

Tokatea District.—All the mines in this district are let on tribute, there being no wages-men employed. This in itself is not a good sign, as it shows the companies are not putting in low levels, which, being expensive, are seldom carried in by tributers. The working-out of the present levels is therefore only a matter of time. The great expectations from the carrying-in of the Tokatea low level have unfortunately, so far, not been realized. The company, meeting nothing but clay where the reef ought to have been, have ceased operations at this level, and have gone up to No. 3, where a reef has been cut recently; but until a survey is made it cannot be decided whether this is the main reef or not. The low level is over 1,300ft. from the surface, the No. 3 level being between 300ft. and 400ft.

Tiki District.—The operations of the Marabel company not proving successful, the ground and battery were sold to Mr. Greenwood, of Auckland, who re-started work. Some very rich specimen-stone was obtained, but the general crushing-stuff did not prove payable, and work has again been suspended. The crushing was sixty-three tons for a return of 35oz. 10dwt. retorted gold. The only other work done in this district—which I may mention is not goldfields proper, but private property—was a small crushing of three tons for the new Golden Belt Gold-mining Company, which gave a return of 8oz. 12dwt. retorted gold.

Matawai District.—This district has not advanced any since my last report. In the Castle Rock or Vizard's Claim the low level has been completed and the reef opened out. The crushing obtained therefrom has proved payable, as also has that from the Matawai Claim—Mr. Vaughan's. The total quartz crushed in this district was 116 tons 10cwt. for a return of 122oz. 14dwt. retorted gold; but there is plenty more quartz on hand to crush. Generally, throughout the year there has not been enough of water to effectively drive the battery: even when crushing sufficient speed could not be got up to give efficient work. This, I believe, might be remedied if a simple Pelton wheel was substituted for the present huge turbine wheel.

Manaia District.—This district is under a cloud just now, from the great dulness of trade in Auckland and elsewhere. Money for prospecting is not to be had, so nearly all the money expended has been obtained locally.

As I mentioned in my last report, this portion of the country is very difficult to prospect on "account of the heavy cover." This is rendered still worse from the difficulty of getting low levels. On account of the general flatness of the ground the great length of tunnelling required would necessitate a large expenditure. On account of this difficulty sinking has been resorted to; which, of course, means slow work without machinery, so much time being taken up constantly baling the water. From this shaft the reef has been driven on in two directions, and some most encouraging specimens obtained. From the difficulties under which this new district is labouring, if the claim-holders agreed on a main scheme that would tend to develop the whole district, I think some Government assistance could be most judiciously given.

HAURAKI SOUTH (THAMES AND OHINEMURI).

During the year one of our pumping companies, the Queen of Beauty, has ceased operations, and all the plant and machinery has been sold and removed.

The new Act recently brought into force, whereby a Drainage Board has been elected from among the contributing companies, will have a very beneficial effect, and in future prevent the "scare" which usually happened once or twice a year from the threats issued by the Big Pump Company to stop operations. There appears to me to be one defect—that the Board has not sufficient power to borrow money; and, even if they had, they have nothing but personal security to offer, which is generally not considered the best. In order that the pumping may be carried on economically it will be necessary for the Board to raise money somewhere in order to convert the steam- into water-power. The very heavy cost now going on by using steam is a terrible drain on all the contributing companies. The cost of drainage is now estimated at about £3,300 per annum; but, if water-power was substituted, a saving of at least £1,800 per annum would be effected. Roughly, I would say that the total cost of water-power—machinery, pipes, connections, &c.—would not exceed £4,000; so that the cost would be saved in under three years.

As I understand the Warden has entered into details *re* the smelting quartz at Mr. La Monte's new furnace, I need not go further into particulars, save to say that its failure has thrown a great damper on mining; but in one respect Mr. La Monte has most undoubtedly done good—in drawing attention to the large quantities of silver contained in our lodes, especially in the Ohinemuri district; and, though these lodes appear to be very difficult to treat under his process, attention having been drawn to them, different parties are now at work trying the best and cheapest method that minerals can be extracted. Already a new battery, or reduction work, is being erected at Karangahake, in Ohinemuri, in which I understand the mineral is partly to be roasted and partly treated with chemicals. I understand that, from experiments already made under this process, more than double the amount of bullion has been obtained than from the ordinary battery process.

THAMES.

Kuranui Mine.—The company working this ground, after carrying on operations for sixteen or seventeen years, wound up, and sold all its ground, battery, &c. The ground was sold in three lots, some of these going at high figures, one being £800. The ground is now divided into three claims, known as the Kuranui Nos. 1, 2, and 3, and is now being worked principally by tributers.