

Mr. Warden MACFARLANE to the UNDER-SECRETARY FOR MINES, Wellington.

SIR,—

Hokitika, 21st May, 1901.

I have the honour to forward herewith the mining statistical returns, together with my annual report on mining matters generally in the district under my charge.

HOKITIKA DISTRICT.

It is satisfactory to report that the output of gold for the year ending 31st March is (although slightly less than that of last year) fairly satisfactory, the shortage being some 1,300 oz. due principally to the want of water, and the withdrawal of many men from their ordinary mining pursuits, who have turned their attention to the dredging industry, which has not yet reached the productive stage. Seddon's and Back Creek Terraces, with a very inadequate supply of water, are yielding handsomely, proving, if proof were wanted, that the whole of Back Creek and Seddon's Terraces fronting the Hokitika River is one of the best hydraulic sluicing-areas on the coast but without a largely increased water-supply, and immunity from damages being claimed, arising from the deposit of water and mining *débris* in the river, the industry will be confined to the few lucky owners of the only water on the ground. The Kanieri Lake Water-race Company, having the right to lift 100 Government heads of water from Kanieri Lake, have constructed over one mile of tunnelling to supply Back Creek Terrace, but the heaviest part of the undertaking—viz., the inverted siphon over the Hokitika Valley and River—has not yet been put in hand; the long-delayed proclamation of the Hokitika as a tailing-site is said to be the cause of the delay in the construction of this much-desired work.

On the north side of the Kanieri River the old Kanieri Water-race has been taken in hand by a company, who are widening and repairing the old race and substituting iron siphons for the old fluming. This race carries fifty heads and will supply parties down to the old Hauhau or Big Paddock. This company purpose erecting an electric plant to supply power to the dredging companies in the neighbourhood; also, if arrangements can be made, supplying the Town of Hokitika with water. The work on this race is being pushed on vigorously, seven contracts being let and under way, and it is likely that in the course of the current year water will be available for all purposes.

Craig's Freehold: In August last this property changed hands, having been purchased for a substantial sum, on behalf of a Christchurch syndicate, for dredging purposes. A strong company has been formed, and the flats have been prospected by boring to ascertain their value for dredging; the results have not yet been made public. Two parties of tributers are at work in the terrace, which yield an average of from 17 oz. to 20 oz. per week. During the ten years this property has been mined, gold to the value of £30,000 has been won, and only a small area of ground has been worked, the greater portion of the claim being untouched.

On the upper part of the Hokitika River, on what is known as Grove's Swamp, some thirty prospecting areas of 80 acres each have been taken up, said to be for an English syndicate. That there are large and, it may be, valuable deposits of gravel brought down by the Hokitika River in this area no one will dispute. If the syndicate's object is to prospect, and determine the value of the auriferous deposits in their areas, we will be glad to welcome them, and wish them every success; but if the properties are to be offered to the public without their values being disclosed, then let the buyer beware.

During the year some effort was made to determine the existence of a coalfield in the Hokitika Valley, several outcrops having been noticed, especially on Koiterangi, leading to the belief that a valuable field might be found if properly looked for. With this object in view Mr. McKay, the Government Geologist, was sent down to examine and report, but, owing to bad weather and the unpreparedness of the promoters, his visit has been barren of results. However, I presume the promoters will take further steps to prove the existence or otherwise of a payable field. This can only be proved by putting down a series of bores across the supposed coal-basin, and means a considerable expenditure of money.

On the Blue Spur the ground in the valley has been mostly taken up in dredging areas, and only a few straggling diggers, including several parties of Chinamen, are at work in the upper reaches of the creek and the bounding terraces. A prospecting-tunnel, subsidised by the Government, is being driven in the terrace facing the township, with the object of picking up the old Hauhau leads cut off by the Blue Spur Creek. On the north side of this terrace, but lower down, Dwyer's subsidised tunnel was driven some 3,500 ft., but failed to touch payable gold, and has been abandoned for some time.

Boy's claim, on the Arahura Flat, about half a mile above this tunnel, is still at work, but I am informed the results are somewhat uncertain, the ground being extremely patchy. I understand, from recent prospecting on the flat, that it might pay for dredging if sufficient water could be obtained, but it is too poor to pay the individual miner, hence the granting of special claims and prospecting licenses.

On the Arahura River a number of prospecting areas are held for dredging purposes, outside the Maori Reserve, but nothing is being done to convert them into special claims.

The Humphrey's Gully Hydraulic Sluicing Company have been engaged during the year in extending and widening their water-race to its source in the Arahura River. The work has been carried on with commendable vigour, but the puggy nature of some of the country over which the race has to be carried has caused considerable delay, and a much larger expenditure of capital than was at first anticipated.

I am indebted to Mr. E. Spencer, the company's engineer, for the following particulars in connection with this company's operations, and which I now embody in my report:—