

The company who took up Sardine Terrace, north of the Haast, have not yet made a start. The original rights have been cancelled on account of non-payment of rent. In the Jackson's Bay district some prospecting has been done by a young man from Otago, who came over into the Arawata from the head-waters of the Dart. He reports that he found gold in some of the terraces on the Williamson branch of the Arawata that would pay small wages, but being difficult of access would not pay to work. He has also found payable gold in the Gorge River Block, and he has gone back to Otago to organise a party to work some ground and further prospect this block. Four miles of horse-track require to be constructed before men can be induced to remain. The prospects are so promising, and the possibilities so great, even in connection with minerals other than gold—for instance, the metal nickel, which is found in the drifts and gravels of Cascade and Gorge Rivers, and the course of which has not yet been located, besides copper and chrome—that every assistance should be given to those willing to prospect this district. A small amount has been placed on the County Council's requisition for tracks on the goldfields for a track which, if constructed, will give access to this important block.

Owing to the wreck of the s.s. "Waipara" at Okarito, communication has been somewhat irregular and unsatisfactory, the substituted boat being too small for the transport of stock. The risks run by steamboat owners in working this service are considerable, especially as they apply to Okarito, and in consequence they raised the freights, as they say, in proportion to the risk. This, of course, was strongly opposed by the settlers, but I think this opposition would cease if a more suitable boat were put on to do the work.

The tourist traffic has not yet made itself felt here, and, we suppose, will not do so until the accommodation and conveniences of transit are more up to date; nevertheless, they miss seeing some of the finest scenery in the world and the most beautiful glacier in New Zealand, simply because they cannot deny themselves the luxuries of the nineteenth century civilisation. Inter-communication between Ross and Okarito by road is progressing slowly, the Mount Hercules section being nearly completed. This being the most difficult section on the road, we hope to see the remaining portion, which is fairly easy of construction, finished early next year. Without bridges or punts on the larger rivers this road will always frighten delicate and timid travellers, and can never be a substitute for the steamer service.

GOLDSBOROUGH AND STAFFORD SUB-DISTRICTS.

The non-completion of the Waimea main tail-race, the dams and races, and the vexatious litigation connected therewith, has been a serious drawback to mining in this district during the past year, but, as will be seen from the notes furnished me by Mr. Aitkin, those difficulties are in a fair way of being got over, and the forthcoming year should show good returns. The Government have in this case subsidised the work very liberally, and it now remains for those holding claims in connection with these works to at once set about working their claims, and then applications for protection will be a thing of the past.

Kelly's Terrace Tunnel is slowly drawing towards completion, and when finished will open up a large area of what is said to be payable ground when once drained. The Wheel of Fortune's special claim, held by an English company, is still in the development stage, the return for the year having been trifling, and from prospecting only, but when the many extensive alterations and improvements now being carried out by the company's manager, Mr. Bertram, are finished, we may look for good returns from this property. Dredging licenses are being applied for in this district, but as they are only in the initial stage I cannot say much about them at present.

KUMARA SUB-DISTRICT.

In Kumara proper the population has not diminished to any appreciable extent, and the output of gold keeps about the same, but with the completion of No. 5 channel, and No. 4 being now in good order, and the trustees out of their difficulties, next year's output of gold should show a great improvement on the present. The Taipo and the Seven-mile, on which a number of claims were staked, have not, so far, shown much to warrant the expenditure gone to. This applies more especially to the sluicing-claims on the Seven-mile, where water was brought on at considerable expense, without so far giving corresponding results. However, further operations may disclose more encouraging prospects. The so-called "Soapstone reef," on the Taipo, on trial was disappointing and has been abandoned. That gold was found in connection with this dyke, or reef, was, to my mind, due to the fact that the Taipo, a gold-bearing river, crosses this dyke or reef at the present level, and also at very much higher levels in bygone days, thereby filling the rock-crevices with sand, and a little gold. I arrived at this conclusion after a careful examination of this outcrop and from careful tests, as also from the appearance of the gold and from my intimate knowledge of the same formations in other parts of the district. The track to the Seven-mile is now fairly good for pack-horse traffic, and the population is about stationary.

Notes furnished by Mr. Aitken, Water-race Manager, Kumara.

"The completion of the Wainihinihi Race will do much more for Stafford, Waimea, and Callaghan districts than for Kumara, although it was Kumara people that urged the Government to undertake the work. The Kumara supply is ample for the requirements of the field except in exceptional and long-continued dry weather, and the Kumara supply has not been short during the past two years, with the exception of two or three days in March last. The Wainihinihi Race is partially completed, and a few sluice-heads of water are now being conveyed by it into the Kawhaka water-shed. This has already been a boon to the Waimea district. The supply will be further augmented from the Little Wainihinihi Creek within a month, but the main supply will not be available for about eight months, when it is expected the work will be completed.

"During the past year very little has been done towards the completion of the Waimea main tail-race, but a contract has now been let for the completion of the work, and the construc-