fairly established. There have been no large finds obtained in some portions of the present bed of the river, especially between the Dumbarton Rock and the Bengerburn; but below this, and likewise between Roxburgh and the lower end of the gorge above Coal Creek, a large quantity of gold lies, and is now being got by dredging operations.

Eddie and Kilpatrick's Claim.—This is a claim which has been worked for the last six years, formerly by hydraulic sluicing, and gave good returns for working; but the bottom could not be reached by working it on this method. It had, however, the advantage of running away all the top material into the river, and left the denser concentrated material to be worked by an elevating plant, which has now been placed on the ground, and the bottom gravels are now being lifted by its means. During the last year a large slip took place and carried away the water-race, which was constructed on the opposite side of the river from the claim, which necessitated a tunnel being constructed for about 400ft. through a spur, during which time all sluicing operations of the company had to be suspended. The consequence of this was that the claim has not yielded so much as in former years.

Island Block Company.—This is a company which has done a large amount of work, at times getting large returns, and at other times working on poor ground, on either one side of the main lead of gold-bearing drift, or on bars where the gold has been carried further down. At the time this company commenced operations very rich ground was found near the edge of the river, but on carrying a cutting up into the flat in the direction of the main Clutha Valley Road the lead was lost, in all probability due to the rapid current in the river which has carried the gold down into the place where the rich deposit was first obtained; but, be that as it may, the ground became so poor that a fresh paddock was opened a little nearer the road, but no better prospects were got.

A fresh start was again made near the bend of the valley, at the end of what had at some previous remote period been an island rock, at this point better ground was discovered, and after working for some time a splendid lead of auriferous drift was met with, which continued to give good returns for a long time; however, the large amount of money which was borrowed on mortgage has not nearly been paid up yet, as stated at the last year's meeting of the company in London, in the annual report, but it showed that the yield of gold had increased 20 per cent. over the former year, leaving a net profit of 50 per cent. more than for the previous year. The chairman, however, stated that the company were yet greatly in debt to its bankers, who held a mortgage over the property under very stringent conditions, and he urged the shareholders to take up the 8-per-cent. mortgage debentures which were offered to them to release the security the bankers held over the property.

The company hold valuable mining property, but during the last year a disagreement occurred with the County Council about either working or depositing tailings on a reserve set apart for a road, which only leads to the company's buildings. The manager states that he offered to lodge sufficient security to make good any damage; but no arrangement could be come to, and this has resulted in only about one-half of the elevating plant being utilised, and the yield of gold was therefore considerably less than for the former year, which was about 2,000oz., whereas for the last year it was only about 1,600oz. Recently, however, it is reported that a very rich deposit of gold-bearing wash-drift has been struck in going up the flat, which is giving a large yield of gold.

The leads of gold-bearing drift in the flat going up between the main road and the Island Block are branching towards the road, showing that the river had at one time been flowing nearly close to the foot of the range; and, as the side of the range forms a segment of a large circle, the result would be that the water would more readily keep its course on the inner side of the circle than in any other, and, when it came to the point where the range took a bend in an opposite direction, the water would go off for some distance at a tangent to the circle it had been following. This is now proved to be the case. In my last report this was pointed out by me, after a close examination of the topographical features of the country and the place where the river has cut its present channel. It is highly probable that the richest portion of this valley will be found in many places under the present main road.

The great success attending dredging operations since the tailings elevator has been applied to dredges, which admits of the tailings being stacked a considerable height behind the dredges, enables ground to be worked on the banks of a river and flats which formerly could not be done. The Golden Run Company's dredge has been working on the banks of the river at the upper end of the flat that belongs to the Island Block Company, and has been getting large returns of gold. Mr. Rawlins, the manager, now contemplates getting a powerful dredge constructed and working a portion of the flat by this means, and if he finds it successful a number of dredges can be placed on the property. He is also to utilise a fall of some 200ft. of his water-supply to generate electricity to work the dredges. When the cost of supply-pipes and other incidental expenses are taken in connection with carrying on hydraulic elevating for a long distance up this flat, dredging will, in all likelihood, be a more economical method of working the upper end of the ground.

Island Block Extended.—Ever since this company has commenced operations it has been in financial difficulties, and has not got sufficient gold to enable it to discharge them. The run of gold-bearing wash-drift they were working went under the road, and thence into freehold land, the owner of which is said to be residing out of the colony. The company has been trying to make arrangements to work in the freehold by offering 10 per cent. on the yield of gold, or £300 for the property, but up to the present no arrangement has been come to. The statement of profit and loss submitted to the last annual meeting of shareholders showed that at the end of the previous year there was a debit balance of £4,376 4s. 6d., and that during the last year gold was obtained to the value of £1,305 14s. 4d.; while the expenditure on wages alone was £1,412 11s. 7d.; and other expenses in connection with renewals of plant, office expenses, and interest was £782 2s. 11d., making the total expenditure for the year £2,194 14s. 6d.; thus leaving a direct loss on the working last year of £889 0s. 2d. It seems, from the statements made at the annual meeting, that the freehold