

able excitement was caused some months ago by the discovery of what promised to be a highly payable quartz reef some two miles and a half from Ophir, in a south-easterly direction, on the range dividing the Manuherikia Valley and Ida Valley. Gold was shown freely in the stone. The discoverer, a Mr. Green, sunk some few feet on the reef, and sent a small quantity of the stone for treatment at the School of Mines, Dunedin. The return was most favourable—viz., at the rate of 7 oz. per ton. A further lot of 30 cwt. was tested, which, with only rough treatment, gave a return equal to 2 oz. per ton. The reef has now passed into the hands of a small locally-formed company, by whom it is intended to take out a quantity of 30 or 40 tons, and treat it at the local battery. I am informed that stone is now being taken from a depth of 30 ft. to 40 ft., and the appearances are still favourable.

Since writing the foregoing I have been given to understand that the Undaunted Company, at Matakauui, are washing up, and expect to secure about 1,000 oz., which, considering the broken time, must be considered a good yield. In the early part of the year it was thought possible that a very important amalgamation of the water-race properties heading from Thompson's Creek would have been accomplished, and possibly a reservoir constructed in Thompson's Gorge. So far, however, nothing definite seems to have been arrived at, desirable as it may be.

HYDE, MACRAE'S, NENTHORN, ETC.

No change of importance has occurred in these localities, either in the number of men employed or their earnings. There was promise in the early part of the year of a very great revival taking place, but, from the causes which have influenced other parts, matters have gradually assumed their normal condition. A number of large areas were taken up for dredging and quartz-mining, but so far little or nothing has been done to develop them. In the neighbourhood of Fullarton's some good yields have been mentioned, but the actual figures have not transpired. A good deal of solid work, however, has been accomplished, and is still being carried on, in that locality. The dredging operations in the Taieri River have been discontinued—at any rate, for the present—and the dredge, which is but a small one, has been removed to, and is now working at, the Fillyburn, with what returns I am not informed. There are, I believe, about the same number of miners, European and Chinese, scattered among the gullies and flats making a living, both in the Hyde and Macrae's portions of the district. At the latter a number have been unable to wash up, and are waiting for wet weather to set in. At Horse Flat some of the Chinese miners have been doing very well: one party is reported to have secured about 200 oz. in eight months.

Quartz-mining has not advanced as much as I hoped for during the year. Messrs. Donaldson's battery has been compulsorily idle for a length of time through scarcity of water, but I am informed they have a quantity of stone ready for treatment. The Bonanza Company continues to do good work, and, I believe, with satisfactory returns. They have laid down some 900 ft. of rails in their tunnel, which it is intended to carry on for another 500 ft. A number of other holdings have been granted in that locality, but no returns have yet been obtained. Prospecting on a fairly vigorous scale is being carried on at the quartz lodes in the Dunback district, where several licensed holdings and special claims exist.

At Nenthorn some of the old claims are still being worked in a somewhat desultory manner by small private parties, and from information at my disposal it would appear that, at any rate, some 500 oz. of gold have been obtained, some of the yields being at a very payable average per ton. I am informed negotiations are being carried on with a London company with a view to working some of the claims on a large scale. I hope to hear soon of a satisfactory arrangement being arrived at. The contemplated operations would, I believe, include testing the reefs at a very low level by tunnelling. The expenditure would, no doubt, be very large indeed, and might, I think, warrant a proportionately large area being granted, or other concessions being made, for so large an undertaking.

ST. BATHAN'S, CAMBRIAN'S, ETC.

Good and profitable work has been continued on all the large claims in this locality, although the shrinkage in the water-supply has been keenly felt, compelling several of the companies to cease operations at various times during the year, thus reducing the yield of gold and the earning-power of the wages-men, of whom there are a large number in this part of the district.

At Johnstone's Creek, about seven miles from St. Bathans, near the Manuherikia River, James Kennedy, jun., discovered what at first promised to be an extensive and valuable addition to the auriferous resources of the place. A large number of claims were taken up, and a rush on a small scale took place. It was subsequently found, however, that the payable run discovered by Kennedy was somewhat contracted. His party is now the only one working. They obtained about 50 oz. for six weeks' sluicing, but find now there is too great an amount of superincumbent stuff to remove, the thickness of payable gold-bearing wash being only 6 in. to 8 in.; but a water-race has since been granted to them from the creeks adjoining, and they are still in great hopes of striking a more extensive run of payable wash. Eagle Brothers have been engaged prospecting at the upper part of Dunstan Creek, and continued their search across the range to the watershed of the Lindis. I am informed they found gold in almost all of the places tried, but whether payable or not I cannot say, as the approach of winter has compelled them to cease work at that place. I believe they are now trying ground nearer St. Bathans. Messrs. Dillon and Lynch have secured the co-operation of some very practical and energetic partners possessed of capital. They have during the last six months effected great improvements in their property, known as the Shamrock Claim. They have obtained further grants of water, enlarged their race, and erected some very valuable plant for their elevating works. The prospects lead to the belief that the claim will prove to be both very valuable and lasting.

Another apparently satisfactory discovery has been made by Slater and party at Surface Hill, which is in the immediate vicinity of St. Bathans. Somewhat extravagant returns have been