

STOEL RIVES BOLEY
JONES & GREY

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1 6040
RECORDATION NO. 6040

NOV 17 1988-11 20 AM

INTERSTATE COMMERCE COMMISSION

8--322A011

November 14, 1988

No. NOV 17 1988

Date

Fee \$ 13.00

ICC Wash D.C.

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Re: Debenture dated October 18, 1988 from
Southern Railway of British Columbia Limited
to National Bank of Canada

Dear Sir:

I have enclosed an original and one copy of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

The document is a debenture, and a primary document, dated October 18, 1988.

The names and addresses of the parties to the document are as follows:

Debtor: Southern Railway of British Columbia Limited, a British Corporation
5935 Glover Road
Langley B.C. V3A 4B5

Secured Party: National Bank of Canada
National Bank Tower
555 Burrard Street
Vancouver, B.C. V7X 1M7
CANADA

RECORDATION UNIT
NOV 17 11 19 AM '88

Included in the property covered by the aforesaid debenture are all railroad cars, locomotives and other rolling stock intended for use related to interstate commerce, or interest therein, owned by Southern Railway of British Columbia Limited at the date of said debenture or thereafter acquired by it or its successors as owners of the lines of railway covered by the debenture.

A fee of \$13.00 is enclosed. Please return the original and any extra copies needed by the Commission for recordation to Donald J. Weaver, Esq., Lyall McKercher Hanna, Barristers &

STOEL RIVES BOLEY
JONES & GREY
Secretary
November 14, 1988
Page 2

Solicitors, 1500-885 West Georgia Street, Vancouver, B.C. V6C 3H5
CANADA.

A short summary of the document to appear in the index follows:

Demand debenture in the principal amount of \$25,500,000.00 (Canadian) from Southern Railway of British Columbia Limited to National Bank of Canada. Secured by, inter alia, all chattel property of debtor, including without limitation all its railroad cars, locomotives and other rolling stock, now owned or hereafter acquired.

Very truly yours,



Richard L. Goldfarb

RLG/lwr
Enclosures

Interstate Commerce Commission

Washington, D.C. 20423

11/18/88

OFFICE OF THE SECRETARY

Richard L. Goldfarb
Stoel Rives Boley Jones & Grey
One Union Square 36th FL.
600 University Street
Seattle, Washington, 98101

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 11/17/88 at 11:20am, and assigned recordation number(s). 16040

Sincerely yours,



Secretary

Enclosure(s)

EXECUTED COPY

1 6040

NOV 17 1969 11 AM

INTERSTATE COMMERCE COMMISSION

SOUTHERN RAILWAY OF BRITISH COLUMBIA LIMITED

DEMAND DEBENTURE

PRINCIPAL AMOUNT - \$25,500,000.00

NOTICE: THIS DEBENTURE CONTAINS PROHIBITIONS AGAINST THE CREATION OR INCURRENCE OF MORTGAGES, CHARGES, LIENS OR ENCUMBRANCES AGAINST THE PROPERTY OF SOUTHERN RAILWAY OF BRITISH COLUMBIA LIMITED AS SPECIFICALLY SET FORTH IN PARAGRAPH 4 TO THIS DEBENTURE.

1. FOR VALUE RECEIVED, SOUTHERN RAILWAY OF BRITISH COLUMBIA LIMITED, a company duly incorporated as number 349002 under the laws of British Columbia, having an office at 5935 Glover Road, Langley, British Columbia, (the "Company") will ON DEMAND pay to NATIONAL BANK OF CANADA (the "Bank") the sum of TWENTY FIVE MILLION, FIVE HUNDRED THOUSAND DOLLARS (\$25,500,000.00) in lawful money of Canada. For the purposes of this Debenture, those defined terms set out in Schedule A hereto shall have the meanings therein set forth.

2. The Company during the currency of this Debenture will pay interest on the amount or amounts of principal remaining unpaid, both before and after demand and default, at the Prime Rate, as hereinafter defined, plus 1% per annum or at such other rate or rates as may be agreed upon from time to time by the Bank and the Company. Interest shall accrue from day to day while such advances are outstanding and shall be computed on the basis of a year of 365 days and for actual days elapsed and shall be paid and compounded monthly in arrears on the last day of each and every month or on such other date as may be specified by the Bank. The Company will pay interest on overdue interest with respect to any advances at the same rate as applies to the principal of such advances.

AN EXECUTED COPY OF THIS DEBENTURE HAS BEEN FILED, AMONG OTHER PLACES, IN THE OFFICE OF THE REGISTRAR OF COMPANIES, VICTORIA, BRITISH COLUMBIA

3. The principal, interest, interest on overdue interest and other sums payable hereunder shall be payable at the branch of the Bank at which any notice to the Bank in connection with this Debenture may be given as set forth herein or at such other place as the Bank may from time to time direct.

4. As security for the payment of the amount of principal, interest, interest on overdue interest and other sums from time to time owing to the Bank and all and every indebtedness and liability, present and future, direct or indirect, absolute or contingent, of the Company to the Bank and all advances and re-advances from time to time and for the performance of the obligations and covenants of the Company herein contained but subject nevertheless to the reservation as to leaseholds and certain other interests hereinafter contained, THE COMPANY HEREBY:

(a) GRANTS, MORTGAGES AND CHARGES by way of a fixed and specific mortgage, pledge and charge to and in favour of the Bank:

- (i) all its presently owned and hereafter acquired or held real and immoveable and leasehold property and rights and interests therein whether in fee or of a less estate and all interests in and rights relating to land and all commons, ways, profits, easements, rights-of-way, privileges, benefits, licences, improvements, immunities and rights whether connected therewith or appurtenant thereto or separately owned or held and all structures, buildings, plants, fixed machinery, fixtures, appurtenances and other assets belonging, affixed or appurtenant thereto, including without departing from the generality of the foregoing the property and rights and interests therein described in Schedule B hereto; and
- (ii) the chattel property and rights and interests therein described in Schedule C hereto and all chattel property and rights and interests therein presently owned or hereafter acquired by the Company pursuant to the Asset Transfer Agreement and each and every chattel and rights and interests therein hereafter acquired by the Company for a purchase price or having a market value of \$50,000.00 or more;

- (iii) without departing from the generality of the foregoing, all its right, title and interest in and to the chattel property described in and leased under the chattel leases described in Schedule D hereto, together with the said chattel leases and all right, title and interest of the Company therein and all benefit thereof and advantage therefrom, including any option or right to renew and any option or right of first refusal to lease or purchase that may be contained therein;
- (iv) all right, title and interest of the Company in and to and all benefit of and advantage from the agreements, contracts, options, permits, licences, consents, authorities, governmental certificates and orders and other rights and interests therein described in Schedule E hereto, including any option or right to renew and any option or right of first refusal to lease or purchase that may be contained therein together with any renewals or replacements thereof;
- (b) without limiting the generality of the foregoing, DEMISES, SUBLEASES AND CHARGES as and by way of a fixed and specific mortgage, pledge and charge to and in favour of the Bank all and singular its right, title and interest in and to the property described in and demised by each lease or agreement to lease described in Schedule F hereto, together with each such lease and agreement to lease and all of the Company's right, title and interest therein and all benefit and advantage therefrom, including any option or right to renew and any option or right of first refusal to lease or purchase that may be contained therein (yielding and paying therefor yearly on demand in each year of the term hereby sub-demised the sum of \$1.00);

including in each and all cases any greater right, title and interest therein or in any part thereof which the Company may acquire and hold during the currency of the Debenture after the date hereof,

AND THE COMPANY ALSO HEREBY:

- (c) GRANTS, MORTGAGES AND CHARGES to and in favour of the Bank, as and by way of a first floating charge, all of its property, assets, effects and undertaking, both

present and future and of whatsoever kind and where-soever situate including, without limiting the generality of the foregoing, its business, goodwill, uncalled capital, chattels, book accounts, rents, revenue, inventory, incomes, monies, credits, policies and notes and it shall not grant any mortgage of or create any charge, lien or encumbrance other than Permitted Charges on the property for the time being subject to the charges hereby granted ranking or capable of ranking in priority to or pari passu with this Debenture.

It is hereby declared that until the security of this Debenture shall become enforceable and the Bank shall determine to enforce the same, the Company may sell or dispose of, in the ordinary course of its business, any of the property subject to the floating charge it has granted. The Company shall not, without the written consent of the Bank, sell or dispose of any of the property subject to the floating charge it has granted otherwise than in the ordinary course of its business.

To the extent that any of the collateral that is subject to any of the foregoing charging clauses is or will be located in any jurisdiction of the United States, its possessions or territories or to the extent that the status of such collateral may be adjudicated in a court of competent jurisdiction in the United States, its possessions or territories, each such charging clause shall be deemed to grant, in addition to and without limitation upon any of the granting language of such charging clause, a security interest in the collateral described in such charging clause, together with the proceeds and products thereof, as the same may now or hereafter be owned by the Company.

5. The last day of any term created by any lease or agreement therefor or agreement with respect to which privity of estate with the Bank would otherwise be created by virtue of any charge created by this Debenture is hereby excepted out of the charges created by this Debenture, but the Company shall stand possessed of the reversion thereby resulting upon trust for the Bank to assign and dispose of as the Bank shall by notice in writing direct.

