LEASE.

KOOTENAY RECLAMATION AND COLONIZATION.

THIS INDENTURE made the Thirtieth day of October, in the year of Our Lord one thousand eight hundred and eighty-six, between the Honourable WILLIAM SMITHE, as the Chief Commissioner of Lands and Works of the Province of British Columbia, acting on behalf of and under the authority of his Honour the Lieutenant-Governor in Council, hereinafter called "the said Chief Commissioner," of the first part; the KOOTENAY SYNDICATE (LIMITED), of London, England, hereinafter called "the said Company" of the second part; and WILLIAM ADOLPH BAILLIE-GROHMAN, of the third part;

WHEREAS Articles of Agreement were entered into on the Seventh day of September, A. D. 1885, between the said Chief Commissioner and William Adolph Baillie-Grohman, relative to the Reclamation and Colonization of certain lands in Kootenay, British Columbia;

AND WHEREAS the sum of $7,054 (seven thousand and fifty-four dollars) was deposited with the Government of British Columbia under the said Agreement;

AND WHEREAS the said William Adolph Baillie-Grohman has assigned his interests in and under the said articles of Agreement to the said Company;

AND WHEREAS it is desirable that the said Agreement of Seventh day of September, 1885, should be cancelled, and the parties hereto agree that the same shall be cancelled from the date of these presents, and that this Indenture should be substituted in lieu of such Agreement;

NOW, THEREFORE, this Indenture witnesseth, that in consideration of certain land subsidies and privileges hereinafter agreed to be granted to the said Company, their successors and assigns, by the Government of British Columbia, in manner hereinafter mentioned, they, the said Company, do hereby, for themselves, their successors and assigns, covenant, promise, and agree to and with the said Chief Commissioner and successors, in manner following, that is to say:—

1. The said Company will well, truly and faithfully make, build, construct, complete, and equip, in an efficient and substantial manner, in accordance with certain plans and specifications hereinafter mentioned, a navigable canal between the Upper Kootenay River and the Upper Columbia Lake across a certain flat known as the "Canal Flat," situate between the Upper Kootenay River and the Upper Columbia Lake, and in such manner as to allow craft to pass from one water to the other, and so as not to affect the volume of water in the said river or lake or the Columbia River. The canal shall in no place be narrower than thirty feet from bank to bank, measured at the water level of the canal, or of a less depth of water at any place than four feet, and shall be sufficiently provided with one or more suitable locks constructed of stone or timber; such locks to be at least thirty feet in width and one hundred feet in length. The Company shall prepare and submit to the said Chief Commissioner plans and specifications of the said canal and lock, or locks, on or before the 1st day of July, 1887. The said Company shall commence the work of construction of the said canal within six months after the said Chief Commissioner has given his approval to the said plans and specifications, by depositing a registered letter, stating such approval, in the post office at Victoria, B. C., addressed to "Arthur Fell, Esquire, Solicitor to the Kootenay Syndicate (Limited), 46 Queen Victoria Street, London, England;" and the

said Company shall diligently prosecute the said work in accordance with such plans and specifications, and shall complete the same to the satisfaction of the said Chief Commissioner in a substantial manner, and fully equip the said canal, for the purposes for which it is intended, within two years after the approval of the said Chief Commissioner has been given as aforesaid to the said plans and specifications.

2. The Company shall at all times after the completion of the said canal, truly and faithfully keep and maintain the said canal and lock, or locks, in good and sufficient repair and working order, and shall, except when prevented by frost, keep the same ready and fit for use for the purposes for which it is intended, and will efficiently operate the said canal and lock, or locks, for the benefit of the public.

3. In the event of the said Company omitting to repair the said canal and locks, within three months after a written notice so to do from the Chief Commissioner shall have been mailed in a registered letter addressed to the "Kootenay Syndicate (Limited), Victoria, B. C.;" or in the event of the said Company failing to operate the canal, then all the interest of the said Company in the said canal, lock, or locks, and plant shall cease, and the same may be taken possession of by the Chief Commissioner, who shall also have the right at any time, and without notice, to make needful reparations, the expense whereof shall be borne by the Company.

4. The said Company shall not exact from any persons, or in respect of any goods, cattle or animals, passing through the canal greater rates of toll than the following:—

For each passenger	25 cents.
„ goods carried on board, per 100 lbs	10 „
„ cattle or horses, per head	50 „
„ sheep or pigs, per head	25 „
„ the craft itself, per ton, gross measurement	50 „

5. With a view to facilitate the working and the future enlargement of the canal, the said Chief Commissioner doth hereby covenant, promise and agree to and with the said Company, that so long as the said Company shall maintain and operate the said canal, the Government of British Columbia will not convey, include in any grant of land, or otherwise alienate the land for seventy-five feet on either side of a line drawn through the middle of the said canal from end to end. This reservation is hereinafter referred to as the "right of way."

