

the then workings in Mr. Ewing's claim and the lower slopes of the high range to the north-west. An improvement in the thickness of the wash-drift at the point of furthest working was then observed, but the amount and great thickness of the overlying banded clays that had to be removed ere the auriferous drifts could be reached threatened not to be less than in the parts of the claim further to the east, and which had proved a great expense in being got rid of; therefore, Mr. Ewing was induced to open out on another part of the area held by him, within which the run of deep ground was expected to be present. This was more to the eastward in the valley flat, on the north side of Vinegar Hill, immediately opposite Mr. Ewing's house.

A run of ground was found here containing a considerable thickness of auriferous wash, which, so far, has proved of a highly paying character. This new discovery is on a continuation to the eastward of the deep ground above indicated, but which has much less cover over it than at the old place. This may prove the prelude to further important discoveries on the same line. It has now to be seen whether or not the line opened out on will extend in breadth north-west to the foot of the range where the auriferous quartz drifts are suddenly terminated at a line of fault extending south-west along the base of the Dunstan Mountains.

Some very rich ground has been worked in this locality, and there is a probability of a connection being made between this place and the ground worked at St. Bathans. Judging from the green-sands formation which is found in the St. Bathans Channel Company's ground and that ground in Mr. Ewing's claim with the quartz drift, or what is locally termed "granite-wash," on the north side of this formation, it would seem probable that the quartz drift run of ground would run in a horse-shoe shape towards Vinegar Hill. In a few years more this will be determined beyond doubt.

Mr. Ewing has since October last been chiefly engaged on new ground, north of his former workings, and finds it better than that which he has been previously working, and from which he has suspended operations in the meantime. He has obtained 300oz. so far, and the ground looks much better as he works into it, the formation strongly resembling Kildare Hill, St. Bathans. It is unfortunate that it should be situated in a hollow, and that everything must be elevated. This discovery was made in ground hitherto considered barren of payable gold; but, from the direction in which the deposit is making, and the method of its occurrence, it was very likely to elude the search of prospectors, and it is not unlikely that an extensive area of ground, highly payable when worked on a large scale, may be opened up. Average number of men employed, ten.

Messrs. Hughes and Morgan obtained 370oz. for seven months' work up to Christmas last, and are now engaged cleaning up a paddock from which they expect as much more. This party's ground looks exceedingly well. Four men.

Watson and party are still getting very good returns in Vinegar Flat, and T. Morgan and party, who are at same place, and McGannon and company, at Two-mile, are making good wages.

#### *Bannockburn.*

On the southern bank of the Kawarau River, a short distance above the bridge crossing to Bannockburn Township, a sluicing claim has been started with the intention of working the deep ground which here lies in a gutter beneath the surface of the second terrace, and which has a rib of rock between it and the river.

The tail-race of the claim has been cut through this barrier of rock, but not to a depth sufficient to reach the bottom in the deepest part of the ground intended to be worked. The party working the ground are under the impression that the deep ground will prove to be a distinct old river-channel leading into the present river-channel at or near the bridge. On this matter, Mr. McKay informs me that he examined the bank of the river from the bridge to the foot of the tail-race from the claim, and is of the opinion that there is no outlet at a lower level in this direction. The deep ground sought to be worked must, therefore, constitute what has been a pool, elbow, or sharp bend in the bed of the river when the Kawarau ran at this level.

This explanation seems to be highly probable, and is the more credible since, if the old channel to a lower level existed, the claim-owners should have set in at the place lower down where this joins the present river-channel. But they have not done so, and, instead, have cut through the rib of rock between the known deep ground and the river. Further down the river-bank a very little inspection should have shown them whether or not the deep ground had an outlet in that direction. In a north-west direction the dividing rib of rock will continue for a short distance and thus confine the gravels seen in the claim between it and the rising reef to the south, or towards Bannockburn. The old rock continues but a short distance to the north-west, the white or blueish-grey clays exposed higher up the river on both banks of it being present in the northern end of the workings, and cut through in the upper part of the tail-race.

There is no reason whatever to doubt the existence of highly payable wash in this claim—rather the contrary. The tail-race does not command the deep ground simply because it has not been cut deep enough; it should have been brought in from the high-flood level of the river at as low a grade as would be effective in working the claim. Even as it is, it will work all the ground except a small area close to where it passes through the rib of hard rock and clay bottom.

A few parties are still working claims into Pipe-clay Gully, but the ground here is getting gradually washed away, and some new ground has been opened a little higher up the flat, which is working into a tail-race constructed by Messrs. Patterson, Bull, and Rooney. The ground in the locality is, however, very poor, and the returns from the most of the claims last year have been smaller than usual, owing to a dispute with the proprietors of the Carrick Water-race as to the reduction in the price of water. This has now been amicably settled, a concession being given by both sides.