

debentures of said Company; upon the sale and proceeds of which, he relied chiefly for the means to carry on and complete the work.

It also appears, from the Resolution adopted by the Board of Directors on the 11th August 1875, (see Plaintiff's Exhibit "No. 22") that, by reason of the neglect or failure of the Contractor to negotiate the Bonds above referred to, and his consequent inability to progress with the construction of the Railway, the Railway Company was obliged to declare its inability "*to construct the road under existing arrangements;*" and also to declare its willingness: "*to allow the Government to deal with the question in any way they may, in the public interests, think proper; making such arrangements with the Contractor as may be found necessary.*"

It also appears that, solely in consequence of the above failure on the part of the Contractor, and the subsequent action of the Railway Company in relation thereto, the Provincial Government entered into direct negotiations with the Contractor, with a view of closing an arrangement for the construction of the Railway, upon a basis wholly of *cash payments* therefor, instead of a portion thereof in the Bonds above referred to. (See *Testimony of Hon. J. G. Robertson.*)

It also appears that, pending the above negotiations, between the Government and the Contractor, "*negotiations were kept in abeyance with certain parties, (see testimony of Hon. Thos. McGreevy,)* who, under a previous arrangement between the Plaintiff and the Defendant, "*proposed to assume the position then held by the Defendant for the construction of the North Shore Railway;*" (see Plaintiff's Exhi-