

of 400 ft. In sinking, a run of rich stone was found in the shaft lode. Queen of Beauty has continued to yield splendid returns, having divided amidst seven shareholders the sum of £379 9s. each per share for a month's run. A rich find in Caledonian. Queen of Beauty still prosperous, having divided for one-seventh share, £282 each. On the 29th September operations were stopped at the Bright Smile, the company having incurred a heavy debt in erecting a 40-head battery and expensive tramway thereto, and having pumped for the neighbouring mines, which pumping was done at great loss, the contributions being inadequate. The effect of this stoppage is very disastrous to all the neighbouring mines. These include the Queen of Beauty, City of London, Queen of May, Exchange, and other mines. In October the effect of this stoppage soon became apparent. The City of London became flooded in the low levels, the water rising at the rate of 1 ft. 9 in. per diem. All the other mines equally affected, consequently the men are discharged, and the mines cease working.

A rush takes place to Waitekauri. Many claims pegged out.

At Tararu, J. Taylor discovers, by accident, a rich reef, while cutting a timber track. Claim called Little Agnes; value of gold, £3 5s. 10d. per ounce.

In Queen of Beauty water rises to flat sheets. Fourteen days' working gives £75 12s. per share for seven shares after paying expenses.

In Tairua, Golden Arrow strikes good gold.

In Waio-Karaka the mines are completely stopped by the rise of water. In the Bright Smile for some time past the largest supply of crushing stuff found has occurred in the deep levels; for instance, in the new level just commenced prior to the stoppage, a rich show of gold was met with at a depth of 400 ft. under the sea level. This is probably the deepest at which gold has been found under the sea level in these colonies. The City of London have developed greater wealth in their deepest level than had been found even in the upper; and the deepest level of the Queen of Beauty has been the most profitable.

During October.—In Tairua there have been important finds from the Tairua Company battery: 20 tons gave 94 oz. 4 dwts. They are increasing their battery. The Ajax also have machinery ready for conveyance to their claim, consisting of a 10-stamper plant complete, with engine and boiler, which they are anxious to put up as soon as possible. This they cannot do at present; owing to want of roads no machinery can pass at present.

In November, at Ohinemuri, little done lately, also owing to want of roads capable of carrying machinery, which is now waiting transport: the framing and timberwork of a 40-head battery being in readiness and fixed *in situ*. Also in Karangahake, the woodwork, with building, of a 20-head battery have been erected; when the roads are completed, the machinery and ironwork for the two aforesaid batteries will be at once conveyed to their respective sites, and the batteries set to work. The Cure gives a splendid yield of 1,205 oz., paying a dividend of 4s. per share. The Queen of Beauty has had two rich crushings, and paid two dividends of £78 8s. per share, and also a dividend of £100 per share after paying expenses. The City of London, out of an intermediate level, paid a dividend of 7s. 6d. per share, or a total of £1,875. Many small mines are paying handsomely. At Tapu, the Bullion from a crushing obtained 77 oz. 18 dwts. 12 grs., worth £3 0s. 5d. per oz. Moanataiari has greatly improved, produce giving over 11 dwts. to the ton, bearing a large profit.

During February, miners being out of work through Waio-Karaka floodings, many left for the Palmer and other diggings. Sixty of our best left by the "Hero," most of whom carried with them from £50 to £200 each. At the end of February, a scheme for drainage of the Waio-Karaka mines is adopted.

	Per cent.
Bright Smile	20
Queen of Beauty	20
City of London	20
Queen of the May	12
City of York	7
New Exchange	7
Crown Princess	7
Bird in Hand	7
Total	100

Of these the Queen of Beauty, City of London, and Bright Smile form the Drainage Association. These will purchase the plant and shaft of the present Bright Smile Company; other companies who derive benefit will contribute their assigned quota.

Advantage has been taken of the United Pumping Association shaft having reached a depth of 660 feet to drive from it, and intersect the reefs running through the Albion, Long Drive, Kuranui, and Shotover Mines, the companies amalgamating. Tunnels also are to be driven towards the Bright Smile, thus intersecting a series of gold-bearing reefs, and draining the country at the same time. Caledonian getting good stuff, paying expenses, and leaving a profit. Moanataiari working steadily, getting good stone, especially a rich parcel from the old Eureka ground. Little Agnes giving 141 oz. weekly.

With respect to the Pumping Association, the pumping arrangements are complete to 660 feet, ready to open out the drives to Albion, also towards Bright Smile.

As respects the details of mining, the works are, as a rule, carried out in a thoroughly workman-like manner, no inferior materials or workmanship being allowed to remain; every mine being frequently inspected, inferior work is at once removed and replaced by better. The machinery and general mining appliances are second to none in the colonies.

There has been a remarkable immunity from mining accidents during the year. The sufferers have mostly neglected to attend to the prescribed precautions.

Great inconvenience has been felt by miners, attended with much loss of valuable time, from the