6. The mortgage and charge upon each agreement, contract, option, permit, licence, consent, authority, governmental certificate and order and leasehold and other right or interest included in the charges contained in paragraph 4 hereof shall not, with respect to those agreements, contracts, options, permits, licences, consents, authorities, governmental certifi-

cates and orders and leasehold and other rights and interests requiring consent or approval of the other party or the lessor to the mortgage and charge herein, become effective until, but shall become immediately effective when, all consents or approvals necessary for the validity and effectiveness of such mortgage and charge have been obtained or when assurances that the same will be forthcoming have been received by the Bank from those required to provide such consents or approvals or such other assurances as are acceptable to the Bank have been received. Until any such consent is obtained, the Company shall stand possessed of such agreements, contracts, options, permits, licences, consents, authorities, governmental certificates and orders and leasehold and other rights and interests upon trust for the purposes hereof to assign and dispose thereof as the Bank shall by notice in writing direct.

7. This Debenture is issued subject to and with the benefit of the Conditions attached hereto, each and all of which form part of this Debenture.

8. Any notice or demand in connection with this Debenture shall be well and sufficiently given or made if in writing and:

(a) if delivered in person and left:

(i) in the case of the Bank, with the Manager or an Assistant Manager addressed as follows:

NATIONAL BANK OF CANADA
National Bank Tower
555 Burrard Street
Vancouver, B.C. V7X 1M7

Attention: Senior Manager or Manager

with a copy to Messrs. Lyall·McKercher·Hanna,
addressed as follows:

MESSRS. LYALL·MCKERCHER·HANNA
Barristers & Solicitors
1500 - 885 West Georgia Street
Vancouver, B.C. V6C 3H7

Attention: Donald J. Weaver or
David W. Kington

- (ii) or in the case of the Company, with an officer of the Company addressed as follows:

SOUTHERN RAILWAY OF BRITISH COLUMBIA LIMITED
5935 Glover Road
Langley, B.C. V3A 4B5

Attention: President

with a copy to Messrs. Ladner Downs addressed as follows:

MESSRS. LADNER DOWNS
Barristers & Solicitors
Box 10021, Pacific Centre South
2100 - 700 West Georgia Street
Vancouver, B.C. V7Y 1A8

Attention: J. Donald Rose or
Timothy R. Sehmer

and with a copy to ITEL Rail Corporation addressed as follows:

ITEL RAIL CORPORATION
55 Francisco Street
San Francisco, California, 94133
U.S.A.

Attention: Director of Finance or
Vice-President Finance

- (b) if telecopied and confirmed by prepaid registered letter, addressed:

- (i) if to the Bank, as follows:

NATIONAL BANK OF CANADA
National Bank Tower
555 Burrard Street
Vancouver, B.C. V7X 1M7

Attention: Senior Manager or Manager

FAX No.: (604) 661-5523

with a copy to Messrs. Lyall·McKercher·Hanna
addressed as follows:

LYALL·MCKERCHER·HANNA
Barristers & Solicitors
1500 - 885 West Georgia Street
Vancouver, B.C. V6C 3H7

Attention: Donald J. Weaver or
David W. Kington

FAX No.: (604) 643-5900

(ii) or if to the Borrower, as follows:

SOUTHERN RAILWAY OF BRITISH COLUMBIA LIMITED
5935 Glover Road
Langley, B.C. V3A 4B5

Attention: President

FAX No.: (604) 533-1818

with a copy to Messrs. Ladner Downs addressed as
follows:

MESSRS. LADNER DOWNS
Barristers & Solicitors
Box 10021, Pacific Centre South
2100 - 700 West Georgia Street
Vancouver, B.C. V7Y 1A8

Attention: J. Donald Rose or
Timothy R. Sehmer

FAX No.: 687-1415

and with a copy to ITEL Rail Corporation
addressed as follows:

ITEL RAIL CORPORATION
55 Francisco Street
San Francisco, California, 94133
U.S.A.

Attention: Director of Finance or
Vice-President Finance

FAX No.: (415) 781-1035

(c) Any notice or demand given or made shall be deemed to have been given or made and received at the time of delivery in person or on the Banking Day next following the date of telecopying of the same. Each of the Company and the Bank may from time to time by notice in writing change its address or the designated recipient for the purposes of this paragraph.

9. This Debenture shall have a date of reference of September 30, 1988 notwithstanding the actual date of execution by the Company set forth below.

IN WITNESS WHEREOF the common seal of SOUTHERN RAILWAY OF BRITISH COLUMBIA LIMITED has been duly affixed hereto in the presence of its officers duly authorized in that behalf the 18th day of October, 1988.

The Common Seal of SOUTHERN)
RAILWAY OF BRITISH COLUMBIA)
LIMITED was hereunto affixed)
in the presence of:)

c/s

~~President, Authorized Signatory)~~


Secretary, Authorized Signatory)

ACCEPTED AND APPROVED by NATIONAL BANK OF CANADA this 19 day of October, 1988

NATIONAL BANK OF CANADA

Per: R. B. M. [Signature]
Authorized Signatory

Per: [Signature]
Authorized Signatory

CONDITIONS REFERRED TO IN THE WITHIN DEBENTURE

1. This Debenture is issued in accordance with resolutions of the directors and of the shareholders of the Company and all other matters and things have been done and performed so as to authorize and make the execution, creation and issue of this Debenture legal and valid and in accordance with the requirements of the laws relating to the Company and all other statutes and laws in that behalf.

2. This Debenture:

- (a) shall be and shall remain valid security for any and all subsequent advances or re-advances by the Bank to the Company to the same extent as if made at the time of issue of this Debenture;
- (b) when redeemed by the Company shall be cancelled and shall not be re-issued but any partial payment made on the Debenture by the Company to the Bank shall be deemed not to be a cancellation pro tanto;
- (c) shall not be deemed to have been redeemed by reason only of the account of the Company with the Bank having ceased to be in debit;
- (d) to the extent it comprises a mortgage of land, is made to secure, inter alia, a current or running account between the Bank and the Company and shall not be deemed to have been redeemed by reason only that:
 - (i) advances made under it are repaid, or
 - (ii) the account of the Company with the Bank ceases to be in debit,

and it shall remain effective as security for any and all further advances thereunder.

3. The principal, interest and other monies hereby secured shall become immediately payable and the security hereby constituted shall become enforceable in each and every of the following events:

- (a) on DEMAND;

- (b) if an order is made or a resolution passed for the winding-up of the Company or if a motion is filed for the winding-up of the Company;
- (c) if the Company becomes insolvent or makes a voluntary assignment or proposal in bankruptcy or bulk sale of its assets or if a bankruptcy petition is filed or presented against the Company or if a receiver or receiver-manager is appointed under any other debenture issued by the Company in respect of the Company or all or substantially all of its property or in respect of any property of the Company that the Bank considers to be material to the viability of the Company and its business;
- (d) if any proceedings with respect to the Company shall be commenced under the Companies' Creditors Arrangement Act;
- (e) if any execution, sequestration, extent or any other process of any Court becomes enforceable against the Company or if a distress or analogous process is levied upon the property of the Company or any part thereof that the Bank considers to be material to the viability of the Company and its business unless the process is in good faith disputed by the Company and the Company gives security adequate to pay in full the amount claimed;
- (f) if the Company ceases or threatens to cease to carry on its business or businesses or commits or threatens to commit any act of bankruptcy;
- (g) if the Company carries on any business that it is restricted from carrying on by its constating documents;
- (h) if, without the prior written consent of the Bank, the Company enters into any amalgamation or merger or other similar arrangement with any other person;
- (i) if any event occurs which shall operate to crystallize any floating charge over the Company or over all or substantially all of its property or over any property of the Company that the Bank considers to be material to the viability of the Company and its business;
- (j) if there is a change in Voting Control.

4. Any demand for payment of principal, interest and other monies owing under and secured by this Debenture shall mean

immediate payment unless payment within some other time period is specified by the Bank at the time of demand for payment.

5. At any time after the principal monies secured by this Debenture shall have become payable and remain unpaid the Bank may appoint by writing a receiver or receiver-manager (the "Receiver") of the Mortgaged Premises or any part thereof and may from time to time remove any Receiver so appointed and appoint another in his stead.

6. A Receiver so appointed shall be an officer of the Company and shall have power:

- (a) to take possession of and get in the Mortgaged Premises or any part thereof;
- (b) to carry on or concur in carrying on the business or businesses of the Company;
- (c) to sell or concur in selling the Mortgaged Premises or any part or parts thereof;
- (d) to make any arrangement or compromise which the Receiver shall think expedient;
- (e) to borrow money for the purposes of carrying on the business or businesses of the Company or for the maintenance of the property and assets of the Company or any part or parts thereof, or to complete any construction of any buildings or other improvements to any or any part of such property and assets, in such sum as will, in the opinion of the Receiver be sufficient for obtaining upon the security of such property and assets the amounts from time to time required and in so doing the Receiver may issue certificates (herein called "Receiver's Certificates") and such certificates may be payable either to order or to bearer and may be payable at such time or times as the Receiver may think expedient and shall bear interest as shall be stated therein and the amounts from time to time payable by virtue of such Receiver's certificates shall form a charge upon the property and assets of the Company in priority to the charge of this Debenture. The rights and powers conferred by this paragraph are in supplement of and not in substitution for any rights the Bank may from time to time have as the holder of this Debenture.

The net profits of carrying on the said business or businesses and the net proceeds of the sale shall be applied by the Receiver subject to the claims of all secured and unsecured creditors (if any) ranking in priority to this Debenture:

- FIRSTLY: In payment of all costs, charges and expenses of and incidental to the appointment of the Receiver and the exercise by him of all or any of the powers aforesaid including the reasonable remuneration of the Receiver and all outgoings properly payable by him together with all legal costs in respect thereof on a solicitor and client basis;
- SECONDLY: In or toward payment to the Bank of all principal monies due in respect of this Debenture;
- THIRDLY: In or toward payment to the Bank of all arrears of interest remaining unpaid on this Debenture;
- FOURTHLY: Any surplus shall, subject to the rights of other creditors, be paid to the Company.

