revenues accruing thereunder, it should have a right of purchase over 150 acres at £5 per acre at any time within the last five years of the lease. Before this right had arisen by effluxion of time the company appears to have been allowed to exercise it and acquire this freehold, which, as surveyed, is intersected by the railway line, the shaft itself and all the plant being situated on the part of the freehold, comprising over six acres, and lying between the railway and the river. The leasehold area has therefore been reduced to 853 acres, and the term extends for twenty-one years from the 1st August, 1873. The conditions of this lease we give below, but there appears to have been negotiations for a surrender and the issue of a new lease, which, as it contained a proviso for an increase of the royalty to 1s. after a term of years, has not been agreed to and has not been executed. Under the original lease a dead-rent and minimum output is provided for as follows:—

Whole term, rent, £20;	first year,	output	2,000 tons
	second year,	"	5,000 "
	remaining term,	"	15,000 "

107. A royalty of 6d. per ton was also provided, but as soon as the railway was opened this royalty was to cease in respect of all coal carried on the line; and, as this took place in 1876, and the old system of river-carriage was then done away with, the royalty has since been practically abolished. Since then it may be said that the royalty has been included in the railway-carriage, but whilst the railage from Brunner and Coal-pit Heath remains at 2s. exclusive of royalty, it is difficult to see why the coal from Wallsend should be carried the same distance for 1s. 6d. per ton if the 2s. paid thereon includes 6d. as royalty. The Wallsend is one of the mines amalgamated by the Grey Valley Coal Company, but since the lock-out on the 19th July it has not been worked, and, the company having withdrawn the working-plant and material therein, it is completely closed for the present.

108. Under these circumstances it is our duty to call attention in this report to the facts that, as the lease is framed, there is no relation between the annual rent of £20 and the minimum output provided, and that consequently there is no monetary obligation accruing as a leverage to enforce the output clauses. The total amount of coal, calculated from the working-plan (see appendix), which has been taken from the Wallsend Mine has been 218,849 tons. Of this about 127,000 tons has been mined from the company's freehold, 24,000 tons from under the railway reserve, 52,000 tons from under the river-bed, and 15,000 tons from under the private township known as Taylorville, and none at all from the leasehold except the output from the Tyneside Mine next referred to.

Tyneside Mine.

109. The first workings at the Tyneside Mine were opened by Mr. Joseph Kilgour; then a shaft was sunk by the Greymouth Coal Company within the area now comprised in the Wallsend lease; but faults had to be contended with, and it was abandoned without any extensive work having been prosecuted. After the Wallsend Mine had been acquired by the Westport Coal Company, Mr. Kilgour, in June, 1885, obtained from it a sub-lease of about 70 acres, including the first Tyneside shaft, which he wrought until the formation of the Grey Valley Coal Company. He then sold his interest to that company, and his steamer, the "Oreti," to the Union Steamship Company. The mine was then closed, and the work of that company was confined to the Brunner, the Coal-pit Heath, and the Wallsend. The lordship paid by Mr. Kilgour to the Westport Company was 6d. per ton, with a proviso as to dead-rent, which, however, was inoperative, as the royalty always covered it. The output of this mine is stated in the official returns as 18,398 tons.

110. The mines above mentioned are, or were, the four operative mines in the Grey Valley, and the rights of all of them were acquired in August, 1888, by the Grey Valley Coal Company. The state of their workings will be dealt with in another part of this report. Only the Brunner and Coal-pit Heath Mines are at present maintained in an active condition by the Company.