6. To assist the said Company to carry on the work of construction of the said canal, the said Chief Commissioner doth hereby covenant, promise, and agree to and with the said Company, their successors and assigns, that Crown grants will be made to the said Company of the land on the Canal Flat (other than the right of way) from time to time as the work progresses, that is to say, the Crown will make to the said Company free grants of three hundred and twenty acres for every two thousand five hundred dollars expended in and upon the actual construction of the canal by the said Company, such expenditure to be proved to the satisfaction of the said Chief Commissioner, by the progress estimates furnished by the Engineer in charge of the works, who shall be appointed by the said Chief Commissioner and paid by the said Company.

7. In the event of failure of the said Company to complete the canal in accordance with this contract, it is hereby agreed that the said Chief Commissioner shall be entitled to deduct, for the use of the Crown, out of the $7,054 deposited as aforesaid, a sum equal to the value of the land on the Canal Flat which may have been granted to the said Company. In estimating the amount to be so deducted, the value of the land so granted shall be taken to be $5 (five dollars) per acre.

8. The said Company shall within six months after the completion of the said canal, place a steam-tug, or a steamer, capable of carrying 10 (ten) tons of freight, on the Upper Kootenay River, for the purpose of navigating that stream from the Canal Flat to the Boundary Line; ALWAYS PROVIDED that this stretch of water is navigable for steamers of the aforesaid dimensions, and that no other steamer capable of carrying 10 (ten) tons of freight be navigating the said water at that time.

9. On completion of the said canal in accordance with this contract, the Government of British Columbia shall make to the said Company, or their assigns, free grants of land amounting to 30,000 (thirty thousand) acres, out of lands in the Upper Kootenay Valley, described in the schedule annexed to this Indenture as lands "A;" but any lands on the Canal Flat theretofore granted to the said Company shall be reckoned as part of the said 30,000 acres; and the said Company, in selecting from the foot-hills or bench lands in the Upper Kootenay Valley mentioned in clause 3, lands "A," in the schedule hereto, shall, as to lands in the Upper Kootenay Valley north of Bull River and south of the Canal Flat, be limited in their selections to those foot-hills or bench lands adjoining and contiguous to the swamp or bottom lands to be acquired by the said Company, under the provisions of this agreement.

10. It is hereby agreed and understood between the parties hereto that those settlers who before the first day of September, 1886, made application to the Government to pre-empt or purchase any of the "A" lands, other than the Canal Flat, covered by the reserve of thirteenth of August, 1884, shall have, notwithstanding the said reserve, the right to acquire from the Government, within the period fixed for the completion of the canal, a title to the said lands, upon payment to the Government of $2.50 (two dollars and fifty cents) per acre; and the Government of British Columbia shall hold, in trust for the said Company, the moneys paid by such settlers as the purchase money of the lands covered by said reserve, for which applications to pre-empt, or purchase, have been made as aforesaid, and shall, on completion of the said canal by the said Company, pay the same to the said Company.

11. In the event of the said Company failing to complete the said canal as aforesaid, any settlers with whom the said Company may have made agreement for conditional sales of any of lands "A" shall, after such failure, be entitled to receive grants from the Government of British Columbia, upon payment to the Government of $2.50 (two dollars and fifty cents) per acre for 320 (three hundred and twenty) acres for each settler; but the said Company shall not make any such agreement for sale until after the lands "A" shall have been surveyed, and any such agreement shall be subject to the payment to the Government of $2.50 (two dollars and fifty cents) an acre, in the event of the said Company failing to complete the said canal as aforesaid.

12. It is hereby agreed and understood by and between the parties hereto, that the Government of British Columbia shall be at liberty to appropriate out of the lands situate in the Upper Kootenay Valley, mentioned in clause 2, lands "A," in the schedule hereto, an area, approximately, of 1,200 (twelve hundred) acres for Indian Reserves; and should the required area of such reserves exceed 1,200 (twelve hundred) acres, then in such case the said Chief Commissioner shall make free grants to the said Company out of the lands hereinafter described in annexed schedule as lands "B," equivalent in area to the lands so appropriated in excess of twelve hundred acres.

13. The said Company shall cause surveys to be made, at their cost, of the Canal Flat and lands "A." The said surveys shall be commenced on or before the first day of June, 1887, and shall be fully completed on or before the first day of January, 1888.

