

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 therein.

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.

15. If the lessee shall desire an extension of the period of six months within which mining operations are to be commenced, as provided by clause 9 hereof, he may at any time during the said period deposit with the Public Trustee the sum of one thousand pounds (£1,000) in addition to the sum of one thousand pounds (£1,000) referred to in clause 1 hereof, and thereupon the said period shall be deemed to be extended so that such operations may be commenced at any time within twelve months from the date of this lease, and all the provisions of clause 1 hereof shall extend and apply to such additional sum of one thousand pounds (£1,000).

16. Nothing in this lease shall operate or be construed to entitle the lessee to mine for gold or (except as provided by clause 11 hereof) for any metal or mineral other than iron-ore.

17. This lease shall be deemed to be granted under and subject to the provisions of section 2 of the Mining Act Amendment Act, 1902.

#### THE SCHEDULE ABOVE REFERRED TO.

In witness whereof I, Harry Eyre Kenny, as such Warden as aforesaid, have hereunto subscribed my name and affixed the seal of the Warden's Court at Collingwood, this fifteenth day of August, one thousand nine hundred and five.

In witness of my being bound as lessee by the terms and conditions of the foregoing lease, I, the Public Trustee, as such executor and trustee as aforesaid, have hereunto subscribed my name this fifteenth day of August, one thousand nine hundred and five.

Signed by the said J. W. Poynton, the Public Trustee, and sealed with the seal of his office in the presence of A. A. K. Duncan, Chief Clerk, Public Trust Office.

I, James McGowan, Minister of Mines, under and by virtue of subsection 2 of section 2 of the Mining Act Amendment Act, 1902, do hereby consent to the foregoing lease.

In witness whereof I have hereunto set my hand this twelfth day of August, one thousand nine hundred and five.

JAMES MCGOWAN.