

holders. About 60ft. of backs yet remain to be worked before this block is stoped out. With the view of proving the prospects of the mine, a winze is now being sunk from No. 8 level on this reef, and it is now down 50ft. on stone 5ft. wide carrying payable gold. The sinking of the main shaft has been commenced preparatory to opening another level. A considerable amount of work has also been done during the year in the north end of the mine, No. 7 level having been extended 150ft. north, and an uprise of 124ft. carried up to No. 6 level. A block of stone was intersected in the uprise, but it proved of very little value, being small and broken.

No. 2 South Keep-It-Dark.—The principal work done by this company during the year has been driving and prospecting the No. 3 or lowest level. The level has been driven north from the cross-cut about 400ft., and small blocks of quartz were met with, but nothing of a payable nature. It was also driven 100ft. south from the cross-cut. It is believed a payable block of stone will be met with by extending this level further south. A heavy expenditure has been incurred in the sinking of the shaft and the extension of the levels. Work has been discontinued for a few months to enable the company to get into a sound financial position.

Keep-It-Dark.—In last year's report it was stated that it was expected the reef on No. 6 level would be intersected in about 30ft. more driving; no stone, however, was met with in that distance. Driving was continued west for a distance of 196ft., with two cross-cuts, north 30ft. and south 29ft., with no better success. Work was then discontinued in this part of the mine. A winze was sunk 23ft. in the west end of No. 5 level, when the stone cut out, and a drive was put in north, 18ft., when a large body of stone was exposed to view. A second winze was sunk, and carried stone down to within 30ft. of No. 6 level. A rise was then put up to the bottom of the winze, and a small crushing taken out, which proved payable. No. 6 level was then extended 22ft., when the reef was met with, and it is at the present time being driven on, there being 8ft. of stone in the face, showing gold freely. On the battery level several blocks of stone which were left in the old workings are at present being taken out with payable results. Reasonable hopes are entertained that this well-known mine, which, until about four years ago, gave regular dividends for so many years, will again become dividend-paying. The total output of the mine is 113,580 tons of quartz, which yielded 60,060oz. of gold, valued at £233,866, from which £108,083 was given in dividends.

Wealth of Nations.—The principal work in this mine during the year has been the opening-up for another level. Two winzes have been sunk on the reef, one 80ft. deep, on what is termed the South Block, and the other 140ft., on the North Block. The quartz in the latter winze has improved as it got deeper—from 5dwt. of gold per ton on the top to over 10dwt. at the bottom. The branch winding-shaft has been sunk 150ft., making a total depth of 500ft. below the battery level, and a level is at present being driven at this depth to intersect the reef sunk on in the north winze. Gold sufficient to meet the expenditure for the year has been derived from the crushing of the blocks above the 350ft. level and from the quartz raised in the sinking of the winzes. The company expect to have the level now being driven connected with the winze in about two months. The size of the block at present being opened is 80ft. in length by an average width of 7ft., with 165ft. of backs.

GENERAL.

During the year, as mines have reduced hands or ceased operations, in order to find employment, a number of parties of men have taken up and worked old abandoned ground, and others have taken some portions of other mines on tribute, but with one or two exceptions they have not met with much success.

Work has been continued in the Welcome United, prospecting for a continuance of the reef worked in the old Welcome ground years ago, but so far without success.

A company, known as the New Low-level Tunnel Company, has been formed, and it has acquired all the rights of the Venus and Inangahua Low-level Tunnel Companies. It is the intention of the new company to continue driving the tunnel driven by the late Inangahua Low-level Tunnel Company, and they are now clearing out and repairing the tunnel, which has been idle for the last two or three years. A contract is about to be let for the cutting of a water-race to work an exhaust for ventilation purposes, and when that is completed the extension of the tunnel will be commenced.

In the Painkiller district the Dillon Company have sunk a winze, about 6ft. from the boundary of the Sir Charles Russell Claim, to a depth of 110ft., and for about 50ft. it was taken down on very fair stone, but after that stone became somewhat broken up.

In the Merrijigs district the Sir Francis Drake Company were unsuccessful in their operations. A new make of stone was found, and at first it promised very well, but it only went a short distance over the low level, and was soon stoped out, and the company were unable to continue working. The property was sold to a party of men who had worked in the ground for the company. A crushing taken out by the new proprietors proved unpayable. They have sunk a winze 30ft. on the stone, and at that depth have opened an intermediate level, and are now taking out a trial crushing of 30 tons. They are also putting in a cross-cut from the bottom level in the hope of picking up another block of stone.

In the Boatman's district, work on the tailings of the Tailings Company, by the cyanide process has been discontinued, and the Cassel Gold-extracting Company have withdrawn from the district. It is the intention of the Tailings Company to return to the berdans for the treatment of their tailings. Unfortunately the treatment of tailings by the cyanide process has not here been the success that it has elsewhere, possibly owing to the peculiar character of the tailings treated. It is a matter for regret that this process has not had a thorough and exhaustive test in this district, and it is still an open question as to whether or not tailings in this district can be successfully treated by it. It is beyond doubt, that under the present battery treatment a considerable amount of gold is lost, or, at least, not extracted. If the cyanide or any other process could extract 2dwt. or 3dwt. of gold more per ton, without any or but slight increase in the cost of treatment, than by the