

and surveyed under the provisions of paragraph 10, by reason merely of any part of the moneys payable under this paragraph having been paid to persons who shall, upon such lands being selected, marked off, and surveyed, as aforesaid, be ascertained to have no interest in such blocks.

17. The Company shall, as part of the consideration for the rights hereby conferred upon the Company, at its own cost, construct a railway from the North Island Main Trunk Railway-line, commencing at a point thereon as nearly as possible opposite Whangaipeke or Taurewa Blocks, through such of the lands described in the schedule hereto as may be found convenient. And such line of railway shall run in the latter part of its course entirely to the north of the Kuharua Mountain, and continue north of such mountain until it strikes the shores of Lake Taupo at a terminal point situated northward of the Oreti No. 1 Block. The railway shall be constructed in a substantial manner, and the following requirements shall be observed in such construction, namely:—

- (a.) The gauge shall be 3 feet 6 inches.
- (b.) The sleepers shall be heart of totara or matai, and shall not be less than 2,200 to the mile.
- (c.) Rails shall be of steel weighing not less than 30 lb. per lineal yard.
- (d.) Curves shall be of not less than 2 chains radius.
- (e.) The grade shall not be steeper than 1 in 40 on a straight line, with flatter grades to compensate for curvature.
- (f.) All bridges shall be of heart of totara, iron, or concrete.
- (g.) Cuttings shall be made at least 9 feet, and banks 10 feet wide, measured at formation-level.
- (h.) Slopes of cutting in pumice country to be practically vertical, and in other material as steep as may be found reasonably safe.
- (i.) Ballast to be of any pumice or other porous soil found contiguous to the line.

18. The aforesaid railway shall be fully completed and supplied with the necessary rolling-stock within the period of five years from the acquisition by the Company of such registrable title as aforesaid: Provided that if the Company, proceeding with all due diligence, shall be unable to complete the construction of the said railway within the time aforesaid it may obtain a reasonable extension of time not exceeding twelve months from the Vendors: Provided always that if the Company is, or shall be, unable to obtain a valid and registrable title to the said trees and to the rights and other property benefits and advantages intended to be secured by this agreement (including the railway-line) there shall be no obligation on its part to build such railway.

19. The Vendors shall transfer to the Company (if they are legally authorised to do so), free of cost, all land required by the Company for the railway-line mentioned in paragraph 17 hereof, and for such extensions and branches thereof as the Company may reasonably require, and also for the necessary railway-stations, provided that the land for the said railway-line extension and branches shall not exceed an average of more than one chain in width and the railway-stations shall not be more than six in number or contain a greater area than five acres each; and shall also transfer to the Company, at the fair value thereof (not being less than one pound [£1] per acre), such further areas as the Company may reasonably require for mill-sites, yards, and workmen's cottages, and the widening of railway-lines if required; and shall grant to the Company the exclusive right to erect, maintain, and exclusively use, for so long as this agreement shall remain in force, at or near the point where the aforesaid railway strikes Lake Taupo, such sheds, wharves, moles, and other erections as may be necessary or convenient to enable all goods and passengers to be stored, shipped, and unshipped.

20. The sums stated as payable under paragraph 14 hereof shall belong and be paid to the Vendors in the same proportion that their respective interests in the lands in the said blocks containing timber-trees, and comprised in this agreement or any duplicate thereof, bear to the total of the interests of the owners in such lands: Provided always that the owners of any block shall not receive more than the value of the lands containing timber-trees in such block estimated at the rate mentioned in the said paragraph 14: And provided further that if at any time hereafter any of the said trees in any block *within the area selected, marked off, and surveyed, as provided by paragraph 10 hereof*, shall, before the timber shall have been taken therefrom, revert to the owners thereof, either by the surrender of such trees by the Company or by the determination of this agreement or otherwise, then the owners of the blocks of land from which the trees shall have been cut shall be entitled to a pecuniary contribution from the owners of the trees so reverting equivalent to the amounts received by such owners from the Company, *and the Company shall be jointly and severally liable with the owners of the trees so reverting for the amount of such pecuniary contribution: And provided, further, that the owners of the blocks of land from which the trees shall have been cut, and the Company, if the Company shall have been compelled to make such pecuniary contribution, shall have a charge upon the lands and trees of the owners so reverting, as aforesaid, for the amount of such pecuniary contribution.*

21. If any of the said trees shall be destroyed after the date hereof, or damaged by fire, then, unless such fire shall have been caused by the Company, its servants or agents, a fair reduction shall be made from the price payable under paragraph 14 hereof in respect of each acre of timber affected by such fire.

22. All payments to be made hereunder may be made at Tokaanu, Marton, Taumarunui, or the place of business for the time being of the Company on the said blocks of land, or may be made by sending the amount due to any Vendor in a duly registered letter, addressed to such Vendor's last-known place of abode in New Zealand; provided that the Company shall send to each of the said places, at some time during the month of March in each year while this agreement shall remain in force, an agent, who shall pay to each of the Vendors who may apply to him for the same the