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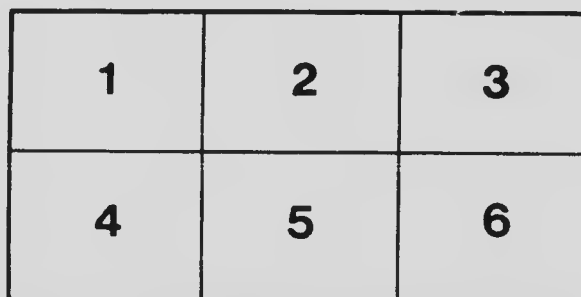
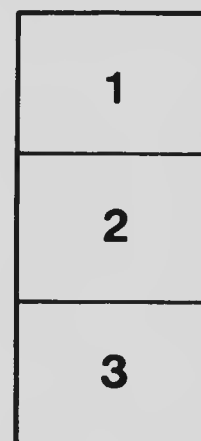
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A. O. P.

*See Ammendment to
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DATED 20th NOVEMBER, A. D. 1914

PACIFIC GREAT EASTERN RAILWAY COMPANY

TO

THE NORTHERN TRUSTS COMPANY

AND

HIS MAJESTY THE KING

REPRESENTING THE PROVINCE OF BRITISH COLUMBIA

MORTGAGE AND DEED OF TRUST

SECURING FOUR AND ONE-HALF PER CENT. GUARANTEED
DEBENTURE STOCK OR BONDS ON CERTAIN LINES
IN THE PROVINCE OF BRITISH COLUMBIA

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This Indenture made the _____ day of November

One thousand nine hundred and fourteen between the PACIFIC GREAT EASTERN RAILWAY COMPANY a Company incorporated by an Act of the Legislature of British Columbia (hereinafter called the Company) of the First Part THE NORTHERN TRUSTS COMPANY a corporation (herein after called the Trustees) of the Second Part and HIS MAJESTY THE KING acting herein on behalf of the Province of British Columbia and represented by the Honourable the Minister of Finance of the Province hereinafter called the Province or the Government of the Third Part.

1. WHEREAS by an Agreement (hereinafter referred to as the said Agreement) made the Tenth day of February, A.D. 1912 between His Majesty the King (in the said Agreement called "The Government") acting and represented by the Honourable Richard McBride Minister of Mines for the Province of British Columbia of the first part and Timothy Foley Patrick Welch and John W. Stewart doing business under the name style and firm of "Foley Welch and Stewart" (in the said Agreement called "The Firm") of the second part it was provided that a Bill should be promoted in the Legislature of British Columbia for an Act to incorporate a company to be known as the Pacific Great Eastern Railway Company and to confer upon that Company the rights powers and privileges necessary for carrying into effect the provisions of the said Agreement.

Receipts
Agreement of
February 10, 1912

2. AND WHEREAS by Clause 1 of the said Agreement as amended by Section 3 of the Act Chapter 61 of the Statutes of 1914 the Firm covenanted and agreed with the Government that the Company should and would well truly and faithfully acquire lay out make build construct complete equip maintain and operate or cause to be operated continuously the following line of railway of a standard uniform gauge of four feet eight and one-half inches within the limits of the Province of British Columbia (that is to say) a line of railway from the City of Vancouver to the City of North Vancouver and thence running north along the margin of Howe Sound thence following the general course of the Squamish River and continuing north-easterly to Lillooet or vicinity thereof on the Fraser River thence continuing in a general northerly direction by the most feasible route to a junction with the Grand Trunk Pacific Railway at or near Fort George a distance of four hundred and fifty miles more or less.

Proposed construction of line from Vancouver to Fort George

3. AND WHEREAS the Firm further covenanted and agreed with the Government that the Company would perform and abide by the various other terms covenants and conditions contained in the said agreement.

Firm's covenants with Government on behalf of Company

4. AND WHEREAS by paragraph (i) of Clause 7 of the said Agreement it was further (*inter alia*) provided that the Company should by the trust indenture or indentures thereafter mentioned or by other instrument covenant and undertake with the Government to accept the terms covenants and conditions of the said Agreement and to construct the several works make the several payments and do the several things which under the said Agreement were to be constructed paid or done by the Company all in accordance with the several terms and provisions thereof.

Company when incorporated to adopt agreement

Bonds to be
guaranteed

5. AND WHEREAS by Clause 9 of the said Agreement as amended by Section 4 of the said Act Chapter 64 (1913) it was provided that

Trust deed
securing payment
of guaranteed
bonds

"The Company shall cause to be legally issued bonds debentures
" debenture stock or other securities (*in the said Agreement thereafter referred*
" *to as 'securities'*) for a total amount equal to thirty five thousand dollars
" (\$35,000) per mile of the said line of railway mentioned in Clause 4 hereof
" and to be aided under the terms of this Agreement payable in not less than
" thirty years with interest at four and one half per cent. (4½%) per annum
" half yearly. The total number of miles of railway to be covered by such
" guaranteed securities shall not exceed four hundred and fifty miles in all.
" Such securities shall be secured by a trust instrument or instruments to
" trustees to be approved of by the Government granting a first mortgage or
" charge (subject to the exception hereunder) upon the specific line so to be
" aided and upon the tolls incomes rents and revenues thereof and upon the
" rolling stock equipment and property of the Company acquired for the pur-
" pose of and used in connection with said mortgaged line and upon such of the
" franchises of the Company as may be appurtenant thereto. There shall be
" reserved from the operations of the said trust instrument and securities any
" and all terminals of the Company and any and all subsidies which may be
" granted to the Company. The said trust instrument or instruments and the
" mortgage and charge thereby created and the securities guaranteed shall be
" subject to payment of the working expenses of the Company as defined
" (so far as applicable) in the 'Railway Act' of Canada. The terms of the
" trust instrument shall be settled between the Government and the Company
" and when so settled executed and recorded in accordance with the provisions
" of the 'British Columbia Railway Act' shall as affecting the rights of any
" holder of any such guaranteed security (whether pledgee or owner) be deemed
" a full compliance with and in form and terms authorised by this Agreement
" and the enabling Act.

8. All moneys of
trust deed

Class of securities
to be guaranteed

" (A) The class of securities to be issued and guaranteed as aforesaid
" shall be determined by the Company before the issue thereof
" and the form of guarantee to be given shall be settled between
" the Company and the Government and shall be appropriate
" regard being had to the nature and class of securities to be issued
" and guaranteed hereunder.

Exchange of
securities

" (B) The securities may be of any of the classes mentioned or partly
" of several of such classes and the trust instrument or instruments
" may contain suitable provision for enabling an exchange of
" securities from one class to another and the guarantee in case of
" such an exchange of an amount of newly-issued securities equal
" to the amount of previously guaranteed securities then delivered
" up and cancelled.

Guaranteed by
British Columbia

" (C) The Province of British Columbia shall guarantee the said
" securities when and as issued and when so guaranteed securities
" shall be delivered to the Canadian Bank of Commerce or such
" other bank or banks as the Company and the Government may
" approve to be by the bank delivered on the order of the Company

" from time to time the purchasers or pledgees thereof upon the
 " moneys realised by sale pledge or otherwise of such securities
 " being paid directly by the purchaser subscriber pledgee or lender
 " into the said bank or into the Bank of Scotland or Lloyds Bank
 " or such other bank or banks as the case may be and as the
 " Government may approve to the credit of a special account or
 " accounts in the name of the Minister of Finance of the Province
 " of British Columbia. Provided that if money be borrowed by
 " the Company upon pledge or otherwise of any of such securities
 " prior to the sale thereof and be paid into the credit of such
 " account or accounts as aforesaid the amount so paid in shall be
 " deducted from the purchase price subsequently received from the
 " securities so borrowed upon and the balance only shall be paid
 " in. Provided further that securities borrowed upon may after
 " the loans thereon have been paid or discharged by the Company
 " or by deduction from subsequent sale of bonds be issued or
 " reissued and shall be secured by the trust indenture or
 " indentures before referred to and be entitled to the benefit
 " thereof notwithstanding such loans and payment and discharge.

Disposition of
moneys realized
from sale or
pledge of
such securities

" (10) The balances at the credit of the said special account or accounts
 " shall be credited with interest at such times and at such rate as
 " may be agreed upon between the Company and the bank holding
 " the same and the said balances shall from time to time be trans-
 " ferred to the Company or its nominees in monthly payments as
 " far as practicable as the construction of the line of railway
 " aforesaid is proceeded with to the satisfaction of the Government
 " and according to the specification or standard determined by
 " this contract and from time to time as the work of construction
 " proceeds the Government by the Minister of Finance or other
 " duly appointed representative of the Government shall out of
 " the said balances certify to the bank the amount to be transferred
 " from the said account to the credit of the Company or its
 " nominees in monthly payments as far as practicable such sums
 " as are justifiable having regard to the proportion of work done
 " and material and supplies purchased for the said railway as
 " compared with the whole work done and to be done thereon
 " pending completion of the said line and the Government shall
 " from time to time as required transfer to the Company any
 " interest earned by the moneys so on deposit in any such bank to
 " assist the Company in paying the interest accruing on any out-
 " standing guaranteed securities hereunder. The balance at the
 " credit of such special account or accounts shall until paid out as
 " above provided be deemed part of the premises included in said
 " trust instrument and shall not be taken to be public moneys
 " received by the Province."

Interest on
balances

6. AND WHEREAS by Clause 49 of the said Agreement as amended
 by Section 5 of the said Act Chapter 61 (1913) it was provided that

" Should the earnings of the Company during each or any of the first
 " three years of operation after completion of the aided line be insufficient to

from

" pay the operating expenses and interest on the guaranteed securities the
 " Government shall pay the amount of such deficit of interest to the Company
 " or such person firms or corporations as may be entitled thereto. Any moneys
 " so paid by the Government shall be repayable (*except as in the said Agree-*
 " *ment thereafter provided*) by the Company at the maturity of the guaran-
 " teed securities and shall bear interest at four and one-half per cent. per annum
 " which interest the Company shall pay or cause to be paid half-yearly on the
 " first day of January and the first day of July in each year but the Company
 " shall have the privilege of repaying at any time any such moneys whereupon
 " interest upon the principal repaid shall cease. The Government shall have
 " the privilege of calling in the money so paid by the Government at any time
 " after ten years after the said three year period by six months' notice in
 " writing to the Company whereupon such money with interest to date shall
 " become and be payable to the Government. Said notice may be given at any
 " time during the last six months of the ten year term or thereafter. In the
 " event of the Government making an issue of securities to procure any money
 " to make any such payments or otherwise borrowing the same the Company
 " shall also pay to the Government any loss or expense which the Government
 " shall be put to thereby but in such event the Government shall take into
 " account any saving of interest by reason of such loan being obtained or
 " securities issued bearing interest at a rate less than four and one-half per
 " cent."

7. AND WHEREAS by Clause 11 of the said Agreement it was provided that—

Ascertaining
deficits

" For the purpose of ascertaining any deficits under the last preceding
 " paragraph no salaries paid by the Company shall be taken as a disbursement
 " except those of such persons as devote their entire services to the Company
 " or devote some substantial portion thereof to the Company and in the latter
 " case a fair proportion only of their salaries shall be taken as disbursements."

8. AND WHEREAS by Clause 12 of the said Agreement it was provided that—

Audits

" The Company shall keep during the currency of the bonds separate books
 " of account in which shall be correctly set forth in full detail the cost of the
 " said line the operating expenses and the earnings thereof or such as should
 " be properly credited thereto and it shall retain and keep during such period
 " all proper vouchers and receipts and any appointee of the Government shall at
 " all reasonable times be permitted to inspect and audit said books and vouchers
 " the Company facilitating as far as possible any such audit when so made."

Ratification by
Legislature
condition
precedent

9. AND WHEREAS it was provided by Clause 19 of the said Agreement that the said Agreement should not come into effect until ratified by the Legislature of British Columbia.

Ratification of
agreement

10. AND WHEREAS by the Act Chapter 34 of the Statutes of British Columbia for the year 1912 Section 1 the said Agreement which was set out in Schedule A to that Act was ratified and confirmed and declared to be legally binding upon the parties thereto and the said parties so far as the Legislature

of the Province of British Columbia had power to enact were thereby authorised and empowered to do whatever was necessary to give full effect to the said Agreement the provisions of which were provided to be taken as if they had been expressly enacted by and formed an integral part of the said Act.

11. AND WHEREAS by Section 2 of the said Act Chapter 34 the Pacific Great Eastern Railway Company was authorised and empowered when incorporated to have the power to do whatever should be necessary and expedient to implement the provisions of the said Agreement.

Pacific Great Eastern Railway Company authorised to implement agreement

12. AND WHEREAS it was enacted by Section 3 of the said Act Chapter 34 that the guarantee of securities mentioned in the said Agreement should be signed by the Minister of Finance of British Columbia or such other officer as might be so designated by the Lieutenant-Governor in Council and that upon being so signed the Province of British Columbia should become liable for the payment of the principal and interest of the securities guaranteed according to the tenor thereof and that the Lieutenant-Governor in Council was thereby authorised to make arrangements for supplying the money necessary to fulfil the requirements of the said guarantee and to advance the amount necessary for that purpose out of the general revenue of the Province and that in the hands of any purchaser pledgee or other person acquiring any of such securities the said guarantee so signed should be conclusive evidence that the terms of the said Act with respect thereto had been complied with.

