

Tailings.—Our tailings from the battery I compute approximately at about 3,000 tons. I do not attach much value to all these tailings considering our ores are free milling. The cost of concentrating these for treatment will leave, I estimate, a very small margin of profit to the shareholders.

Union Beach Property.—As soon as we have completed the fixing of air-pipes, air-receiver, air-winze, and got our air Tangye pump in order, we propose to drain the Palmerston shaft, which is sunk 100 ft. below the 180 ft. level. We shall drain the mine to that depth, and commence the development of the Green Harp reef near the shaft, and the Cross reef near the old Tangye winze. Judging from the former history of the company, I think there is a great future in store for the shareholders in developing this portion of the property.

Hauraki Section.—Here we have now a permanent pumping plant, and at the 300 ft. level our No. 2 Cross reef, although small, is carrying rich ore, which is going down in the bottom of that level. Our engine-shaft has now very nearly reached a depth of 60 ft. below the 300 ft., and ere the meeting I hope to reach the 400 ft. level, to cut chamber and start cross-cutting for the reefs. The character of rock now being met with in the bottom of the shaft warrants our expectation of finding improvement in our reefs at that level. A feature of importance to the mine, also, is the Castle Rock reefs, which are dipping towards the shaft, when they enter the class rock west of our shaft that produced the enormous quantities of gold; also important are our No. 2, No. 3, and other reefs. I am looking forward to the 400 ft. level developments to show a great improvement. The rock in the shaft is all that can be desired, and the No. 2 Cross reef carrying gold below the 300 ft. augurs well for the whole of our reefs when cut at that depth. Should our reefs prove fairly productive (and speaking from indications I have no reason to doubt it), we should soon be in a position to repeat the profitable career of the company realised from above the 220 ft. level.

Machinery.—The machinery throughout the mine is working in good order, and is efficient for the development of a large and extensive property.

MINING COMPANIES ACT AMENDMENT.

During the year an Act entitled “The Mining Companies Act Amendment Act, 1897,” was passed by the Legislature, with the object of amending certain of the provisions of “The Mining Companies Act, 1894,” which, owing to the altered conditions under which some English and foreign companies are now operating in the colony, had been found to be practically unworkable. *Inter alia*, provision has been made in relation to foreign companies for the registration in the colony of share transfers, for a share register to be kept at the colonial office, and for the appointment of an attorney in the colony. The amending Act also deals with the sale of forfeited shares in respect to limited-liability companies and no-liability companies, and provision is made that the directors of no-liability companies shall be responsible, jointly and severally, for any debts incurred under their authority, a saving clause providing exemption in the case of directors whose protest against the expenditure has been recorded.

GENERAL.

The attention of legal managers and secretaries of companies has been directed to the fact that they are precluded, under section 24 of “The Mining Companies Act, 1894,” from acting as share-brokers, and also that negligence in the publication of the company’s statement of affairs in the *Gazette*, as provided in section 35 of that Act, renders them liable to a heavy penalty. In the case of foreign companies, regulations have been issued under which the schedule (No. 4) has been modified to enable the attorney in the colony to furnish such a statement as the Colonial Register will permit.

THE CYANIDE PROCESS.

“The Cyanide Process Gold-extraction Act, 1897,” was passed by the Legislature during the last session, and resulted in the purchase by the Government of the patent rights of the Cassel Gold-extraction Company (Limited) in the process known as the cyanide process for extracting gold from its matrices. Upon payment of £10,000, which was made on the 10th January last, the Government secured the sole right of user of this process in the colony, with the rights of royalty on all plants employing the same, four companies—the Waihi Gold-mining Company, the Waite-kauri Gold-mining Company, the Union Waihi Gold-mining Company, and the New Zealand Crown Mines Company—only being exempted, under prior arrangements with the Cassel Company. The provision made in section 3 of the Act, whereby the patent rights were transferred as from the 20th August, 1897, enabled the Government to receive royalty from that date at the rate prescribed in the regulations subsequently issued. The Act provides that when the total sum received as royalty from users of the process reaches the amount which has been expended from the Consolidated Fund in connection with the purchase and attendant expenses a Proclamation shall be issued declaring that the process may thenceforth be used without payment of royalty. Ten licenses have been issued under the Act to mines in the northern district, two in the West Coast district, and one in the southern district. The returns of royalty for the period ending the 31st March have been £676 17s. 1d.

The following companies have taken out licenses for the use of the process :—

Coromandel.—Kapai-Vermont Gold-mining Company, Mariposa Gold-mining Company, Irene (Hauraki) Gold-mining Company (Limited), Great Mercury Gold-mining Company.

Thames.—Moanataiari Gold-mining Company (Limited), Tararu Creek Gold-mining Company (Limited).

Ohiwemuri.—Waihi-Silverton Extended Gold-mining Company, New Zealand Talisman Gold-mining Company, Woodstock Gold-mining Company, Komata Reefs Gold-mining Company.