The Bank shall be under no liability to the Receiver for his remuneration, costs, charges or expenses or otherwise.

7. To enable the Receiver to exercise the powers granted to him by paragraph 6 of these Conditions, the Company hereby appoints the Receiver to be its attorney to carry out any sale of any or all of the Mortgaged Premises and to fix its common seal to any deeds, transfers, conveyances, assignments, assurances and things which the Company ought to execute to complete any sale of any of the Mortgaged Premises or alternatively to execute the same under his own seal by conveying in the name of and on behalf of the Company and under his own seal and any deed or other instrument signed by him under his seal pursuant hereto shall have the same effect as if it were under the common seal of the Company.

8. The expression "Bank" wherever used in this Debenture and in these Conditions shall include the Bank's assigns whether immediate or derivative and any appointment or removal under paragraph 5 of these Conditions may be made by writing, signed or sealed by any such assigns and the expression "Company" used in this Debenture shall include the successors and assigns of the Company.

9. The security hereby created is a continuing security and shall cover and secure the payment of all and every indebtedness both present and future and interest thereon and interest on overdue interest and all and every liability, present or future, direct or indirect, absolute or contingent, of the Company or the Company to the Bank and is in addition to and not in substitution for any other security or securities which the Bank now or from time to time may hold or take from the Company. Without limiting the generality of the foregoing, this Debenture is issued as general and continuing security for the obligations of the Company under:

- (a) any guarantee which may from time to time be requested by the Bank and provided by the Company to the Bank;
- (b) any agreement entered into by the Company in consideration of the Bank accepting bankers' acceptances from time to time;
- (c) any letters of indemnity executed by the Company and delivered to the Bank in consideration of letters of credit or letters of guarantee issued by the Bank at the request of the Company;
- (d) the Loan Agreement.

NOTICE IS HEREBY GIVEN to every person dealing with the title to any property charged by this Debenture that advances not exceeding the aggregate amount secured by this Debenture are contemplated and secured by this Debenture and, to the extent that such advances are payments required to be made by the Bank pursuant to the terms of bankers' acceptances, letters of credit or letters of guarantee, the Bank is hereby required to make those advances.

10. The Company shall from time to time at the request of the Bank create in favour of the Bank a specific and fixed charge or charges upon any property or properties now owned or hereafter acquired by the Company having a purchase price or market value in excess of \$10,000.00. The Company will from time to time at the request of the Bank cause an officer of the Company to provide to the Bank a certificate listing each item of property hereafter acquired by the Company having a purchase price or market value in excess of \$10,000.00.

11. The Company shall assume and pay all legal and other fees and disbursements relating to the creation of this Debenture and its registration in all proper offices of record.

12. The Company shall pay all legal fees and disbursements incurred in respect of collecting any amounts of principal and interest outstanding under this Debenture, or in respect of the appointment of a Receiver hereunder, or in respect of any other matter pertaining to this Debenture and its enforcement, on a solicitor and client basis, whether or not any action or other judicial proceeding has been taken to enforce the Debenture; and the said legal fees and disbursements shall be added to the principal monies hereby secured and shall bear interest at the rate set forth in this Debenture or if more than one rate of interest is so set forth, at the higher or highest of the said rates of interest.

13. Except to the extent that the Bank by accepting bankers' acceptances or by issuing letters of credit or letters of guarantee on application of the Company is required to advance monies on the maturity of such bankers' acceptances or pursuant to such letters of credit or letters of guarantee, as the case may be, the Company agrees that neither the preparation nor the execution nor the registration of this Debenture shall bind the Bank to advance the monies hereby secured nor shall the advance of a part of the monies secured hereby bind the Bank to advance any unadvanced portion thereof, it being understood and agreed that the advance of such monies or any part thereof from time to time shall be in the sole discretion of the Bank, but nevertheless the charges created by this Debenture shall take effect forthwith upon its execution by the Company.

14. The Bank may waive any breach by the Company of any of the provisions of this Debenture or any default by the Company in the observance or performance of any covenants or conditions required to be observed or performed under the terms of this Debenture; provided always that no act or omission of the Bank shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default or the rights resulting therefrom.

15. The Company will at all times and from time to time, at the request of the Bank, do and execute or cause to be done and executed all things reasonably required for the better assuring to the Bank of a valid charge over the Mortgaged Premises charged or intended so to be or which the Company may hereafter become bound so to mortgage and charge.

16. The Bank may at its option advance monies in order to preserve or protect the Mortgaged Premises and any monies so advanced shall be payable by the Company to the Bank on demand and while unpaid shall be added to the monies hereby secured and shall bear interest and interest on overdue interest payable at the times and at the rate of interest set forth in this Debenture or if more than one rate of interest is so set forth, at the higher or highest of the said rates of interest.

17. In the event of any conflict between the terms of this Debenture and the terms of the Loan Agreement, the terms of the Loan Agreement shall prevail.

18. The Loan Agreement shall survive the execution, delivery and registration of this Debenture and shall not merge herewith.

19. Notwithstanding the rate or rates of interest payable as set forth in this Debenture, the rate or rates of interest payable hereunder shall in no event exceed the maximum rate permitted under the laws of British Columbia and the laws of Canada having effect in British Columbia.

20. This Debenture is not a negotiable instrument but may be assigned by the original or any intermediate holder hereof, subject to the obligations, if any, between such holder and the Company.

21. The proper law of this Debenture is the law of British Columbia.

22. If a provision of this Debenture is wholly or partially invalid, this Debenture shall be interpreted as if the invalid provision had not been a part hereof.

23. This Debenture is subject to the doctrine of consolidation as and to the extent permitted by Section 27 of the Property Law Act of British Columbia and amendments thereto.

**This is Schedule A
to the within Debenture
in the principal amount of \$25,500,000.00
granted by SOUTHERN RAILWAY OF BRITISH COLUMBIA LIMITED
to NATIONAL BANK OF CANADA**

DEFINITIONS:

- (a) "Asset Transfer Agreement" means the asset sale agreement entered into as of August 30, 1988 between British Columbia Hydro and Power Authority and the Company;
- (b) "Banking Day" means any day except:
 - (i) a Saturday or Sunday; or
 - (ii) a legal holiday for Canadian chartered banks in Vancouver, British Columbia;
- (c) "Loan Agreement" means the loan agreement dated for reference September 30, 1988 between the Bank and the Company and any amendment thereto agreed upon from time to time by the Bank and the Company.
- (d) "Mortgaged Premises" means all the undertaking, goodwill property and assets of the Company of whatsoever kind and wheresoever situate, hereby granted, conveyed, assigned, transferred, mortgaged, pledged or charged or otherwise disposed of or intended so to be by any mortgage, pledge or charge created and constituted hereby, whether fixed and specific or floating.
- (e) "Permitted Charges" means as of any particular time in respect of any particular property of the Company, any of the following encumbrances:
 - (i) liens for taxes, assessments or governmental charges or levies not at the time due and delinquent or the validity of which the Company is contesting in good faith and in respect of which the Company has set aside, on its books, reserves considered by it adequate therefor subject to the Bank's right to request

satisfactory evidence of such reserves and/or adequate security therefor;

- (ii) the lien of any judgment rendered or claim filed against the Company which the Company is contesting in good faith and in respect of which the Company has set aside, on its books, reserves considered by it adequate therefor subject to the Bank's right to request satisfactory evidence of such reserves and/or adequate security therefor;
- (iii) undetermined or inchoate liens and any charges incidental to current construction or current operations which have not been filed against the Company or which relate to obligations not due or delinquent;
- (iv) maritime, warehousemen's, woodsmen's, carrier's and other similar liens which relate to obligations not due or delinquent;
- (v) easements, rights-of-way or similar rights in land granted to or reserved by other persons which do not materially impair the usefulness in the business of the Company of the real property subject thereto;
- (vi) the right reserved to or vested in any governmental or public authority by any lease, licence, franchise, grant or permit acquired by the Company or any statutory provision to terminate any such lease, licence, franchise, grant or permit, or to require annual or other periodic payments as a condition of the continuance thereof;
- (vii) the encumbrance resulting from the deposit of cash or obligation as security when the Company is required to do so by governmental or other public authority or by normal business practice in connection with contract, licences or tenders or similar matters in the ordinary course of business and for the purpose of carrying on the same or to secure Workers' Compensation, surety or appeal bonds or to secure costs of litigation when required by law;

- (viii) public and statutory obligations which are not yet due or delinquent and security given to a public utility or any governmental or public authority when required in connection with the operations of the Company;
 - (ix) the reservations, limitations, provisos and conditions expressed in any original grant from the Crown;
 - (x) any obligation, mortgage or charge assumed or granted by the Company on any property acquired after the date hereof, to secure the whole or any part of the purchase price to be made for such property, provided the assumption or granting of same does not place the Company in default under any provision of this Debenture or the Loan Agreement including in particular, but without departing from the generality of the foregoing, any restrictions set forth in the Loan Agreement on the Company making or incurring capital expenditures;
 - (xi) any charge or encumbrance granted by the Company to the Bank, including any security granted under the "Bank Act", on its book debts, inventory, contracts or other agreements or mercantile documents or any other property of the Company as security for such sum or sums of money borrowed from the Bank as may from time to time be necessary for the purpose of carrying on or extending the business of the Company;
 - (xii) any other mortgage, charge, encumbrance or lien described or referred to in any Schedule hereto or otherwise consented to in writing by the Bank.
- (f) "Prime Rate" means the variable percentage interest rate per annum declared, announced or posted from time to time by the Bank as a reference rate then in effect for determining interest rates on Canadian dollar loans made in Canada (and which on October 13, 1988 was 11.75% per annum).
- (g) "Voting Control" means the control of the Company through ownership of more than 50% of the issued shares of any class or classes of the Company having under all circumstances the right to elect at least a majority of the directors of the Company.

