

Flushing-water was supplied to the Waimea Main Tail-race during the year free of charge.

At Callaghan's Flat, Havill and party sluiced for the first nine months of the year, which brought their face close up to the Callaghan's Water-race. Their original intention was to flume the race behind them and sluice the ground on which the race now stands, but the returns from the ground in the vicinity did not come up to expectations, and they decided to save expense by driving under the Callaghan's Water-race and opening up their claim on the upper side.

The dry season to some extent interfered with Manzoni and party, as their tailing-site in the little Kapitea Creek became blocked up with tailings, and they had to turn off the Government water on several occasions until a flood took place and washed the tailings away. Notwithstanding this drawback, they paid £111 4s. 11d. for water during the year, making a total of £245½ 4s. 11d. since the extension of the Callaghan's Race.

Honey and party were engaged for a considerable portion of the year in doing dead work, but they are now in good working-order, and taking water steadily. As there is still a large area of unworked ground in this locality that will pay fair wages, there is no likelihood of the revenue from sales of water falling off for some time to come.

The following is a summary of the revenue and expenditure in regard to this race during the financial year ended 31st March, 1908 :—

	£	s.	d.
Sales of water	471	8	8
Cash received	484	3	10
Expenditure	700	11	6
Approximate value of gold obtained	4,648	16	0

Average number of men employed, 8-16.

KUMARA RACE.

The cash received for sales of water from this race for the year ending 31st March, 1908, was £411 16s. ; and the expenditure for the same period on gauging, maintenance, and repairs was £678 1s. 4d., showing a debit balance of £266 5s. 4d. on the year's transactions.

The average number of miners supplied with water from the race for sluicing purposes was 11-66, a decrease of 4-34 as compared with the previous year ; and the approximate quantity of gold obtained by them was 758 oz., having a value of £2,956 4s.

The total sales of water for the year amounted to £381 5s. 6d., a decrease of £120 16s. 8d. on the preceding year, and the cash received for sales of water shows a decrease of £120 10s. 10d.

The approximate quantity of gold obtained by the miners was 242 oz. less than during the previous year, representing a decrease in value of £943 16s.

The expenditure on gauging, maintenance, and repairs was £62 11s. 4d. less than the preceding year, and all the main and branch races, tunnels, and siphons are now in good working-order.

A new foundation was put into the bywash of the No. 2 Kapitea Dam, the top planking was renewed, and the whole structure is now practically new, and will last for many years to come.

There has been no sluicing done in the No. 3 channel during the year, but the sum of £41 18s. 9d. was expended in labour and material, effecting urgent repairs. The flush shaft at the head of the No. 3 deviation was completed in October last, and the Mines Department then granted a subsidy of £348 to put the old No. 3 channel below the deviation in working-order ; but so far no action has been taken by the miners either to carry out this work or to drive tail-races to open out the claims held by them and commanded by the new deviation.

The falling-off in the sales of water from this race is due to the fact that in the No. 4 channel Cullen and party only sluiced during the month of April, and the Long Tunnel Company was engaged driving a new tail-race and doing other dead work for three months of the year.

At the beginning of the year two parties were sluicing into the No. 5 channel, but owing to the poorness of the ground one claim was abandoned in November last, a contingency which I pointed out as probable in my last annual report.

McGrath and Co.'s was the only private tail-race supplied with water from the Kumara Race during the year.

Corbett Bros., who erected a flax-mill on the tailings below Dillmanstown, are still taking water from the race, and the plant is working more satisfactorily.

The usual quantity of flushing-water authorised by the Department was supplied to the No. 4 and No. 5 Main Tail-races, and water was supplied for fire-brigade purposes to the Borough of Kumara, and for washing-up purposes to all claims using water from the race, free of charge.

Prospecting.

Prospecting operations (by means of sinking shafts) were commenced in April last on the north bank of the Teremakau River. The ground was found to be extremely wet and difficult, and although the townspeople engaged additional men at their own expense, and kept three shifts going after the water was met with, it was found impossible to bottom any of the shafts. The No. 3 shaft, which could only be sunk to a depth of 38 ft., carried a little gold practically from the surface all the way down, and showed other strong indications of auriferous deposits. After this shaft was abandoned it was decided to make an effort to prospect the ground by driving a tunnel from the Teremakau fall. Owing to the fact that none of the shafts had been bottomed, it was impossible to ascertain with any degree of accuracy the depth of the ground to be prospected, but levels were taken from the false bottom under