

Reserve, such points to be approved of by an engineer appointed by the Governor for the purposes of this contract (hereinafter throughout these presents referred to as "the Engineer"), and will construct such line of railway along the lines shown in red upon the said plan, marked A, hereunto annexed, or as near thereto as practicable. Such railway to be constructed and, when completed, to be worked by the Company or their assigns, in all respects under and subject to the provisions of the said Act.

2. The railway to be constructed, maintained, and worked under the provisions of this contract, and all other works in connection with the same which are provided for in this contract, shall be well and faithfully constructed of sound materials, and of sufficient strength and durability, having regard to the nature of such works, upon plans, both general and detail, to be from time to time approved of by the Engineer, and so that the details shall, as nearly as may be, conform to the approved standard drawings in use on the New Zealand Government railways, and that the specifications shall accord as nearly as may be to the standard specifications of the Government of New Zealand for the time being used in respect of the construction of railways having single lines of permanent-way, or as may be necessary for any particular work included in this contract; and such construction shall in all things be to the satisfaction of the Engineer, it being the intent and meaning of this provision that all such plans and specifications when approved and signed by the Engineer, or as the same may be altered or modified subject to his approval, shall form part of this contract as effectually as if the same had respectively been attached hereto at the date of the execution hereof.

3. All rolling-stock and plant to be from time to time used or employed upon the said railway or in connection therewith shall be of the like character and strength in all respects as the rolling-stock and plant in use upon railways constructed by the Government of New Zealand.

4. The Company will, within twelve months from the date of this contract, expend a sum of not less than twenty-five thousand pounds in the construction and execution of permanent works under its provisions, such works to be of a character which, in the opinion of the Engineer, will enable the section from A to C of the said railway to be fit for traffic within twelve months from the date of this contract, and the Company will thereafter proceed with the construction of the residue of the said railway, so that the same shall be completed within the time mentioned in clause one of this contract.

5. The power conferred by the forty-eighth section of the said Act shall be deemed to extend to and include all works of every kind executed by or on behalf of the Company under this contract, and all plant, rolling-stock, materials, and things which are or may be used, or are intended to be used, in or upon the said works. And if at any time the Governor shall be advised that some addition, alteration, or repair is necessary or requisite to or upon the said railway, or to or upon all or any of the works aforesaid, or to the rolling-stock, plant, and materials used or intended to be used thereon, then, for the purpose of more effectually carrying out this contract, he may, on behalf of the Queen, direct the Engineer to take such steps as may be necessary to have such addition or alteration made or repair effected; and, upon delivery to the Company, at its registered office in Invercargill, of a notice in writing from the Engineer specifying the nature and extent of the addition, alteration, or repair required, or the class and character of the rolling-stock, plant, or material to be supplied, the Company shall cause the same to be made, executed, or supplied within the period specified in such notice, as the case may require.

6. The Company shall not assign, charge, or dispose of this contract, or any benefit or advantage thereof or thereunder, either at law or in equity, without the written consent of the Governor on behalf of the Queen; but this provision shall not be deemed to prevent the Company from raising money by debentures, under the memorandum and articles of association of the Company, without the necessity for such consent.

And this deed further witnesseth that, subject to the provisions of the said Act and in consideration of the premises, the Queen doth hereby covenant with the Company in manner following, that is to say,—