SCHEDULE B

**attached to and forming part
of the Debenture granted by
SOUTHERN RAILWAY OF BRITISH COLUMBIA LIMITED to
NATIONAL BANK OF CANADA
in the principal amount of \$25,500,000.00**

LANDS:

**PART I
CITY OF VANCOUVER**

ALL AND SINGULAR those certain parcels or tracts of land and premises situate, lying and being in the City of Vancouver, in the Province of British Columbia, and more particularly described as:

- A. City of Vancouver
P.I.D. No.: 008-863-261
Block 0 District Lot 36 Plan 12663

- B. City of Vancouver
P.I.D. No.: 008-821-861
Block 1 District Lots 36 and 37 Plan 12673

Schedule B
(continued)

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PART II
BURNABY

ALL AND SINGULAR those certain parcels or tracts of land and premises situate, lying and being in the Municipality of Burnaby, in the Province of British Columbia, and more particularly described as:

- A. Municipality of Burnaby
P.I.D. No.: 003-312-640
Lot 2 District Lot 97 Group 1
New Westminster District Plan 66532

- B. Municipality of Burnaby
P.I.D. No.: 003-003-388
Lot 87 District Lot 97 Group 1
New Westminster District Plan 62775

- C. Municipality of Burnaby
P.I.D. No.: 002-848-198
Parcel "A" (Statutory Right of Way Plan 57189)
of Lot 15 Block 7 District Lot 173 Group 1
New Westminster District Plan 1034

- D. Municipality of Burnaby
P.I.D. No.: 003-312-895
Parcel "29" of District Lot 173 Group 1
New Westminster District Reference Plan 66292

- E. Municipality of Burnaby
P.I.D. No.: 003-312-925
Parcel "28" of District Lot 173 Group 1
New Westminster District Reference Plan 66292

- F. Municipality of Burnaby
P.I.D. No.: 002-968-304
Lot 15 Except: Part on Statutory Right of Way
Plan 57189; Block 7 of District Lot 173 Group 1
New Westminster District Plan 1034

Schedule B
(continued)

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- G. Municipality of Burnaby
P.I.D. No.: 002-848-180
Parcel "B" (Statutory Right of Way Plan 57189) of Lot 14
Block 7 District Lot 173 Group 1 New Westminster
District Plan 1034
- H. Municipality of Burnaby
P.I.D. No.: 002-968-274
Lot 14 Except: Part on Statutory Right of Way Plan
57189; Block 7 of District Lot 173 Group 1
New Westminster District Plan 1034
- I. Municipality of Burnaby
P.I.D. No.: 004-346-521
Lot 42 Except: Part Subdivided by Plan 49756
District Lot 53 Group 1 New Westminster District
Plan 28569

Schedule B
(continued)

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PART III
NEW WESTMINSTER

ALL AND SINGULAR those certain parcels or tracts of land and premises situate, lying and being in the City of New Westminster, in the Province of British Columbia, and more particularly described as:

- A. City of New Westminster
P.I.D. No.: 000-883-468
Lot 73 Suburban Block 9 Plan 67888

- B. City of New Westminster
P.I.D. No.: 006-682-341
Lot 56 District Lot 172 Group 1
New Westminster District Plan 43169

- C. City of New Westminster
P.I.D. No.: 009-023-691
Lot L District Lot 172 Group 1 New Westminster District
Plan 29375

- D. City of New Westminster
P.I.D. No.: 003-837-793
Parcel "K" (472178E) Lot Reserve 146 Suburban Block 9
Plan 2620 being all that portion of said Lot lying to
the North of the Right of Way of the Vancouver and Lulu
Island Railway as said Right of Way and Lot are shown on
Plan 5171

- E. City of New Westminster
P.I.D. No.: 005-965-233
Lot 78 District Lot 2239 Group 1 Plan 45750

- F. City of New Westminster
P.I.D. No.: 009-281-789
Lot "F" of the foreshore and bed of the North Arm of the
Fraser River fronting on the Northerly end of Ewen
Avenue in District Lot 757 Group 1 Plan 23953

- G. City of New Westminster
P.I.D. No.: 006-639-313
Lot 1 Suburban Block 9 Plan 73589

Schedule B
(continued)

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- H. City of New Westminster
P.I.D. No.: 006-639-470
Lot 8 Suburban Block 9 Plan 73589

- I. City of New Westminster
P.I.D. No.: 006-639-721
Lot 20 City Block 36 and Dock Square and Suburban Block
5 Plan 73589

- J. City of New Westminster
P.I.D. No.: 006-642-209
Lot 30 City Block 8 and Dock Square Plan 73589

- K. City of New Westminster
P.I.D. No.: 006-077-633
Lot 39 of Dock Square and of District Lot 2239 Group 1
Plan 23921

Schedule B
(continued)

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PART IV
MUNICIPALITY OF MATSQUI

ALL AND SINGULAR those certain parcels or tracts of land and premises situate, lying and being in the Municipality of Matsqui, Province of British Columbia, and more particularly described as:

- A. Municipality of Matsqui
P.I.D. No.: 004-913-566
Parcel "A" (Explanatory Plan 61490) Lot 29 District Lot 207 Group 2 New Westminster District Plan 51370

- B. Municipality of Matsqui
P.I.D. No.: 007-313-098
Parcel "A" (Statutory Right of Way Plan 45238) Lot 13 District Lot 207 Group 2 New Westminster District Plan 36212

- C. Municipality of Matsqui
P.I.D. No.: 005-085-420
Parcel "One" (Statutory Right of Way Plan 45238) of Parcel "C" (Bylaw Plan 41722) Lot 20 District Lot 207 Group 2 New Westminster District Plan 40161

- D. Municipality of Matsqui
P.I.D. No.: 010-410-074
Parcel "One" (Plan 38958) Lot "D" District Lot 207 Group 2 New Westminster District Plan 18825

Schedule B
(continued)

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PART V
MUNICIPALITY OF SURREY

ALL AND SINGULAR those certain parcels or tracts of land and premises situate, lying and being in the Municipality of Surrey, in the Province of British Columbia, and more particularly described as:

- A. Municipality of Surrey
P.I.D. No.: 009-000-267
Part (Statutory Right of Way Plan 33715) of Lot 24
Section 20 Township 2 New Westminster District Plan
28534

- B. Municipality of Surrey
P.I.D. No.: 007-171-005
Lot 40 Section 20 Township 2 New Westminster District
Plan 35187

- C. Municipality of Surrey
P.I.D. No.: 006-768-865
Lot 34 Section 20 Township 2 New Westminster District
Plan 32852

- D. Municipality of Surrey
P.I.D. No.: 006-639-844
Lot 54 Section 20 Township 2 New Westminster District
Plan 43080

- E. Municipality of Surrey
P.I.D. No.: 004-493-095
Parcel "A" (Reference Plan 4050) of the East Half
District Lot 2 Group 2 Except Part on Plan 5719 New
Westminster District

- F. Municipality of Surrey
P.I.D. No.: 004-493-214
Parcel "G" (Reference Plan 2096) District Lot 2 Group 2
Except: Firstly: Lot 3 District Lot 2 Group 2 Plan
2620; Secondly: Part shown on Plan 5719; Thirdly:
Parcel "D" (Reference Plan 9662); Fourthly: Part shown
on Plan 22159; Fifthly: Part Subdivided by Plan 41701,
New Westminster District

Schedule B
(continued)

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- G. Municipality of Surrey
P.I.D. No.: 002-325-861
Lot 3 Except: Part shown on Plan 5719, District Lot 2
Group 2 New Westminster District Plan 2620

- H. Municipality of Surrey
P.I.D. No.: 004-479-912
Lot 7 Block 1 District Lots 3 and 4 Group 2 New
Westminster District Plan 886

- I. Municipality of Surrey
P.I.D. No.: 004-479-939
Lot 8 Block 1 District Lots 3 and 4
Group 2 New Westminster District Plan 886

- J. Municipality of Surrey
P.I.D. NO.: 004-479-947
Lot 9 Block 1 District Lots 3 and 4 Group 2
New Westminster District plan 886

- K. Municipality of Surrey
P.I.D. No.: 004-479-955
Lot 10 Block 1 District Lots 3 and 4 Group 2
New Westminster District Plan 886

- L. Municipality of Surrey
P.I.D. No.: 004-479-793
Parcel "H" (Reference Plan 1937) Lot 14 Block 2 District
Lots 3 and 4 Group 2 New Westminster District Plan 886

- M. Municipality of Surrey
P.I.D. No.: 004-479-831
Parcel "J" (Reference Plan 1937)
Lot 15 Block 2 District Lots 3 and 4 Group 2
New Westminster District Plan 886

- N. Municipality of Surrey
P.I.D. No.: 004-479-858
Parcel "K" (Reference Plan 1937)
Lot 18 Block 2 District Lots 3 and 4 Group 2
New Westminster District Plan 886

Schedule B
(continued)

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- O. Municipality of Surrey
P.I.D. No.: 004-479-882
Parcel "L" (Reference Plan 1937)
Lot 19 Block 2 District Lots 3 and 4 Group 2
New Westminster District Plan 886

- P. Municipality of Surrey
P.I.D. No.: 004-479-980
Lot 14 Except: Parcel "H" (Reference Plan 1937)
Block 2 District Lots 3 and 4 Group 2
New Westminster District Plan 886

