

side of the Rough Ridge, from which good gold was obtained some years ago, but the limited capital of the proprietors prevented the work being prosecuted with success, on account of the scarcity of water, which would only allow sluicing operations to be carried on continuously for about two months during the year. Quartz-mining is confined to the reefs at Rough Ridge, and there has been a good deal of healthy activity in that locality. One of the companies—the Great Eastern—has come into prominence by reason of its gold-production during the last few months. The Otago Central Company, after doing a lot of prospecting, has suspended operations and gone into liquidation. Doubtless the ground will be taken up again and worked successfully. The Progress Company have done a good deal of work, spent a good deal of money, and have temporarily suspended work to recruit their resources; but it is probable that a fresh start will be shortly made under fresh management. The last registered company,—the Great Eastern,—with a capital of £2,000, in 2,000 shares of £1 each, has been very successful, and a good deal of energy has been displayed by the management during the last year. A considerable sum of money has been expended in developing and working the property. Since the end of October last the claim has produced 820oz. of gold, in value over £3,000; heavy liabilities which had accrued were paid off, and a dividend of 2s. per share distributed, being one-third of the paid-up capital—6s. The total quantity of quartz crushed was 400 tons, being an average of over 2oz. per ton. The crushing in March yielded 295oz. of gold, the produce of 100 tons of stone, or nearly 3oz. to the ton, whilst the April crushing returned 150oz. from the same quantity of ore. The company are now working in the 250ft. level, and have commenced sinking a shaft below that level. I understand there are four or five different lodes in the claim, but the one the company are now working on is heavily impregnated with iron pyrites and zinc-blende, both of which minerals are highly auriferous. In some parts of the lode the percentage of pyrites to quartz is nearly 40 per cent., and it is believed that, as greater depths are attained, this will increase in quantity with the reef. Large quantities of ore of various grades exist in the claim which, however, the company find themselves unable to reduce, owing to the lack of efficient crushing-power. Whilst on this subject, it may be mentioned that the properties of the Progress and Great Eastern Companies, with some adjoining claims, have been placed on the London market, with every prospect of their being successfully floated; these properties were exhaustively inspected by Professor Black, of the Otago University, and other experts, and their reports were highly satisfactory, but showed that large quantities of gold were being lost,—the Great Eastern losing nearly 2oz. for every ounce obtained by the battery process,—and they therefore recommend the erection of a complete chlorination-plant for extracting the gold from the refractory metals. This will be undertaken in the event of the ventures being successfully launched on the London market. I am fully of opinion that a chlorination-plant at Rough Ridge will be the cause of establishing a large quartz-mining centre in the locality, as “The Ridge” is a perfect network of reefs, leaders, and lodes, and large quantities of other minerals accompany the gold.

*Hamilton.*—This subdivision is entirely sluicing, and I have nothing fresh to report, except that an application has been lodged by a company from Dunedin for a special claim of 150 acres to work the tailings which have been accumulating for the last twenty-four years, and I understand that the company's prospects have been very satisfactory.

*Serpentine.*—There is nothing fresh to report in this subdivision. The Golden Gully Company let their first contract for driving 300ft. in the company's tunnel in February, 1887, and, during the course of this 300ft., indications proved conclusively that the reef extends down the gully to within 100ft. of the tunnel mouth, as well-defined walls, enclosing decomposed quartz, &c., were cut by the tunnel at about 150ft. from mouth, and large quantities of water met with. An air-shaft was then sunk 260ft. from mouth of the tunnel, the depth of which is 80ft. from surface to top of drive. As driving proceeds, air is conveyed from this shaft to the face by means of pipes and a water-blast. The second section of 300ft. was let in August last, and was finished during Christmas week, the reef having, during the process, hardened and become of a well-defined nature, which proved later on to carry fair prospects of gold. The driving of the tunnel was not, however, stopped, and another section of 300ft. was let in January and completed last month. Several shots of gold were met with whilst driving the last section, and as the tunnel is some 280ft. from the surface it is estimated that there are at least 1,200 to 1,500 tons of payable stone now ready to be stoped out. The final section of 300ft. of tunnel-driving has just been let, and when completed will bring the tunnel under Turnbull's shaft, whence 4½oz. per ton was obtained. If this rich stone lives to the depth of the tunnel, as it is confidently expected to do, the prospects of the company will be very bright indeed. A small test crushing of seven or eight tons is now being milled at Rough Ridge battery, and arrangements have been made to have a fuller test crushing of 200 tons put through the battery in Long Valley at once. Another reef which is thought to be payably auriferous has been discovered at higher level; a small tunnel is being driven thereon now, the stone obtained from which will be also tested in the 200 tons above referred to. It is considered practicable, if this upper reef proves payable, to work it from the level of the main tunnel by means of a branch drive. Should the above crushings be satisfactory it is the intention of the company to have improved machinery erected on their claim below the mouth of the main tunnel.

*Hyde Subdivision.*—There is nothing new in the immediate neighbourhood of the village of that name, but the field would appear to offer excellent chances of remuneration to the plucky and intelligent prospector. There were some splendid patches found in the neighbourhood of the Fillyburn: A man named Ulverstone, or better known in the locality as “Wheelbarrow Jack,” getting about 2,000oz. of gold in two years, when the gold ran out; doubtless there are other patches equally good if properly searched for. The principal discovery, and one I consider of great value, was made by McAuley, McNally and Company in June last at the Mareburn and known as the Mareburn reef. It consists of a lode of gold-bearing quartz, which has been traced for nearly two miles on the surface, and in the Prospectors' claim it outcrops for 1,500ft. The reef has been prospected at intervals with good results, and two trial crushings yielded nearly 2oz. per ton, and is