Execution of guarantees

13. AND WHEREAS by Section 4 of the said Act Chapter 34 it is enacted as follows:

" 4. Subject to the proviso in this section contained the mortgages or deeds of trust (hereinafter called the original instruments) securing the securities provided to be guaranteed by the said Agreement may provide for the issue from time to time and ranking *pari passu* with said securities and without preference or priority one over the other of additional securities of similar kind tenor and effect not exceeding thirty-five thousand dollars per mile of additional lines of railway in the Province of British Columbia to be hereafter constructed by the Pacific Great Eastern Railway Company executing the original instruments. Provided always that before such additional securities are issued the guarantee by the Province of the payment of the principal and interest thereon shall first have been authorised by the Legislature and that such guarantee shall first have been given pursuant to such authorisation."

Guarantee of further securities

14. AND WHEREAS by Section 5 of the said Act Chapter 34 it is enacted as follows:—

" 5. Supplementary mortgages or deeds of trust (herein called 'supplementary instruments') covering the said lines in the said Agreement mentioned and the additional lines

Supplementary instruments

" in the preceding section mentioned in form approved
 " by the Lieutenant-Governor in Council shall be taken
 " to the trustees of the original instruments and such
 " additional securities shall be issued under the terms of
 " the original instruments and supplementary instruments
 " which together with the mortgaged premises covered
 " thereby shall form the security for all the securities
 " issued thereunder in the same manner and with the same
 " effect as if the original instrument and supplementary
 " instrument formed but one instrument and as if all the
 " securities issued or to be issued under the original or
 " supplementary instruments were issued under one
 " instrument."

15. AND WHEREAS by Section 6 of the said Act Chapter 34 of the Statutes of 1912 it is enacted as follows:—

Payments by Province not to affect liability of Foley & Co. and Pacific Great Eastern Railway Company

" Any payments by the Province of principal or interest on the said
 " securities pursuant to the guarantee thereof shall not in any event be taken to
 " affect the liability of the said Timothy Foley Patrick Welch and John W.
 " Stewart or any of them or the Pacific Great Eastern Railway Company
 " therefor under the securities so paid or under the mortgage or deed of trust
 " securing the payment thereof or under the terms of the said Agreement but
 " such liability shall remain unimpaired and enforceable according to the
 " terms of the mortgages or deeds of trust and of the aforesaid Agreement by
 " the Province against Timothy Foley Patrick Welch and John W. Stewart
 " and against the Pacific Great Eastern Railway Company. Subject to the
 " terms of the Agreement the Province shall be subrogated as against the said
 " Timothy Foley Patrick Welch and John W. Stewart and against the Pacific
 " Great Eastern Railway Company to all rights privileges and powers to which
 " the holders of the respective securities so paid were entitled by virtue of such
 " securities or of the said mortgage or deed of trust prior to payment by the
 " Province under its guarantee and shall with respect to the securities so paid
 " be in the same position as a holder of securities upon which the issuing
 " Company has made default."

Incorporation of Company

16. AND WHEREAS by the Act Chapter 36 of the Statutes of British Columbia for the year 1912 the said Timothy Foley Patrick Welch John W. Stewart and certain other persons were by Section 1 of that Act incorporated into a Company under the name of the Pacific Great Eastern Railway Company and by Section 3 of that Act as amended by Section 3 of the Act Chapter 62 of the Statutes of 1913 the Company was authorised to lay out construct and operate the line of railway described in Clause 1 of the said Agreement as amended by Section 3 of the said Act Chapter 61 (1913) and such other lines within the Province as might from time to time be authorised by order of the Lieutenant-Governor in Council and by other sections in the said Act empowered to acquire construct and operate other works therein described and to exercise other powers conferred upon the Company.

Empowered to construct railway

Application of British Columbia Railway Act

17. AND WHEREAS it is provided by Section 17 of the said Act Chapter 36 that the several clauses of the British Columbia Railway Act should

be incorporated with and deemed to be part of the said Act and should apply to the Company and to the railway to be constructed by it except so far as they might be inconsistent with the enactments of the Act now in recital and except so far as they might be inconsistent with the provisions of the said Agreement and that the expression "this Act" when used in the said Act Chapter 36 should be understood to include the clauses of the said Railway Act except as aforesaid but where any conflict arose between the said Railway Act and the said Act Chapter 36 the terms of the said Act Chapter 36 should govern.

18. AND WHEREAS by Section 28 of the said Act Chapter 36 as amended by the said Act Chapter 62 (1913) it was enacted as follows:

"The directors of the Company under the authority of the shareholders
 " to them given by a resolution of the annual meeting or of a special general Borrowing powers
 " meeting called for that purpose are hereby authorised to issue bonds
 " debentures debenture stock or other securities under the seal of the Company
 " signed by its President or other presiding officer which signature may be
 " engraved lithographed or printed if so authorised by by-law and counter
 " signed by its secretary or treasurer or other authorised official and such bonds
 " debentures debenture stock or other securities shall be made payable at such
 " times and in such manner and in such place or places in Canada or elsewhere
 " and bearing interest at such rate not exceeding six per cent. per annum as the
 " directors shall think proper and the directors shall have power to issue and
 " sell or pledge all or any of the said bonds debentures debenture stock or other
 " securities at the best price and upon the best terms and conditions that at the
 " time they may be able to obtain for the purpose of raising money for prosecu-
 " ting the undertaking of the Company. Provided that the amount of such
 " bonds debentures debenture stock or other securities shall not exceed sixty
 " thousand dollars per mile of the said railway hereby or hereafter authorised
 " to be built to be issued in proportion to the length of railway to be constructed
 " but notwithstanding anything in this Act contained the Company may secure
 " the bonds debentures debenture stock or other securities to be issued by them
 " by a mortgage deed creating such mortgages charges and incumbrances upon
 " the whole or any part of such property assets rents and revenues of the Com-
 " pany present or future or both as shall be described in the said deed but such
 " rents and revenues shall be subject in the first instance to the payment of the
 " working expenses of the railway and by the said deed the Company may
 " grant to the Trustee or Trustees named all the rights powers immunities
 " franchises and property of the Company including its corporate franchise
 " and all and every the powers and remedies granted by this Act in respect of
 " the said bonds debentures debenture stock or other securities and all other
 " powers and remedies not inconsistent with this Act or may restrict the bond-
 " holders debenture holders debenture stock or other security holders in the
 " exercise of any powers privileges or remedies granted by this Act as the case
 " may be and all such powers rights and remedies not inconsistent with this Act
 " as shall be so contained in such mortgage deed shall be valid and binding and
 " available to the bondholders debenture holders debenture stock and other
 " security holders in manner and as therein provided 'other securities' as used
 " in this section shall not be construed to include preferred or common stock of
 " the Company. In the case of certificates issued in respect of stock registered
 " in the Company's office in Victoria they may be signed by the President or

" one of the Vice-Presidents or Directors of the Company and countersigned by the secretary. In the case of certificates issued in respect of stock registered in London they may be signed by the registrars in London and it shall not be necessary for the seal of the Company to be affixed to such certificates for stock."

Terminal securities

19. AND WHEREAS by Section 29 of the said Act Chapter 36 it was enacted that in addition to the foregoing securities the Directors of the Company might upon like authority issue securities for the purpose of acquiring constructing or obtaining any necessary or convenient terminals or terminal properties elevators and warehouses steamers vessels docks and wharves town sites coal mines and other properties and might charge such securities or some of them upon the said properties or some of them as might be provided in any trust deed issued in connection therewith.

Indenture of 10th July, 1912

20. AND WHEREAS in pursuance of the approval of the Lieutenant-Governor in Council an Indenture by way of mortgage and deed of trust (hereinafter called "the said Indenture") bearing date the tenth day of July 1912 was duly executed by the Company to secure the securities referred to in the fifth recital hereof aggregating Fifteen Million Seven Hundred and Fifty Thousand Dollars (\$15,750,000) for principal bearing interest at four and one-half (4½%) per cent. per annum payable half-yearly being the sum represented by \$35,000 per mile of the said line of railway not exceeding four hundred and fifty miles, and being the maximum amount of guaranteed securities to be issued under the said Indenture.

Mileage 180 miles

21. AND WHEREAS since the execution of the said Indenture as aforesaid the said line of railway thereby charged has been finally located and surveyed whereby the actual mileage of the line has been ascertained to be four hundred and eighty miles and it has become necessary to make provision for the issuing of guaranteed securities in respect of the additional thirty miles of railway over the four hundred and fifty miles in respect of which guaranteed securities were so authorised to be issued under the said Indenture.

Guarantee for additional 30 miles

22. AND WHEREAS by the Pacific Great Eastern Aid Act 1914 being Chapter 65 of the Statutes of British Columbia for the year 1914 it is in effect enacted that in addition to the securities secured by the said Indenture and which the Province of British Columbia was authorised to guarantee the Province may guarantee the payment of the principal and interest of the bonds debentures debenture stocks or other securities of the Company in respect of thirty miles of railway at the rate of thirty-five thousand dollars per mile such thirty miles of railway constituting an additional mileage of thirty miles over the four hundred and fifty miles specified in said clause 4 of the Agreement hereinbefore referred to whereby the total number of miles of railway to be covered by the guaranteed securities mentioned in said Clause 9 of the said Agreement to be secured by a trust instrument or instruments granting a first mortgage or charge upon the specific line of railway therein referred to (being the line hereinafter described) was in effect increased by such thirty miles of additional mileage from a number not exceeding four hundred and fifty miles in all to a total of four hundred and eighty miles.

23. AND WHEREAS by the said Act Chapter 65 (1914) it was enacted that the provisions of Sections 3 4 5 and 6 of the said Act Chapter 34 of the Statutes of 1912 shall *mutatis mutandis* apply to every guarantee of securities made under and by virtue of the provisions of the said Act Chapter 65 of the Statutes of 1914.

Application of
Chapter 34 (1912)

24. AND WHEREAS it is provided by the said Act Chapter 65 (1914) that the securities may be payable in whole or in part in lawful money of Canada (or its equivalent in sterling or other money) that interest thereon shall be payable at the rate of four and one-half per cent. per annum payable half-yearly and the principal shall be payable on or before the fifteenth day of July A.D. 1942.

Securities payable
July 15, 1942

25. AND WHEREAS it is provided by the said Act Chapter 65 (1914) that the securities may be secured by and issued under such deed or deeds of trust by way of mortgage or charge as the Company may deem expedient subject always to the approval of the provisions of every such deed by the Lieutenant-Governor in Council first had and obtained.

Trust deed

26. AND WHEREAS by Section 30 of the said Act Chapter 36 it was enacted that it should not be necessary for a holder of any bonds debentures debenture stock or other securities purporting to be issued by the Company to inquire into the legality of the incorporation or organisation of the Company but that the issue of any such bonds debentures debenture stock or other securities by or on behalf of the Company should be conclusive evidence in all Courts and otherwise that the Company had been duly incorporated and organised and was at the time of the issue of such bonds debentures debenture stock or other securities duly authorised and empowered to issue the same.

Bondholders need
not inquire as to
legality of
Company's
proceedings

27. AND WHEREAS the Lieutenant-Governor in Council has approved of the Trustees hereof and the terms of this trust instrument have been settled and agreed upon between the Government the Trustees and the Company and the Company has determined that debenture stock or bonds or either or both of them in the form and terms set out in this trust instrument shall be the class of securities to be issued and guaranteed under the said Act Chapter 65 (1914) and the form and manner of the guarantees to be given in respect of such securities have been settled between the Government and the Company as hereinafter set forth.

Approval of
this mortgage

28. AND WHEREAS the Dominion Trust Company Limited the party of the Second Part in the said Indenture has been succeeded in the trust thereby created by The Northern Trusts Company pursuant to order of the Honourable ~~Mr. Justice~~ made on the _____ day of November 1914 under the provisions of Clause 61 of the said Indenture and the said The Northern Trusts Company being the Trustees succeeding the Dominion Trust Company Limited as aforesaid have joined herein for the purpose of giving their consent to all and singular the terms of this Indenture as well as for the purposes hereinafter expressed.

Trustees

29. AND WHEREAS it has been determined with the approval of the Company and the Government that there shall be such variation in the Banks hereinbefore recited or as hereinafter appears.

Signature to
guarantee

30. AND WHEREAS the Lieutenant-Governor in Council has designated the Minister of Finance for the Province of British Columbia or the Deputy Minister of Finance of the said Province to sign the guarantees of the said securities.

Resolutions of
shareholders and
directors

31. AND WHEREAS all necessary and requisite resolutions of the shareholders and directors of the Company have been duly passed to make the issue of such securities and the execution of these presents securing the same legal and valid in accordance with the Statutes relating to the Company and of all other Statutes and laws in that behalf.

