

The bursting of the Government dam and of Horner and Gregory's dam in April last has been a serious loss to the claimholders along the terraces in and around Charleston. Horner and Gregory only completed the reconstruction of their dam and race in November last. The supply of water from the Government dam has been considerably below the average, but the feed supplies are now being reconstructed, and a contract has been let for the construction of a tunnel and open race from the dam, which will shorten the distance and cut off a large extent of fluming which is fast falling into decay.

#### LYELL SUB-DISTRICT.

There has been a marked improvement during the past twelve months in mining operations. Alluvial mining has been maintained, and good patches of ground have been opened up in various parts of the district.

At Welchman's Terrace the miners have, with two or three exceptions, been compelled to abandon their claims in consequence of the extremely wet and dangerous nature of the ground. Several tunnels were driven in from 50 to 100 feet with the utmost care, the men working eight-hour shifts day and night to prevent the ground from running, but without avail, for the water increased as they went in, and when the run began all hands had to leave as fast as possible, and the tunnel having to be abandoned as worthless. Two parties are still holding their claims on the terrace in the hope of striking the washdirt. They are carrying on their tunnels, but find it difficult to get miners to join them owing to the dangerous nature of the workings.

About September last several quartz reefs were discovered on the ranges between Lyell and New Creek. Fifty-eight gold-mining leases were applied for. Sixteen leases have been surveyed and granted. Five or six others have been abandoned or withdrawn, and the rest are held over for the completion of the survey.

The United Alpine Company have a battery of twenty heads in full work, with four berdans. No. 6 level is in 550 feet; the company employ about sixty men, and are stoping out between No. 4 and 5 levels. The machinery is driven by water-power over a 40-foot wheel with 6-foot breast.

The United Italy contains a battery of five heads, and has been working for some years on quartz leaders, some of which have yielded 20 oz. to the ton. The present lessees intend to register under the Mining Companies Act, and increase their capital, and work the claim on a more extensive scale.

The United Victory, at New Creek, have erected a battery of ten heads, and have put in two tunnels—No. 1, 200 feet; and No. 2, 460 feet.

The Maruia Company have a ten-head battery at work upon the rich leaders, which have yielded on an average about 3 oz. to 4 oz. to the ton. The company are driving for the main reef.

The Lyell extended consists of a special claim of 63 acres, adjoining the Alpine Claim. They have to drive a tunnel 1,800 feet to get into their ground; 300 feet has been driven, with good indications, and tenders have been called for another length of 400 feet.

The Croesus Company have put in three tunnels, and found good payable stone 200 feet in No. 1 tunnel. They are making preparations for the erection of machinery.

In January last an application was made for a prospecting area over 5,000 acres on Manuka Flat, with a right to occupy a special claim of 200 acres after proving the ground; other parties having applied for gold-mining leases in the same locality, the application was not entertained, and four leases have since been applied for.

There is a great increase of business in the Township of Lyell. The Bank of New Zealand has opened a branch there, and the hotels and business premises are being enlarged and otherwise improved. The new Court House has been erected, and the removal of the Court from the public room of the hotel thereto, in February last, has been beneficial to all concerned.

The statistical returns show that there are 481 water-races of an aggregate length of 421 miles, registered to carry 1,437 heads of water, valued at £39,213; 203 tail-races, at £12,981; 415 dams, at £12,009; 3 reservoirs, at £650; and 250 ground sluices, at £25,000. These, taken together with the mining plant and machinery, estimated at £19,000, show the total value of mining property in the district to be £108,853.

I append herewith return showing the total population, cases disposed of in the Resident Magistrate's and Warden's Courts, the number of rights, licenses, registrations, &c., issued at each office, and the estimated yield of gold.

The following table shows the amount of calls made and dividends declared, &c., in the Lyell District, from 1st April, 1881, to 31st March, 1882:—

Name of Company.	Calls made.			Total Dividends declared.			Quantity of Quartz crushed.		Yield.	Description and Value of each Class of Machinery and Mining Plant.
	£	s.	d.	£	s.	d.	Tons.	Oz.		
United Alpine ...	7,600	0	0	16,466	13	4	8,200	4,444	20-head battery, with 4 berdans; water-wheel, £6,972.	
Croesus ...	1,775	0	0	Nil			Nil	Nil	Nil.	
United Victory ...	2,220	0	0	Nil			Nil	Nil	10-head battery, with turbine, £2,000.	
United Italy ...	Nil			Wages			...	...	5-head battery.	
Victor Emmanuel ...	1,000	0	0	Nil			Nil	Nil	Nil.	
Cosmopolitan ...	100	0	0	Nil			Nil	Nil	Nil.	
Auburn ...	45	0	0	Nil			Nil	Nil	Nil.	
Arizona ...	45	0	0	Nil			Nil	Nil	Nil.	
New South Wales ...	150	0	0	Nil			Nil	Nil	Nil.	
Ballarat ...	58	6	8	...			...	...		
Lyell Creek Extended ...	800	0	0	...			...	...		