

Enclosure 1 in No. 2.

SIR,—

13, Victoria Street, 9th August, 1899.

Referring to your letter of the 5th June last, in which you state that if the New Zealand Government is disposed to bear the expense of carrying on some practical experiments on the agglomeration of the New Zealand ironsand, and on the making in a Siemens-Martin furnace of tool-steel and soft steel, both from the sand as conglomerated and from the sand in its natural state, by the Esteve process, the New Zealand Government in considering the proposal desire to know what would be the probable expense of the experiments.

If you will kindly furnish this information the Agent-General will at once forward it to his Government by cable.

Herbert Mott, Esq., Secretary, Esteve Steel Company,
133, Cannon Street, E.C.

I am, &c.,

WALTER KENNAWAY.

Enclosure 2 in No. 2.

DEAR SIR,—

188, Fleet Street, E.C., 11th August, 1899.

I am in receipt of your letter of the 9th instant, and will lay it before my directors in due course, but as they are now absent in various parts it may be some days before I can send you a reply giving the particulars asked for.

Yours, &c.,

HERBERT MOTT,

Secretary, Esteve Steel Company.

Walter Kennaway, Esq.

Enclosure 3 in No. 2.

DEAR SIR,—

13, Victoria Street, S.W., 3rd October, 1899.

Referring to your letter of the 11th August last, I shall be glad to know when you will be able to supply the information for which I asked in my letter of the 9th of that month.

I am, &c.,

WALTER KENNAWAY.

Herbert Mott, Esq.

Enclosure 4 in No. 2.

(Memorandum.)

13, Victoria Street, S.W., 6th October, 1899.

DIRECTOR of the Esteve Steel Company called with reference to the inquiry by the Government. He said that his company had closed their own experimental furnace, but that he could, no doubt, arrange with some works at which the process could be conducted, and he would propose that the material be tested by Kirkaldy. He would write to that effect; also give approximate terms of agreement by which New Zealand Government could acquire the processes.

W. KENNAWAY.

Enclosure 5 in No. 2.

DEAR SIR,—

188, Fleet Street, London, E.C., 16th October, 1899.

With reference to your letter of the 9th of August, and to Mr. G. Parker Ness's communication with Mr. Kennaway on the 6th instant: When first the subject of utilising New Zealand black sand by this company for making steel was mooted we were in a position to make experiments with the same in a small factory set up in Paris for experiments in connection with our original process, but this factory is no longer at our disposal. It was there that we made in crucibles direct from your sand, and at a less cost than that of crucible steel generally, the tool-steel, a sample of which was handed to you for transmission to New Zealand; and it was there also where other experiments with your sand were made which induced the belief on the part of the inventor of our process that all kinds of steel—tool-steels and mild steels—could be made from your sand at the price of ordinary Siemens steel.

To continue these experiments arrangements would now have to be made with some steel-factory owner in Britain. The cost of such experiments it is not easy to estimate, but the inventor thinks they might be done for about £1,000. If for this end your Government is disposed to spend up to that amount we shall be very pleased to undertake the necessary arrangements, acting, if you like, in conjunction with Mr. Kirkaldy on your behalf, or some other approved expert, in whose presence the trials would be conducted, and by whom or by you the expenditure may be controlled. We have still fifteen to sixteen tons of the New Zealand sand your Government sent us which can be used for the experiments, and which, for the moment at any rate, would be sufficient for the purpose.

On the subject of the terms of a preliminary agreement of purchase by your Government: If we should be able to prove that high-class tool-steel can be made from your sand in crucible at a price not exceeding that at which similar steel made in the crucible is now produced, it will be agreed that you will acquire the rights for such process, so far as New Zealand is concerned, for the sum of £25,000.

If the experiments should show that New Zealand black sand can be converted into steel equal to the ordinary steel made in a Siemens furnace at a price not exceeding the usual price of such steel (irrespective of the economy that would be effected by the substitution of black sand for ordinary pig), the process for New Zealand shall be purchased by your Government for £40,000 in cash and a royalty for twenty-one years, varying in amount according to the quality of the steel