NOW THIS INDENTURE WITNESSETH:

Interpretation

1. WHEREVER in these presents the Company is mentioned or referred to such mention or reference shall extend to and include the Company and its successors and assigns and wherever the Trustees are mentioned or referred to such mention or reference shall extend to and include the Trustees and their successors and assigns or any other new Trustee or Trustees who may be appointed or succeed to the trust hereof, and wherever the Province or the Government is mentioned or referred to such mention or reference shall extend to and include His Majesty the King his heirs and successors acting on behalf of the Province of British Columbia and represented by the Honourable the Minister of Finance for the Province or his successors in office. Persons shall include corporations and the singular number shall include more than one. Unless there is something in the subject and context inconsistent therewith the expression stock or debenture stock shall mean the amount of the Company's indebtedness in respect of stock certificates issued hereunder and the expression stockholders shall mean the several persons for the time being registered as holders of the said stock the expression bonds shall mean the bonds of the Company issued hereunder and for the time being outstanding and the expression bondholders shall mean the bearers for the time being of the bonds or the registered holders thereof the expression guaranteed securities shall mean the whole of the securities from time to time issued and guaranteed in accordance with the provisions of this Indenture and for the time being outstanding whether such guaranteed issue shall consist of stock alone or bonds alone or partly of stock and partly of bonds and the expression holders of guaranteed securities shall mean the holders of all such securities whether stockholders or bondholders as the case may be.

Mortgage on
charge

2. FOR value received and for the purpose of securing ratifying and confirming the guaranteed securities issued under the provisions of the said Indenture and of securing the guaranteed securities to be issued under the provisions of this Indenture and so that the whole of the said recited mileage of four hundred and eighty miles of railway may be granted to and vested in the Trustees by the inclusion and addition of the said recited additional thirty miles of railway with and to the four hundred and fifty miles of railway authorised to be covered by the guaranteed securities issued under the provisions

of the said Indenture and that the total guaranteed securities secured and to be secured as aforesaid shall be at the rate of thirty five thousand dollars (\$35,000) per mile for each mile of the line of railway hereinafter granted and subject to the terms and conditions hereinafter contained the Company hereby grants unto the Trustees its line of railway from the City of Vancouver to the City of North Vancouver and thence running north along the margin of Howe Sound thence following the general course of the Squamish River and continuing north-easterly to Lillooet or vicinity thereof on the Fraser River thence continuing in a general northerly direction to a junction with the Grand Trunk Pacific Railway at or near Fort George a distance of four hundred and eighty miles and the rolling stock equipment property rights privileges franchises and powers of the Company present or hereafter to be acquired for the purposes of or belonging or appurtenant to the said line of railway or incident to the maintenance and operation thereof and also the tolls rents revenues and incomes of the Company arising and to arise therefrom and all and singular the estates leasehold or otherwise belonging or appurtenant to the said line or used therewith all telegraph and telephone lines all road beds super-structures rights-of-way rails tracks sidetracks sidings extensions bridges viaducts buildings depots stations tank and water appliances warehouses car houses engine houses freight houses coal houses wood houses machine shops and other shops turntables water stations fences structures erections and fixtures and any and all other property real or personal of every kind or description now or hereafter provided for the said line or any part thereof or for the maintenance and operation thereof also all machinery instruments tools implements fuel materials furniture and other chattels now held or hereafter held acquired or provided for the said line of railway including materials and supplies purchased or acquired therefor though the same may not have been actually delivered.

The line of railway

Maintenance

The whole subject to the payment of the working expenses of the said line of railway as defined so far as applicable in the Railway Act of Canada and together with any additional lines and incidental properties and rights covered by supplemental mortgages or deeds of trust given under Section 5 of the said Act Chapter 34 of the Statutes of 1912 being in this Indenture called or referred to as the mortgaged premises.

Additional lines

Mortgaged premises

Provided always that there are hereby expressly excepted and reserved from this Indenture and from the mortgages and charges hereby created any and all terminals of the Company and any and all subsidies which may be granted to the Company.

Exceptions

3.- THE Company shall from time to time decide as to whether debenture stock or bonds or both shall be issued hereunder and as to the respective amounts thereof to be issued within the limits herein defined and the kind of money in which the same shall be payable and shall notify the Trustees and the Province of such decisions and stock or bonds or both shall accordingly be issued under and subject to the terms and conditions hereof.

Company to decide as to stock or bonds

4.- SUBJECT to the proviso in this section contained the total amount of guaranteed securities to be issued under this Indenture shall not exceed the following, viz.:-

Total securities to be issued hereunder

\$35,000 on line specified

(A) The sum represented by \$35,000 (or its equivalent in sterling or other money) per mile of the said additional mileage of thirty miles the same constituting together with the total amount of guaranteed securities authorised to be issued under Sub-clause (A) of Clause 1 of the said Indenture an aggregate sum represented by \$35,000 per mile of the said line of railway not exceeding a total of four hundred and eighty miles.

Total mileage 480 miles

\$35,000 on additional lines when authorised

(B) The sum represented by \$35,000 (or its equivalent in sterling or other money) per mile of additional lines of railway in the Province of British Columbia to be hereafter constructed by the Company as provided in Section 4 of the said Act Chapter 34 of the Statutes of 1912 as hereinbefore in full recited.

Conditions on which additional securities may be issued

But before any guaranteed securities are issued in respect of any additional line or lines as provided for in paragraph (B) of this clause the guarantee by the Province of the payment of the principal and interest thereof shall first have been authorised by the Legislature of the Province of British Columbia and such guarantees shall first have been given pursuant to such authorisation. Provided that the supplementary mortgages or deeds of trust referred to in Section 5 of the said Act Chapter 34 of the Statutes of 1912 covering the said additional lines shall be taken to the Trustees as therein directed.

Mileage certificates

The certificate of the Minister of Finance of the Province of British Columbia as to the mileages of any of the said lines or parts thereof shall for the purposes of this Indenture and of the guaranteed securities be conclusive and pending a final certificate of mileage of any line interim certificates as to the mileage thereof or of any part thereof may be issued and shall be acted on by the Trustees.

Guaranteed securities to be delivered to bank

5.—ALL guaranteed securities from time to time issued hereunder shall be delivered duly stamped within one month from the date of payment of the final instalment due on any such guaranteed securities to the Union Bank of Canada or such other bank or banks as the Company and the Province may approve to be by the bank delivered on the order of the Company from time to time to the purchasers or pledgees thereof upon the moneys realised by sale pledge or otherwise of such securities being paid directly by the purchaser subscriber pledgee or lender into said bank or into Parr's Bank Limited or such other bank or banks as the Company and the Government may approve to the credit of a special account or accounts in the name of the Minister of Finance of the Province of British Columbia PROVIDED that if money be borrowed by the Company upon pledge or otherwise of any such securities prior to the sale thereof and be paid in to the credit of such account or accounts as aforesaid the amount so paid in shall be deducted from the purchase price subsequently received from the securities so borrowed upon and the balance only shall be paid in. Provided further that securities borrowed upon may after the loans thereon have been paid or discharged by the Company or by deduction from subsequent sale of bonds be issued or reissued and shall be secured by this Indenture and entitled to the benefit hereof notwithstanding such loans and payment and discharge.

Moneys realised to be paid to special account

6.—THE balances at the credit of the said special account or accounts shall be credited with interest at such times and at such rate as may be agreed upon between the Company and the bank holding same, and the said balances shall from time to time be transferred to the Company or its nominees in monthly payments as far as is practicable as the construction of the lines of railway aforesaid is proceeded with to the satisfaction of the Province and according to the specification or standard determined by the said agreement and from time to time as the work of construction proceeds the Province by the Minister of Finance or other duly appointed representative of the Province shall out of the said balances certify to the bank the amount to be transferred from the said account to the credit of the Company or its nominees in monthly payments as far as is practicable such sums as are justifiable having regard to the proportion of work done and material and supplies purchased for the said lines of railway as compared with the whole work done and to be done thereon pending completion of the said lines and the Province shall from time to time as required transfer to the Company any interest earned by the moneys so on deposit in any such bank to assist the Company in paying the interest accruing on any outstanding guaranteed securities hereunder. The balance at the credit of such special account or accounts shall until paid out as above provided be deemed part of the mortgaged premises under this Indenture and shall not be taken to be public moneys received by the Province.

How balances at credit of account to be paid out

7.—NO purchaser pledgee or other person acquiring any guaranteed securities need see to the application of the moneys mentioned in the clauses next preceding.

Purchaser need not see to application of moneys

8.—ALL guaranteed securities from time to time issued under the provisions of this Indenture whether stock or bonds and whether forming part of (A) or (B) in Clause 4 of this Indenture shall be securities of similar kind tenor and effect to the securities issued under the said Indenture and all such securities shall be equally secured hereby and shall be subject to the provisions hereof and shall rank hereunder equally and rateably with all other securities issued guaranteed and delivered under this mortgage and under the said recited Acts or subsequent Acts without discrimination preference or priority whatever may be the date or terms of the issue of the same respectively subject however to the provisions of the instruments of further assurance to be made under Section 5 of the said Act Chapter 34 of the Statutes of 1912 and the securities secured by the charge created by the said Indenture and those secured hereunder shall rank *pari passu* each with the other and without preference or priority one over the other; but so that nothing in this Indenture contained shall prejudice or derogate from the right of each holder of securities issued under the said Indenture to have the full benefit of such security in respect of the said line of railway as is represented by the proportion of one mile thereof to each \$35,000 of the securities secured by the said Indenture.

All guaranteed securities hereunder rank equally

Respective of date or terms of issue

9. THE principal money of the guaranteed securities shall be payable on the 15th day of July A.D. 1912. The rate of interest thereon shall be $1\frac{1}{2}$ per cent. per annum, payable half-yearly.

Date of payment

Interest $1\frac{1}{2}$ per cent

10.—WHEN debenture stock is issued as part or the whole of the obligation guaranteed by the Province the form of certificate therefor and the condi-

Form of debenture stock certificate

Form of bond	tions thereof shall be as set out in the first schedule hereto or to like effect and when bonds are issued the form of bond and the conditions thereof shall be as set out in the second schedule hereto or to like effect.
Form of general guarantee	11. THE form and manner of the general guarantee by the Province with respect to guaranteed securities shall be that set out in the first schedule hereto or to like effect and the form and manner of guarantee to be endorsed on the bonds shall be that set out in the second schedule hereto or to like effect and such guarantee shall be endorsed upon such bonds. The general guarantees shall be signed in duplicate by the Minister of Finance for the Province of British Columbia or such other officer as may be designated from time to time by the Lieutenant Governor in Council and one duplicate shall be deposited with the Trustees and the other shall be delivered to the Company. The signature to the guarantee which may be required to be endorsed on the bonds may be lithographed or engraved. The aggregate amount of the guarantees from time to time issued shall not exceed the authorized amount of the guaranteed securities from time to time issued under the terms of the said recited Acts and of any additional Act or Acts of the Legislature of British Columbia.
Form of guarantee on bonds	
Signature to guarantees	
Limit to aggregate amount of guaranteed securities	
Reverting of mortgaged premises on payment	12. PROVIDED ALWAYS and these presents are upon this express condition that if the Company shall well and truly pay to the lawful holders of the guaranteed securities the amount of such guaranteed securities and the interest thereon as the same shall respectively become due and payable and also shall pay all such rates taxes and charges as may be payable upon or in respect of the mortgaged premises and shall observe and perform the covenants herein contained then the mortgaged premises shall revert to and revert in the Company without any acknowledgment of satisfaction release acquittance reconveyance reentry or other act or formality whatever and the Company shall thereupon become entitled to possession of the guaranteed securities but in such case and whenever the moneys mentioned in the guaranteed securities and interest thereon as aforesaid are paid and satisfactory evidence shall be given to the Trustees of such payment it shall nevertheless be the duty of such Trustees at the expense of the Company to execute acknowledge and deliver to the Company on demand a full release acquittance and discharge of all the liabilities aforesaid and a full release and reconveyance of all and singular the mortgaged premises. Provided also that until default for the periods hereinafter specified in that behalf shall be made in the payment of the principal or interest of the guaranteed securities hereby secured or of some one or more of them or in respect of something herein required to be done or some condition or covenant to be performed by it the Company and its assigns shall be suffered and permitted to possess manage and enjoy the mortgaged premises and to take and use the rents incomes profits tolls and issues thereof in the same manner and with the same effect as if this deed had not been made, but subject or to be subject nevertheless to the lien of these presents and to the express provisions hereof.
Releases	
Quiet enjoyment pending default	
Covenant for payment of stock	13. THE Company will comply with the stock certificates and perform the several conditions endorsed thereon respectively and the stock shall be held subject to such conditions which shall be binding on the Company and the stockholders and all persons claiming through them respectively. The Company will also pay the principal money and interest secured by the bonds in
Covenant for payment of bonds	

accordance with the tenor thereof respectively and will observe and perform all the covenants and conditions contained therein or endorsed thereon and the bonds shall be held subject to such covenants and conditions which shall be binding upon the Company and the bondholders and all persons claiming through them respectively.