With reference to the scheme for reclaiming from overflow such of the lands "B" mentioned in the schedule hereto as are now unfit for agricultural settlement, by widening and deepening the outlet of Kootenay Lake at the places known as the "Rapids" and the "Narrows," they, the said Company, for themselves, their successors, and assigns, in consideration of certain land subsidies hereinafter agreed to be granted by the Government of British Columbia in manner hereinafter provided, covenant, promise, and agree to and with the said Chief Commissioner and his successors, in manner following, that is to say:—

14. The said Company shall, within three months after the completion of the said canal, commence and diligently prosecute the work of reclaiming from overflow the lands "B" in the schedule hereto; such works of reclamation shall be continued and prosecuted by the said Company with all diligence until those of the lands described in the schedule hereto as lands "B," which are subject to overflow, shall, by reason of

the reclamation works, become fit for agricultural settlement; and thereafter such reclamation works shall be maintained by the said Company in good and sufficient repair for ten years, to be computed from the date of the completion by the said Company of the reclamation works at the "Rapids" and "Narrows."

15. The said Company shall cause surveys to be made, at their cost, of the lands "B" in the schedule hereto; such surveys shall be commenced on or before the first day of November, 1889.

16. And the said Chief Commissioner on his part covenants and agrees in manner following: If within ten years from the date of these presents there shall be resident *bona fide* settlers on the said lands "B," Crown grants for all or any parts of the said lands "B" shall, if applied for within the said period, but not otherwise, be issued by the said Chief Commissioner to the said Company, or their assigns, at the rate of $1 (one dollar) per acre, and in quantities to the amount of 480 (four hundred and eighty) acres for each *bona fide* resident settler: Provided, that at the time application is made for such Crown grants the settler, in respect of whose settlement such application is made, be in actual residence on some portion of the lands sought to be acquired; that if he intends to farm his lands he have the necessary farming implements to cultivate the ground; or if it be his intention to use it for the purpose of grazing stock, that he be the actual owner of, at least, one head of cattle, or three sheep, or five pigs, or one horse, for every ten acres of land intended to be purchased by him.

17. The said Chief Commissioner shall be at liberty to appropriate, out of lands "B," an area not exceeding 1,280 (twelve hundred and eighty) acres for Indian reserves.

18. It is hereby agreed and understood between the parties to this Indenture—

(a.) That wherever in this Indenture surveys are agreed to be made, such surveys shall be carried out, in accordance with the existing land laws of the Province, by surveyors approved of by the said Chief Commissioner, and the plans and field-notes shall be deposited with the said Chief Commissioner.

(b.) That the said Company shall, within six months from the date of these presents, establish an office in Victoria, B. C., in accordance with section 6 of the "Foreign Company's Act, 1876."

(c.) That the Crown grants to be made to the said Company shall contain powers whereby the Government may resume possession of any quantity of land, not exceeding five per cent., for school sites, and for works of public utility and convenience.

(d.) That no land tax or real estate tax shall be charged against the said Company on the lands "A" and "B," except those parts thereof for which Crown grants shall from time to time have been issued under the provisions of these presents. The construction of the said canal shall, for the purposes of assessment for taxation, be deemed as an improvement of such of the lands "A" as may become the property of the said Company.

(e.) That the seven thousand and fifty-four dollars paid on the sixteenth day of April, 1886, by the said Company to the Government of British Columbia, in accordance with the agreement of the seventh day of September, 1885, shall be considered by the parties hereto in the first place as an indemnity fund, from which the Government of British Columbia may, in the event of the failure of the said Company to complete the said canal in accordance with this contract, deduct an amount equivalent in value, at the rate aforesaid, to the lands granted on the Canal Flat on progress estimates as aforesaid; secondly, and in the event of the completion of the said canal as aforesaid, as parts of the purchase money of the lands "B" which the said Company shall, upon fulfilling the several conditions and provisions herein contained, have the right to acquire. The said sum of $7,054 shall, in any event, become the property of the Government of British Columbia.

(f.) That, in order to carry out the aforesaid works, the said Company, their servants and agents, shall have full ingress and egress upon and over any Crown land at or near the works, and the right to construct such a canal between the Upper

Kootenay River and the Upper Columbia Lake; and the said Company, their servants and agents, shall have a similar right of ingress and egress over Crown lands at the points known as the "Rapids" and "Narrows" on the western arm of Kootenay Lake (outlet), and free permission to widen and deepen the outlet of Kootenay Lake at the said places: Provided always, that if default be made in the placing of the said steamer on the Upper Kootenay River, or in the construction and completion of the canal or in the commencement of the canal or reclamation works, contrary to the stipulations hereinbefore contained, then, and in any of such cases, these presents shall be null and void.

(g.) That the Government Reserve resting at present on lands "A" and "B" shall be continued and maintained by the Government of British Columbia, so long as may be necessary to give effect to this contract.

