

The Mount Ida Water-race, which was formerly managed by a Trust, showed up to the beginning of last year a net loss on the working of £3,595. The Trust was abolished at the end of 1892; and since then sales of water have amounted to £1,422, while the expenditure on maintenance has been £1,013, showing a net profit on the working of £409. When the Government took over the race it was in very bad repair, and an expenditure of £2,837 had to be incurred before sufficient revenue to maintain it could be expected. This water-race is a valuable asset to the colony, for if the water could not be sold for mining purposes it could be used for irrigating the Maniototo Plains, and thus convert a large area into good agricultural land.

The water-race which was purchased from the Official Assignee in the estate of R. Johnston at the same time as the Government took over the Mount Ida Race cost £1,000. The net profit on working these two water-races last year was £104. A small expenditure will have to be made on these races next spring for clearing them out, so that a larger supply of water can be sent down to miners working in the vicinity of Blackstone Hill.

The Nelson Creek Water-race was previously leased, but the lease expired in August last, and fresh tenders were called for leasing it for another term. However, after the lease had been accepted, one of the principal bridges came down, and as all the bridges are greatly decayed the lease was given up. It would cost about £25,000 to renew the bridges, and the Government do not consider it advisable to expend any money in this direction. They will, however, be quite prepared to entertain proposals from responsible persons either to renew the bridges and flumes, or to reconstruct a portion of the race so as to do away with them, and to supply water to the miners in the district at a rate to be agreed upon.

PROSPECTING.

There are large areas both in the North and Middle Islands where scarcely any prospecting has as yet been done. In order to get systematic prospecting operations established it will be necessary for the Government to grant assistance, not only towards opening up new fields, but also to test the ground at greater depths than have hitherto been worked. The latter remark applies, of course, to quartz lodes only. It is well known in the colony, and also in other gold-bearing countries, that auriferous quartz found in lodes is in shoots and ledges. These generally occur in certain belts of country having barren places between them. At the same time, when rich auriferous quartz has been worked profitably on the upper levels, and the same formation continues to go down, gold-bearing stone is likely to be again found at a lower level. None of the lodes in the colony have yet been worked to any great depth. The deepest shaft—that of the Queen of Beauty at the Thames—is only about 748ft., and gold-bearing stone was got in the lowest level from this shaft. The Kapanga Mine, at Coromandel, has been worked for the last sixteen years by an English company, which has been reformed. This company has expended a large capital in opening up and developing the mine without being rewarded for their outlay. In order to test the deep levels in the mine the main shaft has been continued, and it is now down to a depth of 720ft., a small lode containing auriferous stone having been cut. The workings in the Keep It Dark Mine have also been carried down to a depth of over 700ft., and gold has been found in the lode, although not of a payable character for working. A payable lode has, however, recently been cut in the Larnach Tunnel at the Lyell, which has been carried into a range at a low level for a distance of about 3,200ft. This indicates that there is a fair probability of gold being struck at much lower levels than have yet been reached. In support of testing auriferous lodes at deep levels, I would call the attention of honourable members to the experience gained on the goldfields of Victoria, where, in some instances, when the lodes gave out at a depth of 750ft., new lodes were discovered at a depth of 1,500ft., having a blank between those depths at which no lode was found. This occurred in Mr. Landsell's No. 180 Mine at Bendigo, and where payable returns were got at a depth of nearly 2,000ft. If it is found that the lodes in this colony can be proved to be payable for working to great depths, it will give a new lease of life to quartz-mines. The large number of men employed in this class of mining, and those depending on them, deserve every encouragement, and some assistance should be granted to test the deep levels. If the test proves successful, a new era will be opened up in the history of mining in the colony, and profitable employment will be afforded for a much larger population.

With the view of obtaining all information regarding the likelihood of finding gold-bearing quartz at greater depths than have hitherto been worked, an arrangement was made with the Government of Victoria to send a mining geologist to visit this colony to make an