

may be at the time of the failure of the completion as aforesaid due or owing to the said contractors, as also to the land grant and also to the moneys to be deposited as hereinafter mentioned.

9. That the said contractors will upon and after the completion and equipment of the said line of railway and works appertaining thereto truly, and in good faith, keep and maintain the same, and the rolling stock required therefor in good and efficient working and running order, and shall continuously and in good faith operate the same, and also the said telegraph line, and will keep the said telegraph line and appurtenances in good running order.

10. That the said contractors will build, construct, complete and equip the said line of railway and works appertaining thereto in all respects in accordance with the specification hereunto annexed, marked A, and upon the line of location, to be approved by the Governor in Council.

11. The character of the railway and its equipments shall be in all respects equal to the general character of the Canadian Pacific Railway, now under construction in *British Columbia*, and the equipments thereof.

12. And that the said line of railway and telegraph line, and all works appertaining thereto respectively, together with all franchise rights, privileges, property, personal and real estate of every character appertaining thereto, shall upon the completion and equipment of the said line of railway and works appertaining thereto, in so far as Her Majesty shall have power to grant the same respectively, but no further, or otherwise, be the property of the said contractors.

13. And Her Majesty in consideration of the premises, hereby covenants and agrees to permit the admission free of duty of all steel rails, fish-plates and other fastenings, spikes, bolts and nuts, wire, timber and all material for bridges to be used in the original construction of the railway, and of a telegraph line in connection therewith, and all telegraphic apparatus required for the first equipment of such telegraph line; and to grant to the said contractors a subsidy in money of \$750,000, (seven hundred and fifty thousand dollars), and in land, all of the land situated on Vancouver Island (except such parts thereof as may have at any time heretofore been reserved for naval or military purposes, it having been intended that all of the lands so reserved should be excluded from the operation of the Act passed by the Legislature of the Province of *British Columbia*, in the year 1883, entitled "*An Act relating to the Island Railway, the Graving Dock and Railway Lands of the Province*," in like manner as Indian reserves are excluded therefrom), which has been granted to Her Majesty by the Government of *British Columbia* by the aforesaid Act in consideration of the construction of the said line of railway, in so far as such land shall be vested in Her Majesty, and held by her for the purposes of the said railway, or for the purpose of constructing or to aid in the construction of the same, and also all coal, coal oil, ores, stones, clay, marble, slate, mines, minerals and substances whatsoever in on or under the lands so agreed to be granted to the said contractors as aforesaid, and the foreshore rights in respect of all such lands as aforesaid, which are hereby agreed to be granted to the said contractors as aforesaid, and border on the sea, together with the privilege of mining under the foreshore and sea opposite any such land, and of mining and keeping for their own use all coal and minerals (herein mentioned) under the foreshore or sea opposite any such lands, in so far as such coal, coal oil, ores, stones, clay, marble, slate, mines, minerals and substances whatsoever, and foreshore rights are owned by the Dominion Government, for which subsidies, the construction of the railway and telegraph line from *Esquimalt* to *Nanaimo* shall be completed, and the same shall be equipped, maintained and operated.

14. The said money subsidy will be paid to the said contractors, by instalments, on the completion of each ten miles of railway and telegraph line, such instalments to be proportionate to the value of the part of the lines completed and equipped in comparison with the whole of the works undertaken, the proportion to be established by the report of the Minister of Railways and Canals.

15. The land grant shall be made, and the land, in so far as the same shall be vested in Her Majesty and held by Her Majesty for the purposes of the said railway,