

OTANUI DISTRICT.—In the early part of the year a number of claims were taken up and a considerable amount of work has been done prospecting these; but things must remain very quiet till the battery is completed, to have their quartz crushed. This battery is now in course of erection at the junction of the Otanui and Mangakirikiri Creeks, and will probably take three or four months yet before it can start. A road from the claims to the battery is also required, which I understand the County Council are making arrangements to have formed; the distance is about three-quarters of a mile.

OHINEMURI, OWHAROA DISTRICT.—This district, considering the number of miners in the vicinity, during the last twelve months has steadily improved its standing in the gold-producing of the Hauraki Gold Fields, and with an increase of outlay in labour would prove a good payable field, as from past experience in both Radical and Smile of Fortune Mines there is every reason to expect "patches" of gold of considerable value. The premier claim on this field is the property of the Smile of Fortune Gold-Mining Company, which has yielded during the last year 2,124 oz. 12 dwt. of gold from 2,100 loads of quartz. Of this, 641 oz. has been won by tributers, of whom there are two parties at work; the remainder by company's wages-men. The company have a battery of fifteen stampers, driven by water-power, close to the mouth of the drive. When not crushing for other mines, they are at an advantage in being able to crush low-grade quartz for themselves. They have paid over £2,000 in dividends, and would have paid more but for the recent flood in the Ohinemuri River, which swept down the three bridges that crossed the river higher up; these in passing carried away the trestle-work that supported the water-pipes that supplied the motive-power to the battery, thus putting the company to serious expense and it and surrounding claims to great inconvenience. The battery is, however, once more started, new pipes having been obtained and laid over the river as before. Considerable driving has been done to open up this mine, and lately the quartz has improved in value, some of it yielding over 2 oz. to the load.

Lucky Hit.—The party working this ground have done a great amount of prospecting, having driven at least 500 feet. Near the surface they had a small leader, from which they crushed about 75 loads for 62 oz. of gold. They are now engaged following the Smile of Fortune lead into their own ground; it looked as if it would turn out 2 or 3 oz. to the ton, but within a few feet of their boundary a hard bar came in, which to all present appearance has cut off the reef.

Radical.—This license has been all worked by tributers; the ground is generally very hard, in some places almost flint. Reid and party have driven 300 feet, and stoped out 100 tons for nearly 200 oz. of gold. A. Toms and party drove for a leader in a very hard belt of country, which has proved barren. Godwin and party have driven 60 feet in similar country with the same result.

Victoria.—This ground is being steadily prospected, but as yet nothing that is considered payable has been obtained.

Daisy Hill.—This claim is situated higher up the hill than the above. About 330 feet of driving and cross-cutting work has been done. In prospecting two leaders were cut, carrying gold; but the party gave up, having no funds to sink on these; and I was obliged to forfeit the mine for non-working; as I had also to do with the Battalion Mine party, who after three different crushings found themselves £400 to the bad, and ceased working.

Evelyn.—This party have been prospecting for some time, and have driven 600 or 700 feet; latterly they have found a reef 30 feet in width, out of which they have crushed sixteen loads for a return of 21 oz. of gold. They are now driving on the wall of the large lode, to intersect smaller leaders; and intend to test the large reef at a greater depth from the surface.

WAITEKAURI DISTRICT.—This district has gone back very much, and most of the mines have had to be re-entered for non-working. The Waitekauri Company, Waitekauri No. 3 Company, and the Welcome Extended Company still continue at work, employing about forty men.

KARANGAHAKE DISTRICT.—Since my last report a large amount of ground has been taken up in this district, and a considerable amount of working done in proving them. This district was first rushed at the opening of the Ohinemuri fields in 1875, but afterwards abandoned. The present finds prove the ground then taken up to be on the outside edge of the golden belt of country, which lies a little more to the eastward. There appear to be several lines of reef; the first discovered runs through the Maria, Hauraki, Diana, and other ground. Several small trial crushings have been made for good returns. In several of the reefs there is a large percentage of silver. An assay from the Maria went over 300 oz. to the ton, and by crushing in the ordinary way 40 oz. valued at 16s. per oz.

The *Golden Crown*, *Hidden Treasure*, *Martha*, and several other claims have opened on their reefs with good prospects—that of the Golden Crown is 4 feet thick, and shows gold freely in breaking down. A trial crushing of one ton was taken out of this mine by the men, who succeeded, after almost incredible hardships, in carrying it to the mill. The return was 14 oz. 8 dwt. gold, valued at £2 7s. per oz.

The country is extremely rugged and difficult of access, and it must take both time and capital to open up these mines. It is difficult to say at present what would be the best plan to open communication with the various mines to have the quartz conveyed to the mill, but it would appear to me that a line of road or tramway along the lowest possible level up the Waita-