

contracts, and has employed a good deal of labour during the year. The works were retarded somewhat by a dispute with the contractors for supplying the timber for the tunnel, but that difficulty has been settled, and the works have since progressed satisfactorily.

*Johnston's United Gold-mine.*—It is to be regretted that this mine does not look any more promising than it did at the time of my last report. There has been another change in the management, Mr. Johnston's services have been dispensed with, and Mr. Hugh Collier has been appointed mine-manager in his stead, several men have been discharged, and expenses generally have been reduced. An average of twenty men was employed during the year, and work was carried on fairly continuously. No dividends were paid, but the company's debts were greatly reduced. The quantity of quartz crushed during the year was 4,561 tons, and the yield of gold therefrom 914oz.

The Rocky River works, referred to in my last report, undertaken by Messrs Beetham and party, suffered considerable damage by the remarkably high floods that occurred recently in that locality, and caused a suspension of the works for a time, and it is probable that very little work will be again attempted until after the winter. The loss is estimated at £300. Seven men were employed on the work.

*The Parapara Iron Lease.*—The lessees have obtained some protection from the Mines Department, and nothing has therefore been done in the direction of developing the iron-ore. I think, when the protection expires, the lessees should be called upon to take immediate steps to carry out the conditions of their lease or forfeit their right to hold this valuable property.

Some attention has been directed to the Kaituna district lately, when something like a small "rush" occurred, but nothing of any consequence has as yet been brought to light, although there is an impression among the miners that a good field will yet be found in that locality.

The number of miners employed in the district is estimated at 168, including two Chinese.

It is gratifying to be able to report that, although mining appears to be somewhat on the wane, the occupation of land for agricultural and pastoral purposes is rapidly increasing in this district.

#### LYELL.

There are five quartz-mines at work in this district—namely, the United Alpine, the Lyell Creek, the United Italy, the Tyrconnel, and the Ceresus. The first-mentioned mine, which has been the mainstay of the Lyell for so many years, has again done well during this year; and, although a number of men had to be discharged for a short time, the battery has been almost continuously at work, and put through during the year 9,669 tons of stone, which yielded 8,245oz. of gold, and the dividends paid during the year amounted to the sum of £16,800. The mine is worked by three shifts, and fifty-four men are employed.

*Lyell Creek Mine.*—There are four men employed in this mine driving a tunnel, hoping to strike the Alpine Reef, known as the "North Block." 3,500ft. have been driven, which has taken about twelve years. The miners are now so close to the Alpine boundary that the stone in that mine can be heard passing through the shoot, and it is expected that the reef will be struck in a very few weeks.

The *United Italy Mine* is being worked on tribute by a party of six. They have had two crushings during the year, and obtained 575oz. of gold from 108 tons of stone. This is a leader claim, and it is anticipated that the leaders will soon be worked out.

The *Tyrconnel Mine* is held by a party of three, and there are seven men employed in the mine. About six months ago 60 tons of stone from this mine were crushed, which gave a return of 8oz. to the ton. This energetic little party has since started to drive a tunnel, which is to be 1,100ft. long, and it is already driven 450ft. It is confidently hoped and expected that when they reach the 1,100ft. they will strike the leader from which they obtained the stone six months ago that paid them so handsomely.

The *Ceresus Mine* is held by a party of three, who are also the lessees of the Tyrconnel Mine. This mine is sublet to a party of two, who have about 100 tons of stone to grass. Crushing will be started shortly, and the prospects are said to be good.

With regard to alluvial mining in this district, there is very little to report. There has been a decrease in the number of European miners, and an increase in the number of Chinese, the numbers being: Europeans, 34, as against 45 last year; Chinese, 17, as against 7 last year.

#### MURCHISON.

There has been very little alteration in alluvial mining in this district during the year.

An application of some importance has been made to bring in a water-race from the Matakaitaki River, about nine miles long, to contain 100 Government heads of water. The right has been obtained, and also a special claim of 100 acres of auriferous land. This proposed scheme, if carried out, would be a great boon to the district, as the race would not only work the ground contained in the special claim, but would command a very large area of auriferous terraces, which are known to contain payable gold, and which cannot otherwise be worked. The proposal has been submitted to Mr. René Proust, a mining engineer of considerable experience, who has examined the country, and reported most favourably on the scheme, and there is a fair prospect of the work being proceeded with. There is one drawback to the progress of this important enterprise, and that is the want of a road at the upper part of the Matakaitaki Valley. It is estimated that about four miles require to be made, and the cost would be about £1,000. It is said that this road would open up a large area of good land fit for settlement. In any case, the cost is not much, and if the Government will not find the whole of the money, the company might be subsidised with half the cost.

#### DREDGES.

There are three dredges at work in the Karamea Mining District—viz., two on the Buller River and one on the Matakaitaki River, a tributary of the Buller.

The *Cock Sparrow Dredge* is working on the Buller River, about half a mile above its junction with the Inangahua River. It is held by a party of twelve at present, but they are about forming