

1. NOW THIS INDENTURE WITNESSETH that in consideration of the premises and of the covenants on the part of the Lessee hereinafter contained the Lessor doth hereby demise and lease unto the Lessee, its successors, and assigns the railway of the Lessor, as now constructed or hereafter to be constructed, between the eastern boundary of the Province of British Columbia and the town of Nelson in the said province, and its appurtenances; such appurtenances, including amongst other things, all lands, stations, station yards, freight houses, shops, engine houses, water tanks, tracks, sidings, turntables, water and water rights, fences, gates, cattle-guards, farm crossings and all buildings, erections and structures of every kind which have been or may be acquired for use in the operation of that railway as well as all the rights, powers and franchises of the Lessor in respect of the same and every part thereof, and the surveys, plans, works, plant, machinery and other property of the Lessor used or intended to be used therewith; all which railway and appurtenances and rights, powers, franchises, works and other properties are hereinafter referred to in the aggregate as "the said demised railway." To have and to hold the said demised railway unto the Lessee, its successors and assigns from and after the date of these presents thenceforth in perpetuity, yielding and paying rent therefor as hereinafter more particularly specified in the covenant of the Lessee in that behalf.

2. The Lessor for itself and its successors doth hereby covenant with the Lessee, its successors and assigns as follows, that is to say:

3. The Lessee may at all times hereafter during the said demise take, in the name of the Lessor or of any of its officers, such legal proceedings as are from time to time deemed by the Lessee to be necessary or expedient in the exercise of the said rights, powers and franchises, which officers are hereby authorized and required, upon the demand of the Lessee, to append their signatures and to affix the seal of the Lessor to any document which may be useful in the exercise by the Lessee of any of the said rights, powers or franchises.

4. The Lessor will, at the request of the Lessee, affix the name and seal of the Lessor to any document or instrument, and do all acts, matters and things as and when the same may be necessary for the convenient, efficient and effectual working of the said demised railway, and for carrying out and giving effect to this lease in all respects.

5. While this lease remains in force the Lessee, from time to time, may make such lawful rules, regulations and by-laws concerning the running and operation of the said demised railway and the management of the business connected therewith as shall be deemed by the Lessee to be requisite for the efficient and advantageous administration and enjoyment thereof, and may make and amend and alter the tariff of tolls for the carriage of freight and passengers over the whole or any part of the said railway so demised as aforesaid, and if the Lessee shall deem it expedient that such rules, regulations, by-laws and tariffs, or any of them, be made by the Lessor, then the Lessor will make the same by such method as shall be most effective, and will do all such acts and things as may be properly done in order to complete and validate the same; but such rules and regulations, by-laws and tariffs by whomsoever