

days after the execution of the contract, to deposit as security \$250,000. That amount, I believe, has already been deposited.

Clause 11 is one which, in a general way, provides for the aid or grant of 25,000 acres per mile.

I referred in my previous remarks to the manner in which the lands are to be selected. The selection is governed by the clauses and sub-clauses of clauses 12, 13 and 14 of the contract chiefly. The scheme of division or selection provides that the Government shall own alternate blocks with the company. This is a valuable provision and reserves, it appears to me, to the Government a full participation, equal with the company, in the benefits of any valuable minerals which may be discovered. The blocks into which the land selected shall be divided are to be not less than three miles in one direction by six miles in the other, or than eighteen square miles in all. Not less than eight of these blocks can be taken in any one selection, and of these eight, the odd-numbered blocks belong to the company, and the even-numbered blocks to the Government. It is, therefore, provided that when the company makes any selection at all in any locality, the selection must cover and include an entire block of twenty-four miles in one direction by six miles in another. It may include any number of blocks additional which the company may choose, but the number shall not be less than I have stated. A block twenty-four miles by six would mean 144 square miles, and would contain 92,160 acres. So that it will not be open to the company in earning its entire subsidy, to make more than eighty selections of blocks in all that region, one-half of which, as I have stated remain the property of the Crown.

Important exceptions are made in two directions. First, the Government reserves the beds of the principal rivers of the region—the Yukon, Lewes and Hootalinqua—and the beds of the Lakes Teslin, Bennett, Tagish, Labarge and Marsh, and between twenty-five feet beyond ordinary high water mark on each side of these rivers, and on all sides of these lakes, the contractors are debarred from making any selection of lands. These reservations, it will be observed, still continue available for the general public to carry on placer or sub-aqueous mining, and it will be still open to the Government to apply its regulations, authorizing companies to carry on sub-aqueous dredging or other operations, without these presumably valuable parts of the country being subject to claim or selection by the company.

Another important exception which the contract provides for is that all mining claims actually held, and recorded pursuant to Government regulations by free miners up to the time that the selection is made, and the lands are especially reserved following such selection, are excepted from

the grant, and although any of these claims may be found within the territorial limits of a block, the claims do not pass to the company, but are expressly excepted therefrom. The lands may continue open to the staking of claims, under the mining regulations by miners, and subject to the mining regulations, until they have been earned by the building of the railway. Land selections are permitted to be made as each ten miles of the line is reported upon by the Government engineer to be completed within the terms of the contract, and when a selection is made after the completion of these ten miles, the lands so selected are reserved for grant; and from the time of the reservation, claims may not be staked out by free miners or other selections made thereon; but the grant of the land will not pass, nor will the title become vested in the company until the final completion of the whole line.

Clause No. 13 allows the contractors three years from the 1st September, 1898, to select one-half of their lands, and six years from the same date to select the balance. The object of the company will naturally be to stake out their lands and make their selections as soon as possible, so as to prevent the location of miners' claims; but the time afforded the contractors has been considered by the Government a reasonable time, seeing that they will require to organize their parties for prospecting throughout the country, and such prospecting over so difficult and extensive area will likely consume quite a considerable time.

Mr. CASEY. Within what area may they select?

The MINISTER OF RAILWAYS AND CANALS. Within the boundaries of the territories west of the Mackenzie River. Clause No. 15 secures the free rights of passage and use along the navigable or floatable streams within any lands selected by the contractors, and they covenant not to impede navigation in any way; and if any stream is diverted by them from its natural channel, an equally navigable or floatable channel shall be provided in lieu thereof.

Clause No. 16 contains in express terms the proviso that all mining claims actually held and recorded shall be excepted from the grant, as I have above mentioned.

Clause No. 17 deals with the important question of royalty. The Government has reserved a royalty of 1 per cent upon all gold mined by the company upon lands which they have acquired, and which are mined by placer or alluvial or hydraulic mining; and this royalty shall continue so long as there is any royalty upon these classes of mining. If at any time the regulations with respect to placer or hydraulic mining are changed, and no royalty whatever is imposed thereupon, the royalty upon the production of the company would of