

7. The said royalty shall be due and payable on the same days, and for the same periods as the said instalments of rent accruing after the date hereof: Provided that the first such payment of royalty shall be due and payable on the thirtieth day of June, one thousand nine hundred and four, and be in respect of the royalty for the period elapsing between the date of this lease and the said thirtieth day of June. And provided further that all sums paid in respect of royalty for any period shall, to the extent of the rent payable for the same period, be deemed to be in or towards satisfaction of such rent.

8. On the thirtieth day of June, one thousand nine hundred and five, and at half-yearly intervals thereafter during the said term, the lessee shall make to the Receiver of Gold Revenue at Collingwood true and accurate returns of all iron-ore raised during the preceding half-year pursuant to this lease.

9. The lessee shall, within six months after the date of this lease, commence and thereafter during the term of the lease continually prosecute mining operations on the demised land for iron-ore as aforesaid, and for that purpose shall (except as aforesaid) at all times during the first two years of the term keep employed upon or in connection with the demised land and his said mining operations thereon at least one workman for every full area of fifty acres or less therein contained, and thereafter during the term at least two workmen for every such area, provided as follows:—

(a.) For the purpose of compliance with the aforesaid labour conditions there shall be included all work done in the construction or erection of machinery or in preparations indispensable to the actual commencement of mining operations, whether such work is done on or in connection with the demised land or on or in connection with any other land situate in the same mining district or on the sea-coast thereof, and used for the purposes of facilitating mining operations on the demised land.

(b.) To the extent of one-half of the number of workmen which should otherwise be employed the expenditure of capital pursuant to clause 10 hereof or otherwise shall be equivalent to the employment of workmen in the proportion of one man for every thousand pounds of capital which, to the satisfaction of the Warden, has been expended by the lessee in plant or permanent works for the purpose of the said mining operations.

10. The lessee shall expend in work to be done in the construction or erection of machinery, or in preparations indispensable to the actual commencement of mining operations on the demised land such work to be done either on the demised land or (so long as such work is done in connection with such mining operations on the demised land) on land adjacent to the demised land, the sum of not less than one thousand pounds (£1,000) in all during the first year of the said term, four thousand pounds (£4,000), during the second year of the said term, and five thousand pounds (£5,000) during each succeeding year of the said term until the sum of fifty thousand pounds (£50,000) in all shall have been so expended.

11. For the purpose of producing and treating iron, but for no other purpose, the lessee shall be at liberty to take and use such portion of the limestone on the demised land as may be necessary for the production and treatment of iron by the lessee.

12. The lessee shall, at all times during the said term, duly carry out and observe all the terms and conditions of this lease, and all such provisions of "The Mining Act, 1898," and the amendments thereof, and the regulations respectively thereunder, as are applicable to this lease and the lessee, or to mineral licenses and the licensees thereof.

13. All the provisions of "The Mining Act, 1898," its amendments and the regulations made thereunder applicable to mineral licenses, including all provisions and regulations for securing payment of the said rent and royalty, for insuring the regular, proper, and efficient carrying-on of mining operations on the demised land, for the inspection of all mines and workings therein and thereon, for the forfeiture or abandonment of this lease and for the protection of mining privileges, and for the assignment of the interest of the lessee herein shall, so far as the same are not inconsistent with the express provisions of this lease, or of section 2 of "The Mining Act Amendment Act, 1902," be deemed to form part of this lease, and to be incorporated herein.

14. Notwithstanding anything herein contained, or any right, Act, or law to the contrary, the Governor at any time during the said term, or any renewal thereof, on giving to the lessee at least six months' previous notice in writing of his intention so to do, may purchase from the lessee all his right, title, estate, and interest in the demised land and in this lease, and in all other lands situated in the said mining district or on the sea-coast thereof, and used in connection with the lessee's mining operations on the demised land, and all the lessee's plant, machinery, appliances, and other property used in or in connection with such mining operations at a fair value, to be ascertained in case of dispute in the manner following:—

(a.) The amount of the purchase-money to be paid to the lessee shall be determined by arbitration, under, and in accordance with the provisions of "The Arbitration Act, 1890," and these presents shall be deemed to be a submission within the meaning of that Act: Provided that the reference shall be to two arbitrators, one to be appointed by each party, and an umpire appointed by the arbitrators before entering upon the reference.

(b.) In ascertaining such fair value the arbitration shall proceed on the same principle as to items and amount as if the property purchased were land taken for a public work under "The Public Works Act, 1894."

(c.) If in the course of the arbitration proceedings any question shall arise as to the right of the lessee to claim in respect of any head of damage, such question shall be determined by the Supreme Court of New Zealand, upon a special case stated for the opinion of the Court.