

returns from the various claims can be fairly estimated, the only drawback being a want of capacity in the drainage-tunnels, into which only a limited number are allowed to discharge their tailings and water. With the largely increased supply of water now available, further provision should be made to enable claimholders whose claims are in a chronic state of protection, owing to want of room in the present channels, to get to work. The only way I can see out of the difficulty is to extend the present races, and construct new ones to meet the requirements. The water is there, and the customers are ready to buy and pay for it; so from a strictly business point of view the third factor—viz., the means of getting rid of the *débris* and water incident to the successful working of this important goldfield—should not be overlooked, but should at once be seen to.

On the Greenstone, Cape, and Westbrooke Terraces the work, with the exception of dredging, is mostly hydraulic sluicing, and the results are said to be fairly satisfactory. The Greenstone Race, commanding a large supply of water, requires to be extended so as to command the terraces nearer the coast to be of any practical value. If this were done, large areas that are now practically valueless would readily be taken up by small parties of miners. Two dredges are now at work on the creek, and a third is nearly ready for work; a fourth is ready for launching on the Teremakau near the bridge to work a claim in the river, partly opposite and below the Greenstone Junction.

A dredge was built and all but finished on Foley's Creek, but since the notorious salting swindle was exposed I hear the company have taken up another claim at Marsden, and are now removing the whole of the plant, to be re-erected on the new claim.

I am indebted to Mr. Aitken, manager of the Government water-races, Kumara and Waimea, for the following information in connection with the various districts using Government water:—

Kumara.

Several claims have been abandoned during the year on account of the non-payable character of the ground, but the probability is that they will again resume work, the price of water having recently been reduced. The reduction of the price of water should be a great boon to the miners of Kumara, as it will enable them to profitably work ground that would not otherwise pay.

The principal change that has taken place during the year has been the opening-out of the claims running into No. 5 main tail-race. Six claims are now sluicing into No. 5, and all of them may now be said to be fully opened out and fairly at work. Some of the claims are poor, but most of them will be worked with a profit, so far as can be judged from the work already done. Like the worked portion of Kumara, the new ground opened up has payable runs of wash alternating with barren bars, so that some of the claims that are now poor may at any time have a change of ground and become much more profitable. There is very little time now lost through an insufficient water-supply, and it can only be during an extraordinary long drought, or a very hard winter, that the supply of water will run short.

Waimea and Stafford.

There is very little change to report in connection with mining in the Waimea and Stafford districts. No new ground has been opened up during the year, but there are still a considerable number of miners at work in the back gullies and creeks.

There is a fair prospect of some new ground being opened up by the Kelly's Terrace low-level drainage-tunnel. The tunnel has now been driven a distance of 5,260 ft., and recently very encouraging prospects have been obtained by the contractors for the construction of the drainage-tunnel. An inclined tunnel and three shafts have been sunk on the line of the main tunnel to facilitate the hauling of the material broken out in the course of the construction of the tunnel, and to provide ventilation. The great length of the tunnel necessitated the construction of the branch tunnel and shafts for the purposes above mentioned.

A local syndicate, which has an option over about 70 acres of freehold land (known as Lock's Freehold), on the opposite side of the Main Hokitika Road from Kelly's Terrace, has made arrangements with the trustees of Kelly's Terrace Drainage-tunnel and the contractors for the construction of the work to prospect the ground held by them from the drainage-tunnel. The option-holders of Lock's Freehold are sanguine of obtaining rich gold in their ground, and the prospects obtained by the contractors for the drainage-tunnel has given them fresh hopes of such being the case. The branch drive now being constructed towards Lock's Freehold will still further prospect the ground in the neighbourhood of Kelly's Terrace.

Several of the claimholders at the head of the Waimea main tail-races have constructed branch tail-races from their claims to the main tail-race, and one of the claims has started to open out, and will shortly be in a position to carry on continuous sluicing. The other claims will start sluicing as soon as the extension of the race now being constructed is completed.

ROSS SUB-DISTRICT.

With the exception of the Mont d'Or and Ross United Company's, the former of which continues to be a steady dividend-paying claim, there is very little doing in ordinary alluvial mining, and nothing whatever in quartz. Prospecting areas and special claims are most in evidence at present. One hundred and fifty prospecting licenses and thirty-two special-claim licenses have been granted up to date, but only one dredge is as yet at work—viz., the Totara in the Totara River; this being a private company, the exact returns cannot be ascertained, but the owners say that they are quite satisfied with the returns obtained. This company has experienced considerable trouble in working their claim, partly due to the large boulders met with, the general tightness of the wash, and in a greater degree to the plant being too light for the work. There are three more dredges in course of construction—viz., the Daydawn, Prince of Wales, and Kohinoor, the two latter companies are building very powerful dredges with long ladders to meet the requirements in each case, a portion of the ground being 56 ft. deep. In the