14. IN the case of certificates issued in respect of stock registered in the Company's office in Victoria they may be signed by the President or one of the Vice-Presidents or Directors of the Company and countersigned by the Secretary. In the case of certificates issued in respect of stock registered in London they may be signed by the Registrars in London and it shall not be necessary for the seal of the Company to be affixed to such certificates for stock. The bonds shall be under the seal of the Company and shall be signed by the President or one of the Vice-Presidents of the Company and countersigned by the Secretary or Assistant Secretary holding office at the time of signing and notwithstanding any change in any of the persons holding said offices between the time of actual signing and the certifying and delivery of the bonds and notwithstanding the President or Vice-President or Secretary or Assistant Secretary signing may not have held office at the date of the bonds or the date of the certifying and delivery thereof the bonds so signed and the guarantee thereof shall be valid and binding and the signature of the President may be engraved or lithographed upon the said bonds or any of them. The interest coupons attached to the bonds shall have engraved or lithographed thereon the signature of the Secretary or Assistant Secretary of the Company and an engraved or lithographed signature shall for all purposes be deemed to be the signature of the officer and be binding upon the Company notwithstanding that the person whose signature may have been so engraved or lithographed is not at the date when the bond is issued or the coupon is presented for payment the officer of the Company.

Execution of
stock certificates
and bonds

Engraved
signatures

15. NO bond shall be issued or if issued shall be obligatory or binding or entitle the holder to the benefit of the security hereby created until it has been certified by or on behalf of the Trustees in the form annexed to the form of bond set out in the second schedule hereto or in some other form approved by the Trustees.

Bonds not
obligatory until
certified

16. THE guaranteed securities may be sold or pledged to such persons and on such terms and in such amounts from time to time and either at par or at a discount or at a premium as the Company may determine. The guaranteed securities may be issued either in sterling money of Great Britain or in lawful money of Canada or in any other money but for the purposes of these presents and of the guaranteed securities £1 sterling shall be taken to be the equivalent of \$1.8666 of lawful money of Canada. In the event of the guaranteed securities being issued in other currency the Company and the Trustees may fix for such purposes the equivalent value thereof.

Issue of
Securities

Equivalent values

17. COUPONS for interest if any matured on the date of delivery of bonds hereunder shall be detached from the same and cancelled before delivery.

Temporary bonds

18. PENDING the preparation of engraved or lithographed bonds the Company and the Trustees and the Province respectively may from time to time issue guarantee certificates and deliver printed or other bonds with or without coupons for such several amounts as may be deemed convenient and such printed or other bonds may from time to time be exchanged for other printed or engraved or lithographed or other bonds with or without coupons or for guaranteed securities equal in the aggregate to the amount of the bonds given in exchange but any bonds so exchanged shall be cancelled or destroyed before or contemporaneously with such exchange.

Registration of bonds

Transfers

19. THE bonds hereby secured shall be negotiable and pass by delivery unless registered for the time being in the name of the holder in the manner herein provided and the Company shall keep at ~~their~~ offices in Victoria British Columbia and London England a bond register or registers in which the holder of a bond shall be entitled to have his name and address and the number of the bond entered upon presenting a written statement of the said particulars and verifying his title to such bond by the production thereof. Every such registration shall be certified on the bond. A suitable transfer book or books shall be kept at the said offices and after such registration so certified no transfer shall be made or shall be valid except in writing in the said transfer book or books signed by the party registered as the holder for the time being or his legal representatives or his agent or attorney thereto duly authorised in writing filed with the Company where said book is kept. The fact of every such transfer shall be entered upon the said transfer book or books. Every transfer of a registered bond shall be noted on the bond but the registration of any bond may be cancelled and upon such cancellation shall again become transferable by delivery and every such bond shall be subject to successive registrations and cancellation of such registrations as aforesaid at the option of the holder. Notwithstanding registration the interest coupons shall continue to be payable to bearer. The Company shall not be bound to take notice of any trusts appearing on or referred to in any transfer of the said bonds or otherwise with respect thereto and may transfer the same on the direction of the person registered as the holder thereof whether named as Trustee or otherwise as though that person were the beneficial owner thereof. All expense of registration or transfer of bonds shall be borne by the bondholders requiring the same.

Registration of stock

20. THE Company shall at all times while any stock is outstanding keep in the offices mentioned in the preceding clause of this mortgage an accurate register showing the amount of stock for the time being issued and the date of issue and all subsequent transfers or changes of the stock and the names addresses and descriptions of the stockholders and the persons deriving title under them and shall provide a competent local Registrar and Secretary at the said office who shall take charge of the said register and the transfer book and have power to deal with transfers of stock and shall perform such duties with respect thereto as the Company shall from time to time prescribe. The Company may from time to time make and vary regulations with respect to the keeping of the aforementioned stock and bond registers and to the transfers of stock from the register of one office to that of another. The Trustees and the holders of the guaranteed securities or any of them and any person or persons

authorised in writing by any of such persons shall be at liberty at all reasonable times during office hours to inspect the said stock or bond registers or either of them on payment of a fee of 2s. 6d. and to take copies of and extracts from the same or any part thereof or to have copies made for them on payment at the rate of 2s. 6d. per foolscap sheet.

21. THE security hereby constituted shall become enforceable in each and every of the events following hereinafter called the events of default (that is to say):

(a) If default shall be made in the payment of any instalment of interest on any of the guaranteed securities issued hereunder when and as the same shall become payable as therein and herein expressed and such default shall continue for the space of three months.

Security when enforceable

Default in payment of interest for three months

(b) If default shall be made in the payment of the principal of the guaranteed securities or any part thereof when and as the same shall become due and payable pursuant to provisions contained herein or in the stock certificates or bonds or by any declaration or otherwise.

Default in payment of principal

(c) If default shall be made by the Company in the observance or performance of any other of the covenants conditions and agreements in this Indenture contained and if the Company shall not within three months after the service by the Trustees upon the Company of a written notice specifying such default and requiring the Company to remedy the same comply with the covenant condition or agreement not observed or performed if then capable of being complied with or otherwise make good such default to the satisfaction of the Trustees.

Default in performance of covenants for three months thereafter

(d) If an order shall be made or an effective resolution passed for the winding up or liquidation of the business of the Company.

Winding up or liquidation of Company

22. THE Trustees shall on the happening of any such event of default as is mentioned in Clause (c) of the section next preceding of this Indenture on the request of any stockholder or bondholder or of the Province give written notice to the Company of any default mentioned in such request.

Trustees to notify default to Company

23. Upon this security becoming enforceable the Trustees may by writing appoint a receiver of the mortgaged premises or any part thereof and the Trustees may from time to time remove any receiver so appointed and appoint another in his stead and the following provisions shall in all cases have effect:

Trustees may appoint receiver

(A) Such appointment may be made either before or after the Trustees shall have entered into or taken possession of the mortgaged premises or any part thereof.

When appointments may be made

(B) The receiver may be invested by the Trustees with such powers and discretions as the Trustees may think expedient and may be given full power to delegate any such powers or discretions.

Powers of receiver

- Power to maintain premises
- (c) Unless otherwise directed by the Trustees the receiver may exercise all the powers and authorities vested in the Trustees by Section 31 of this Indenture.
- Receiver entitled to gross revenue
- (d) The receiver shall be entitled to receive from the Company the gross receipts revenues and income of the property of which he shall be so appointed receiver and shall be entitled to pay thereon all outgoings of said property.
- Receiver to conform to directions of Trustees
- (e) The receiver shall in the exercise of his powers authorities and discretions conform to the regulations and directions from time to time made and given by the Trustees.
- Remuneration of receiver
- (f) The Trustees may from time to time fix the remuneration of the receiver and direct payment thereof out of the mortgaged premises.
- Payment of net proceeds to Trustees
- (g) Save so far as otherwise directed by the Trustees all moneys received from time to time by the receiver shall be paid over to the Trustees to be held by them upon the trusts declared by this Indenture.
- Advances to receiver by Trustees
- (h) The Trustees may pay over to any receiver whether appointed by the Trustees or by any Court exercising jurisdiction over the mortgaged premises any moneys constituting part of the mortgaged premises to the intent that the same may be applied by the receiver for the purposes hereof and the Trustees may from time to time determine what funds the receiver shall be at liberty to keep in hand with a view to the performance of his duties.
- Acceleration of maturity of 10.00.091
24. UPON this security becoming enforceable the Trustees may upon being requested by a majority of the holders of guaranteed securities in the manner hereinafter provided declare the principal sum of the guaranteed securities then outstanding to be due and payable and the same shall upon such declaration become due and payable accordingly but such declaration shall not be made by the Trustees for default in payment of interest unless holders of guaranteed securities then outstanding and representing more than one-half of such securities upon which default in the payment of interest shall have been made and shall be continuing shall have requested the Trustees so to do by an instrument in writing under their hands at any time before the actual payment of the interest in arrear and holders of guaranteed securities representing more than one half as aforesaid may by an instrument in writing under their hands cancel any declaration already made to that effect or waive the right so to declare on such terms and conditions as they may prescribe PROVIDED ALWAYS that no act or omission either of the Trustees or of the stockholders or bondholders in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default or the rights resulting therefrom.
- Waiver or deferral of maturity
- Trustees to enforce security upon request if demanded
25. UPON this security becoming enforceable and upon a requisition in writing signed by holders of guaranteed securities representing not less than

one-fifth of the guaranteed securities then outstanding and upon adequate and proper indemnification of the Trustees against the costs expenses and liabilities to be by them incurred it shall be the duty of the Trustees to proceed to enforce their rights and the rights of the holders of guaranteed securities under these presents by such proceedings authorised by these presents or by law as the Trustees shall in such requisition be directed to take or if the requisition contains no such direction then by the appointment of a receiver or by entry sale action suit or other proceeding or partly in one mode and partly in another as the Trustees may deem expedient. The rights to appoint a receiver and to enter and sell in these presents granted are declared to be cumulative remedies additional to all other remedies allowed by law for the execution and enforcement of the trusts hereof. PROVIDED nevertheless that the holders of guaranteed securities representing more than one-half of the guaranteed securities then outstanding may by an instrument under their hands direct the Trustees to waive any default or stay or abandon any proceedings upon such terms as may be directed in such instrument.

Waiver of default

26. UPON this security becoming enforceable then and from thence forth and in any such case except as hereinafter mentioned it shall be lawful for but not obligatory upon the Trustees by their attorney or agents to enter into and upon the mortgaged premises or any part thereof and from thenceforth to have hold possess and use the mortgaged premises and all or any parts thereof.

Trustees may enter into possession

27. UPON this security becoming enforceable it shall be lawful for but not obligatory upon the Trustees after such entry as aforesaid or after other entry or without entry and whether in or out of possession and after such advertisement as the Trustees deem sufficient to sell and dispose of the mortgaged premises subject to the provisions of the paragraph next following at public auction or by private sale at such time and place and in such manner as they may think best and to make such sale with or under special conditions as to upset price reserve bid title or evidence of title or otherwise or as to receiving the price in whole or in part in stock bonds or interest secured thereunder. The Trustees may also rescind or vary any contract of sale that may have been entered into and re-sell with or under any of the powers herein and may also stop suspend or adjourn any sale from time to time and may make such adjourned sale at the time and place to which the same may be so adjourned or may further adjourn the same. The Trustees may also if they see fit so to do make any lease or leases of the whole or any part of the mortgaged premises reserving such rent and containing such covenants agreements and provisos as may in the opinion of the Trustees be reasonable or usual in leases of like property provided that no such lease shall be for a longer period than twenty-one years and that the rent reserved shall be incident to the immediate reversion and shall be made payable half yearly or oftener and that the lease shall contain a proviso for re-entry on default in payment of rent for more than twenty-eight days after it becomes due or for some less period to be therein specified. A copy of every such lease shall be forwarded within ten days after the execution thereof to the Company.

Power of sale

Power to lease

Copy of lease to be forwarded to Company

28. IN the event of any sale by virtue of the power of sale herein contained or by virtue of judicial proceedings or any judgment for sale the whole

Mortgaged premises to be sold in one parcel

of the mortgaged premises shall be sold in one parcel, and as an entirety unless the Government shall otherwise require or unless the holders of guaranteed securities representing more than one-half of the amount of guaranteed securities then outstanding shall in writing or at a meeting of such holders called for the purpose request the Trustees to cause such premises and property to be sold in parcels in which case the sale may be made in such parcels as may be specified in the request.

Receipt of
Trustees sufficient

29. IT is hereby declared and agreed that the receipt of the Trustees for the purchase money shall be sufficient discharge to any purchaser at any sale and that the purchaser having paid the purchase money and obtained such receipt shall not be obliged to inquire into the application of the purchase money upon or for the trusts or purposes hereof nor be in any manner whatsoever answerable for any loss misapplication or non-application of such purchase money or any part thereof nor shall any purchaser at any time be obliged to enquire into the regularity of any such sale.