- Q. Municipality of Surrey
P.I.D. No.: 004-480-015
Lot 15 Except : Parcel "J" (Reference Plan 1937)
Block 2 District Lots 3 and 4 Group 2
New Westminster District Plan 886

- R. Municipality of Surrey
P.I.D. No.: 004-480-023
Lot 18 Except: Parcel "K" (Reference Plan 1937)
Block 2 District Lots 3 and 4 Group 2
New Westminster District Plan 886

- S. Municipality of Surrey
P.I.D. No.: 004-480-031
Lot 19 Except: Parcel "L" (Reference Plan 1937)
Block 2 District Lots 3 and 4 Group 2
New Westminster District Plan 886

Schedule B
(continued)
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PART VI
CITY OF LANGLEY

ALL AND SINGULAR those certain parcels or tracts of land and premises situate, lying and being in the City of Langley, in the Province of British Columbia, and more particularly described as:

- A. City of Langley
P.I.D. No.: 004-499-603
Parcel A (Statutory Right of Way Plan 68146) of Lot 1
District Lot 308, Group (2) (L0001)
New Westminster District Plan 63274

- B. City of Langley
P.I.D. No.: 004-039-408
Lot 111, District Lots 308 and 309, Group 2
New Westminster District, Plan 50416

- C. City of Langley
Parcel Identifier No. 008-711-321
Parcel "O" (L 32838)
District Lot 310, Group 2
New Westminster District
Plan 28649

**This is Schedule C
to the within Debenture
in the principal amount of \$25,500,000.00
granted by SOUTHERN RAILWAY OF BRITISH COLUMBIA LIMITED
to NATIONAL BANK OF CANADA**

CHATTEL PROPERTY

OWNED MACHINERY AND EQUIPMENT

LOCOMOTIVES

Make	Year	Horsepower	Serial No.	Unit No.
GM	1975	1500	75626-1	RFR151
GM	1975	1500	75626-2	RFR152
GM	1975	1500	75626-3	RFR153
GM	1971	2000	37816	RFR381
GM	1972	2000	71606-1	RFR382
GM	1972	2000	71606-2	RFR383
GM	1974	2000	74614-1	RFR384
GM	1955	900	A738	RFR900
GM	1956	900	A892	RFR901
GM	1956	900	A893	RFR902
GM	1957	900	A1165	RFR903
GM	1957	900	A1166	RFR904
GM	1958	900	A1476	RFR905
GM	1958	900	A1477	RFR906
GM	1958	900	A1478	RFR907
GM	1958	900	A1479	RFR908
GM	1964	900	A2059	RFR909
GM	1967	1000	2243	RFR910
GM	1969	1000	A2334	RFR911

RAILCARS

Type	Year	Car Number
Caboose	1967	RFKA1
Caboose	1968	RFKA2
Caboose	1968	RFKA3
Caboose	1968	RFKA4
Caboose	1970	RFKA5
Caboose	1970	RFKA6
Caboose	1971	RFKA7
Gondola	1979	RFR0025917
Gondola	1979	RFR0025918
Gondola	1979	RFR0025919
Boxcar	1963	RFR6001

WPD-H/KA

SHOP EQUIPMENT AND TOOLS
[Rail]

<u>Description</u>	<u>Model</u>	<u>Manufactured By</u>	<u>Manuf. Year</u>	<u>Normal Location</u>
BENCH GRINDER		BLK & DECK	0	BSMTH SHOP
PEDESTAL GRINDER			0	BSMTH SHOP
BAND SAW		EMERSON	0	
BENCH VISE		BOGLU	0	
RAIL SAW	TRAK-KUT	RACINE	0	BSMTH SHOP
DRILL PRESS GEARED HEAD		FEELDR	0	BSMTH SHOP
HYDRAULIC JACK 30 TON		UNITING	1978	LOCO SHOP
HYDRAULIC JACK 30 TON		UNITING	1978	LOCO SHOP
HYDRAULIC JACK 30 TON		UNITING	1978	LOCO SHOP
HYDRAULIC JACK 30 TON		UNITING	1978	LOCO SHOP
OVERHEAD CRANE 5 TON		DEHAG	1967	LOCO SHOP
OVERHEAD CRANE 25 TON		DEHAG	1967	LOCO SHOP
OVERHEAD CRANE 15 TON		WESTRUM	1976	LOCO SHOP
AIR COMPRESSOR	W10	GARDN. DENV	1966	LOCO SHOP
EXHAUST FANS (SHOP SERVICE)		ESTRIN	1982	LOCO SHOP
STEAM CLEANER		CLAYTON	1986	LOCO SHOP
AIR COMPRESSOR (SCREW TYPE)	MUNTINGTON	GARD. DENVR	1966	LOCO SHOP
MAGNAFLUX UNIT		MAGNAFLUX	1952	LOCO SHOP
METAL LATHE	CROWN 4	TASHING	1982	LOCO SHOP
BILLING MACHINE	602	EICELLO	1983	LOCO SHOP
RADIAL DRILL PRESS		TAIPON	1981	LOCO SHOP
30 TON HYDRAUL. PRESS	P60-NR3	CORPAC	1982	LOCO SHOP
WHEEL LATHE	1025N	MEGANSHEID	0	LOCO SHOP
THREADING MACH. & DIE CUTTER		LANDIS	1967	LOCO SHOP
VERTICAL WHEEL LATHE		RICHARDS	1967	LOCO SHOP
WHEEL PRESS & ASHTON RECORDER			1966	LOCO SHOP
4' ENG. LATHE		BACDOUGAL	1965	LOCO SHOP
SHAPER		BACDOUGAL	1965	LOCO SHOP
3 TON HOIST		YALE	0	CAR R. TRK
PORTABLE WELDER OHAN POWERED		HILLER	0	CAR R. TRK
PORTABLE WELDER OHAN POWERED		HILLER	0	CAR R. TRK
RADIAL ARM SAW 12"		DEWALT	0	CAR R. TRK
BAND SAW 32"		DEWALT	0	CAR R. TRK
ELECTRIC HOIST 1000 LB.		DEWALT	0	CAR R. TRK
ELECTRIC HOIST 1000 LB.			0	CAR R. TRK
BAND SAW 14"			0	CAR R. TRK
ELECTRIC WELDER		LINCOLN	0	CAR R. TRK
ELECTRIC WELDER		CANVOT	0	LOCO SHOP
FUME EXTRACTOR & FITTER				BSMTH SHOP

ROADWAY SMALL TOOLS
[Rail]

<u>Description</u>	<u>Year</u>	<u>Parr #</u>
FIRE EXTINGUISHER REPLACEMENTS	1969	616711
RAIL PULLER, WRENCH, AND POWER DRILL	1975	749001
PURCHASE MINOR TOOLS FOR YEAR	1977	769121
MDL 130 WESTERN JACK TYPE RAILBENDER 35 TON CAPACITY	1973	728380
RACINE PORTABLE RAIL CUTTING SAW	1974	738501
RAILPULLER	1976	759101
RACINE TRAK-KUT ABRASIVE RAIL SAW	1977	759101
CHAINSAW	1977	769121
SIMSON-MAXWELL ONAN ENGINE	1977	769121
ABRASIVE RAILS AW	1977	769121
POWER WRENCH C/W SOCKETS	1979	782211
LEON LOADER	1980	778641
35 TON JACK RAIL PULLER	1980	778641
2 TEMPLETON A-17 TRACK JACKS	1981	808831
RAFNR RAIL SAWS	1981	808831
RAIL DRILL	1985	838791
SL -6 GRINDER	1985	838791
RAIL SAW & GUIDE		

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ROADWAY MACHINES
[Rail]

<u>Description</u>	<u>Year</u>	<u>Part #</u>
FAIRMONT TRACK MOTOR CAR	1974	726384
FAIRMONT TRACK INSPECT. CAR	1975	738505
BACKHOE FRONT END LOADER WITH SHOVEL	1975	738512
FAIRMONT(SPEEDER) TRACK MOTOR CAR	1978	769122
STOCKRAIL GRINDER	1981	808831
BACKHOE - FRONT END LOADER(TRACTOR)	1980	798221
FAIRMONT (SPEEDER) TRACK MOTOR CAR	1983	818831
FAIRMONT (SPEEDER) TRACK MOTOR CAR	1985	842781
AUTOJACK ELECTROMATIC TAMPER MODEL UDEJ-2-50	1964	634231
AUTOLINER TAMPER MODEL ALC	1967	648541
KERSHAW DH.D. BALLAST REGULATOR	1965	634307
KALAMAZOO UTILITY MOTOR CAR	1968	668403
ELECTROMATIC TAMPER	1974	738531
TRACK TIE CHANGER	1975	733506
MARK1 SWITCH ELECTRIC TAMPER	1977	769111
USED 1972 LEYLAND TRACTOR & FLAIL	1977	769131
CANROIN SECTION FLANGE MACHINE WITH SPIKE DRIVER	1980	?
FAIRMONT MOTOR CAR	1982	808831
MALKIN & PINTON DRILLING MACHINE	1983	828781
MODERN POWER WRENCH	1984	838791
ELECTRA SCREW COMPRESSOR UNIT	1985	759101
BROWN BALLAST EQUALIZER	1974	722392
CARBON SHOW BLADE EXTENSION	1974	726392
MISCELLANEOUS UNIDENTIFIED		

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SPARE PARTS
[Rail]

