore being tested to

14/3/34 Engineer 26 chains costeen showing up well. At 39 chains costeen large reef exposed, with gold showing freely in ore, samples from both costeens sent to Mines Department for assay. Engineers intention to put this costeen right across mountain as there is good gold in the rubble as well as the ore

21/3/34 Engineer 26 chains costeen The line of lode continues to improve in value. The 39 chains costeen has revealed a lode 26 ft. wide. This costeen is 4 ft. deep. The country is hard and settled and gold can be seen freely in the ore. It is the Engineer's intention to continue the costeen whilst the rubble on each side of the reef is carrying gold.

From the above date 21/3/34 reports dated respectively 27/3/34, 4/4/34, 2/5/34, 16/5/34, 22/5/34, 6/6/34, 13/6/34, 20/6/34, 27/6/34, 11/7/34, 18/7/34, 26/7/34, 8/8/34, 22/8/34, 12/9/34, 19/9/34, 15/2/35 and 25/2/35 refer generally to work carried out on the costeens and in nearly every case references to the ore being worked keeping up its gold values are made.

Reports dated 31/10/34, 13/11/34, 20/11/34, 4/12/34 and 1/2/35 refer principally to the erection of the battery plant and other machinery.

Whilst the majority of the abovementioned reports are stated to have emanated from the Company's Engineer and Manager at the mine (Pollard), two reports viz. those dated 19/12/33 and 13/6/34 were forwarded from Darwin by the Chairman of Directors (Mr. John Bailey.) Moreover, as Mr. Bailey was at the Company's mine for periods of-

(a) three months prior to 11/1/1934, vide paragraph in the Northern Standard of 12/1/34, and (b) approx. between the dates 19/4/34 and 14/7/34, it is reasonable to assume that as Chairman of Directors of the Company he was cognisant of the contents of all reports issued by the Engineer during the period he (Bailey) was at the mine. The Chief Warden's report of 27/12/33 mentions that Mr. J. Bailey concurred in the opinion expressed by him that the high values are in the heavy mineral patches of which are very small and infrequent. Also Bell's report of 19/7/34 states that when he and Dr. Woolnough visited the mine Mr. J. Bailey was there and works at the mine with the other men.

It is noted from a circular included with the information supplied by the Company that at an Extraordinary General Meeting of Arnheim Land Gold Development Co. held on 31st August 1934, the following resolution was submitted:

"That the authorised capital of the Company be increased from £20,000 to £50,000 by the creation of 300,000 new shares of 2/- per share, 100,000 of such new shares to be issued for public subscription and shall in the first instance be offered to the Shareholders at par, payable 2/- per share on application covering Application and Allo-ment money on the basis of one such share for every two
shares held at the date of confirmation of this resolution, 200,000 shares to be held in reserve for issue as and when and on such terms and conditions as the Directors shall from time to time resolve."

This resolution was apparently adopted because in a report dated 10/10/34 the Directors reported that "the 100,000 shares in the New Issue is now complete and that they have proceeded to allotment."
Reviewing this matter carefully, certain questions regarding the operations of the Arnhem Land Gold Development N.L., may it is considered, now be put forward. These are as follow:

(1) Whether the Arnhem Land Gold Development Company N.L. is a bona fide Company?

Regarding this question it is pointed out that the Company is incorporated in New South Wales and is registered as a foreign company in the Northern Territory. The Company has not, up to date, sought Government assistance and has always been considered by Northern Territory Officials as a bona fide Company.

(2) Whether the operations of the Company in the Northern Territory have been carried on in a bona fide manner to date?

The Company commenced operations at Yemelba in July, 1933 and during the past eighteen months has, it may confidently be asserted, carried out more legitimate mining and developmental work, than any other mining venture in the Territory. 169 ft. shaft sinking, with close timbering, has been put down and 2,602 ft. of cross-cutting caving and trenching has been excavated. The figures quoted are the Mine Manager's.

An aerodrome has been cleared and is in regular use. A road about 80 miles long, connecting the Company's mine with Pine Creek has been constructed. This road has 12 bridges which have been constructed strong enough to carry the heaviest load of machinery to be transported to the Mine.

A complete battery and treatment plant has been successfully transported and erected at the mine. The plant is well housed and everything has been done in a workmanlike manner. Comfortable huts and all necessary outbuildings have been erected for the men working at the mines.

