

what is termed a false bottom, which if gone through, according to Mr. Ulrich, the geologist, there is every probability of much richer deposits being found. Some of the claims at this place have been a good deal hampered by a freehold which the tailings are said to affect, and unless care is taken in the survey of the Matakani Hundreds, the sale of the land in them will still more hamper them; under any circumstances these Hundreds will cause greater care to be exercised by the miner in his workings. As settlement advances in the interior the miner must expect to be more controlled in his movements, but on the other hand great care ought to be observed to preserve outlets to all known auriferous ground when surveys are made. All along the Dunstan Range the miners show no sign of giving out; indeed, patches are frequently being struck. An extensive supply of water, if brought along the foot of that range from the Lauder to Clyde, would be a remunerative speculation.

Black's.—This place, which was almost deserted in the beginning of the year, has again somewhat revived by the discovery on the Flat of some good ground by the Chinese, about one hundred and upwards of whom are now settled there, together with a considerable number of Europeans. Some of the paddocks for a week's work yielded as much as £60 and £80 to some four or five men, and notably there is one party who has spent, within the last two months, some £400 in litigation over a trifling piece of ground.

The Waikerikeri Terraces.—These remain, comparatively speaking, still undeveloped, owing to the prolonged delay in the completion of Hastie and Co.'s race, an undertaking of too great a magnitude for such a small company; but it is fondly hoped that six months will see the finish. Should iron piping be then adopted, no doubt much time will be made up, the payable nature of the ground having been well proved.

The Bannockburn Terraces.—This place is another evidence of the error of too great an undertaking having been gone into with too small a capital. On these terraces there is said to be some of the best sluicing ground in the district, and considering the large population it so long maintained tunnelling, &c., I think it cannot be doubted. It is really pitiable to see so much of that ground waiting the completion of "The Carrick Range Water-race"—a work which should not merely have been assisted by the Government, but entirely constructed. I fear the race cannot be completed this season before the snow comes down, even although there are only three and a-half miles to finish, thirteen having been constructed out of seventeen and a-half miles—the entire length. These delays have a very bad effect, not only tiring men out from the ground, but encouraging the bad practice of taking up claims for the mere purpose of speculation by sale. Had it not been for the Bannockburn and All Nations Companies' small supply of water, together with the tunnelling still carried on, the most of this ground would have been deserted by the *bonâ fide* miner, and fallen into the hands of the speculators. When a sufficient supply of water is brought in, there is a work that ought to receive Government aid, and that is the formation of a public channel up Pipeclay Gully.

Alexandra.—Until within the last two months, mining matters here have been very dull, when the Chinese found some good prospects on the Manuherikia River, between Low's old homestead and the Chatto Creek, most of it comparatively untried ground, and now, between Robertson's Ferry and the Chatto, there are about 200 Chinese settled, which has given an impetus to business.

Nevis.—This place, one of the best for alluvial workings in the summer months, has been the victim of floods this season, and therefore has not shown up so well in its yield of gold, which may be put down at 5,000 oz.: the greater part of this went to swell the provincial escorts.

Quartz Reefing.

This branch of mining, which is confined to the Cromwell division of the district, has made a considerable stride during the twelve months, particularly at Bendigo. Here I have granted some six new mining leases, and have as many more under application, besides a number of claims. Four of the new leases are on what is supposed to be an entirely new reef, which, so far as developed, shows signs of being very rich, particularly in Jones and Co.'s claim. This reef runs, or is supposed to run, parallel with and at no great distance from the celebrated Cromwell Company's reef, on its southern boundary. The yield is put down at five ounces to the ton; but, as no trial crushing has as yet been made, that can only be a guess. This reef has been traced for about a quarter of a mile, and claims have been taken up on the supposed line for about a mile. On the Cromwell Company's line of reef a good many new claims have been taken up; in one part there is now a continuous length of a mile taken up, and after a break of two miles more claims have been marked out on what seems to be an out-crop of the same reef. The latest discovery has been made, by one Daniels, of a reef almost on the top of the range, which, from specimens, gives great promise, and to all appearance is on the same line with the Cromwell Company's, so that it may be almost said that this reef has been traced for six miles to the east. Little work, comparatively, has however been done on these new claims, so no decided opinion can be pronounced.

There is one company that has been started which ought greatly to aid in prospecting the Bendigo reefs, viz., the Deep Level Company. This company, which has a capital of £10,000, in £40,000 shares of 5s., all of which shares were taken up the first day of issue in the locality, has some fifty-six acres of ground in a special claim, and has started to drive a tunnel, at the lowest level possible, from the Bendigo Creek, with the view of cutting, if fortunate enough, the Lucknow, Aurora, and Cromwell Companies' reefs, and several known payable leaders, such as the Guano. This tunnel will also have the most beneficial effect of draining a very large area of ground, and saving pumping in several claims. The company has made a fair start, and got its tunnel in about 60 feet. The scheme is much in favour in the locality, and the shares are now at a premium.

A great deal of work has been done on some of the reefs during the year. Particularly I would mention the Lucknow Company, who for the last eighteen months have been driving through the hard blue rock, and reached a distance of some 500 to 600 feet without any signs, when rather suddenly, although not to the mining manager unexpectedly, they came on the reef in the bottom of the tunnel, crossing it diagonally; indeed they narrowly escaped driving right over it. The reef shows gold, and as they sink on it, and drive towards their old shaft, in which they had it but were stopped by water, the reef