<u>Stock No.</u>	<u>Description</u>	<u>Quantity on Hand</u>
123018	SHAFT-W/HOUSING RADI	1
123019	FAN RADIATOR (CLASS	1
150001	TRUCK-W/MOUNTED WHEE	1
150002	TRUCK-W/MOUNTED WHEE	1
150120	WHEEL - DIESEL POWER	0
150204	AXLE-FINISHED,7000 W	1
150205	AXLE-FINISHED,7500 W	1
150208	AXLE-FINISHED=AAAR 6X	1
150209	AXLE-W/40" WHEELS & G	3
160000	JOURNAL BOX	4
215000	CAMSHAFT	1
250100	MOTOR-PUMP,FUEL TRAN	1
252006	MANIFOLD FUEL RH	2
252007	MANIFOLD FUEL LH	1
254010	FUEL INJECTOR ASSY	8
270000	WATER PUMP ASSY	1
270016	WATER PUMP ASSY-RH F	1
271009	CORE OIL COOLER	1
301011	DRIVE GEAR - 62 TEET	2
436104	MODULE (SA10) ELECTR	1
-436105	MODULE (VR10) ELECTR	1
463200	VALVE ASSY-MAGNET	2
551000	VALVE ASSY-TRANSFER,	2
553000	KH6 BRAKE V/V ASSY-I	2
553100	KH6 BRAKE V/V ASSY-A	2

SPARE PARTS
[Rail]

<u>Stock No.</u>	<u>Description</u>	<u>Quantity</u> <u>on hand</u>
554108	VALVE-INDEPENDENT BR	2
554206	BRAKE VALVE 26C	2
554238	VALVE-BRAKE, 26C, QUIC	2
556008	VENT VALVE	2
557000	RELAY VALVE - H6B	0
559207	VALVE-DISTRIBUTING (2

P. 7 of 27

SIGNS AND SIGNAL DEVICES
[Rail]

<u>Description</u>	<u>Mile</u>	<u>Year Installed</u>
HIGHWAY AUTO CROSS SIGNAL		
6TH AVENUE	1.54	1968
OLD YALE ROAD	2.19	1979
HJORTH RD (104 AVE)	2.63	1980
SCOTT RD (99TH AVE)	3.51	1971
TOWNLINE RD (96 AVE)	3.94	1980
HORRAL ROAD (92ND AVE)	4.42	1980
SCOTT RD (91ST AVE)	4.57	1971
88TH AVE (KENNEDY RD)	4.94	1975
SANDELL ROAD (128 ST)	6.21	1980
80TH AVE. (HUNT RD)	6.41	1975
132ND ST (ROEBUCK RD)	7.04	1975
72ND AVE (NEWTON RD)	7.68	1975
KING GEO. HIWY (NEWTON)	7.82	1957
ARCHIBALD RD (144 ST)	9.08	1980
RANKIN RD (148TH ST)	9.69	1975
BOSE RD (64TH AVE)	9.76	1979
JOHNSTON RD (152 ST)	10.28	1975
HIWAY #10 (NEW MCLELL)	12.04	1971
HALLS PRAIRIE RD (164	14.64	0
LATIMER RD (184TH ST)	15.61	0
NEW MCLELLAND (56TH)	16.25	1957
FRASER HIGHWAY	16.95	1969
CARVOLTH ROAD (200TH)	17.13	1969
LANGLEY BY-PASS HIWY	18.13	1969
GLOVER RD	20.45	1969
LIVINGSTONE RD (232ST)	21.75	1969
VEDDAR ROAD	61.07	1971

**BASE STATION RADIO EQUIPMENT
INCLUDING ASSOCIATED ANTENNA SYSTEMS
[Rail]**

<u>LOC</u>	<u>MAJCOMP</u>	<u>SUBCOMP</u>	<u>MODEL #</u>	<u>STYLE =</u>
HTN	VHFRRADM	BSE	SC43RT31195-MLS	MICOR - MOTOROLA
HTV	VHFRRADM	BSE	3R64C	WABCO
KNR	VHFRRDSP	BSE	36RF	WABCO
LRA	VHFRRADM	BSE	E464C	3R - WABCO
MRY	VHFRRDSP	BSE	MS1935-1G1	MASTER - CGE
PNT	VHFRRADM	BSE	EU MS1935 101	MASTR PRO - CGE
QBB	VHFRRDSP	BSE	3R64C	WABCO
RDP	VHFRRDSP	BSE	XC73RTB-1125E	MICRO
SMS	VHFRRDSP	BSE	SC43RTB-1195-MLS	MOTOROLA
TRAPP YARD		BSE	ER64C	WABCO

LANGLEY OFFICE INVENTORY
[R&I]

<u>Equipment</u>	<u>Quantity</u>
Metal desks	39
Wooden desks	4
Swivel chairs	47
Non-swivel chairs	103
Coat racks	18
Storage cabinets	33
Book cases	17
Credenzas	9
Filing cabinets:	
2 drawer	2
3 drawer	49
4 drawer	48
Tables	29
Rotary storage cabinets	2
Portable partitions	34
Chesterfields	2
Drafting tables	6
Drawing file cabinets	4
Drawing bins	6
Drafting chairs	6
Calculators:	
Desk-top	17
Hand held	4
Computer terminals	1
Computer printers	2
Dictation machines	3
Portable TV stand	1
Modems	2
Typewriters	8
Typewriter stands	7
Micro-fiche machines	1
Kardex holders	4
Radio-telephones	3
Paper cutter	1
Safe	1
Step ladders	2
Nitel SX-100 switchboard	1

with backup power supply present
serving 40 telephone locals

P. 10 of 27

LANGLEY OFFICE INVENTORY
[Rail]

<u>Equipment</u>	<u>Quantity</u>
Touch-tone telephones	40
IBM personal computer	1
RCA 19" colour TV	1
Toshiba VCR	1
Slide projector	1
Film projector	1
CN/CP Telemode 1000 tele: machine	1
Telex stand	1
3M EMT 9140 Fax machine	1
Fax stand	1
Xerox 1025 copier	1
Adding Machine	1
Paner Easel	1

OFFICE EQUIPMENT FOR FREIGHT AGENCIES - TRAPP YARD
[Rail]

<u>Number</u>	<u>Equipment</u>
9	Metal desks yellow & brown wood GRAN
13	Order modal desks
4	Terminal desks homemade
23	Swivel chairs
12	Four legged chairs
3	Private office - Credenza's
4	Four drawer filing cabinets
6	Three drawer filing cabinets
4	Two door metal storage cabinets (short)
18	2 Door metal storage cabinets (tall)
3	Upholstered chairs
2	Rectangular cafeteria tables
1	Round cafeteria table
15	Cafeteria chairs
2	micro fiche
2	Manual typewriters
7	Electric typewriters
7	Metal wall filing cabinets (Banks) 219 DRAWERS
1	Sofa brown

OFFICE EQUIPMENT FOR FREIGHT AGENCIES - TRAPP YARD
 [Rail]

<u>Number</u>	<u>Equipment</u>
2	Paper cutters
3	Pocket calculators
6	Desk calculators
1	Facsimile EMT 9140
1	Copytron ZDR 2803 Royal & stand
5	H.P. Terminal & keyboard 2645A
6	H.P. Terminal & keyboard 2640B
	Printer Model Decipherer TPT
2	H.P. Disc Drive ^{COMPUTER SYSTEMS} , INCL. DISK DRIVES AND PERIPHERALS
4	Tape Storage cabinet
2	Printer (Annacis) (spare) Decprinter 1
1	Printer (Marpole) stored at Claims J
1	H.P. Terminal 2621A (PROGRAMMED)
4	Plywood storage shelves (banks)
1	Phone system
1	Halon system

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FREIGHT CLAIM OFFICE
[Rail]

<u>Number</u>	<u>Description</u>
4	Grey SP Desk's with typewriter drawer (older type)
1	Grey DP Desk (older type)
5	Tan-wood grain DP desks (never)
3	Tan-wood grain SP desks with run-off (never)
6	Office desk chair's with arm-rests and castors
8	Office desk chair's steno, w/castors
1	Office Credenza, tan-wood grain
7	3-drawer filing cabinets
10	4 drawer filing cabinets
2	Two door stationery cabinets
99	Expense bill files on four stand's
1	Computer table
1	Computer printer stand
1	IBM 5150 computer 2 Drive Disket, hard disk drive and Epson Printer
1	Micron Microfiche
1	Xerox 2830 copier (new)
1	Xerox copier stand
1	Itoki 88 safe
3	IBM regular typewriters
4	IBM ball type typewriters
8	BTE Logic 10 telephones
7	Calculators
1	Paper cutter
3	Square yellow tables 30x30" (lunch room)
1	Folding table 30x72" (lunch room)
7	Orange chairs
6	Brown chrome stacking chairs
1	Orange sofa
1	White Refrigerator 11 cu.
7	Refuse containers
1	Blue 2 - step stool
1	Alum Step Ladder 8'

SALVAGE
[Rail]

<u>Number</u>	<u>Description</u>
1	Plywood shelf (stationary - Groceries) 66x79"
1	Hydraulic Pallet Mover
1	3 Shelf truck receipt shelf-cabinet 68x26"
2	Electric Cash Registers
2	3-Drawer cash register stands
5	Warehouse pallet racks
1	Portable scale 1000 lbs.
1	4-Blade fan on stand
1	Brown Refrigerator 9 cu.
1	White Up-right Freezer 22 cu.
14	Adjustable stationary grocery shelves
9	Mobile 4 shelf grocery display carts
20	Grocery shopping carts
4	Wire mobile display carts
20	Stacking waiting room chairs
1	Hand Blue push cart
1	Hand truck
1	Alarm system

OFFICE EQUIPMENT - HUNTINGDON, B.C.
[Rail]

