

The decrease in the yield is not altogether due to the scarcity of the metals, or to the mines being exhausted, but chiefly to the fact that on English companies becoming owners a change in the policy of working was adopted, and dead-work and improvements in machinery carried on in the place of continuous production; to which may be added the scarcity of water during the dry season, a full supply being necessary to almost every kind of mining operations. An immediate increase in the returns cannot be looked for, inasmuch as, in addition to preliminary work, the new appliances adopted and the construction of the water-races will take a considerable time to complete, during which the actual recovery of gold in many of the mines will be almost totally suspended. In the newer mines also, in which discoveries have been made of a promising nature, gold returns cannot be expected until the mines are developed and the necessary machinery and appliances provided, both for the quartz lodes in the North and Middle Islands and the alluvial deposits in the latter Island. In the near future, however, the number of gold-producing mines will be materially increased, and a steady yield maintained.

QUARTZ-MINING.

The great interest evinced in quartz-mining, and the large amount of capital now invested, will mark a new era in the history of the industry in New Zealand. The introduction of capital and consequent change of policy in the development of both new and old mines has brought about a material change. The adoption of improved machinery capable of dealing with large quantities of what is termed low-grade ore will do away in a great measure with the past method of selecting only the richer portions of the reefs for quick returns. In order to maintain the supply to keep the mills employed systematic working of all parts of the mine simultaneously will be carried on, and the mines thereby made to maintain a fair average return. The mines are being opened up, and a stock of ore kept in reserve, so that when development work is going on there will be no difficulty in keeping up the output of a quantity of payable ore for treatment.

During the year a large number of special claims and licensed holdings have been taken up in the principal mining districts throughout the colony. In most cases these have been acquired with the view of submitting them to agents on the outlook to purchase mining properties for the purpose of flotation of companies on the London and other markets. In many instances arrangements have been made and capital subscribed for the development of the quartz reefs, but in a great many cases the land taken up has failed to attract the representatives of capital, and the owners are left with claims they are unable to work for want of funds. In the rush to secure properties land has been acquired where at present there appears very little chance of valuable discoveries being made, and where no indications warranted the preliminary expenditure required to secure a title; many of these areas will in due course be abandoned, and the owners be losers of the money laid out in taking up the land. The investment of capital in mining enterprise, if injudiciously directed, will react on legitimate ventures, and agents should exercise caution, and become possessed of such knowledge as can only be gained from those experienced in the different fields, before recommending the expenditure of capital. In this matter I can reiterate the remarks made by Mr. H. A. Gordon in his report to you of last year: "Nevertheless, although we want foreign capital to develop the quartz-mining industry, it is essential that nothing but legitimate mining enterprises be offered to capitalists, in order that they may receive a fair interest on their outlay. If worthless properties are placed on the London market and taken up it will tend to bring about a depression in mining, and it will take a long time to re-establish confidence. All those who are interested in the welfare of the colony should set their face against offering valueless properties to foreign capitalists."

There are numerous places in which highly-profitable returns on the capital invested for *bona fide* mining purposes can be assured, and care must be exercised in placing before investors a true report of the value of any property on which expenditure of capital is invited. In this way only can a distinction be made between those ventures that will be genuine or otherwise. At this early stage of occupation, and until actual work has for some time been carried on, it may be injudicious and invidious to definitely assert in which claims gold or silver is to be found in paying quantities. There are certain localities, especially in the North Island fields, where, in the vicinity of mines with a past history, and within the belts of well-known auriferous country, mining ventures have the greatest chance of success. To the Middle Island fields the same remarks may apply. There are, however, new discoveries taking place at a considerable distance from the localities already famous for gold-producing, and all fresh fields have for the miner sources of attraction, in the hope that the yields from the older gold-bearing reefs may be eclipsed. The prospector, therefore, goes far from the beaten track, and in many instances has obtained evidence of auriferous reefs which promise to become before long a valuable addition to the field of legitimate investment. The treatment of the ores and the recovery of the metals by the most improved methods is still being energetically pursued, and new plants will shortly be brought into operation on the fields of both Islands.

The following list of companies outside the colony connected with New Zealand mining shows the vast interest taken in developing the industry, and before long investment in mining will be in the front rank amongst the other commercial undertakings throughout New Zealand:—