

In the Tokatea Company's claim, the No. 7 level has been pushed through a very hard belt of country at a great cost—in some contracts as much as £6 per foot, and is now only in about 230 feet, being little more than 200 feet to show for the last twelve months' working. I think it is a matter for regret that the company have not enlisted the services of one of the approved rock-drills, which are so favourably spoken of by all the mining journals in America and England. If the reports are reliable, they could not be worked to greater advantage than here. At the present rate, five years will have to elapse before the level reaches the proposed length; but, on the other hand, it is but justice to the directors to state that a softer country (unsuitable for drilling machinery) may be reasonably looked for in about 200 feet, judging from experience in the upper levels. Nevertheless it may be that the saving of time and money would more than compensate the company for the outlay necessary for the drilling machinery; and, when no longer needed, I do not apprehend that its owners would find any difficulty in disposing of it at a profit. The Coromandel Tunnel Company certainly languished for want of such assistance, and, after a large expenditure, had during this year to abandon their enterprise.

The Tokatea Company have purchased a new engine for their battery, which has been moved from the western to the eastern slope of the main range, and is located within a few yards of their lower level. The attention of the company has been chiefly directed to stoping, so far as the productive work is concerned, between No. 5 and 6 levels: this last (or the Van) level is in about 500 yards, entirely traversing the Van, Bismarck, and Tokatea Company's original lease, and is now progressing through another property recently acquired, formerly the Victoria and Bank of Tokatea, and nearly pierces the range from east to west (or Coromandel) side. Golden stone is steadily being grassed and crushed at the company's mill, but no great haul of specimens has been met with. The prospects of the mine are good, and the arrangements for working complete.

The Pride of Tokatea has been worked principally on the tribute system, and with varied success. In one instance eighty tons crushed for 212 oz., and another five tons for 35 oz. The large area occupied by this company (30 acres) has never contributed its fair proportion to the returns of the district, nor at any time do I consider has the company shown much energy in developing its resources. This area has been acquired at different times, till at last it assumed its present size. In the hands of their former owners the different claims so absorbed all had a good reputation, but in its present shape it has done nothing.

The Royal Oak, which in former years has paid several good dividends, has been working steadily, but the work has principally been of a preparatory character, and the yield of gold has done little more than pay expenses. Much is expected from the lower level now in progress.

Harbour View.—This old claim is still working—the upper levels chiefly by tributors, with tolerably satisfactory results.

The Bismarck, with the Van and Margaretta, are engaged with the Tokatea in putting in the low level referred to. The Bismarck, besides this, is working in the stopes of its upper ground, and early in the year had a successful crushing, sufficient to clear its liabilities, and to purchase the splendid crushing plant known as "Bennett's Battery," and tramway.

Paul's Creek.—The Waverley (formerly the Three Brothers) has been working, but without result worthy of comment. Several parties are, and have been, engaged prospecting this locality, so long looked on as a land of promise by the miners, and with some reason, on account of the rich water-worn specimens found in the creek, and believed to have been shed from some reef crossing the creek. Every year sends fresh prospectors to find the source of these specimens, but, though the reefs no doubt exist, they yet remain undiscovered. The place is unfavourable for prospecting, being heavily timbered, and the ground broken up in every direction.

Waikoromiko.—In this neighbourhood nothing beyond a small tribute in the Plutus Claim. The City of Auckland, Quinton's, and the New Green Harp have been forfeited, and the first and last of these re-occupied in part lately. The Carnatic, a portion of the abandoned New Rakaia, which I noticed in last report as of recent occupation, has turned out very well, yielding about £160 per share of eight.

Another find was recently reported in its neighbourhood a month or two since, on the Waipawa Creek—loose reef gold and specimens, 2 tons yielding 20 oz. of gold. As yet no defined reef has been reported, and until this be the case experience here teaches us that such finds in this portion of the district are quite unreliable, and such "pockets" quite isolated and unaccountable.

Union Beach.—This claim has been very productive during the year, and, with the exception of a short stoppage owing to an accident, has been in full work the whole time. The circumstance alluded to occurred in September last. While the pitman was placing the "plunger" in position he left it slung with chains to the column, intending to return shortly to fix it in position, and as the water was making but slowly he supposed he would have ample time. On returning, however, he found the water had increased to such an extent as to submerge the portion of the machinery he wanted to adjust; and the engine was powerless without this connection to stop the rising of the water, and the whole works were flooded in a few hours, and the disaster affected the neighbouring claims as well. The services of divers were called into requisition, but in spite of their skill it was found necessary at last to borrow another column of pumps, which was lowered, connected with the engine, and the mine was emptied and work resumed. As soon as the water was subdued, the repairs which gave rise in the first instance to the accident were effected, and the mine worked with its own plant. The yield for the past twelve months has been exceedingly handsome—about 14,000 oz. of gold for 1,900 tons, principally derived from the rich specimens found in the cross reef. The company paid dividends amounting to £4 12s. 6d. per share on 8,000 shares.

It is to be regretted that during this time no work was done on the southern portion of this claim, to which they now propose paying attention. The Golden Pah and Venus reefs have both been tested and found auriferous when in the possession of their former owners, who transferred to the Union Beach, but the reason given seems sufficient—the chance of cutting more water when intersecting these reefs with their former limited pumping power. They are now engaged in driving from the