

on the Company no obligation to work continuously the whole of a leased area.

- (4) that the system of royalties as outlined in Clause 2 of the Lessees' Covenants in the Lease be changed to conform to the basis of royalties imposed by Section 111 of the Crown Lands Act, 1930.
 - (5) that provision be made in the lease for an additional renewal period of thirty years, thus bringing the total period for a mining lease to a maximum of ninety years instead of sixty.
 - (6) that Clause 10 of the Lessees' Covenants in the Lease be amended to accord with Clause 42 of the Agreement which provides that the Company shall have the right to sell, assign, transfer in whole or in part its rights under the Agreement and to have its obligations thereunder assumed provided the Government is not prejudiced in its claims against the Company for any accrued obligation.
 - (7) that a definition of the word "minerals" be inserted in the Agreement and lease to accord with the definition now given in Section 2 of the Crown Lands Act, 1930.
 - (8) that provision be made in Clauses 5 and 6 of the mutual Agreement clauses in the lease to the effect that in the event of the Company's failing to pay rentals and royalties within the stated period of thirty days the rights of the Government to enter upon the leased premises and to terminate the lease would be effective provided the Government had given notice of default to the Company and the Company failed to cure the default within sixty days after the date of the notice.
 - (9) that the Company should have the same right to apply to the Governor in Commission for permission to acquire private property if such should be required for the Company's operations under the same terms as are granted by Sections 162 and 170 of the Crown Lands Act, 1930 to the holder of a mining lease, grant or location or of a license to cut timber or the owner or lessee of a water power.
3. It is to be noted that during the period of the previous negotiations neither the Company nor the Government had much knowledge of the existing conditions and potentialities in the area. During the recent discussions with the Commissioner and in their letter to the Government the Company has shown from the experience gained during five years field work that the present Agreement needs modification if it is to offer sufficient prospects to the Company to ensure the maximum mineral development of the area. Accordingly we have agreed to grant the requests of the Company subject to a qualification in the case of the request under 2(4) above. We have agreed only to the principle of calculating royalties on a net profit basis and have informed the Company that experience has shown that the conditions as laid down in Section 111 of the Crown Lands Act, 1930 for the calculation of royalties are not sufficiently specific. We have reserved for further discussion