

No. 2 tunnel was driven a distance of $11\frac{1}{2}$ chains in rock before cutting coal, as will be seen from plan. This tunnel deals with the area between the first and second faults, and at the points where the coal is intersected by the stone drive the seam is of splendid quality, and from 10 ft. to 12 ft. thick. From the point of intersection levels have been driven both east and west; the former has reached a distance of $5\frac{1}{2}$ chains, the latter $3\frac{1}{2}$ chains; and inclines from these levels have been driven to the rise of the coal. In the leading places, viz., the face of levels and inclines, a band of stone has been met with varying in thickness from a few inches up to 2 ft. 6 in., and it continues to increase as the places go toward the rise. The coal both below the band and above it is of good quality, but it requires great care to prevent portions of the stone and black shale becoming mixed with the coal when being mined and loaded by the miners. This is a difficulty met with in almost all coal-mines, and will here, as elsewhere, necessitate the putting-down of appliances at the loading-bins to enable the coal to be picked over and freed from stone before being loaded into railway-wagons.

No. 3 tunnel in stone is now driven 13 chains, and is intended to enable coal to be worked on the seaward or western side of No. 2 section, from which it is separated by a fault. These two sections have been connected in order to enable one ventilating-fan to serve both. The arrangements are such as to permit of the tunnel being used for haulage of coal or for a travelling-way without impeding the ventilation.

With the object of testing the field of coal on the north side of Seven-mile Creek a tunnel 4 chains long has been driven. The coal in this portion of the property is very dense and hard, the thickness of the seam being about 6 ft. Nothing has been done in the tunnel for some time, but operations will soon have to be continued for the development of this northern part of the field.

WORKS FOR GENERAL DEVELOPMENT.

A double line of endless-rope-haulage road has been constructed connecting Nos. 1 and 2 tunnels with the loading and storage bins at railway-line. The rope-line is a continuous one; the same rope is carried into both Nos. 1 and 2 tunnels round terminal wheels near the point where the stone tunnels intersect the coal. The steam-engine actuating the endless rope has been erected near the loading-bins, and is fitted with all necessary tension-appliances. Workshops for smiths and carpenters have been erected in this vicinity, where repairs will be effected, and much of the new work required will be done there when the machine tools ordered from England have arrived and been placed in position.

Bins for storage and loading of railway-wagons are in course of erection. One section is complete, which has a holding-capacity of 400 tons, and when the whole is completed the storage will be increased to 2,000 tons. The foundations for the uncompleted portion have been laid down, and most of the framing-timber is on the ground, but it will take fully four months to complete.

All the timber to be used on the works will be obtained from the sawmill the property of the mine, which is capable of cutting about 7,000 superficial feet of timber per day. A contract was let to cut 500,000 ft., including logging and haulage and all expenses of the delivery, of either heart of birch or red-pine timber at the mill, as may be ordered for the mine requirements or buildings; the contract price of the timber being 3s. 9d. per 100 superficial feet for red-pine up to 30 ft. lengths and 5s. 9d. over 30 ft., and for black-birch 4s. 3d. up to 30 ft. and 6s. for over, per 100 superficial feet. The saving effected by the erection of this mill will be equal to the total cost of its construction when the present contract for the half-million feet is completed. The mill will be a very important adjunct to the revenue, as a large amount of timber will be required for buildings in the Runanga Township, on which there is a considerable quantity of standing bush fit for milling purposes which can be readily obtained at small cost, and should be taken out as early as possible to prevent it being burned by those owning sections. Timber sawn up at the mill suitable for buildings will be readily saleable to parties putting up houses in the township.

SETTLEMENT OF MINERS.

At present there is considerable difficulty being experienced by miners who are desirous of settling at or near the mine, for at present the streets in the new township have not been cleared; it is consequently very difficult for holders to get access to their sections. The result is that most of the workmen are squatting outside of the township altogether wherever there is a chance and any little clearing done. Most of these people are occupying small huts, and many are in tents.

In view of the probable rapid increase in the output of coal and consequent influx of population, it would be well that early and energetic steps should be taken to clear the streets.

The railway connecting the mine with the port has been completed up to the storage-bins, but there is still considerable work to be done to complete the backshunt, which will probably take two months. Until this is done work towards haulage-road for seams north of Seven-mile will have to remain in abeyance.

The shipping of coal began on the 27th May this year, the first shipment being 200 tons for H.M.S. "Psyche," and up to date about 5,000 tons have been sent away.

The development of the colliery has progressed to such extent that an output of 2,000 tons weekly can be relied upon.

In conclusion I would add that the works in design and construction reflect credit on the late Mr. A. B. Lindop, my predecessor, the Consulting Engineer, and staff.

I have, &c.,

JAMES BISHOP, Manager.

The Under-Secretary, Mines Department, Wellington.