

RETURN of Stone crushed, and Ounces of Gold obtained, in the Inangahua District, from 1st April, 1878, to 31st March, 1879.

Company.					Crushings.		Dividends.		
					Tons Crushed.	Oz. Gold.	£	s.	d.
Wealth of Nations	...	...	...	...	2,562	1,991	...		
Energetic	...	...	...	...	5,938	3,656	...		
Fiery Cross	...	...	...	...	1,263	1,263	...		
Just in Time	...	...	...	...	690	828	...		
Welcome	...	...	...	...	2,740	8,333	15,750	0	0
Hopeful	...	...	...	...	3,235	3,233	3,917	5	0
Victoria	...	...	...	...	513	162	...		
Keep it Dark	...	...	...	...	3,574	1,895	1,000	0	0
Nil Desperandum	...	...	...	...	1,803	943	...		
Inkermann	...	...	...	...	772	217	...		
Golden Fleece	...	...	...	...	720	703	...		
Victory	...	...	...	...	605	562	...		
Venus	...	...	...	...	2,089	1,205	600	0	0
Caledonian	...	...	...	...	60	200	...		
Pactolus	...	...	...	...	88	436	1,000	0	0
Anderson's	...	...	...	...	64	38	93	15	0
Italian Gully	...	...	...	...	60	14	104	0	0
Independent	...	...	...	...	483	135	...		
Union	...	...	...	...	600	64	...		
Heather Bell	...	...	...	...	60	10	...		
Lady of the Lake	...	...	...	...	10	3	...		
Vulcan	...	...	...	...	40	16	...		
Golden Arch	...	...	...	...	99	91	...		
Golden Point	...	...	...	...	2	25	...		
Totals	...	...	...	...	28,070		£22,465	0	0

Its noticeable feature is, I regret to say, the very serious decrease in each total from the work of the years 1876, 1877, and 1878.

There was a falling-off of 14,000 tons of stone brought to the mill from quantity noted in my last report. From 28,000 tons crushed, 26,000 oz. of retorted gold were obtained. This is the highest average produced from this gold field, being slightly in excess of 18½ dwt. to the ton, and evidences the careful selection of rich stone in small quantities. The reasons which have led to the limitation of mining operations in this respect I will endeavour to detail hereafter.

The twelve months just passed have been charged with commercial anxiety and depression, and perhaps no industry is so sensitive to the fluctuations of money as quartz-mining. Prudent men, recognizing its hazards, do not regard it as a legitimate speculation for trading capital, but as an outside venture for employment of surplus profits, and discontinue it when bad times necessitate economy of capital. Reefton has thus experienced the withdrawal of what is here called "foreign capital" in contradistinction to stock locally held. In addition, resident shareholders have been peculiarly unfortunate in claims chiefly owned by them—*e.g.*, the Independent, Union, and Victoria. The recovery of calls, under the Mining Companies Act of 1872, has been rendered tenfold more difficult by the recent decision of the Supreme Court in the case of Seaton (appellant) *v.* Halcyon Company (respondents), and some alteration of the law is urgently required for the protection of solvent and honest shareholders. This difficulty, *inter alia*, has led the Banks to refuse to accept scrip, or a register of shareholders, as security against advances, as heretofore given, and thus companies are not only called upon to liquidate their corporate liabilities, but the individual shareholders cannot borrow money on their shares to pay their contributions.

All these causes combined have militated against Reefton of late. The ordeal, although exceptionally severe, is not unusual in quartz-mining centres, and must not be regarded as indicative of exhaustion of the mineral wealth of the district. All that can be said is that for the moment it has become necessary to suspend all work except that already proved to be payable: hence the extraordinary average yield per ton, and the smallness of the output.

Another ingredient in the question is the present high rate of wages. This is fixed at £3 10s. per week, and paid to all indifferently, and, although much of the work is now performed by contract, I am given to understand that contract prices are regulated upon this scale. What seems an excessive wage has hitherto been largely discounted by the high cost of living and difficulty of communication with the seaboard. During the last twelve months the Grey River has been bridged at its junction with the Little Grey, and the latter river at Squaretown, and bridges are in course of construction over the Ahaura River and Nelson Creek. It is hoped, therefore, that in the course of a few months uninterrupted traffic with Greymouth will lower the present freight charge of £10 per ton. That market, however, is very dear, and Reefton must await railway communication with the East Coast for anything like a substantial increase on present prices. One example may illustrate the present drawback: chaff, for horse-feed here, costs £4 to £5 per ton more than the best Adelaide flour delivered in Wellington.

Alluvial Mining.—Some new ground has been successfully opened in the neighbourhood of Devil's Creek, on the south side of Inangahua River. It is within four miles of town, and as many are at present