<u>Number</u>	<u>Description</u>
5	Office chairs swivel
4	Desks (metal)
1	Desk (wooden)
3	Storage cabinets (metal)
1	Filing cabinet (metal) 4 drawer
1	Paper cutter
1	Filing cabinet (metal) 39 drawers
2	Manual typewriters
3	Electric typewriters
1	Microfische
1	Facsimile Model 9140
1	Xerox Model 2830
1	Computer terminal & keyboard 2645 A
1	Lanpar printer decprinter I
2	Desk calculators

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MISCELLANEOUS EQUIPMENT
[Rail]

<u>Part #</u>	<u>Description</u>	<u>Year Acquired</u>
	MISC. SMALL TOOLS & FIRE EQUIPMENT	PRIOR TO 1970
749001	MINOR TOOLS AND WORK EQUIPMENT UNDER \$10,000	1975
	POWER RAIL DRILL	1975
	RAIL SAW	1975
	GAS TOILETS	1975
759101	MINOR TOOLS AND WORK EQUIPMENT UNDER \$10,000	1976
	RADIO CABINET	
	PUMP MOTOR KITSILANO BRIDGE.	
	RAIL AND FLANGE LUBRICATOR	
	RAIL CUTTING MACHINE	
	SCREW AIR COMPRESSOR	
788221	PORTABLE COMPRESSOR AND ACCESSORIES	1979
	4 - 50 FT. HOSES	
	1 MED. DUTY BREAKER	
	1 HEAVY DUTY BREAKER	
818831	SPRAYER	1982

RAILWAY CAR CONTROL / INFORMATION SYSTEM
[Rail]

<u>Description</u>	<u>Date Acquired</u>
LANPAR - DECPRINTER	JAN 1980
HEWLETT-PACKARD-CRT TERMINALS	FEB 1980
HEWLETT-PACKARD-MASTER DISC DRIVE	MAR 1980
TEXAS-PORTABLE DATA TERMINAL	JULY 1978
GRINNEL-HALON 1301 FIRE PROTECT SYS	JUNE 1981
HEWLETT-PACKARD-COMPUTER SYSTEM	NOV 1976
LANPAR LTD. - PRINTERS	SEPT 1977
LANPAR LA180 - DECPRINTER	NOV 1977
HEWLETT-PACKARD-INTERFACE BOARD	APR 1978
HEWLETT-PACKARD-DISPLAY STATION	JUNE 1978
HEWLETT-PACKARD-MINI COMPUTER SYS	AUG 1978
ALLAN CRAWFORD TRANSFORMER	MAY 1979
LANPAR LTD. - DECPRINTER	AUG 1979
HEWLETT-PACKARD-MEMORY UPGRADE	OCT 1979
HEWLETT-PACKARD-MULTIPLEXER, PANEL	JUN 1981
HEWLETT-PACKARD-HIGH PERFORM MEMORY	JUN 1981
GANDALF DATA-DESK TOP MODEMS	JUN 1981
LANPAR LTD. -TECH PRINTER	JUN 1981
MISC. H.P HARDWARE	JUL 1983

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ANNACIS ISLAND - MISC. EQUIPMENT
[Rail]

<u>Parr #</u>	<u>Description</u>	<u>Year Acquired</u>
728411	CONSTRUCT SITE . . .	1975
728411	COLMAT - UNLOADING RAMP	1975
728411	BUSSEL 5 TON ELEC. HOIST	1975
728411	NISSAN AUTO UNLOADING RAMP	1975
728411	MISCELLANEOUS FITTINGS AND CABLES	1975

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MICRO-COMPUTER EQUIPMENT - ACCOUNT #323856
[Rail]

Description: Part:

I.B.M. COMPATIBLE MICROCOMPUTER
INCL. MONITOR, WIDE CARRIAGE PRINTER
AND 2400 BAUD MODEM

878771

p. 20 of 27

TELEPHONE SYSTEM - LANGLEY OFFICE
[RAII]

<u>Description</u>	<u>Account</u>
ALL EQUIPMENT	323857

CONTROL EQUIPMENT LOCATED AT TRAPP YARD OFFICES
DISPATCH AND ADMINISTRATION
[Rail]

<u>Number</u>	<u>Description</u>
7	Omni-1 Voice Log System Uher 5000 Tape Recorders
1	RC4 - GE Master Controller
1	12 Bank Portable Radio Charger HT-220
1	RC4 GE Deskon

CONTROL EQUIPMENT LOCATED AT LANGLEY AND HUNTINGDON

<u>Number</u>	<u>Description</u>
2	Wabco Contro Units

ANALYSIS OF PLANT ACCOUNT - #322410
MISC. BUILDINGS & STRUCTURES - DISTRICT ONE

<u>Description</u>	<u>Year #</u>	<u>Parr #</u>
Construct 2 car platform with end loading ramp at Central Park Team Track	1975	749111
Construct toolhouse New Westminster Addition	1984	838811

LISTING OF MOBILE AND PORTABLE RADIO EQUIPMENT
[Rail]

NOTE: Sub-component MOB) - Mobile Vehicular Radio
Mobile S) -
PBL - Portable Hand Held Radio

PGM:FME1010

RAILROAD RADIO EQUIPMENT

PAGE: :

MAJ-COMP	SUB-COMP	MFR STYLE NO	MFR MODEL NO
VHF	MOB01373	MOCOM 70	CU33BBA-1700A
VHF	MOB01434	MOCOM 70	CU33BBA-1700A
VHF	MOB0143E	MOCOM 70	CU33BBA-1700A
VHF	MOB01437	MOCOM 70	CU33BBA-1700A
VHF	MOB02210	ARR RAILWAY	3RE40
VHF	MOB02224	ARR RAILWAY	3RE40
VHF	MOB02240	ARR RAILWAY	3RE40
VHF	MOB0224E	ARR RAILWAY	3RE40
VHF	MOB02287	HITREK	CT43JJA1700A
VHF	MOB02333	MOCOM 70	CU33BBA-1700A
VHF	MOB03136	HITREK	CT43JJA1700A
VHF	PBL00506	PM	MN36LCS66
VHF	PBL00514	HT220	H33FFN11700
VHF	PBL0051E	HT220	H33FFN1170E
VHF	PBL00516	HT220	H33FFN1170E
VHF	PBL00517	HT220	H33FFN1170E
VHF	PBL0051E	HT220	H33FFN1170E
VHF	PBL00535	HT220	MH33FFN1170E
VHF	PBL00536	HT220	MH33FFN1170E
VHF	PBL00537	HT220	XH33FFN1170E
VHF	PBL00540	HT220	MH33FFN1170E
VHF	PBL00541	HT220	MH33FFN1170E
VHF	PBL00627	HT220	XH23FFN1171E
VHF	PBL00628	HT220	XH23FFN1171E
VHF	PBL00629	HT220	XH23FFN117/E
VHF	PBL00630	HT220	XH23FFN1171E
VHF	PBL00631	HT220	XH23FFN1171E
VHF	PBL00632	HT220	XH23FFN1171E
VHF	PBL00633	HT220	XH23FFN1171E
VHF	PBL00634	HT220	XH33FFN1171E
VHF	PBL0063E	HT220	XH23FFN1171E
VHF	PBL00636	HT220	XH23FF21171E
VHF	PBL006E3	HT500	MH33B8U1164A
VHF	PBL006E7	HT500	MH33B8U1164A
VHF	PBL00661	HT500	MH33B8U1164A
VHF	PBL00662	HT500	MH33B8U1164A
VHF	PBL00697	HT440	XH33LCU1144AN
CGE	PBC00504	PM	112-3110191
ALA	PBC00736	HT500	112-0073227

PGM:FMB1010

RAILROAD RADIO EQUIPMENT

PAGE: 1

MAJ-COMF	SUB-COMF	MFR STYLE NO	MFR MODEL NO
UHF	MOB01320	MOCOM 70	CU332BA-1900A
UHF	MOB01430	MOCOM 70	CU332BA-1900A
UHF	MOB01432	MOCOM 70	CU332BA-1900A
UHF	MOB01433	MOCOM 70	CU332BA-1900A
UHF	MOB01436	MOCOM 70	CU332BA-1900A
UHF	MOB02225		3R54C
UHF	MOB02232	HITREX	HUD1002A
UHF	MOB02365	MOCOM 70	CU332BA-1900A
UHF	FBL00504	FM	MN36LC333
UHF	FBL00736	MTE00	MN332BU1164A
UHFR10	MOBILES	AAR Railway	3R54C
UHFR11			3R54C
UHFR12			3R54C
UHFR14			3R54C
UHFR15			3R54C
UHFR18			3R54C
UHFR17			3R54C
UHF3294		MOCOM 70	
UHF381		AAR Railway	3R54C
UHF382			3R54C
UHF383			3R54C
UHF384			3R54C
UHF4393		MOCOM 70	
UHF5283		HITREX	
UHF5471		3R54C	
UHF5557		MOCOM 70	
UHF5313		MOCOM 70	
UHF5262		AAR Railway	
UHF5381		MOCOM 70	
UHF6227		MOCOM 70	
UHF900		AAR Railway	3R54C
UHF901			3R54C
UHF902			3R54C
UHF903			3R54C
UHF904			3R54C
UHF905			3R54C
UHF906			3R54C
UHF907			3R54C
UHF908			3R54C
UHF909			3R54C
UHF910			3R54C
UHF911			3R54C
UHF931			3R54C