Purchaser need
not inquire

Purchaser in
apply securities
in part payment

30. UPON any sale of the mortgaged premises or any part thereof all costs and expenses of the sale and incidental proceedings and any other moneys payable to the Trustees shall be paid in cash and if the purchaser is a holder of guaranteed securities hereunder the proportionate amount of the proceeds of the sale payable to him in respect of such securities and of any overdue interest thereon may be credited on account of the balance of such purchase money. If the net proceeds of the sale be sufficient to discharge all outstanding guaranteed securities and overdue interest in full the guaranteed securities in respect of which such credit is made shall be surrendered for cancellation but if insufficient an endorsement shall be made thereon of the amounts credited in respect thereof and they shall be returned to the purchaser.

Powers of
maintenance and
repair

31. UPON every entry into possession of the mortgaged premises either by the Trustees their attorney or agent or by any receiver appointed by the Trustees or by any Court of competent jurisdiction it shall and may be lawful for every such person so in possession from time to time until the sale and delivery of the mortgaged premises as herein provided at the expense of the trust estate to construct repair maintain and restore the railway buildings bridges structures rolling stock machinery and other property of the Company and to insure and keep insured the same in the same manner and to the same extent as is usual with Railway Companies and likewise from time to time at the expense of the trust estate to make all necessary or proper repairs renewals replacements alterations additions betterments and improvements thereto and thereon as may seem judicious.

Powers of
operation

32. THE Trustees by themselves or any such receiver by himself or by any such superintendents managers servants attorneys or agents as may be deemed expedient may operate manage and conduct the business of the Company and exercise all the rights and powers of the Company either in the name of the Company or otherwise and shall be entitled to collect and receive all tolls earnings incomes rents issues and profits of the mortgaged premises and every part thereof.

33. AFTER deducting the expenses of operating the mortgaged premises and of conducting the business thereof and of all repairs maintenance renewals replacements alterations additions betterments and improvements and all other payments which may be made for taxes assessments insurance and prior or other proper charges upon the mortgaged premises or any part thereof as well as just and reasonable compensation for the services of the Trustees and of any receiver and of all Counsel agents and employees properly engaged and employed and all other costs charges and expenses incurred in and about the execution of the trusts or powers in this Indenture contained, the Trustees shall subject to the provisions of Section 7D of this mortgage apply the remainder of the moneys received by them in connection with the operation and conduct of the said business and the mortgaged premises as follows:

Trusts of proceeds of operations

(A) In case the principal of the guaranteed securities shall not have become due to the payment of overdue interest in the order of the maturity of the instalments of such interest such payments to be made ratably to the persons entitled thereto without any discrimination or preference.

pay interest

(B) Any surplus moneys remaining not required for the payment of overdue interest shall be reserved to be applied to the payment of subsequently accruing interest or to the payment of principal upon a sale of the mortgaged premises as hereinafter provided.

Reserve surplus for subsequent interest

(C) In case the principal of the guaranteed securities shall have become due by declaration or otherwise first to the payment of the overdue interest and next if any surplus remains towards the payment of the principal of all due guaranteed securities such payments in every instance to be made ratably to the persons entitled thereto without any discrimination or preference.

pay principal if in default

34. THE Company upon the security becoming enforceable shall and will upon demand deliver surrender and yield up the mortgaged premises to the Trustees or to any receiver appointed by virtue hereof or by any Court lawfully exercising jurisdiction over the mortgaged premises.

Company to yield up possession after default

35. A CERTIFICATE from the Trustees of the happening of any one or more of the events of default together with the production of this Indenture shall be sufficient evidence of such default and no purchaser shall be bound to enquire into the correctness of such certificate or whether any default has happened or whether any sum remains secured by this Indenture.

Evidence of default

36. IN case the Trustees shall have proceeded to enforce any right under this Indenture by entry foreclosure sale appointment of receiver action suit or otherwise and such proceedings shall be discontinued or abandoned because of waiver or for any other reason or shall have been determined adversely to the Trustees then and in every such case the Company and the Trustees shall severally and respectively be restored to their former position and rights hereunder in respect of the mortgaged premises and all rights remedies and powers of the Trustees shall continue as if no such proceedings had been taken.

Discontinuance of proceedings not to affect rights

Principal to
become due on
sale hereunder

On August 1st 1926 11:00 AM

37.— IN case of sale of the mortgaged premises or any part thereof by virtue hereof, the whole amount of the guaranteed securities then outstanding if not previously due shall immediately become due and payable anything in said stock certificates or bonds or in this Indenture contained to the contrary notwithstanding.

Trustees to
execute
conveyances

38.— UPON the completion of any sale the Trustees shall execute and deliver to the purchaser such good and sufficient conveyances assurances and transfers as may be expedient.

Trustees
appointed
attorneys of
Company

39.— THE Trustees are hereby appointed the true and lawful attorneys irrevocable of the Company in its name and stand to execute all such conveyances assurances and transfers as may by Counsel learned in the law be reasonably required with full power to appoint any person or corporation as their substitute nevertheless the Company shall if so requested by the Trustees ratify and confirm all sales by executing and delivering to the Trustees or to such purchaser all proper conveyances assurances transfers and releases designated in such request.

Application of
proceeds of sale

40.— IN case of any sale of the mortgaged premises whether under the power of sale hereby granted or pursuant to judicial proceedings the purchase money proceeds or avails together with any other sum which may be then held by the Trustees or be payable to them under any of the provisions of this Indenture as a part of the mortgaged premises shall be applied as follows:

Payment of
expenses and
prior charges

(A) To the payment of the costs expenses fees and other charges of such sale and a reasonable compensation to the Trustees their agents and attorneys for their services and for the services of all or any of the Counsel receivers solicitors agents and employees engaged retained appointed or employed by the Trustees and to the payment of all expenses and liabilities incurred and advances or disbursement made by the Trustees and to the payment of all penalties working expenses taxes rates duties levies assessments charges or other liens prior to the lien of this Indenture except any taxes rates duties levies assessments charges or other separate liens subject to which such sale shall have been made.

Payment of
principal and
interest

(B) To the payment of the amount owing or unpaid for principal and interest upon the guaranteed securities and upon the guaranteed securities secured by the charge created by the said Indenture *pari passu* with interest on overdue instalments of interest at the rate of five per cent. per annum and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon the said securities then to the payment of such principal and interest ratably according to the aggregate of such principal and the overdue and unpaid interest without preference or priority of principal or of interest over principal or of any instalment of interest over any other instalment of interest or of bonds over stock or stock over bonds.

(c) To the payment of the amount owing or unpaid for principal and interest upon the guaranteed securities referred to in Clause (b) of this section paid by the Government under its guarantee and held by it and outstanding together with all costs charges and expenses of whatever description which the Government may have incurred or been put to by reason of the enforcement of the security of these presents.

Payment of Government holdings and costs

(d) Any surplus remaining shall be paid to the Company or to whomsoever may be lawfully entitled to receive the same.

Surplus to be paid to Company

11. - NO purchaser or other person dealing with the Trustees or any receiver appointed by them or with their attorneys or agents need enquire whether the power exercised or purporting to be exercised has become exercisable or whether any money remains due under the security of these presents or as to the necessity or expediency of the stipulations and conditions subject to which any sale shall have been made or otherwise as to the propriety or regularity of such sale or other dealing with the mortgaged premises or to see to the application of any money paid to the Trustees or such receivers.

Purchasers relieved from enquiry

12. NO holder of guaranteed securities under this Indenture shall have the right to institute any suit or proceedings for foreclosure or sale under this mortgage or for the execution of the trusts hereof except upon and after the refusal and neglect of the Trustees to proceed to act in the premises upon requisition and indemnification as aforesaid. It shall however be lawful for the holders of guaranteed securities amounting to more than one-half thereof then outstanding to direct the party bringing any such suit or proceeding to waive the default or defaults on which it is founded in like manner as is hereinbefore provided for a direction to the Trustees to waive default and such direction shall be complied with and no action taken by the Trustees or by holders of the guaranteed securities under this clause shall prejudice or in any manner affect the powers or rights of the Trustees or of such guaranteed holders in the event of any subsequent default or breach of condition or covenant herein.

No proceedings to be taken by holders until after refusal by Trustees

13. - IN case default is made by the Company in respect of the interest on guaranteed securities and in case the Province shall pay such interest as guarantor pursuant to its said guarantee the Province shall save as provided in Sections 70 and 71 of this mortgage be entitled notwithstanding anything in this mortgage contained to take possession of the said lines of railway by and through an agent or manager to be appointed by the Province with the concurrence of the Company or if they are unable to agree by the Supreme Court of British Columbia whose powers and duties shall be to manage and operate the said lines of railway to receive all the tolls revenues and incomes thereof to pay thereout the working expenditure including the expense of such management and agency and to reimburse itself out of the surplus of such tolls revenues and incomes after payment of working expenditure and the right of the Province to such possession shall terminate if and when the application of the said surplus shall have paid off and fully reimbursed the Province or when the Company shall make good any such default. Nevertheless the trust hereby

Government may take possession after default in payment of interest

created shall not be terminated but any duty or obligation of the Trustees to take possession or otherwise enforce this security shall merely be suspended during such possession by or on behalf of the Province and while the Province shall continue to make good any obligation arising under the said guarantee.

After default
Trustees at
request of
Government shall
enforce remedies
hereunder

14. SUBJECT to the provisions of Sections 70 and 71 of this mortgage the Trustees shall be bound upon being required so to do in writing by the Province at any time during which the Company shall be and shall continue in default in respect of the said stock or bonds or the interest thereon and after the Province shall have made good such default in pursuance of its said guarantee to enforce without any concurrence on the part of the holders of the guaranteed securities any remedy which these presents give to the Trustees and which may be specified in such notice by the Government.

Nothing in this or the preceding sections provided shall in any way limit or modify any of the rights secured to the Province by Section 6 of the said Act Chapter 31 of the Statutes of 1912 as set forth in Section 72 of this mortgage.

Release of parts
of mortgaged
premises no
longer necessary

15. THE Trustees may in their discretion upon the written request of the Company convey by way of release or otherwise to parties designated by the Company any part of the mortgaged premises which in the judgment of the Trustees it has become inexpedient to hold or use for the purpose of the undertaking and business of the Company provided however that in each case other property (which may consist of money or security for money lands buildings machinery equipment or plant) of value equal in the Trustees' opinion to the value of the property released shall be substituted for the released property and subjected to the lien of these presents, so that such release herefrom shall not in the opinion of the Trustees impair the security hereby provided and the Company may free from the lien hereof sell exchange or otherwise dispose of such equipment plant machinery materials or other movable property as may have become worn out dis-used or undesirable for use by the Company provided however that it shall substitute therefor other property which is of equal or greater value and all renewals or substituted materials and property shall be covered by and subjected to these presents. The Trustees may act under this paragraph on the certificate of the President or a Vice-President and the Secretary of the Company under its corporate seal or may in their discretion make such further enquiry as they may consider expedient and for the purposes of this clause any one Trustee hereof may do all acts and execute all deeds and documents in the name of all the Trustees hereof for the time being without reference to the other Trustee or Trustees but notice of all acts so done and deeds so executed shall at once be given by the Trustees doing or executing the same to all the other Trustees (if any).

Covenants by
Company

16. THE Company covenants promises and agrees with the Trustees as follows:

To pay interest
and principal

- (a) The Company will well and truly pay into the lawful holders thereof the interest and principal of the guaranteed securities issued hereunder when and as the same shall become due and payable according to the tenor and effect of such securities and without any deduction from either principal or interest of any

tax which the Company might be required to pay or retain therefrom under any present or future law of the Dominion of Canada or of any Province State County or Municipality except income tax.

- (b) The Company will until the said guaranteed securities are fully paid and satisfied pay or cause to be paid when and as the same shall become due and payable all taxes rates levies duties assessments or charges which may be lawfully imposed on the mortgaged premises and on the interest of the Trustees therein. Provided however that the Company shall not be required to pay any such tax rate levy duty assessment or charge so long as it shall in good faith and by appropriate legal proceedings contest the validity thereof. Should the Company fail to pay any such tax rate levy duty assessment or charge the Trustees may without prejudice to any of their rights under this Indenture by reason of such default pay and discharge the same and have a lien upon the mortgaged premises prior to the lien of this Indenture for all such payments and interest thereon. To pay taxes
- (c) The Company shall pay and discharge all working expense and all claims or obligations which may now be or may hereafter become due to employees laborers mechanics or others which may by law be given priority to the lien created by these presents. To pay laborers and mechanics
- (d) The Company shall keep all wooden bridges and trestles forming part of the said line of railway and all buildings rolling stock and personal property at any time covered by this Indenture insured against loss or damage by fire to such amount as will reasonably protect the same, and shall exhibit the policies and receipts for the payment of premiums to the Trustees on request. Should the Company fail to effect or keep in force such insurance or to produce evidence thereof at a reasonable time before the expiration of any of any contract for insurance from time to time in force, the Trustees may insure such property in like manner but any moneys paid by the Trustees in respect thereof shall be immediately repaid by the Company with interest but no duty with respect to effecting or maintaining insurance shall rest upon the Trustees and they shall not be responsible for any loss by reason of the want thereof. To insure wooden bridges, buildings, rolling stock and personal property
- (e) All insurance moneys payable by virtue of any such insurance shall be used only for the purpose of rebuilding or reinstating the property damaged or destroyed or of building or procuring others in lieu thereof but should the Company decide not to rebuild or restore the property damaged or destroyed or part thereof or procure other property in lieu thereof or should the Company not take steps to rebuild or restore the property damaged or destroyed or part thereof or to procure other Application of insurance money

property in lien thereof within one year from the date of the damage or destruction or such further times as the Trustees may in writing allow the moneys shall be paid over to the Trustees and may be applied by them to the redemption or purchase in open market of any portion of the guaranteed securities outstanding or otherwise as they in their discretion see fit. The Trustees shall be under no duty to see to the collection of the insurance moneys or any part thereof.

