

to such heavy expenditure in future. I estimate the working-expenses in the future to be about £5,000 per annum.

*"Gold recovered for the Year."*

"The return for the last year was 1,238 oz. of gold, worth about £5,000. This was won by one elevator, the new plant not being ready soon enough to get the benefit of the good water-supply.

"The company has a good future before it now. The faces of the claims give fairly satisfactory prospects, and the company will, with a good season's water, soon recover a considerable sum of the money it has expended.

"I may mention that the company has immense gold-saving tables, their gold-saving area being 1,200 ft. each. This includes the area covered by matting, angle-iron, ripples, plates, &c."

The other company, which has a claim of 20 acres in the same creek, has got over its initial difficulties, and the manager, Mr. Ramsay, is hopeful of a good year. The shareholders are, I believe, all local residents, and deserve to be rewarded for their enterprise. The country between the Round Hill Mining Company's special claim and the seashore is more or less auriferous, and may yet be worked by hydraulic elevators.

LONGWOOD.

The long-looked-for reefs have not yet been found, but prospecting is still being carried on. Rich specimens have been found in the past in considerable numbers over a small area on this range, and many practical miners believe that there is a rich reef in the locality. A lot of money has been spent searching for it, but so far without success.

WYNDHAM.

Mining is on the down grade at present in this sub-district. The number of miners has fallen from thirty-six to twelve. The special claims granted for beach-mining were not taken up.

PRESERVATION INLET DISTRICT.

I regret to say that this sub-district has not fulfilled its early promise. It is without doubt a locality of great possibilities. In no part of the colony is there such a vast extent of known auriferous country so little prospected. With the exception of a slight fringe on the coast, it is almost wholly unexplored. The lack of communication with the place prevents its features being known by enterprising investors and prospectors. The track which the Government has decided to make from the Waiau to the inlet will make the district more accessible, and encourage prospecting in the interior, where, I have no doubt, alluvial deposits will be found of greater extent and permanency than those worked on the coast-line or near it.

Mr. Richard Allen, the legal manager of several quartz-claims in the district, has been good enough to furnish me with the following details relating to quartz-mining there :—

"The Morning Star Mine, at Long Beach, is still yielding very satisfactory results, the last return just received being 604 oz. 8 dwt. of retorted gold from 398 tons of stone, for five weeks' crushing with a ten-head battery, making the total returns from the mine since it started crushing in August, 1895, 4,638 oz. of gold, value £18,837, from 4,809 tons of stone. The gold from the district is all of superior quality, that from the Morning Star assaying at the Melbourne Mint all over 23 carats. The number of men employed on this claim, including timber men, is about sixty.

"A large number of claims have been taken up during the past year in the neighbourhood of the Morning Star Mine, and a good deal of prospecting work is being done, and it would appear most probable that there are parallel lines of gold-bearing reefs (to the Morning Star line), for a reef has been traced to the east through the Last Chance and Geelong Extended claims, which has been shown by testing to carry good gold.

"Syndicates have taken up the abandoned Break of Day, Surprise, Hesperides, and Triangle claims, and are prospecting them.

"On the Chatterton, one of the northern claims in the Wilson's River, a contract has been let for an adit-level, which is now in about 80 ft., and the owners seem very hopeful of striking the same reef as yielded such good returns from the Golden Site Mine.

"On the west of the Morning Star line the owners of the Jessica and Winifred claims have put in a drive about 60 ft. on the former claim, and have a well-defined reef with true walls, and the stone of which, assayed at the Dunedin School of Mines, gave payable results. This reef is believed to extend through Coal Island, as the owners of two claims taken up there report that they have followed a gold-bearing galena reef for some distance in their claims.

"At Te Whara Beach a claim has been taken up and a drive put in on a reef traced from the water's edge for 45 ft., and it is reported that good results have been obtained from the mortar.

"Owing chiefly to the reports furnished to the Government by Mr. McKay, Government Geologist, in August, 1896, an Invercargill syndicate sent out a prospecting party, and, following that gentleman's description of the country, they have succeeded in tracing what is believed to be the Morning Star line of reef for a distance of nearly three miles to where Mr. McKay spoke of striking the reef on the lower Wilson River, and also on the track cut by the Government from Puysegur Point towards the Waiau, a drive put in at this point producing stone which, on assay showed payable gold.

"During the year the Golden Site Company applied for and took up four of the adjoining claims that had been abandoned, and, for the purpose of providing further capital, reorganized and merged with the Golden Site Extended Gold-mining Company (Limited), with a capital of £85,000. 57,888 shares have been subscribed. Under the new management the reef has been traced on the surface for about 1,500 ft., and proved to contain payable gold. The company are putting down a shaft which, it is expected, at about 250 ft., will cut the solid reef under the Wilson River clear of the adjoining broken country. Operations are being proceeded with vigorously, and there were fifteen men all told employed, as shown by the last pay-sheet."