

Early in May last, when I visited Okarito, I received a letter from one of a party of three, who reported that they had got into the Waiho Gorge, and, following the leading spur of Mount Mueller, struck down for the Waiho River, and found gold in hard cement in the crevices of the rocks in a creek running into that river, and also in the river itself. I have since heard they brought down 5 oz. 16 dwt. This caused some little excitement, but owing to the inaccessible obstacles which at this season of the year present themselves to those moving up this gorge, it is impossible to say what the result may be until the spring sets in, which will enable prospecting to take place.

This much I may state, that about ten years ago, when I resided at Okarito, a miner of the name of Kellery found his way up the Waiho, although he did not go so far as the party alluded to, and found gold, but nothing came of it.

I trust, however, it may not turn out as it has done in many other instances in the rivers and creeks down South, to be a mere patch which has accidentally been stumbled upon, and when further tried led to no results.

Totara.—No change for the better has taken place in this district during the past twelve months. I regret to say that the beneficial results anticipated from working Jones's and Guardian Flats have not been realized, as the persons who took up the four mining leases to form a company to work the ground failed to do so, and the leases have been surrendered.

The population is much the same, numbering about 1,390 souls, which includes 53 Chinese. The gold revenue (£907) shows an increase, but this is temporary, owing to the number of business licenses (about £230) which had to be taken out by persons who desired to lease Ross town sections under "The Gold Fields Act Amendment Act, 1874," but which do not require renewal, and will not form part of this year's revenue. The yield of gold, as far as I can ascertain, has also decreased.

Four quartz-mining leases were granted during the past year, and at first great hopes were entertained that they would prove payable, and tend to revive the prosperity of the district; but on prospecting the one first granted, and giving it a fair trial, it did not turn out sufficiently remunerative to warrant working it on a large scale with machinery. All further operations stopped about four months ago, although the lease is still held. The other three, after being tried, have been given up, as the indications were so poor that the lessees did not consider them worth keeping. These four leases were adjoining each other on a terrace in Donnelly's Creek. The prospecting showed no signs of a permanent reef, only slight indications of broken quartz in crevices in the reef, with no defined quartz veins; therefore at present this description of mining, which, when remunerative, conduces more than any other to the prosperity of a place, has come to a stand-still.

At Donoghue's things continue much the same, mining operations being principally carried on by sinking and driving. There are also a number of sluicing claims in this neighbourhood.

At Redman's the special claim of 20 acres, worked by machinery driven by water-power, formerly the Kohinoor, and now held by the Enterprise Company, is in full working order, employing about thirty men, and has lately held out fair prospects of proving remunerative after the expenditure of a large capital. There are also four other leases in full operation: The Greenland Company, of 10 acres, with a water-race of eight miles in length; another of same dimensions in Blockade Gully; a third on Jones's Flat of $5\frac{1}{2}$ acres; the fourth, of 3 acres, on Bowen Terrace; all employing a number of wages men, and paying fairly.

At Aylmer Lead, near the sea beach, at the Totara Lagoon, about thirty miners are employed, making small wages. A number are also scattered up the different gullies which empty into the Totara River, and are reported doing well. In these gullies there are also about fifty Chinamen mining.

This district, like many others, which at one period was highly prosperous, and maintained a large population, has from various causes declined. But it has such an amount of new ground known to be auriferous and payable, only requiring a large supply of water at a higher level to work it, and a vast wealth of gold in Jones's and Guardian Flats, which, with capital and an economical mode of working, would make it a highly remunerative undertaking to a company, that it may fairly be anticipated that in the course of time this district will return to some of its former prosperity.

Kanieri.—With respect to this digging, which is situated in the vicinity of Hokitika, I may say that until lately mining operations had considerably declined. The gold revenue, £375, showing a decrease of £209 to the previous year; and, although containing within it a population of 1,662 souls, there are only 325 employed in actual mining, showing a decrease of 150 to that of the previous year. That is easily accounted for, as up to a certain period the Kumara rush drew away a considerable number of miners, many of them married men, who have not returned; and there has not been sufficient inducement to others to take their place. But a great change has taken place within the past few weeks, which may materially conduce to the prosperity of this district.

In March last a party of six men informed me that they had discovered a quartz reef situated at Butcher's Gully, between the right-hand branch of the Kanieri River and Butcher's Gully, and applied for three quartz-mining leases. On the survey being made, the locality is described as being situated on the north-west slope of Mount Graham, about one and a half miles southerly of the gold workings at Butcher's Gully, and distant some ten miles from Hokitika, to which there is easy access, as about seven miles of the way is over a made road. This created considerable excitement, and, on the leases being granted, a company was formed, which includes some of the principal merchants and people in Hokitika. It is intended to erect machinery, and test the stone at once. Since then, four other leases have been applied for. There is no doubt that it is a well-defined reef, extensive, and in one of the leases the surveyor reports it to be ten feet in thickness. As to the quality, that is a matter to be tried, for, although the specimens proved auriferous, yet the stone is not of such richness as to judge of its payable nature until crushed in large quantities.

There is no doubt whatever that the reef contains a great quantity of stone, and, if on trial it proves only moderately payable, it will draw a large population, employ a good number of wages' men, and greatly promote the prosperity not only of the Kanieri District, but of Hokitika and surrounding neighbourhood. This discovery has also given an impetus to prospecting—an association has been