

During the past twelve months, nine leases have been forfeited, and the land has been advertised as open for occupation.

Fourteen applications for leases remain to be dealt with.

In a few instances substantial progress has been made, but a great part of the land is of inferior quality, requiring much capital and labour to make it productive.

The lessees anxiously look forward to obtaining freehold rights. If an industrious population is to be retained in this district, no time should be lost in giving lessees the right of purchase on equitable terms.

I have, &c.,

The Under Secretary for Gold Fields, Wellington.

W. FRASER, Warden.

No. 3.

Mr. Mining Inspector McLAREN to the UNDER SECRETARY for GOLD FIELDS.

SIR,—

Thames, 25th May, 1879.

I have the honor to forward report with statistics for the year ending 31st March, 1879.

A comparison of the returns for this year with those of last shows a considerable falling-off in the yield of gold for the last twelve months; but it will be found that this is not so much the result of a general decrease on the returns of the whole field as a decrease in the yield of gold from a few mines, in which there have not been during the past year any of those rich finds which in former years gave such large returns from comparatively small quantities of quartz. The amount of gold obtained in proportion to the quartz crushed is consequently much smaller, but it has been more equally contributed by all parts of the field than was formerly the case.

The principal event during the year has been the stoppage, on the 31st January, of the deep (or 640 feet below sea) level pumping operations; the expenses of which have been defrayed during the year by the borough and county authorities out of gold duty and gold field revenues. The Thames County Council holds a mortgage over all the plant and ground of the United Pumping Association, which consists of the Imperial Crown, Caledonian, Golden Crown, and Tookey Companies. As the sum required by the County Council for their interest in the property is a large one, the efforts made to raise a company to carry on operations have, I regret to say, been unsuccessful. In the meantime the water is rising, and will, at an early date, drown out the various mines below the sea-level, leaving only the upper or hill workings of the various mines in which mining operations can be carried on.

The mines principally affected by the stoppage of the pump are the Kurunui Hill United, Moanataiari, Imperial Crown, Tookey, Caledonian, Cure, Golden Calf, Waiotahi, Prince Imperial, Crown Princess, Piako, and Queen of Beauty.

The Kurunui Hill United Company have carried on extensive operations during the year on the ground bordering the foreshore. Exhaustive prospecting has been carried on at 200, 280, 340, 425, and 640 feet respectively below sea-level, but so far without success. This result in a measure points to the conclusion that the line or shot of gold deposits does not in depth incline seaward. On the other hand, the deep workings further inland in the Caledonian, Golden Calf, Moanataiari, and also in the Kurunui Hill United, show clearly that in this direction the deep ground contains heavy deposits of the precious metal.

At 360 feet below sea-level the Golden Calf and Caledonian Companies are employed opening out a strong lode, from which they have already obtained encouraging prospects in their lowest drives. This lode, from its direction and underlie, will pass through and benefit the companies above named, and doubtless in this belt of country other valuable lodes will be discovered at this and deeper levels when those mines have been further developed. It is to be hoped that the question of draining these low levels will soon be satisfactorily arranged, as from the prospects obtained every hope may be entertained of a return of prosperity to the Thames Gold Field.

The shallow levels (or from sea-level upward to an average height of 300 feet) of these claims have been generally worked by tributers. Under this system parties of men take different blocks to work at their own risk, giving to the companies a certain proportion of the gold obtained (generally from 10 to 30 per cent.) free of all expenses. Under such a system the numberless small auriferous veins which traverse the ground will give employment for hundreds of men for years to come.

The Moanataiari Gold-Mining Company.—The works in connection with this mine have been carried on with considerable energy during the year, giving employment to a large number of men, both under the wages and tribute systems; but the principal object has been the extension of the main tunnel for the purpose of opening out and developing the reefs known to exist in the Point Russell portion of the ground. This has now been effected, and communication made with the surface, by means of sinking and rising, thus insuring good ventilation. The extension of the tunnel has been made by means of the rock-drill driven by compressed air from the battery on the foreshore. A considerable extent of cross-cutting has also been done on both sides of the drive, with the aid of the rock-drill. A large amount of "deadwork" has therefore had to be done, in order to open out the inland portions of the mine; and the company have gone to great expense and shown much energy and perseverance in prosecuting these works. The total length the main tunnel has now been driven inland is 2,810 feet.

The Alburnia Mine has been very vigorously worked throughout the year. It is situated around the upper portion of the Moanataiari Creek, and is being developed by means of drives from the hill-side at various levels. The upper or "Success" level is situated at a height of from 1,100 feet to 1,200 feet above the sea-level. The second or battery level is 100 feet lower than the above. The third or Whau level is 65 feet lower than the battery level. The fourth, known as the "Sons of Freedom" level, is about 300 feet below the Whau level, and is the present lowest level. The length of tunnel at this level is about 1,600 feet. All the levels are connected with the Moanataiari tramway by means of shoots and hoppers at various places on the line. The mine on the Success and battery levels has