Generally the operations of the Company were favourably reported upon by both Mr. Bell and Dr. Woolnough after their visit of inspection in July 1934, and such favourable reports must be accepted as embracing the mining operations then being carried out by the Company. After perusing Mr. Bell's various reports the impression gained is that he (Bell) considered the Company's operations at Yemelba solely from the standpoint of prospecting as he apparently believed that the results achieved by the Company during its period of operations, whilst encouraging were not of sufficient importance as to warrant the formulation of a policy for carrying on general mining work on a large scale. In opposition to this view it would appear that Stuttert and Clark approached the matter of considering the Company's operations with preconceived ideas that such operations were not bona fide and should be condemned as an attempt by the Company to revive either a worked out field or of working an area where gold did not exist. In support of this view the following extract from their report is quoted - "We are satisfied on the
evidence available, that small quantities of rich ore have been on the property, but the bulk of the ore is extremely poor, and at present there is little or nothing to indicate the presence of commercial quantities of ore of a payable value." This statement regarding the Company's prospects is as pessimistic as some of Bell's statements are optimistic if the Company is only carrying on comparatively speaking, prospecting operations it seems premature to condemn the property at this juncture.

Further with regard to the Company's operations, the Bulletin in its article on 23/1/35 suggested a Stock Exchange inquiry into the affairs of the Company, but so far no apparent action has been taken by the Stock Exchange to comply with the suggestion.

(3) Whether the Company has issued any false or misleading reports or statements?

This question should be considered in two sections -

(a) Reports issued in the Northern Territory;
(b) Reports issued in Sydney, New South Wales

As regards (a) there appears to be no evidence available that any reports of a misleading or untrue character have been issued for publication in the Northern Territory.

As regards (b) there is definite evidence available that very misleading reports as to gold prospects have been issued for publication by the Company to the Sydney Press. Some of these exaggerated statements were issued for the purpose of inducing the Public to subscribe to a new share issue which was agreed to by the Company in August 1934. However, the Commonwealth's legal powers with regard to taking any action against a Company operating in the Territory and alleged to have issued misleading or untrue reports in a State, are it is understood, distinctly limited. The Companies law operating in the Territory is to be tightened up to provide that any Company issuing false or misleading reports may have its leases or licences summarily forfeited, but even in such cases, the Administration will have to be particularly careful as the shareholders interests in any such Company must be considered apart from the fact that the actions of the Directors of the Company may be considered dishonest.

Mr. Bell's various reports on the Company's property may be over optimistic, but they were official and confidential and made under official instructions. Further, there is no evidence to assume that the Company had access to these reports which were only released for Public information after the publication of the "Bulletin" article of 23/1/35 and in the first place were made available to that publication.

(4) To what extent is Government interference with the affairs of a Mining Company warranted and allowable?

It may be asserted that gold mining especially in Australia, has always been recognised by the Public, and incidently by the various governmental administrations as a form of legitimate speculation, and if the speculative inducement is diminished or taken completely away by official interference, very few mining companies would, it is considered, be successfully floated.

Obviously therefore, the Government cannot
undertake to issue guarantees in respect of all or
certain mining companies operating in the Northern
Territory, are safe speculations or otherwise. The
position would be impossible and the Government has not,
nor is it considered its function to provide, the machinery
for attempting such safeguarding. Generally, as regards
mining the Government's functions may be stated as
follows:

(a) To see that the Mining laws are strictly and
equitably administered and that the conditions
imposed by these laws are faithfully complied with
by all persons and companies engaged in the
industry;

(b) To inspect mine workings and living conditions to
see that the lives and health of the miners are
properly safeguarded.

(c) To see that no person or company engaged in mining
may establish any official connection directly or
indirectly, with the Mining Administration which
could be used to mislead the Public into believing
that the mining ventures of any such person or
company had official approval.

With regard to (c) above it seems clear that
the Arnheim Land Company has indirectly connected the Mine
Branch, Darwin, officially with the Company's operations
by quoting the results of assays carried out by that
Branch. These references, it is considered, would lead
the Public to believe that the Company's operations and the
results being obtained were officially approved. Mr.
Bell's assays may be quite correct, but, except in certain
cases, he is apparently not in a position to say definitely
that any ore assayed by him came from the particular spot
or area claimed by the Company. He had to accept the
Manager's statement in this respect on trust. There is
nothing to prevent a person from publishing the results
of assays made officially, and paid for by that person, and
alleged to have come from any particular place or mine.
This position discloses a weakness and for the purpose of
protecting the Mines Branch Officials it is suggested that

Any person or Company submitting ore for private
assay must disclose the place from which the ore
was obtained by a Statutory declaration, which will
be filed in the Mines Branch and treated confidenti-
ally.

Summing up the position it is considered that,
as Messrs. Stutterd and Clark's report is incomplete inasmuch
as it does not include an examination of the shafts, a further
official examination of the Company's property by an independent
expert, should be undertaken as soon as possible. This
examination must include the shafts now open on the property
and the Company should have some dewatered preparatory to the
examination.

If the above is approved it is also suggested
that Mr. Bell if necessary, should be recalled from leave and
that he, and Messrs. Stutterd and Clark should accompany the
expert appointed to the Company's property in order that the
expert would be in a position to reconcile the officials views
on the property.

11/3/35