To letter
equipment with
name of Company

(c) The Company shall keep each piece of rolling stock equipment from time to time subject to the lien of this Indenture plainly lettered on each side with the name or initials of the Company.

To indemnify
Trustees

(d) The Company shall indemnify and save harmless the Trustees against all loss and damage to which they may be subject by the execution of the trusts hereof or by the lease operation or management of the mortgaged premises or any part thereof not caused by the personal misconduct or neglect of the Trustees.

Books of account

47. THE Company shall during the currency of the guaranteed securities keep separate books of account in which shall be correctly set forth in full detail the cost of the lines of railway included in the mortgaged premises, the operating expenses and the earnings thereof or such as should be properly credited thereto and the Company shall retain and keep during such period all proper vouchers and receipts and any appointee of the Province shall at all reasonable times be permitted to inspect and audit such books and vouchers the Company facilitating as far as possible any such audit when so made.

Delays or
omissions of
Trustees not to
impair rights

48. NO delay or omission of the Trustees or of any holder of guaranteed securities to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein and every power and remedy given by this Indenture to the Trustees or to any person or to the holders of guaranteed securities may be exercised from time to time and as often as may be deemed expedient by the Trustees or by such person or holders of guaranteed securities and the Trustees may except as herein otherwise provided from time to time and at any time waive on such terms and conditions as to them shall seem expedient any breach by the Company of any of the covenants in these presents contained without prejudice to the rights of the Trustees or of holders of guaranteed securities in case of any subsequent like breach.

Remuneration of
Trustees

49. THE Trustees shall be entitled to reasonable remuneration and compensation for all services rendered by them in the exercise of the trusts hereby created and such compensation as well as the reasonable compensation of their Counsel and all such persons as they may employ in the administration or management of the trust and all other reasonable expenses necessarily incurred or actually disbursed hereunder the Company agrees to pay and the Trustees shall have a lien therefor on the mortgaged premises prior to the lien of this Indenture. The Trustees and each of them may enter into any agreements

with the Company relating to the payment of any remuneration for services rendered or to be rendered to the Company.

50. UNLESS and until the Trustees shall have received written notice to the contrary from a holder of guaranteed securities or from the Province the Trustees may for all the purposes of this Indenture assume that no event of default has happened.

Trustees may assume no default until notified thereof

51. THE Trustees may employ solicitors agents or attorneys and shall not be responsible for the default or misconduct of any solicitor agent or attorney appointed by them in pursuance hereof if such solicitor agent or attorney shall have been selected with reasonable care nor for anything whatsoever in connection with the trusts hereof except wilful misconduct or gross negligence.

Trustees may employ solicitors and agents

52. THE Trustees may advise with legal Counsel and any action under this Indenture which the Trustees may take or refrain from taking in good faith in accordance with the opinion of Counsel shall be conclusive on the Company and on all holders of guaranteed securities.

Trustees may consult Counsel

53. THE Company further COVENANTS to do execute and deliver all such further acts deeds conveyances and assurances in the law for the purpose of record or otherwise for the better assuring conveying and confirming unto the Trustees the mortgage or charge upon the mortgaged premises and every part thereof hereby given or agreed or intended so to be as the Trustees shall reasonably require for the better accomplishing and effectuating the intentions and provisions of these presents and whenever and as often as the Company shall hereafter require any additional property (real or personal) rights franchises powers or things whatsoever which form or should form part of the mortgaged premises the Company shall acquire possess and hold the same as part of the mortgaged premises until the necessary assurance thereof shall be duly made and delivered to the Trustees and the Company will on demand repay to the Trustees all premiums of insurance taxes legal expenses or charges or other expenditures which the Trustees may reasonably incur in and about the execution of the trusts hereof and all such moneys together with interest thereon shall be a first charge upon the mortgaged premises in preference to the guaranteed securities and interest.

Further assurances

54. THE Company irrevocably appoints the Trustees its attorneys in its name and on its behalf to execute and do any things which the Company ought to execute and do under the covenants herein contained and generally to use the name of the Company in the exercise of all or any of the powers hereby conferred on the Trustees or any receiver aforementioned.

Trustees attorney of Company

55. NEITHER the Trustees nor any receiver shall by reason of the Trustees or any such receiver entering into possession of the mortgaged premises or any part thereof be liable to account as mortgagee in possession or for anything except actual receipts nor be liable for any loss upon realisation nor for any default or omission for which a mortgagee in possession might be liable and every receiver appointed under these presents shall be deemed as regards responsibility for loss or misconduct to be the agent of the Company

Trustee or receiver not liable as mortgagee in possession

Indemnity of
Trustees

56. THE Trustees and every receiver attorney manager agent or other person lawfully appointed hereunder shall be entitled to be indemnified out of the mortgaged premises in respect of all liabilities and expenses incurred by them in the exercise or purported exercise of the trusts hereof or of any powers authorities or discretions vested in them or any of them pursuant to these presents including liabilities and expenses consequent on any mistake oversight error of judgment forgetfulness or want of prudence on the part of the Trustees or any such appointee and against all actions proceedings costs claims and demands in respect of any matter or thing done or omitted in any wise relating to the premises and the Trustees may retain and pay out of any moneys in their hands from the trusts of these presents the amount of any such moneys and also the remuneration of the Trustees as herein provided for and also the reasonable remuneration of the Trustees for their own services hereunder.

Power to delegate

57. THE Trustees may delegate to any person or persons all or any of the trusts powers and discretions vested in them by these presents and any such delegation may be made upon such terms and conditions and subject to such regulations including power to sub-delegate as the Trustees may think fit and the Trustees shall not be in any wise responsible for any loss incurred by any mistake or default on the part of any such delegate or sub-delegate.

Notices to
Company

58. ANY notice required to be given to the Company shall be sufficiently given if left with some grown up person at the Head Office of the Company or served upon the President a Vice-President the Treasurer the Secretary the Manager or other superintending officer thereof.

Exoneration of
Trustees

59. THE Trustees shall not be liable for or by reason of any failure or defect of title to or any encumbrance upon the mortgaged premises or for or by reason of the statement of facts or recitals in this Indenture or in the securities contained or be required to verify the same but all such statements and recitals are and shall be deemed to have been made by the Company only and it shall not be the duty of the Trustees and nothing herein contained shall in any wise cast any obligation upon them to see to the registration or filing or renewal of this or any other deed or writing by way of mortgage or any bill of sale upon the mortgaged premises or any part thereof or upon any other property of the Company or to procure further other or additional instruments of further assurance or to do any other act for the continuance of the lien created hereby or for giving notice of such lien or for extending or supplementing the same, or to keep itself informed or advised as to the payment by the Company of any taxes or assessments or premiums of insurance or other payments which the Company should make or to require such payments to be made it being hereby AGREED AND DECLARED that as to all the matters and things in this clause referred to the duty and responsibility shall rest upon the Company and not upon the Trustees and the failure of the Company to discharge such duty and responsibility shall not in any way render the Trustees liable or cast upon them any duty or responsibility for breach of which they would be liable. If and when there are two or more Trustees of these presents any notice consent or act which is required or authorised by these presents to be given or done by the Trustees may be given or done by any one of the Trustees for the time being and any notice to be given to the Trustees or any document to be signed or executed or received by the Trustees hereunder shall be deemed for all pur-

poses to be sufficiently signed or executed or received if signed or executed or received by any one of the Trustees for the time being but a Trustee acting under this clause shall forthwith notify the other Trustee or Trustees of the nature and extent of the Act and no Trustee hereunder shall be liable for any loss or damage occasioned to the Company or the holders of guaranteed securities by any act so done by them or by any other Trustee hereof.

60. NOTWITHSTANDING anything herein contained it is hereby declared that the Trustees shall be chargeable and liable only for that which they shall respectively actually receive or do in administering the trusts hereof and shall be answerable and accountable only for their own respective acts receipts neglects or defaults and not for those of any co-Trustee or Trustees or banker broker or other person with whom any trust moneys or securities may be deposited nor for any loss unless same shall happen through their own wilful default.

Liability of Trustees

61. THE Trustees may with the consent of the Province resign their trusts and be discharged from all further duties and liabilities hereunder after giving three months' notice in writing to the Company. Provided that such shorter notice may be given as the Company shall accept as sufficient. In case of resignation removal from office or incapacity to act on the part of the Trustees a successor or successors may with the consent of the Province be at once appointed by a Judge of the Supreme Court of British Columbia upon the application of the Company upon such notice (if any) to the holders of guaranteed securities and to the Province given in such manner as the said Judge may direct or upon the application of any stockholder or bondholder upon similar notice. On any new appointment the new Trustee or Trustees shall be vested with the same powers rights interests duties and responsibilities as if such new Trustees had been originally named Trustees hereunder without any further assurance conveyance act or deed but these shall be immediately executed all such conveyances or other instruments as may be necessary or required for the purpose of assuring to the new Trustees a full estate and full powers and responsibilities in the premises.

Appointment of new Trustee or Trustees

62. ANY successor Trustee or Trustees appointed hereunder shall execute and deliver to the Company an instrument accepting such appointment hereunder and thereupon all the estate right title and interest of the succeeded Trustees shall wholly cease and determine. Nevertheless the succeeded Trustees shall at the request of the Company or of the successor Trustees make and execute such deeds conveyances or assurances to such successors as may be necessary or suitable for the purposes aforesaid. All the expenses incidental to the resignation or removal of any Trustee and to the appointment of a new Trustee and of all the deeds conveyances and assurances incident thereto shall be borne by the Company.

Conveyance to new Trustee or Trustees

63. NOTHING contained in these presents or in any stock certificate or bond hereby secured shall prevent any consolidation amalgamation or merger of the Company with any other Corporation or any conveyance transfer or lease of all or part of the mortgaged premises to any corporation or person lawfully entitled to acquire the same provided however that such consolidation amalgamation merger sale or lease shall be upon such terms as to preserve and not to

Amalgamation with other Companies

impair the lien and security of these presents and provided that the consent of the Lieutenant Governor in Council of British Columbia shall be necessary to make effective any such consolidation amalgamation merger sale or lease.

Destruction of
Stock Certificates

64. IN case any stock certificate issued under this Indenture shall become mutilated the Company in its discretion may issue a new stock certificate in exchange for and in place and upon cancellation of the mutilated certificate. In cases of loss or destruction the applicant for a substituted stock certificate shall furnish to the satisfaction of the Company evidence of the loss or destruction thereof and indemnify against the same in such form as the Company may require.

Rescission of
last day of terms
of lease

65. IT is hereby DECLARED that the last day of any term of years reserved by any lease verbal or written or any agreement therefor now held or hereafter acquired by the Company and whether falling within a general or specific description of property hereunder is hereby excepted out of the assignment or transfer of such lease or agreement hereby made and does not and shall not form any portion of the mortgaged premises and it is further hereby DECLARED AND AGREED that after any lease or sale made under the powers herein contained of any leasehold interest forming part of the mortgaged premises the Company shall stand possessed of the premises sold for the last day of the term granted by the lease thereof or agreement therefor in trust for the purchaser his executors administrators and assigns to be assigned and disposed of as he may direct.

Meeting of
holders of
securities

66. THE Trustees shall at any time upon the request of holders of guaranteed securities to the amount of at least one-tenth of such securities then outstanding and may whenever and so often as it shall desire call a meeting of the holders of such securities. Such meeting until other regulations shall be established shall be sufficiently called by notice given to the holders of guaranteed securities respectively in the manner in which notices are by the conditions endorsed upon the stock certificates or bonds respectively authorised to be given to the holders thereof. Such meeting shall be held at such place as may be determined by the Trustees and may without further notice be adjourned from time to time and to such place as the meeting shall determine. The meeting shall be held presided over and conducted in the manner usual with deliberative bodies. The rights and status of each holder of guaranteed securities shall be ascertained by the Trustees and certified to the Chairman of the meeting by reference to the Stock and Bond Registers and the bearer bonds held by him. Any holder of guaranteed securities may be represented by proxy provided the appointment of such proxy be in writing and be deposited with the Trustees. Each holder of guaranteed securities shall have one vote in respect of every principal sum of £10 sterling or \$50 in lawful money of Canada or its equivalent in other money of guaranteed securities held by him but not in respect of a fraction of such principal sum. The Trustees shall have the right to require the proceedings at or any resolution passed by any such meeting to be authenticated by the signature of all persons whether holders of guaranteed securities or proxies entitled to vote thereat. The quorum for any such meeting shall be holders of guaranteed securities present in person or by proxy holding or representing one-tenth of the guaranteed securities for the

time being outstanding. By resolution passed at any such meetings regulations or by laws governing meetings may be established altered or repealed.

