

paying sluicing-ground remains unworked, when in so many instances it requires as much capital and skill to commence operations—conveying water from other watersheds, and tail-races to be made of great length, and often tunnelled through deep ground—as in opening up some quartz reefs; so in this case I do not doubt that when twenty-five to forty heads of water are brought to command this country it will be readily employed, and a large quantity of land now lying idle will be profitably mined. At Moonlight a number of new claims have been taken up. It is an out-of-the-way tract of country, not much in favour; but, judging from the many applications received, I have reason to believe that it supplies remunerative employment to a great many.

The Mining Act of 1886 was looked forward to as making a great concession to the miner in the reduction of the miner's right; but considerable doubt exists as to the advantages gained by the substitution of the five-shilling water-license for the water-rights of the Mines Act of 1877, which, though it had to be renewed annually, cost only 2s. 6d. With this exception the new Act appears in favour with the miners.

The Under-Secretary of Mines, Wellington.

I have, &c.,

JACKSON KEDDELL, Warden.

No. 11.

Mr. Warden GILES to the UNDER-SECRETARY OF MINES.

SIR,—

Hokitika, 8th April, 1887.

The general condition of this mining district is much the same as at the time of my last annual report, and a brief statement will suffice to show the chief changes, whether for the better or worse, during the past year.

Kumara.—The completion of the subsidiary main tail-race, commonly known as No. 2 Sludge-channel, is the most prominent event in the history of the Kumara diggings during the year. This channel has been placed in the hands of a body of miners representing the claim-holders who make use of the channel, who manage it under a code of rules constructed for the purpose. The channel is now in full working order, and has had the effect of relieving the main (No. 1) channel, of obviating to a large extent disputes and litigation, and of facilitating the smooth working of all the claims concerned. The only difficulty now to be apprehended in the near future, so far as I am aware, is the filling-up with tailings of the flat near the bend of the Teremakau River, a process which is now in very rapid operation. Several new claims have recently been taken up northward of the present workings, which are to discharge by tail-races opening on private land belonging to Messrs. Keech and Molloy; and steps are contemplated for the purpose of obtaining resumption of this land under the clauses of the Mining Act framed for that purpose. Upon the whole the Kumara goldfield is in a fairly prosperous condition, and single shares in a claim have sold for as much as £200 and upward.

Waimea.—The principal points of interest in this sub-district are the progress of the Kelly's Terrace Company and the Wheel of Fortune Company, at Stafford. The former company have brought in a tunnel more than a mile in length at various points, in which they have tested the ground, and have met with fairly good washdirt in several places. Some of these finds, however, being below the level of the tunnel, would require constant pumping to work them, and the company is now sinking a working-shaft at a point where apparently good washdirt has been found on the bottom of the drive. I should think there is a reasonable prospect of this claim turning out remunerative. The Wheel of Fortune Company, mentioned in my last year's report as Murphy and party, have constructed a substantial tail-race 1,200ft. in length, with a water-wheel and inclined tramway for the purpose of hauling everything taken out to an elevation, which will give fall to their tailings. I understand they consider their prospects good, but the claim is not yet in complete working order.

Hokitika and Kamari.—The principal subject of interest in this part of the district is the operations of the Humphrey's Gully Company; but there is nothing special to report concerning these, except that, although they have been energetically carried on whenever circumstances have permitted, yet the water-supply does not seem to have been sufficiently plentiful and continuous to produce the most satisfactory results. It is now contemplated to increase the capital of the company to an extent sufficient to enable them to extend their race to the Arahura River, and so obtain an unfailing supply of water at all seasons.

Totara.—The hopeful account which I gave last year of the Ross United Company's operations has unfortunately not been justified by the result. The gold which was found in the deep workings, although very considerable in quantity, yet was never enough to do much more than pay the working-expenses from week to week; and as the driving went on it became apparent that the powerful pumping-machinery was becoming barely able, when doing its utmost, to keep down the water which was constantly finding its way into the workings. At last, about two months ago, there was so great an influx of water that the pumps could no longer contend with it, and the men had all to be discharged, and the works stopped. It is now proposed to raise additional capital, and to place another set of pumps in a new shaft; and negotiations for this purpose are now on foot. It seems uncertain whether the water which has now filled the workings comes from the old Cassius ground or not, but I should think it highly probable that it does. In this case the danger from this source, which has been so long a cause of apprehension, is, of course, removed, and by sinking the new shaft on the site of the old workings the real extent and value of the much famed "Cassius layer" may be directly ascertained. Should it prove anything like what sanguine persons imagine it, the company may yet partly recoup itself for its heavy outlay; but, should nothing be found better than what the company has been working for the last twelve months, even this has been proved to be well capable of paying wages, and the ground may be turned to good account by letting it on tribute, as has already been done with other areas within the company's boundaries, as well as with the Elevator claim on Jones's Flat.