71 C.—3.

A separate compound engine is provided for air-compressor and rock-drills, having cylinders of 16 in. and 31 in. respectively, with a 36 in. stroke, the air-compressor being of the coupled compound type, the air-cylinders being also compounded, having 31 in. and 19½ in. diameter respectively. A water-jacket is fixed around the air-cylinders, the water being admitted by a perforated pipe in the bottom, and overflowing at the top. The compressed air is delivered into an intermediate cooler, made of steel, of sufficient strength to withstand a working-pressure of 60 lb. per square inch, having an air-space of 75 cubic feet, and a cooling surface of about 140 square feet. The small air-cylinder compresses the air from 90 lb. to 100 lb. per square inch. The inlet-valves are connected to the cooler by an ample-sized pipe. Both air-cylinders have large lubricators and all necessary lubricating arrangements for the valves. The air is delivered into a receiver having a capacity of 300 cubic feet; it is constructed of steel, and tested to 170 lb. pressure to the square inch, and fitted with safety-valve, drain, pressure-gauge, manhole-door, and cover, and attachment for air-pipe from air-cylinder. An independent surface condenser is supplied, having a cooling surface of 500 square feet; the tubes are § in. in diameter, made of brass, and fixed by means of screwed glands and nipples, all parts being sufficiently strong to withstand a pressure of 50 ft. head of water. The plant is capable of working twelve sets of drills, with which it is provided. These drills are also supplied with twelve stretcher-bars; twelve universal clamps; twelve 50 ft. lengths of flexible hose, lapped with tarred marline, and brass fittings; twelve G.M. main cocks, with couplings; and one set of drill-sharpening tools. The whole of the work is progressing as fast as it is possible to get it done. The manager, Mr. T. A. Dunlop, is indefatigable in his exertions to push on the work, and Mr. Hughes, the engineer, who was sent out by the contractors,

May Queen Mine (Area, 73 acres 1 rood 18 perches).—The mine was early in the year disposed of to the Anglo-Continental Syndicate, who again disposed of it to the May Queen Hauraki, Limited (an English company), under which ownership it is now held and worked. The following extracts from the account of the annual meeting of the May Queen Gold-mining Company (Limited) gives particulars of the transaction, &c.:—

Receipts.	£ s. d.	Disbursements.	£ s. d
Cash balance from last year	3,249 16 7		0.000 0.7
Gold won from 1,250 loads quartz, 1,186 oz.		General charges, including mining requi-	
7 dwt., sold at	3,312 4 2	sites	2,344 18 0
Public crushing	11 18 0	Battery charges, including wages	375 2 10
Haulage	94 16 6	Cash paid for Hidden Treasure Claim	40 0 0
Winding-rope sold for	40 0 0	Cash refund, proceeds of gold paid to Anglo-	
Cash received from Anglo-Continental Gold		Continental Gold Syndicate (Limited)	214 11 9
Syndicate (Limited)	$764  ext{ } 4  ext{ } 11$	Dividend (1) at 6d. per share paid	1,975 0 0
		Dividend (2) at 1d. per share paid	329 3 4
		Cash balance in bank	113 14 8
	£7,473 0 2		£7,473 0 2

At the date of the last annual meeting of shareholders negotiations for the sale of the company's property with parties previous to that date were drawing to a close, and afterwards entirely ceased, leaving the directors free to commence afresh. Your directors thereafter, on the 9th April, 1896, received a proposal from Mr. Moss Davis to place the property locally, through the Anglo-Continental Gold Syndicate (Limited). The following offer from the latter was received through Mr. Davis: "Anglo-Continental Gold Syndicate (Limited), Bank of New Zealand Chambers, Auckland, 5th June, 1896.—The Directors, May Queen Gold-mining Company (Limited).—Gentlemen,—On behalf of the Anglo-Continental Gold Syndicate (Limited) I agree to purchase your company's property on the following terms: (a.) The purchasing company to have a capital of £200,000, in 200,000 shares, of £1 each. (b.) Your company to receive 82,000 fully-paid-up shares. (c.) A working capital of £30,000 to be provided by the purchasing company, and paid in manner following: (1.) £7,500 cash down, and the balance as required. (2.) The titles to the property to be held in escrow by the Bank of New Zealand, Auckland, until the whole of the working capital be provided by the purchasing company. Your shares as vendors to be pooled pro rata with the English shares for nine months at a price of not less than £1 per share. I guarantee the due performance of the above conditions, and the completion of the purchase on the above terms.—Henry A. Gordon, General Manager." Mr. Gordon's offer on behalf of the Anglo-Continental Gold Syndicate (Limited) was accepted, as under: "Office May Queen Gold-mining Company (Limited), Auckland, 5th June, 1896.—Dear Sir,—I have the honour to acknowledge the receipt of your letter of this day's date, containing an offer for this company's property, and to state that the same was laid before the Board of Directors at a meeting specially convened for its consideration. In reply, I am directed to inform you that the terms set out in your le

The work carried on prior to the new company taking over the mine was confined to working on leaders in the Saxon section of the ground, and after the 7th June work was still continued on the reefs in this section. 638 tons of quartz was crushed, for a yield of 578 oz. 12 dwt. of gold; value, £1,533 5s. 6d. The following is a report of the work done since the new company took over the mine:—

This company purchased the whole of the property of the May Queen Company in June, 1896, and since then it has been carrying on prospecting operations on the portion of the old workings above the drainage level. The May Queen Company, prior to the sale of the property, had stoped out all the reefs known to be payable for working down to the level at which drainage is effected—namely, the No. 6 level at the Saxon shaft and No. 4 level in the May Queen shaft, both of these being actually on the same level. The mine cannot be opened out at deeper levels until such time as