

claims at Maerewhenua, and this work is expected to be completed in time for next season's work. At Naseby gold has been found in small quantities in the "Maori bottom" (which was formerly considered the bed of the auriferous wash), and to a payable extent in a layer of wash, varying in thickness from 5 ft. to 8 ft., underlying the "Maori bottom." This discovery should prove of benefit to the locality, but to work it to advantage it may be found desirable for the holders of small claims to consolidate their interests.

For a further water-supply, to admit of the extended workings of this new find, a site for a storage-dam has been secured. Arrangements have also been made for increasing the present supply by the erection of a siphon on the Mount Ida Water-race, which will cut off a length of open race now subject to accidents from surface-slips.

In both the West Coast and Southern Districts work in the established centres of alluvial and hydraulic mining continues to afford employment for a large number of persons, and, with few exceptions, this condition is likely to be maintained for several years to come.

DREDGE MINING.

Many of the dredges referred to in my last Statement as being built have been completed and put to work, the number of working dredges at the commencement of the present year showing an increase of thirty-eight as compared with that of the previous year. The total number of dredges in the West Coast and Southern Districts is as follows: Working, 183; building, 59; standing (some having been sold for removal), 33; undergoing removal, 19: total, 224. It is estimated that this branch of mining finds direct employment for over two thousand persons, apart altogether from the men employed in building dredges and machinery, and in effecting their repairs. In addition to this, many industries are benefited more or less directly as the result of dredging operations, and the success which has attended the bulk of New Zealand ventures has had its effects in other directions, tending to the increased wealth of the people. It must not, however, be forgotten that much of the wild speculation which characterized the recent "boom" has affected a large number of people in a diametrically opposite direction; but this is a natural outcome of all cases of similar speculative excitement. The fact of the dredging industry gradually settling down again into a steady groove is satisfactory, and this method of winning gold from river-beds and alluvial flats is one which is destined to occupy an important position for years to come. Following the lead of New Zealand, dredge mining has taken a firm hold in several other countries, and not only have men from this colony been engaged to supervise operations elsewhere, but dredges have been built here and exported.

In a former Statement reference was made to the spoiling of land by dredges working on alluvial flats. This is a question which has not been lost sight of by the Department, and is referred to in the report of the Inspecting Engineer.

The most noteworthy improvements in dredge-construction which appear to have recently come to the front are a system of elevating the tailings by centrifugal force, thus dispensing with the long and heavy ladder elevator, and an adaptation of water-power (where such is available) for working the machinery, instead of by steam. Both of the arrangements named are working successfully. It is also satisfactory to note that in several instances more care is being bestowed on the saving of fine gold.

THE CYANIDE PROCESS OF GOLD-EXTRACTION.

The amount of royalty paid to the Government for the use of the patent rights in the colony now amounts to £5,132, or more than half of the cost incurred in the acquisition of the said patent rights.

PROSPECTING.

The sum of £1,509 10s. 9d. was expended in subsidies for the year ending the 31st March, 1902, to prospecting associations and parties of miners actually engaged in prospecting for minerals.