

It is proposed to bring a water-race from the Upper Slate River to work the leases being acquired by West, Adams, and Fell at Golden Gully, Lightband's Gully, and Appo's Flat. This water, the volume of which is fifty Government heads, would have to be brought by way of the ridge between Blue Creek branch of the Slate River and the Upper Parapara. The pipe-line securing a sufficient hydraulic head would be of moderate length to reach the working faces on the south-west parts of the Golden Gully area; but the further extension of the race so as to reach the head of Lightband's Gully and Appo's Flat would require an extended pipe-line to carry the water across the Golden Gully area and again over Appo's Gully to reach the north-easternmost of the leases held by West, Adams, and Fell.

The source of the water that of sufficient volume might most easily and at the least cost be brought on to the Quartz Ranges has not yet been determined. The supply from the Clark River would be doubtfully sufficient, except during the melting of the snow in spring and during periods of more than normal rainfall at other seasons of the year. The water would have to be lifted from above the rapids in the part of the gorge cut through granite, and it may be that greater difficulties than are anticipated would be encountered in bringing this water on to the ground intended to be worked by it. The water, if brought over the shoulder of Pine Ridge, would command all parts of the auriferous area.

On return from the Collingwood district, owing to the requirements of the Court sitting in connection with the Midland Railway arbitration case, no field-work could be done till after the New Year; but during the first week of 1896 a start was made for the Wilson River and Preservation Inlet goldfield, occupying the south-west corner of the Provincial District of Otago.

In the district of Preservation Inlet, and on the northern shores of Foveaux Strait, gold has been known to occur since 1863, but not till about the middle of 1889 was ground of a payable character discovered on Coal Island. This discovery was shortly followed by the rush to Wilson River, the following-up of the alluvial working on which led to the discovery of the Golden Site reef. The stone in this at the outcrop and near the surface was phenomenally rich in gold, and the discovery caused considerable excitement in gold-mining circles, and proved likewise an attraction to others not usually engaged in mining matters. The rich prize was even with some a bone of contention at law, while others, apparently convinced of the truth of the proverb, "There is as good fish in the sea as ever came out of it," set themselves the task of prospecting and exploring the country for other reefs of like character. The result was the discovery of the Morning Star line of reef and that of Sealers' No. 1. A battery and gold-saving appliances were erected on the Golden Site Claim, and the vigorous extraction of the auriferous stone was commenced; but, pushed to the south, the reef shortly and suddenly came to an end, while on the north side of the river it broke up into a number of small veins, which also became much poorer in gold than the main body of the stone under the river.

The comparatively limited workings that have been carried on in the Golden Site Mine have exhausted the richer stone, except in the vertical line immediately beneath the river-bed, while injudicious mining has allowed water from the river to flood this part of the mine, so that, from the circumstances here stated, the present prospects of the mine do not bear out the high anticipations that at one time seemed warranted.

Adits have been driven at two different levels on the hill-slopes on the north side of the gorge, and stone has been found in each, but the prospects so far have not been of such a character as to encourage the proprietary, and, as a consequence, all work is for the present at a standstill.

The amount of work done, and the information that may be gathered from the workings, and the disposition of the lode at the surface or from the surrounding strata, are not sufficient to warrant a judgment being given as to what the future of the mine may be. That the extraordinarily rich patch found at the outcrop in the bed and southern bank of the river is or was the only rich patch contained in the lode is unlikely, but the loss of the reef in the south extension of its line is an untoward circumstance, which may involve the expenditure of considerable sums before it can again be picked up. To the northward the following of the several thin leaders, into which the main body of stone broke up, should be continued, in the hope that these will again unite so as to form one reef and prove payably auriferous.

At Longbeach, the Morning Star line of reef displayed a character of continuity that, as far as the easy tracing of the stone is concerned, is sufficiently satisfactory. The gold found in the southern extension of the three levels of the mine has not been equal in amount per ton to what it was and is in the remaining ground of the northern part. Unfortunately, in this direction the length of reef and the amount of "backs" are not equal to what might be explored in a south direction. To the south it appears the stone got poorer till it would not pay for treatment at the mill; but in the mid-level the last stone taken gave a return of 6dwt. to the ton, and the directors have determined to push on this level in the hope of a permanent improvement taking place. Meanwhile, the stone from the northern stopes supply the mill, and up to the present time the yield therefrom has been satisfactory.\*

\* The following extract from a letter, received since this report was written, may be of interest in connection with this claim:—

Morning Star Claim.

DEAR SIR,—

Invercargill, August, 1896.

I thought you would like to know the result of your advice in driving into the hill in No. 1 level. We had not gone many feet before we came on gold-stone; we drove right on and found the gold-shoot 86ft. wide, with 150ft. overhead. We are now working it, and from three weeks' work got 233oz. of gold, worth at the Mint, Melbourne, £960, from 240 tons of stone. We are taking an uprise and driving on still south, with good indications of approaching another shoot of gold.

In No. 2 level we have found another gold-shoot driving north, but have not yet gone through it. Your advice was valuable.

Yours faithfully,  
J.H.

A. McKay, Esq., Wellington.