

I regret to have to state that gold-mining at the Thames has been greatly depressed for some years past, owing to the want of capital to test the value of the lodes below the 500ft. level. It affords me pleasure, however, to be in a position to inform honourable members that an English company has been formed to sink a shaft on this field to a depth of 2,000ft., and to erect a pumping plant capable of lifting 2,000 gallons of water a minute from that depth.

The discovery of rich auriferous lodes in the Coromandel District, together with the finding of a large lode of auriferous quartz in the Kapanga Company's mine in a bore which was put down from the bottom of the shaft, about 1,000ft. below the surface, has given the shareholders in that company sufficient encouragement to continue the sinking of their shaft. At Reefton new lodes have been discovered during the past year at deeper levels than hitherto worked, containing ore of a highly payable character. This has given an impetus to mining in that locality also. These discoveries at lower depths clearly demonstrate the existence of new lodes of ore in mining properties, some of which were previously deemed valueless.

Dredging as applied to mining is entirely confined to Otago and the West Coast, where it is likely to be greatly used in future for working the beds of rivers and shallow ground where there are large bodies of water to contend with, and where there is no fall for tailings; and also for working the black-sand leads on the ocean-beaches. The recent improvements made in dredges, by which the tailings are lifted and stacked some distance away from the stern, has greatly increased the usefulness of these machines, as it enables ground to be now worked remuneratively that could not be done otherwise. The results of dredging on the beaches on the West Coast have not so far proved a great success, owing to the gold-saving appliances being unsuitable for the character of the gold found; but no doubt improvements will be made to cope with this difficulty, and when this is done it must lead to the use of a very large number of dredges.

The method adopted at Skipper's, in Otago, whereby dredges are worked by electricity, appears to me to be one well worthy of consideration in other parts of Otago, where steam-power is being used. This applies more specially to dredges working on the Clutha River, where there is ample water-power available to generate sufficient electricity as a motive-power for far more dredges than are at the present time working between Roxburgh and the Beaumont Bridge.

Improvements are also being made every year in hydraulic and elevating appliances, enabling ground to be now successfully worked which a few years ago was considered valueless. The extensive areas covered with auriferous gravel which can be worked by means of these appliances will afford profitable employment to a large mining population, where sufficient water can be got to command and work the ground.

The recent discoveries to which I have referred will no doubt give more confidence to men to invest their capital in mining ventures, and will be the means of prospecting operations being more vigorously carried on than heretofore. With competent management many of the mining properties recently taken up are likely to prove remunerative ventures, and, although rich returns can hardly be expected from every mine, it is to be hoped that the majority of them will yield fair interest on the outlay.

Considerable attention is being given to coal-mining, and there is a steady increase in the output. But as the West Coast is the only place where coal has yet been found in the colony suitable for sending to foreign markets, we must not expect a large export to other countries until such time as the West Coast harbour-works are more advanced to admit of large vessels being engaged in the coal trade.

#### MINERAL PRODUCTION.

The quantity of gold, silver, and other minerals, including kauri-gum, produced for the year ending 31st December last, will be found in Table No. 1 annexed. The production of gold and silver was 275,792oz., representing a value of £894,536, whereas the value for the previous year was £922,881. This shows a decrease in the value last year of £28,345. 720,256 tons of other