

The following return has been furnished to me by the manager of the Union Mine for 14 tons 10cwt. of ore taken from that mine, and sent for treatment to the Thames furnace :—

—	Gold.		Value.			Silver.		Value.			Total Values.			Furnace Charges.		
	Tons. cwt.	Oz. dwt.	£	s.	d.	Oz. dwt.	£	s.	d.	£	s.	d.	£	s.	d.	
3 6	3 14	14 16 0	43	10	8 14 0	23	10	0	17	13	9					
2 2	9 12	38 8 0	51	9	10 5 9	48	13	9	15	10	6					
9 5	52 2	208 8 0	222	6	44 9 0	252	17	0	54	12	0					
14 13	66 8	261 12 0	317	5	63 8 9	325	0	9	87	16	3					

The cost of water-carriage and cartage of above 14 tons 13cwt. was £45. The above results have been obtained from preliminary opening-works. If these are maintained as the mines are developed, this must become a very important gold- and silver-producing district.

The Nil Desperandum, Yellow Jacket, Winner, Nelson, Amaranth and others are all vigorously prospecting; and, as they are discovering loose stones showing the best indications, I am led to believe they will shortly lead to the further importance of this portion of this field by making valuable discoveries.

Owharoa District.

The returns from this district have been exceedingly poor, being only 292oz. 6dwt. retorted gold for 1,241 tons of quartz; but a great part of this was from old mullock-tips where the stuff had been formerly thrown away. The grant-in-aid by Government for extending the Smile of Fortune tunnel is, however, expected to cause a revival here, as it will enable a very "hard bar" of country to be penetrated, and the golden country reached which is known to exist beyond it. The heavy expense which must be incurred in cutting through this bar hitherto has prevented the work being undertaken.

Karangahake District.

Like the Waihi, the failure of the smelting-furnace has had a most disheartening effect on the shareholders of the various mines here, and I have been obliged to forfeit over one-half of these mines for not working, or even trying to prospect their ground. The stone obtained here is in many respects very similar to the Waihi stone, both in appearance and in the quantities of silver and gold obtained. For instance, 5½ tons from the Adeline Mine was sold for £106 10s. per ton, the Rose Mine obtained £103 per ton, and the Diamond £57 per ton.

In connection with the Woodstock Mine a complete smelting-furnace has been erected. Everything has now been ready for some months to begin operations, but there is no apparent intention to make a start; and the general impression is, that after the experience had from the same kind of furnace at the Thames they never will start. However, this remains to be seen. If not, it would not be difficult or very expensive to convert the water-power to drive a battery.

This district is labouring under a great disadvantage in not having a proper low-level road through the Waitawhita Gorge as an outlet for its quartz. The hill-road now constructed does very well for enabling miners getting to and from their work; but the transit of quartz costs to the battery about £2 per ton. There are nine or ten companies working under this great disadvantage. The different parcels of quartz sold by these companies to the Furnace Company have ranged in value from £8 16s. to £117. I consider a fair estimate of the quantities of ore at the highest value, about 20 per cent. of the output; the balance, 80 per cent., may be graded downwards to the lowest assay-value mentioned. One thing essential to successful mining is cheap carriage; and, as I have said, a low-level road is necessary for this purpose, to which the mines on both sides of the gorge or valley can connect by means of wire tramways or shoots. The gorge is an exceedingly wild and precipitous one. The first bluff will require a tunnel of 500ft. in length driven through it; so the first cost of this road must be great. The mining companies have, I believe, subscribed some £40 or £50 for the purpose of obtaining a survey and estimate of the cost. The engineer's estimate I understand to be between £4,000 and £5,000; but I think this could be cut down to under £3,000, and yet give a road quite suitable for all present requirements. The ordinary battery-crushing in this district (Karangahake) for the year has been 1,277 tons of quartz, for a return of 1,699oz. 1dwt. retorted gold.

New Districts.

During the year there have been two new districts opened for gold-mining. The first is called Parawaki, and is situated about six miles north from the Waihi mines, and about four from the east coast. The stone appears to resemble the Waihi stone very much; but, as there are no roads to the place, and the district is a very inaccessible one, a very considerable time must elapse before much work can be done. The second district is nearer to the Thames, and is situated between Tapu and Waiomo Creeks, about three miles back from the beach. This ground was found by two prospectors belonging to Tapu, Messrs. Lawrie and Plummer. The prospects obtained are very rich; but the gold is generally free or loose gold, and the question is, whether