67. ANY request or other instrument required by this Indenture to be signed and executed by holders of guaranteed securities may be in any number of concurrent instruments of a similar tenor or effect and may be executed by such holders in person or by an agent or attorney. Proof of the execution of any such request or other instrument or of the due appointment of any such agent or attorney or of the rights and status of holders of guaranteed securities at any meeting or of the execution of documents by the Company shall be sufficient for any purpose of this Indenture and shall be conclusive in favour of the Trustees with regard to any action taken by the Trustees under such request or other instrument if made in the following manner, namely:

Concurrent instruments to form one document

(a) The fact and date of the execution by any person of any such request or of any other instrument in writing may be proved by the certificate of any Notary Public certifying that the person signing such request or other instrument acknowledged to him the execution thereof or by the Affidavit or statutory declaration of a witness to such execution.

Certificate of notary

(b) The ownership of registered stock or bonds shall be proved from the books for the registry thereof as provided in this Indenture.

Ownership of registered stock and bonds

(c) The Company may with the approval of the Trustees (for the purpose of enabling the holders of unregistered bonds to be present and vote at any meeting without producing their bonds and of enabling them to be present and vote at any such meeting by proxy) make and from time to time vary such regulations as it shall think fit for the deposit of the bonds with any bank or Trust Company or other depository and for the issue to the persons depositing the same certificates by such depository entitling the holders thereof to be present and vote at any such meeting and to appoint proxies to represent them and vote for them at any such meeting in the same way as if the persons so present and voting either personally or by proxy were the actual bearers of the bonds in respect of which such certificate shall have been issued and any regulations so made shall if approved by the Trustees be binding and effective and votes given in accordance therewith shall be valid and shall be counted. Save as aforesaid the only person who shall be recognised at any meeting as the holder of any unregistered bonds or as entitled to vote or be present at the meeting in respect thereof shall be the person who produces such bonds at the meeting with a statutory declaration of ownership thereof.

Representation of unreg. bonds

(d) Any written demand request notice designation direction or nomination to be made by the Company under any of the provisions hereof shall unless otherwise provided be deemed sufficiently made and executed if executed under the corporate seal of the Company by the President or by a Vice-President of

Proof of execution of documents by Company

the Company. The Trustees may receive a certificate signed by the Secretary of the Company as sufficient evidence of the passage of any resolution of the Board of Directors of the Company or of the shareholders thereof.

Extraordinary
powers of
stockholders
and bondholders

68. — A meeting of holders of guaranteed securities shall in addition to all other powers have the following powers exercisable only by Extraordinary Resolution approved by the Province, by Order in Council, namely:—

- (A) Power to sanction any scheme for the reconstruction of the Company or for the amalgamation of the Company with any other company or for the selling or leasing of the undertakings or any part thereof of the Company to any other company where the consent of holders of guaranteed securities to such reconstruction amalgamation sale or lease may be required.
- (B) Power to authorise the Trustees to accept in satisfaction or part satisfaction for the sale or transfer of all or any part of the mortgaged premises any shares whether preference ordinary or otherwise debentures bonds debenture stock or any other securities of any company formed or to be formed.
- (C) Powers to sanction the exchange of the guaranteed securities hereby secured and the conversion thereof into debentures bonds debenture stock or any other securities of the Company or shares debentures bonds debenture stock or other securities of any other company formed or to be formed.
- (D) Power to distribute in specie any shares or securities received under Subsections (B) and (C) hereof.
- (E) Power to sanction any modification or compromise of the rights of the holders of guaranteed securities against the Company or to or against its property or the mortgaged premises whether such rights shall arise under this Indenture or otherwise.
- (F) Power to assent to any modification of the provisions contained in this Indenture which shall be proposed by the Company and to authorise the Trustees to concur in and execute any deed supplemental to this Indenture embodying such modification.
- (G) Power to authorise the Trustees or any receiver agent or attorney where they shall have entered into possession of the mortgaged premises to give up possession of the premises to the Company whether unconditionally or upon any conditions.
- (H) Power to declare that the security constituted by this Indenture has not become enforceable notwithstanding the happening of any of the events of default.

The expression "Extraordinary Resolution" means a resolution passed at a meeting of holders of guaranteed securities duly convened and held in accordance with the provisions herein contained at which such quorum is present as hereinafter defined and carried by a majority consisting of not less than three-fourths of the votes given on such resolution. The quorum for a meeting convened for passing an extraordinary resolution shall be holders of a clear majority in value of the guaranteed securities then outstanding present in person or represented by proxy. If within half an hour from the time appointed for the meeting such quorum is not constituted the meeting shall stand adjourned for twenty-one days and be held on the corresponding day of the week to that originally fixed by the notice convening the meeting and at such time and place as may be appointed by the Trustees and a notice of such adjourned meeting shall be given in the manner provided by the condition endorsed upon the said stock certificates and bonds respectively and such notice shall state that those holders of guaranteed securities who are present shall be a quorum. If at such adjourned meeting such quorum as aforesaid is not constituted the holders of guaranteed securities present in person or represented by proxy shall be a quorum for all business for which an extraordinary resolution is required.

69. NOTWITHSTANDING anything herein contained the concurrence of the Province shall after default by the Company and while payments are being made by the Province as Guarantor hereunder be necessary in order to render effective any resolution requiring action by the Trustees or for any of the purposes mentioned in paragraph 68 hereof.

Provincial
concurrence
necessary

70.—SHOULD the earnings of the Company during each or any of the first three years of operation after completion of the lines included in the mortgaged premises be insufficient to pay the operating expenses and interest on the guaranteed securities the Province shall pay the amount of such deficit of interest to the Company or such persons firms or corporations as may be entitled thereto. Any moneys so paid by the Province shall not be repayable (except as hereinafter provided) by the Company until the maturity of the guaranteed securities but shall bear interest at four and one-half per cent. per annum which interest the Company shall pay or cause to be paid half-yearly on the first day of January and the first day of July in each year, but the Company shall have the privilege of repaying at any time any such moneys whereupon interest upon the principal repaid shall cease. The Province shall have the privilege of calling in the money so paid by it at any time after ten years after the said three years period by six months' notice in writing to the Company whereupon such money with interest to date shall become and be payable to the Province. Such notice may be given at any time during the last six months of the ten years term or thereafter. In the event of the Province making an issue of securities to procure any money to make any such payments or otherwise borrowing the same the Company shall also pay to the Province any loss or expense which the Province shall be put to thereby but in such event the Province shall take into account any saving of interest by reason of such loan being obtained or securities issued bearing interest at a rate less than four and one-half per cent.

Loan

Ascertaining
deficits

71. FOR the purpose of ascertaining any deficits under the last preceding paragraph no salaries paid by the Company shall be taken as a disbursement except those of such persons as devote their entire services to the Company or devote some substantial portion thereof to the Company and in the latter case a fair proportion only of their salaries shall be taken as disbursements.

Rights of the
Province as to
payment in case
of default

72.—ANY payments by the Province of principal or interest on the guaranteed securities pursuant to the guarantee thereof shall not in any event be taken to affect the liability of the Company therefor under the securities so paid or under this Indenture or any supplemental instrument securing the payment thereof but such liability shall remain unimpaired and enforceable according to the terms of this Indenture or any such supplemental instrument by the Province against the Company and the Province shall be subrogated as against the Company to all the rights privileges and powers to which the holders of the respective securities so paid were entitled by virtue of such securities or of this Indenture or any supplemental instrument prior to payment by the Province under its guarantee and shall with respect to the securities so paid be in the same position as a holder of guaranteed securities upon which the issuing Company has made default.

Exchange of
securities

73. HOLDERS of guaranteed bonds issued hereunder may at any time with the consent of the Company deliver any of such bonds cancelled to the Trustees and receive in exchange therefor an equal amount of guaranteed debenture stock secured hereby and in like manner holders of guaranteed debenture stock secured hereby may at any time with the consent of the Company deliver any of the certificates of such stock to an amount equal to the face value of a bond or of bonds to the Trustees and receive in exchange therefor a guaranteed bond or bonds of the same face value. The cancelled bonds or certificates of stock shall be destroyed by fire in the presence of two persons appointed by the Trustees two persons appointed by the Company and a person appointed by the Government and a certificate of such destruction shall be signed in duplicate by said five persons and one of such duplicates shall be kept by the Trustees and one by the Company.

Acceptance of
trust

74. THE Trustees in executing these presents do so as Trustees under the said Indenture as well as Trustees under this Indenture and hereby consent to the terms and accept the trusts of this Indenture and agree to carry out and discharge the same unless and until duly discharged therefrom.

Power to modify
Trust Deed

75. THE Trustees may concur with the Company and the Province in making any modification in this Indenture which in the opinion of the Trustees it shall be expedient to make with a view to obtaining a quotation on the London Stock Exchange for the guaranteed securities provided that the Trustees shall be of opinion that such modifications will not be prejudicial to the interests of the holders of the guaranteed securities.

Government to
give directions
to Banks

76.— THE Province from time to time will give or as the case may be concur in giving to the Bank or Banks hereinbefore referred to directions for the opening by such Bank or Banks in the name and to the credit of the Minister of Finance of the Province of British Columbia of the special account

or accounts mentioned in Clause 5 of this Indenture and all other directions necessary for carrying the provisions of this Indenture into effect.

IN WITNESS WHEREOF this Indenture has been duly sealed and executed by the parties hereto.

IN THE PRESENCE OF

PACIFIC GREAT EASTERN
RAILWAY COMPANY

Vice-President,

Secretary,

THE NORTHERN TRUSTS
COMPANY

President,

Secretary,

HIS MAJESTY THE KING
Acting for the Province of British
Columbia

Minister of Finance.

THE FIRST SCHEDULE

FORM OF STOCK CERTIFICATE.

PACIFIC GREAT EASTERN RAILWAY COMPANY.

(Incorporated under Statutes of British Columbia)

Capital \$40,000,000.

Form of Stock
Certificate

Issue of First Mortgage 11½ per cent. Guaranteed Debenture Stock or Bonds.

Guaranteed by the Province of British Columbia Canada.

Issued under authority of Statutes of British Columbia Chapters 34 and 36 1912, Chapters 61 and 62 1913, Chapter 65 1914, and the British Columbia Railway Act and of resolutions of the shareholders and of the Board of Directors dated the 31st day of October 1914.

The total aggregate principal amount of all the said stocks and bonds at any one time outstanding is not to exceed the sum of \$35,000 per mile (or its equivalent in sterling or other money) of the line of railway specified in the second clause in the Trust Deed hereinafter mentioned and the additional amount of \$35,000 per mile of additional lines hereafter constructed by the Company in the Province of British Columbia in respect of which additional amounts and lines the Province may hereafter be authorised by its Legislature to guarantee and does guarantee stock and or bonds ranking equally herewith.

STOCK CERTIFICATE.

No. £.....

This is to certify that
 of is the holder of £ of the above mentioned
 stock. The holders of the stock and bonds of this issue are entitled to the
 benefit and subject to the provisions of a Trust Deed dated the day of
 November 1914 and made between the Pacific Great Eastern Railway Company
 of the first part The Northern Trusts Company of the second part and His
 Majesty the King represented by the Honourable the Minister of Finance of the
 Province of British Columbia of the third part whereby the Company mort-
 gages or charges in favour of the Trustees for securing the stock and bonds
 the lines of railway above mentioned and the revenues incomes and profits
 arising and to arise therefrom. The stock is also issued subject to the conditions
 endorsed hereon. The principal of the said stock is payable on the 15th day
 of July A.D. 1912. Interest at 11½ per cent. per annum is payable on the

stock half-yearly on the 15th day of July and the 15th day of January in every year. The principal and interest of stock registered at the Company's office in Victoria will be payable at that office and the principal and interest of stock registered at the Company's office in London will be payable at the counting house of Messrs. Brown, Shipley & Company, Founders Court Lothbury in the City of London.

A copy of the original Guarantee by the Province of British Columbia of the payment of principal and interest of the said stock which is deposited with the Trustees is endorsed hereon.

Dated the day of

.....
Vice-President.

.....
Secretary.

N.B.—This Certificate must be surrendered before any transfer of the whole or any part of the stock comprised in it can be registered and no fraction of £1 can be transferred.

GENERAL GUARANTEE.

By virtue of the powers conferred by the Legislature of the Province of British Columbia and of an order of the Lieutenant-Governor in Council and pursuant to the provisions of a deed of trust dated the day of November in the year of our Lord one thousand nine hundred and fourteen made between the Pacific Great Eastern Railway Company The Northern Trusts Company, Trustees, and His Majesty the King acting on behalf of the Province of British Columbia the said Province of British Columbia does hereby guarantee payment according to their tenor of the principal and interest of the debenture stock and/or bonds (herein called guaranteed securities) of the Pacific Great Eastern Railway Company issued or to be issued under the terms of said deed of trust payable on the fifteenth day of July in the year of our Lord one thousand nine hundred and forty-two and bearing interest at the rate of four and one-half per cent. per annum payable half-yearly.

