

The water-race from Kanieri Lake to Seddon Terrace and Back Creek has not yet been commenced. This work, if constructed, will entail the expenditure of a large sum of money. The success of this undertaking depends on the question as to whether the discharge level will prove sufficient to enable the higher terraces to be worked.

#### *Ross.*

The company which has for some years held the claims on Ross Flat having, so far, been unable to raise funds for working the deep levels, the titles to some 300 acres of land which had been held unworked for a number of years have been cancelled. It is now proposed to allow any new company that may be formed to select an area of 100 acres from this land, on condition that a working capital of not less than £20,000 is provided; in addition to which the Government will contribute £10,000, in compliance with regulations for granting assistance towards prospecting at deep levels for the purpose of working the deep leads of gold on this flat.

#### OTAGO.

The principal goldfields of Otago are at Tuapeka, Clutha Valley, Manuherikia Valley, Mount Ida, and the Lake Districts. Gold to the value of £20,954,891 has been obtained from the alluvial workings.

#### *Tuapeka.*

The Blue Spur Gold-mining Company is the chief gold-producer in this district, and, with their extensive hydraulic plant, still continues to work the deposit of cemented gravel which furnished employment to the miners since the early days of the rush to Otago. Other sluicing claims are also being worked, and several dredges are employed on the Tuapeka, Waitahuna, and Waipori Rivers.

#### *Clutha Valley.*

This valley, which extends from Beaumont to Cromwell, and contains the most extensive and richest deposits of auriferous gravels yet known in New Zealand, continues to be worked by hydraulic sluicing and dredging. In the Manuherikia tributary of the Clutha River dredging is carried on; and the chief lesser streams and terraces within the Manuherikia basin are worked by hydraulic sluicing.

#### *Lake District.*

A number of dredges are at work in the Kawarau and Shotover Rivers, and sluicing is carried on in the Shotover and Arrow Rivers and their terraces.

#### *Mount Ida.*

The Mount Ida Water-race affords a means of profitable employment to a large number of miners in the vicinity of Naseby, and dredging operations are also carried on.

#### DREDGING.

This method of working the gravels of the beds of rivers has been adapted so as to deal with like deposits in those valleys that were no doubt ancient river-beds; the success attendant on the operations of dredges, in districts where very little surface water is to be found, has already demonstrated the fact that moderately deep and wet ground can be profitably worked in places that hitherto were untried, owing to the absence of a plentiful water-supply. There is, therefore, very little doubt that extensive areas of land of the above description, and which contain a modicum of gold in the gravel, will ultimately be dealt with.

The excellent yields obtained from dredging operations in the Cromwell, Clyde, Alexandra, Roxburgh, Miller's Flat, and Island Block Districts along the Clutha or Molyneux River, as well as in the Waipori, Waikaka, Tuapeka, and Milton Districts, has led to the construction of many new dredges throughout Otago. Upwards of seventy dredges are at work, and, as at least seven is the average number of men employed on each, work will be provided for an increased number of men when the new dredges commence work. The number of claims