THE POSEIDON NICKEL ADVENTURE

Reliving the sharemarket's greatest adventure

Those at the reunion were: Standing (from l to r) Aidan Keogh, Bob Barnes, Barry Pohlburg, Colin Brooks, (seated) Ken Shirley, Norm Blackburn, Noel Lynch, John Roberts, John Norris, Trevor Sykes; standing (l to r) David Stone, Ian Pendal, John Wilkie, Ken Keogh, Derek Fisher, Alan Denny, Bill Trychuell, John Burgess, Keith Biggs, Rod Fletcher, Ric Kjellquist, John Jones, Bill Humphrey, Don Lusby, Geoff Hymes, Chris Fraser, Ian Paynter, George Cassidy, Rodly Unger, Tony Hall, Doug Wilkinson, Peter Andrews, Malcolm Skipper, Bob Brandes, Hans Leuchtenis, Doug McGlay, David Huddersfield, Harry Kinnes, Ron Shaw, Ron Amos, Harry Dunlop Jnr, Doug Kinnes, John Lusby, Ian Durston, Gordon Bailey, Rod Black, Graeme McKinery, Rex Manners, Brian Sandy. PHOTO by Victor Rosen.

by Ross Leathem

In 20 years the good yarns can get more romantic, the pain of lost fortunes sun-soaked and the wounds of sour deals less bad.

The Bizzarre Club in Kalgoorlie, where many of the Poseidon era deals were struck, was host of the Poseidon reunion on February 23 and *Fortunes* attended.

The only other media representative was the Poseidon boom's keenest observer, Trevor Sykes, who is executive editor of *Australian Business* magazine and also author of the highly acclaimed book 'The Money Makers' (see page 6).

The occasion marked the day when the sharemarket stood half upright, on February 20, 1970, as shares in the small Adelaide exploration company Poseidon Ltd started the greatest share price rise in Australian history, which not only started an unbridled sharemarket stampede but also saw a large number of new companies floated.

In hindsight was the rush that geography became just as important as geology. Any company with leases close to Poseidon's Windarra property near Laverton could go for a price rise.

Announcements of good surface grab samples, or early drill results that gave a sniff of nickel, provided the right sort of rocket fuel.

Everybody was pegging—the broker, the boiler and the sharemarket maker.

One of the 52 reminiscents was "the butcher" Keith Biggs who, as a young butcher and businessman in Lorraine, hit the 1970 headlines as a prospective buyer of Poseidon shares.

Keith now lives in Kalgoorlie and gets into the background of junior explorers. He is also principal of a drilling company and occasionally makes the headlines as a part owner of Pakistan and other successful mechanics.

Near the end of the evening he was the successful bidder, with $1,000, for a hard cover copy of 'Sykes' out-of-print 'The Money Makers'. The canny scot is Sir Royal Flying Doctor Service.

The book had signatures of key players in the Poseidon share boom, including Biggs, who was a high profile prospector at the time and also regarded as one of

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Geoffrey (Geoff) Stokes (RH) pictured with his colleague, John Langford, - July, 1982.

FIVE YEARS IN LIMBO

The great sharemarket crash of 1987 would have been less damaging if we had learned more from it, writes Trevor Sykes

Five years ago this week, the Australian sharemarket suffered its greatest collapse in history. On October 26, 1987, the market was marked down by 25 Kwacos before it opened for trading. Unlike the world's three leading sharemarkets – New York, London and Tokyo – it never suffered any significant recovery.

In Australia, the All Ordinaries index lost 34.5% value between September and November 1987, a proportionately much steeper fall than that suffered in the other three markets. By early 1988, the Australian sharemarket had regained about half its lost ground but then was the least it would do. Since then it has been moving sideways and in the past four months has lost more 30% of its value.

Gil Masters, managing director of National Mutual Life, says "Australia was devalued and the devaluation seems to be permanent. However we were wrong from the outset we were subjected to a huge second shock with the crash of property values. The property market has gone off maybe one-third, or about the same as the equity market. That represents an enormous devaluation of the country's capital base.

"Then there was a third shock to the banking sector when some that had been regarded as secure suddenly turned into property investments. These accounted for a great deal of the write-offs by the banks, which by now must be around $15 billion."

Ray Hoch, chief economist at BBC Dominguez Barry, believes the Australian sharemarket may have suffered worse than the three majors be-

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