

sell part of their interest, and the new company was floated. I am a director of the new company, and am probably in the best position to detail the work done in the past twelve months. In the report for 1896-97 I stated it was the company's intention to erect hydraulic cranes for lifting the numerous large boulders of the wash, and to instal the electric light for working twenty-four hours per day. The new company is pushing on the work of erecting machinery with as much energy as circumstances allow, but they are retarded by the difficulty of carrying heavy machinery along an inferior pack-track. This difficulty is now obviated by the construction of a tramway-line, done by private enterprise, and the machinery can now be carried to the claim without difficulty or risk. A pipe-line was cleared for utilising 600 ft. of hydraulic pressure. A 5-ton crane has been purchased in the colony, and a 5-ton derrick, with a jib 45 ft. long, has been imported from America. The American derrick is such as is used in America for the same purposes, and is described as very effective in the quick disposal of heavy stones. The company has employed two men constantly through the year sluicing, although such work under the existing conditions did not pay. During the year the company spent a large amount in procuring machinery, and next year the operations should produce a much more favourable state of gold-production."

Healey's Gully.—The claims at Healey's Gully, though proving remunerative, are being worked under disadvantages, in consequence of the insufficient supply of water, the whole supply of the field being in the hands of the Great Republic Company, and is used by that company during the day; the other miners, whose intention it is to erect a reservoir in Roaring Meg Creek, having at present to use the water during the night.

Kumara, Waimea, and Stafford.

These districts are fairly prosperous, the past year being favourable for sluicing operations, and in consequence satisfactory returns were in most cases obtained. To the mouth of the Teremakau, and on the Greenstone, the only change worth recording is the improvement in the races and dams of the Erin-go-Bragh Company. Owing to the improvements thus made, this company now supplies a large number of claims below the Greenstone Road. P. Grady and party's special claim has been taken up by a Christchurch syndicate, and they are now busy with race and dam construction, preparatory to a more extensive way of working. First-class returns were obtained from this claim before it passed into the hands of the present owners. It will be some time before the syndicate will be in a position to prove the value of this property. Considerable improvements have been made in the methods of sluicing the ground worked during the year, but, notwithstanding this, several claims have been abandoned on account of non-payable results. Further prospecting has been done in the deep levels, and, although there are several claims now at work and paying small wages, no rich runs have been discovered.

The deviation of the Waimea Water-race at Kawaka has considerably improved the water-supply for the Waimea and Stafford districts, and the Wainihinihi Race, when completed, will still further augment it; in fact, after the race is completed the supply will be ample and constant. A survey of the race has been made, and it is anticipated the work of construction will be proceeded with forthwith. No stoppage in the supply occurred during the year. The branch race to Callaghan's has been made use of by a few parties during the year, and, as there is a considerable area of unworked ground in the locality, a more extensive use of the race-water may be looked for in the future.

The Middle Branch dams and branch race, for the supply of water to the claims intending to sluice into the Waimea Main Tail-race, have had very little done to them during the year.

The Waimea Main Tail-race has been completed, with the exception of timbering the jump-up and one or two small matters, and could, with a very small expenditure, be made use of at once. The delay in making use of this tail-race has been caused by certain financial difficulties, which it is to be hoped soon will be settled. The starting of sluicing in this main tail-race would give a great impetus to mining in the district.

The Kelly's Terrace Drainage Tunnel has been driven about 2,602 ft., but no gold has been met with. A further distance has yet to be driven before known auriferous ground will be reached.

The general supply of water for the year was ample; the dams were empty for only two days during the whole year. The increased capacity on the large dam at the Loop-line Road has been a great boon to Kumara, as, had it not been for this, water would have been short on the field on several occasions. The completion of the Wainihinihi Race will to a large extent render the supply for Kumara independent of long periods of dry weather, and make it regular and constant.

The No. 5 Channel is drawing near completion in a satisfactory manner, and before another year expires several claims should be opened out, and sluicing into it. The starting of sluicing into this channel should tend to a revival of mining in Kumara, and a much greater demand for water.

The principal claims supplied by the Government race are those of Lee and party, ten men; Shrive's, five men; Carlson, four men; Schroeder, four men; Bowden, four men; Marshall, four men; Pascoe, six men; Dillon four men; Williams, three men; Light, five men; Neame, three men; O'Connell, five men; Rochford, four men; Harris, five men; Neville, four men; Conaghan five men; Cullen, six men. The total quantity of gold obtained by the parties using water from the Government water-race during the year, was 4,720 oz., valued at £18,408.

The Wheel of Fortune Special Claim is reported to be yielding fair returns, and the owner is endeavouring to secure additional capital for its more extensive development.

Arahura District.

Prospecting operations are being carried on by Dwyer and party.

Humphrey's Hydraulic Sluicing Company (Limited).—Sluicing operations were carried on with two nozzles, for which twenty sluice-heads were used. Surveys have been completed for the