

One party of Chinese, who are in possession of the Argyle Water-race, have opened out a claim on the west end of the spur, and are making fair wages. The other parties are at a standstill until they can obtain a supply of water. The Argyle Race having been extended to Moffatt's Gully, the Chinese hold the greater portion of Moffatt's and Welshman's Gullies and adjoining terraces, making average wages. Winding Creek still continues to give employment to several miners during the wet months, and other parties are employed on the terrace adjoining Muddy Creek, tunnelling out the ground, as there is no water available in these terraces for sluicing. There are also some claims being worked in the Dome Creek and Scrubby Terrace adjoining, making small wages.

On the Upper Waikaia, including the Whitecombe, Timber, and Nuggety Gullies, and Gow Creek, several claims have been taken up, principally by Chinese in the Waikaia River and on the adjoining spurs, paying fair wages. The best claims are those in the river-bed; but they can only be worked when the river is low, and are subject to much damage by floods.

Two or three of the old claims in Piano Flat are still being worked with fair results, and it is thought that, from the general appearance of the locality, better ground will be found further back on the flat.

At the Nokomai three gold-mining leases were granted in May, 1886, on the Nokomai Flat, adjoining the lease taken up the year before. The ground is very deep and wet, varying from 35ft. to 70ft., and is worked by shafts and driving out the washdirt below. The quantity of water is so great that powerful engines have to be kept constantly at work to keep the shafts clear. Three of the companies—Paddon and party, Hunter and party, and McKay and party—have steam-engines and pneumatic pumps at work; but, having many unforeseen difficulties to contend with, the returns have been small: still, good prospects have been obtained, and the ground is considered very rich. Paddon and party are now constructing a large head-race at the upper end of their lease, to drive all the machinery by water-power instead of steam, which has been found to be a very expensive item in the working of the lease. Cameron and party, who hold an extended claim of six acres at the head of the Upper Gorge, have completed the construction of their deep tail-race, and have begun to draw out the washdirt with very fair results.

WAIKAWA GOLDFIELD.

This portion of the Otago Mining District is situated on the south coast between the Waikawa Hundred and the Six-mile River. This district, as well as Haldane Bay, is attached to the Warden's Office at Waikaia, a distance of eighty miles or more, in consequence of which many delays and difficulties occur in the granting of registered rights and other privileges, owing to informalities and vague descriptions, as the business is all transacted by letter. Mr. Archibald Butler has been residing on the Six-mile River for several years: he is in the possession of small water-rights and other privileges which yield fair wages, principally by ground-sluicing. He informed me on my visit to that locality last month that if a good supply of water was brought to work the sandy terraces along the beach good dividends would be obtained. Gold in payable quantities is known to exist in the black-sand layers along the sea-beach, but the miners are unable to contend with the water, the working being several feet below the sea-level.

Out near the limits of this goldfield, between Haldane Bay and Waipapapa Point, there are four or five parties of miners engaged in ground-sluicing on the low terraces near the beach, making fair wages; but they complain of the scarcity of water. These miners obtain their registered rights and privileges from the Commissioner of Crown Lands at Dunedin. It would be better if the boundaries of the Waikawa District were extended to Waipapapa Point; then all would come under the jurisdiction of the Warden and the provisions of the Mining Act. There are also some miners working on the beach and low terraces at Port Molyneux, and on the sea-beach near Catlin's River, making small wages.

About eight or ten parties have been engaged during the wet season working on private property at the Waimumu Creek, Mataura. These men pay a rental of 2s. 6d. a week to the owner when at work. A few miners have also been engaged during the slack time prospecting on the beaches of the Mataura River, making small wages, but leave when other work can be obtained.

GENERAL.

The Mining Act of 1886, which came into operation on the 1st January last, has hardly had sufficient time to be fairly understood by the miners. Many of the provisions of the Act, especially those relating to the issue of licensed holdings in lieu of gold-mining leases, and also the leasing of small areas on the mining reserves, will prove beneficial; whilst the provisions requiring the annual renewing of all registered rights and claims will be the means of enabling the Wardens to cancel and strike off from the registers the numerous water and other rights that have been either wrought out or abandoned.

Sittings of the Resident Magistrate's Court are held fortnightly at Lawrence, Milton, and Gore; monthly at Balclutha, Tapanui, and Waikaia; and alternate months at Kaitangata and Clinton. The Warden's Court is held fortnightly at Lawrence, and monthly at Waikaia.

The yield of gold for the Tuapeka District is estimated at 14,730oz., and for Waikaia at 2,190oz.

The attached returns show the number of miners' rights, licenses, registrations, &c., issued during the twelve months; the number of cases disposed of, and the revenue collected in the several Courts; and the estimated population of the district.