The amount of said guaranteed securities included in this present guarantee is the sum of one million and fifty thousand dollars (\$1,050,000) or its equivalent two hundred and fifteen thousand seven hundred and fifty-six pounds seven shillings and seven pence (£215,756 7s. 7d.) sterling.

From time to time as the Company may become entitled to issue further guaranteed securities under the provisions of said deed of trust or other deeds and as further guarantees of the payment thereof are given all general guarantees taken together shall represent the total securities guaranteed.

Dated at Victoria British Columbia

November 1914.

.....
Minister of Finance.

THE CONDITIONS WITHIN REFERRED TO:—

Conditions on
Stock Certificates

I.—The stock is repayable on the 15th day of July 1942 or on such earlier day as the security constituted by the within mentioned Trust Deed becomes enforceable under the terms thereof.

II.—The Company will recognise the holder of any stock as the absolute owner thereof and shall not be bound to take notice or see to the execution of any trusts whether express implied or constructive to which any stock may be subject and the receipt of such person for the interest from time to time accruing due in respect thereof shall be a good discharge to the Company notwithstanding any notice it may have whether express or otherwise of the right title interest or claim of any other person to or in such stock or moneys.

III.—The stock is transferable in sums of £1 or in multiples of £1 by instrument in writing in the usual common form.

IV.—Every instrument of transfer must be signed both by the transferor and the transferee in person or under power of attorney duly executed and attested to the satisfaction of the Company and the transferor shall be deemed to remain owner of the stock to be transferred until the name of the transferee is entered in the register in respect thereof.

V.—Every instrument of transfer must be left at the office of the Company in London England or Victoria B.C. for registration accompanied by the certificate of the stock to be transferred and such other evidence as the Local Registrar or other officers of the Company authorized to deal with transfers may require to prove the title of the transferor or his right to transfer the stock.

VI.—All instruments of transfer which shall be registered will be retained by the Company. A fee not exceeding 2/6 will be charged for the registration of each transfer and for registration of probates proofs of death in joint holdings marriage settlements power of attorney and other documents—.

VII.—In the event of any certificate being worn out lost or destroyed the Company will on payment of a fee not exceeding 1s. and on surrender of the old certificate or in case of the loss or destruction of a certificate upon such proof of loss or destruction and upon indemnity being given as the Directors may require issue to the registered holder hereof a new certificate.

VIII.—No transfer will be registered during the 21 days immediately preceding the day on which any payment is due upon the stock.

IX.—The executors and administrators of a deceased holder of registered stock (not being one of several joint holders) and in case of the decease of one or more of several joint-holders the survivor or survivors of such joint holders shall be the only persons recognized by the Company as having any title to such stock.

X.—All amounts due and payable by the Company upon or in respect of the stock may be paid by cheque sent through the post to the registered address of

the holder or in the case of joint-holders to the registered address of that one of the joint-holders who is first named on the register or to such person and to such address as the holder may in writing direct on a special form to be supplied by the Company. Every such cheque shall be made payable to the order of the person to whom it is sent. All cheques so sent through the post shall be at the risk of the several stockholders to whom they are sent and the Company shall not be liable for any loss or misapplication of the same after they are put into the post office and payment of the cheque when purporting to be endorsed by the person to whom it is payable shall discharge the Company from all liability in respect of the indebtedness of the Company for which such cheque was issued whether the signature of such person is or is not authentic.

XI. If several persons are entered in the register as joint holders of any stock then without prejudice to the last preceding clause the receipt of any such person for payments from time to time made in respect of such stock shall be as effective a discharge to the Company as if the person signing the said receipt were the sole registered holder of such stock.

XII. Any notice may be given to the holders of the stock by sending the same through the post in a prepaid letter addressed to such holders at their addresses as they appear in the register of stockholders and every notice sent by post shall be deemed to have been given on the day when the letter containing the same was put into the post. Any such notice may also be given by advertising the same twice on two consecutive days in each of the following newspapers namely: The "Times" and one other daily newspaper in London England and a daily paper or papers published in Vancouver in Canada and in New York in the United States and any notice so given shall be deemed to have been given on the day on which the first of such advertisements appears.

THE SECOND SCHEDULE

FORM OF BOND.

Form of Bond

No.....

PACIFIC GREAT EASTERN RAILWAY COMPANY.

(Incorporated under Statutes of British Columbia)

Capital \$40,000,000.

Issue of First Mortgage 4½ per cent. Guaranteed Debenture Stock or Bonds.

Bonds of each.

Guaranteed by the Province of British Columbia, Canada.

Issued under authority of Statutes of British Columbia Chapters 34 and 36 1912, Chapters 61 and 62 1913, Chapter 65 1914, and the British Columbia Railway Act and of resolutions of the shareholders and of the Board of Directors dated the 31st day of October 1914.

The total aggregate principal amount of all the said stock and bonds at any one time outstanding is not to exceed the sum of \$35,000 per mile (or its equivalent in sterling or other money) of the line of railway specified in the second clause in the trust deed hereinafter mentioned and the additional amount of \$35,000 per mile of additional lines hereafter constructed by the Company in the Province of British Columbia in respect of which additional amounts and lines the Province may hereafter be authorised by its Legislature to guarantee and does guarantee stock and or bonds ranking equally herewith.

£..... or \$..... No.....

1. The Pacific Great Eastern Railway Company (hereinafter called "the Company") for value received hereby promises to pay to the bearer or if registered to the registered holder hereof on the 15th day of July 1942 or on such earlier day as the principal moneys hereby secured may become payable by the conditions of this bond on presentation and surrender of this bond the sum of £..... sterling at the counting house of Messrs. Brown, Shipley & Company, Founders Court, Lothbury in the City of London England or \$..... (to be calculated at the rate of \$4.8666 per £ sterling) of lawful money of Canada at the office of the Union Bank of Canada in Vancouver and or subject as below mentioned Victoria or Toronto Canada at the holder's option and also interest thereon in the meantime at the rate of four and one-half per cent. per annum payable half-yearly at the said places at the holder's option in like money on the 15th day of July and the 15th day of January in each year on presentation and surrender of the interest coupons hereto annexed. Provided that when registered this bond shall only be payable at the office at which the same is registered.

2.- The holders of the stock and bonds of this issue are and will be entitled *pari passu* to the benefit of and will be subject to the provisions contained in a Trust Deed dated _____ November, 1914 made between the Company of the first part The Northern Trusts Company of the second part and His Majesty the King represented by the Honourable the Minister of Finance of the Province of British Columbia of the third part whereby the Company mortgages or charges in favour of the Trustees for securing the stock and bonds the lines of railway above mentioned and the revenues incomes and profits arising and to arise therefrom.

3.- This Bond shall not become obligatory until it shall have been certified by the Trustees for the time being of the said Trust Deed.

4. This Bond shall pass by delivery but it may in accordance with the provisions of the said Trust Deed be registered in a book to be kept by the Company at its offices in Victoria British Columbia or in London England after which so long as this Bond shall remain registered no transfer except upon such book at the place of registry will be valid, but is not to be deemed registered until the name of the holder is registered on the back of the bond as well as in said book. Such registration may from time to time be cancelled by note endorsed on the Bond and made in the Register and signed by or on behalf of the Company and thereupon this Bond shall again become transferable by delivery alone until again registered in the name of the holder. Notwithstanding registration the interest coupons shall continue payable to bearer.

5. The Guarantee by the Province of British Columbia of the payment of principal and interest of this Bond is endorsed hereon.

6. This Bond is issued subject to and with the benefit of the conditions endorsed hereon which are to be deemed part of it.

IN WITNESS WHEREOF the Pacific Great Eastern Railway Company has caused its seal to be hereto affixed and this Bond to be signed by its President or Vice-President or a Director and counter-signed by its Secretary or Assistant Secretary this _____ day of _____ 19__.

.....President.

.....Secretary.

TRUSTEES' CERTIFICATE.

Certified to be one of the Bonds within mentioned.

For THE NORTHERN TRUSTS COMPANY,

Secretary.

INTEREST COUPONS.

PACIFIC GREAT EASTERN RAILWAY COMPANY.

FIRST MORTGAGE GUARANTEED DEBENTURE STOCK AND BONDS.

Bond No. Interest Coupon No.

For £ Sterling payable at the Counting House of Messrs.
 Brown, Shipley & Company Founders Court Lothbury in the City of London
 or at the holder's option \$ lawful money of Canada payable
 at the principal offices of the Union Bank of Canada at Vancouver British
 Columbia Victoria British Columbia or Toronto Ontario being the half year's
 interest on bond No. payable on the day
 of 19.....

£ or \$

Secretary.

FORM OF GUARANTEE

FOR ENDORSEMENT ON BONDS IF REQUIRED.

By virtue of the powers conferred by the Legislature of the Province of
 British Columbia Canada and of an Order of the Lieutenant-Governor in
 Council the Province of British Columbia hereby guarantees to the holder of
 the within Bond for the time being payment of the principal and interest
 thereof according to its tenor.

Minister of Finance.

THE CONDITIONS WITHIN REFERRED TO:

I. The interest payable in respect of this Bond will be payable only on
 presentation and delivery of the coupon referring thereto.

II. If the principal moneys hereby secured shall become payable before
 the 15th day of July 1942 the person presenting this Bond for payment must
 surrender therewith the coupons representing subsequent interest the Company
 nevertheless paying the interest for the fraction (if any) of the current half year.

III. The registered holder for the time being of this Bond when regi-
 stered and the bearer hereof for the time being when not registered and the

bearer of each of the interest coupons aforesaid shall be entitled to the principal money and interest secured by such instruments respectively free from any equities between the Company and the original or any intermediate holder hereof and all persons may act accordingly and the receipt of such registered holder or bearer as the case may be for such principal money and interest shall be a good discharge to the Company which shall not be bound to inquire into the title of such registered holder or bearer or vice as herein provided and except as ordered by some Court of competent jurisdiction or as by Statute required to take notice of any trust or equities affecting the ownership of such instruments or moneys. Provided that when registered this Bond will only be payable at the office at which the same is registered.

IV. A register of such of the Bonds as are for the time being registered will be kept at the offices of the Company in London England and Victoria British Columbia wherein there will be entered the names addresses and descriptions of the registered holders and particulars of the bonds held by them respectively and such register will at all reasonable times during business hours be open to the inspection of the Registered Holder hereof and his executors or administrators and any person authorised in writing by him or them.

V. Every instrument of transfer of this Bond when registered must be signed by both the transferor and the transferee in person or under power of attorney duly executed and attested to the satisfaction of the Company and the transferor shall be deemed to remain owner of the Bond to be transferred until the name of the transferee is entered in the Register in respect thereof.

VI. Every instrument of transfer of this Bond when registered must be left at the offices of the Company in London England or Victoria British Columbia for registration accompanied by the Bond to be transferred and such other evidence as the Local Registrar or other officers of the Company authorised to deal with transfers may require to prove the title to the transferor or his right to transfer the Bond.

VII. All instruments of transfer which shall be registered will be retained by the Company. A fee not exceeding 2/6 will be charged for the registration or cancellation of registration of each Bond and for registration of each transfer thereof and of probates proofs of death in joint holdings marriage settlements powers of attorney and other documents.

VIII. No transfer of a Registered Bond will be registered during the twenty-one days immediately preceding the day on which any payment is due upon the Bond.

IX. The executors and administrators of a deceased holder of a Registered Bond (not being one of several joint holders) and in case of the decease of one or more of several joint holders the survivor or survivors of such joint-holders shall be the only persons recognised by the Company as having any title to such Bond.

X. If several persons are entered in the Register as joint holders of any Bond then without prejudice to the last preceding clause the receipt of any

such person for payments from time to time made in respect of such Bond shall be as effective a discharge to the Company as if the person signing the said receipt were the sole registered holder of such Bond.

XI.—The principal moneys hereby secured shall become immediately payable:—

- (a) If the Company makes default for a period of three months in the payment of any interest hereby secured and the bearer or registered holder hereof before such interest is paid by notice in writing calls in the said principal moneys.
- (b) If an order is made or an effective resolution passed for winding up or liquidation of the business of the Company.

XII.—This Bond is except when registered to be deemed a negotiable instrument with all the incidents of negotiability.

XIII.—Any notice may be served by the Company upon the holder of this Bond whilst unregistered by advertising the same twice on two consecutive days in each of the following newspapers viz:—"The Times" and one other daily newspaper in London England and a daily newspaper or papers published in Vancouver British Columbia and in New York in the United States and whilst registered by sending it through the post in a prepaid letter addressed to such person at his registered address and any notice so advertised or served by post shall be deemed to have been served at the expiration of twenty-four hours after it is advertised or posted as the case may be and in proving such service it shall be sufficient to prove that the notice was so advertised or that the letter containing the notice was properly addressed and put into the Post Office.