(h.) That where in this Indenture specific dates are mentioned, time shall be of the essence of the contract, except in cases where the delay has been caused by any act of God or the Queen's enemies.

(i.) That this Indenture is entered into by the said Chief Commissioner, on behalf of the Lieutenant-Governor in Council, so far as he or the Lieutenant-Governor in Council hath power to enter into or authorize the same, and not further or otherwise, and the said Chief Commissioner assumes no individual responsibility.

(j.) That this Agreement or Indenture shall not be assigned, unless the assignee in the deed of assignment undertakes to fulfil and observe all the obligations and conditions hereinbefore contained, and on the part of the said Company expressed to be observed and performed.

(k.) That this Indenture shall be void unless executed by the said Company within ten weeks from the day of the date of these presents and delivered, within the same period, to H. C. Beeton, Esq., the Agent of the Province in London.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals, the day and year first above written.

Signed, sealed and delivered, in triplicate, by William Smithe, the Chief Commissioner of Lands and Works, by W. A. Baillie-Grohman, as Managing Director of and Attorney in fact for the Kootenay Syndicate (Limited), and by William Adolph Baillie-Grohman, as the party hereto of the third part, in the presence of Paulus Æmilius Irving, of the City of Victoria, B. C., Barrister-at-Law.

WM. SMITHE, [L. S.]
Chief Commissioner of Lands and Works.

KOOTENAY SYNDICATE (LIMITED), [L. S.]
by W. A. Baillie-Grohman,
Managing Director of and Attorney in Fact for said Company.

The seal of the Kootenay Syndicate (Limited) was hereunto affixed, in pursuance of a resolution of a Board of Directors of the Syndicate, held on the 17th December, 1886, in the presence of James B. Fenwick, Thomas Bate, and William Adolph Baillie Grahman, Directors.
Witness—
ARTHUR FELL,
46, Queen Victoria St., London, Solicitor.

W. A. BAILLIE-GROHMAN. [L. S.]

J. B. FENWICK,
Director.

THOMAS BATE, [L. S.]
Director.

W. A. BAILLIE-GROHMAN,
Director.

SCHEDULE TO THE FOREGOING INDENTURE.

SPECIFICATION OF LANDS.

LANDS A.—Consisting of 30,000 (thirty thousand) acres of land in the Upper Kootenay Valley, embracing—

1. That piece of land known as the "Canal Flat," situated between the Upper Kootenay River and the Upper Columbia Lake, containing between 2,000 (two thousand) and 3,000 (three thousand) acres:

2. Of those swamp and bottom lands in the Upper Kootenay Valley, other than the Canal Flat, reserved by the said Chief Commissioner on August the 13th, 1884, and situated on the banks of the Upper Kootenay River, between the Canal Flat and the International Boundary Line:

3. Of such areas of foot-hill or bench land in the Upper Kootenay Valley as may be necessary to complement the total area of lands "A" to the aggregate of 30,000 acres.

LANDS B.—Containing and consisting of the following approximate areas of swamp and bottom lands on the Lower Kootenay River, described in Mr. A. S. Farwell's report on the Kootenay Reclamation Scheme, under date of 31st day of December, 1883, as consisting of:—

Flat 1 containing about	9,000 acres
Flat 2 „ „	15,000 „
Flat 3 „ „	8,000 „
Flat 4 „ „	8,000 „
The Island „ „	5,000 „
Making in all	45,000

(forty-five thousand) acres of swamp and bottom land, subject to overflow during high-water season, in the Lower Kootenay Valley, between the International Boundary Line and Kootenay Lake; also that piece of land containing about 2,500 (two thousand five hundred) acres, bounded and described as follows, that is to say:—Commencing at a point where the boundary line intersects the Lower Kootenay River; thence running east, along the said Boundary Line, 40 (forty) chains; thence true north to Goat River; thence following Goat River, to the said swamp lands before described as flat 1 (one); and thence along the foot-hills, in a southerly direction, to the Lower Kootenay River; and thence following the right bank of the Lower Kootenay River to the point of commencement. Also 25 (twenty-five) acres at "Rocky Point," on the left bank of the Lower Kootenay River, at the head of the Island, and which consists of a rock headland rising abruptly from the river, severing the larger portion of flat 4 (four) from a narrower strip of swamp land extending from Rocky Point to Kootenay Lake, and which belongs to it. Also a tract of overflowed swamp land, about 1,000 (one thousand) acres in extent, more or less, lying at the mouth of the Lardaux Creek, on northern end of Kootenay Lake

Witness—
P. Æ. IRVING.

WM. SMITHE,
W. A. BAILLIE-GROHMAN.

Witness—
ARTHUR FELL.

J. B. FENWICK,
THOMAS BATE,
W. A. BAILLIE-GROHMAN,
} *Directors.*