

List of West Coast Dredging Companies in Liquidation.

Name.	Locality.	Name.	Locality.
Buller Dredges Co.*	.. Buller River.	Wicklow Gold-dredging Co.	.. Grey River.
Clifton Gold-dredging Co.	.. New River.	Yellowstone Gold-dredging Co.	.. New River.
Crown Diamonds Company..	.. Grey River.	Auckland Back Lead Co.	.. Waimea Creek.
Dobson No. 2 Gold-dredging Co.*	.. Grey River.	Blake and Auckland Lead Co.	.. Chesterfield.
Four Rivers Gold-dredging Co.*	.. Buller River.	Brandy Jack's Co. . .	.. Greenstone.
Golconda Gold-dredging Co.	.. Cameron's.	Foley's Extended Gold-dredging Co..	.. Greenstone Creek.
Golden Banner Gold-dredging Co.*	.. Grey River.	Fox's Creek Gold-dredging Co.	.. Arapura.
Golden Grey Gold-dredging Co.	.. Grey River.	Greenstone Gold-dredging Co.*	.. Greenstone Creek.
Island Creek Gold-dredging Co.*	.. Westport.	Kohinoor Extended Gold-dredging Co.	.. Ross.
Jones's Flat Gold-dredging Co.	.. Grey River.	Mahinapua Gold-dredging Co.*	.. Hokitika.
Lee's Ferry Gold-dredging Co.	.. Grey River.	Mikonui Gold-dredging Co. . .	.. Ross.
Marsden Lead Gold-dredging Co.	.. New River.	Perry's Reward Gold-dredging Co.*	.. Hokitika.
New Marsden Gold-dredging Co.	.. New River.	Princess of Wales Gold-dredging Co..	.. Ross.
Ngahere Gold dredging Co. . .	.. Grey River.	Reefton United Gold-dredging Co.	.. Ross.
Ponsonby Gold-dredging Co.	.. Grey River.	Ross Flat Gold-dredging Co.	.. Ross.
Waipuna Gold-dredging Co.*	.. Grey River.	Tucker Flat Gold-dredging Co.	.. Hokitika.

The total nominal share capital of these dredging companies in liquidation in my district is £149,000. It is impossible without further information to ascertain how much of this capital was paid up. In those cases where no dredge was built it may be, I think, assumed that the shareholders have lost all that they have paid. In the cases where dredges were built the loss must be considerable, the value to be obtained for the dredge being often the only asset.

In order to furnish some standard of the conditions which would make a dredging claim a thoroughly sound investment, it is well to take the case of a company with a capital of £10,000. Then assume that it has a claim which is of such extent and has such other conditions and circumstances as will justify the ascription to it of a life of ten years' steady working before it is exhausted. The minimum ordinary working-expenses and repairs of such a dredge, with the office expenses, are £2,600 a year. The interest on a mining venture, with all its risks, should not be less than 20 per cent. Given, then, a life of ten years, the investor should look for a return of his principal in ten years, with interest at 20 per cent. Then, supposing that the company paid off one-fortieth of the capital every quarter from the first start of the dredge, the amount required to pay off the principal, with interest at 20 per cent., would be £2,025 a year. That makes, with the £2,600 expenses, a total net sum of £4,625 a year—say, 1,156 oz. a year, or something under 100 oz. a month. It does not appear that any company has set itself to deal with the capital and interest on such a plan. There are great fluctuations in gold returns of most dredges from quarter to quarter: fluctuations arising not only from interruptions by weather and mechanical defects, but also by the varying depths and character of the ground worked and the ever-changing value of the wash dealt with. These fluctuations have no doubt deterred companies from ever making the attempt so to deal with their output on such a plan. With returns of such richness as the Nelson Creek and Pactolus dredges have hitherto yielded, such a scheme would be hardly necessary. In less profitable claims it may be argued that the shareholders are an ever-shifting body, and look for profits more from the market prices based on the fluctuations of weekly returns than through the administration of the returns of the claim throughout its life. In fact, the majority of shareholders are speculators rather than investors. Still, it must always be remembered that some shareholders must be left with shares on hand when the claim is worked out.

It seems to me at least worthy of notice that, if a dredge could produce annually 1,200 oz. for ten years, it could pay off in ten years the whole capital and 20 per cent. interest. Unfortunately we have almost always to deal with the "madness of the market." What this can do was shown in the case of the Hartley and Riley dredge, where, with a paid-up capital of £6,500, the £1 shares were forced up to £25, thus making the capital to be recouped to shareholders who bought at that price £162,500, with yearly interest calculated at 20 per cent. to be added. It does not need, however, such extreme cases as this to point a moral. There are £1 shares now changing hands at £2, £3, and £4, thus doubling, trebling, and quadrupling the capital to the buyers, and with a £10,000 share capital there would be £20,000, £30,000, or £40,000 to be recouped to the buyers; and this, with interest on the purchase-price of the shares at 20 per cent., would require from 200 oz. to 400 oz. a month to put the buyer in the sound position of the hypothetical case of the shareholders of a £10,000 company with £1 shares at par which is stated above.

It would require far more elaborate and extensive returns of dredging claims on both coasts than are at present available to enable any one to say if any, or how many, dredges have up to the present realised the conditions of such a dredging claim as I have set up in my hypothesis. The various tables above given should, I think, furnish material for reflection to the investing public. The large returns made by some of the dredges have, I think, revived somewhat a tendency to renewed speculation. In the interests of the public, no less than of the industry itself, it is still necessary to urge prudence and caution. The list of abandoned licenses and of companies in liquidation are so many danger-flags hung out to warn the public to go cautiously.

As I have before said, it does not follow that every claim abandoned or every company wound up was necessarily abandoned or wound up because there was not payable gold in the claim. But owing to the "madness of the market" the industry was thrown into a wild confusion. Schemes ill-offered and ill-found were everywhere wrecked, and the first thought of those involved was to escape to land with as little loss as might be. We must all hope that the widespread suffering is passing away, and that nothing will be done to induce a recurrence of the causes of it.

The problem to be solved on this coast was a new one, and it is, I think, rather surprising that so much success has been achieved in so short a time. Experience is being continually gained and a better understanding as to the conditions on which success depends. There is no reason