FGH:FMB1010

RAILROAD RADIO EQUIPMENT

PAGE: 2

MAJ-COMP	SUB-COMP	MFR STYLE NO	MFR MODEL NO
VHF	PBL00735	MT500	MH332BU1164A
VHF	PBL00737	MT500	MH332BU1164A
VHF	PBL00733	MT500	MH332BU1164A
VHF	PBL00740	MT500	MH332BU1164A
VHF	PBL00814	FM	MN36LCS66
VHF	PBL00837	HT220	XH23FFN1171D
VHF	PBL00840	HT220	XH23FFN1171D
VHF	PBL00849	FM	MN36LCS66
VHF	PBL00850	FM	MN36LCS66
VHF	PBL00874	HT220	XH23FFN1171E
VHF	PBL00875	HT220	XH23FFN1171E
VHF	PBL00876	HT220	XH23FFN1171E
VHF	PBL00877	HT220	XH23FFN1121E
VHF	PBL00878	HT220	XH23FFN1171E
VHF	PBL00879	HT220	XH23FFN1171E
VHF	PBL00880	HT220	XH23FFN1171E
VHF	PBL00881	HT220	XH23FFN1171E
VHF	PBL01404	FM	MN36LCS66
VHF	PBL01444	FM	MN36LCS66
VHF	PBL01500	FM	MN36LCS66
VHF	PBL01501	FM	MN36LCS66
VHF	PBL01502	FM	MN36LCS66
VHF	PBL01504	FM	MN36LCS66
VHF	PBL01511	FM	MN36LCS66
VHF	PBL01512	FM	MN36LCS66
VHF	PBL01515	FM	MN36LCS66
VHF	PBL01516	FM	MN36LCS66
VHF	PBL02312	FM	MN36LCS66
VHF	PBL02313	FM	MN36LCS66
VHF	PBL02314	FM	MN36LCS66
VHF4153	MOBILES	MOCOM 70	
VHF4202		MOTRAC	
VHF4622		3RE4C	
VHF4637		MITREK	
VHF4795		MOCOM 70	
VHF4807		MOCOM 70	
VHF4828		MOCOM 70	

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FGH:FMB1010

RAILROAD RADIO EQUIPMENT

PAGE: 2

MAJ-COMP	SUB-COMP	MFR STYLE NO	MFR MODEL NO
VHF6402	MOBILES	MOCOM 70	
VHF6423		3R54C	
VHF6430		MOCOM 70	
VHF6575		3R54C	
VHF9745		MOCOM 70	

RAILWAY - PORTABLE RADIOS

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PAGE 1

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DOC. LICENSE No.

SUBCOMP	STYLE	MODEL	TECH_FL_REF
PBL00504	PH	MN36LCS66	112-3110191
PBL00506	PH	MN36LCS66	112-0081907
PBL00514	HT220	H33FFN1170C	112-0932012
PBL00515	HT220	H33FFN1170E	112-0932014
PBL00516	HT220	H33FFN1170E	112-0932015
PBL00517	HT220	H33FFN1170E	112-0932016
PBL00518	HT220	H33FFN1170E	112-0932013
PBL00534	HT220	MH33FFN1170E	112-0488657
PBL00535	HT220	MH33FFN1170E	112-0632089
PBL00536	HT220	MH33FFN1170E	112-0632090
PBL00537	HT220	XH33FFN1170E	112-0632091
PBL00538	HT220	MH33FFN1170E	112-0008907
PBL00539	HT220	MH33FFN1170E	112-0008908
PBL00540	HT220	MH33FFN1170E	112-0014402
PBL00541	HT220	MH33FFN1170E	112-0128734
PBL00627	HT220	XH23FFN1171E	112-0128735
PBL00628	HT220	XH23FFN1171E	112-0503519
PBL00629	HT220	XH23FFN117/E	112-0503520
PBL00630	HT220	XH23FFN1171E	112-0503521
PBL00631	HT220	XH23FFN1171E	112-0503507
L00632	HT220	XH23FFN1171E	112-0632079
BL00633	HT220	XH23FFN1171E	112-0632080
PBL00634	HT220	XH33FFN1171E	112-0632081
PBL00635	HT220	XH23FFN1171E	112-0632082
PBL00636	HT220	XH23FF21171E	112-0503509
PBL00658	HT500	MH33BBU1164A	112-0503510
PBL00659	HT500	MH33BBU1164A	112-0073158
PBL00660	HT500	MH33BBU1164A	112-0073159
PBL00661	HT500	MH33BBU1164A	112-0073223
PBL00662	HT500	MH33BBU1164A	112-0073224
PBL00697	HT440	XH33LCU1144AN	112-0073225
PBL00735	HT500	MH33BBU1164A	112-0073226
PBL00736	HT500	MH33BBU1164A	112-0073227
PBL00737	HT500	MH33BBU1164A	112-0086287
PBL00738	HT500	MH33BBU1164A	112-0086288
PBL00739	HT500	MH33BBU1164A	112-3110181
PBL00740	HT500	MH33BBU1164A	112-0081908
PBL00813	PH	MN36LCS66	112-0081909
PBL00814	PH	MN36LCS66	112-0081910
PBL00837	HT220	H23FFN1131D	112-0081911
PBL00838	HT220	H23FFN1131D	112-0081912
PBL00839	HT220	H23FFN1131D	112-0080080
PBL00840	HT220	H23FFN1131D	112-0073219
PBL00849	PH	MN36LCS66	112-0073220
PBL00850	PH	MN36LCS66	112-0073221
BL00874	HT220	XH23FFN1171E	112-0503517
BL00875	HT220	XH23FFN1171E	112-0503518
PBL00876	HT220	XH23FFN1171E	112-0632077
PBL00877	HT220	XH23FFN1121E	112-0632078
PBL00878	HT220	XH23FFN1171E	112-0073222

Report produced by MARVEL at 13.29.26 on 05/30/88
D.O.C. License 116

SUBCOMP	STYLE#	MODEL#	TECH_FL_REF#
PBL00879	HT220	XH23FFN1171E	112-0503508
PBL00880	HT220	XH23FFN1171E	112-0073156
PBL00881	HT220	XH23FFN1171E	112-0073157
PBL01404	PM	HN36LCS66	112-0048781
PBL01405	PM	HN36LCS66	112-0048782
PBL01444	PM	HN36LCS66	112-0048783
PBL01500	PM	HN36LCS66	112-0048784
PBL01501	PM	HN36LCS66	112-0632083
PBL01502	PM	HN36LCS66	112-0632084
PBL01504	PM	HN36LCS66	112-0632085
PBL01511	PM	HN36LCS66	112-0632086
PBL01512	PM	HN36LCS66	112-0632087
PBL01515	PM	HN36LCS66	112-0632088
PBL01516	PM	HN36LCS66	112-0503511
PBL02312	PM	HN36LCS66	112-0503512
PBL02313	PM	HN36LCS66	112-0503513
PBL02314	PM	HN36LCS66	112-0503514
PBL02315	PM	HN36LCS66	112-0503515

**This is Schedule D
to the within Debenture
in the principal amount of \$25,500,000.00
granted by SOUTHERN RAILWAY OF BRITISH COLUMBIA LIMITED
to NATIONAL BANK OF CANADA**

CHATTEL LEASES:

1. Railcar lease with Procor Limited;
2. Railcar lease with General Electric Credit Corporation;
3. Railcar sublease with Canadian Forest Products Ltd.;
4. Railcar lease with Procor Limited;
5. Railcar lease with General Electric Railcar Services Canada Ltd.;
6. Railcar lease with Northwestern Oklahoma Railcar Company;
7. Railcar lease with Evans Railcar Leasing Company.
8. Vehicle Services Agreement dated August 30, 1988 between British Columbia Hydro and Power Authority and the Company.

**This is Schedule E
to the within Debenture
in the principal amount of \$25,500,000.00
granted by SOUTHERN RAILWAY OF BRITISH COLUMBIA LIMITED
to NATIONAL BANK OF CANADA**

AGREEMENTS, etc.:

1. Fraser Valley Corridor License Agreement between British Columbia Hydro and Power Authority and the Company dated August 30, 1988.
2. Central Park Corridor License Agreement between British Columbia Hydro and Power Authority and the Company dated August 30, 1988.
3. Asset Transfer Agreement between British Columbia Hydro and Power Authority and the Company dated August 30, 1988.
4. Real Property Operating Agreement between British Columbia Hydro and Power Authority and the Company dated August 30, 1988.
5. License granted or to be granted by British Columbia Hydro and Power Authority in favour of the Company in respect of:
 - (a) part of its interest received from MacMillan Bloedel and Powell River Limited (agreement no. A639 dated March 28, 1962);
 - (b) relocated rail facilities in the vicinity of the Queensborough Annacis swing bridge (Licenses to be in substantially the same form as the Central Park Corridor License between the British Columbia Hydro and Power Authority and the Company dated August 30, 1988, or British Columbia Hydro and Power Authority may at its option grant fee simple property to the Company after reserving interest required for certain operating services or third parties authorized by British Columbia Hydro and Power Authority);

Schedule E
(continued)

- 2 -

- (c) relocated rail facilities in the vicinity of SRW Plan 74380 (Licenses to be in substantially the same form as the Central Park Corridor License between the British Columbia Hydro and Power Authority and the Company dated August 30, 1988, or British Columbia Hydro and Power Authority may at its option grant fee simple property to the Company after reserving interest required for certain operating services or third parties authorized by British Columbia Hydro and Power Authority);
- (d) part of SRW 55539 (see composite plan 92G016.23) for access between the mainline and Lot 55 Plan 6606 (British Columbia Power and Hydro Authority may at its option grant fee simple property to the Company to be consolidated with Lot 5 Plan 6117).
6. Running Rights Agreement between Canadian Pacific Limited and British Columbia Hydro and Power Authority dated August 29, 1988, as assigned to the Company pursuant to an agreement between the British Columbia Hydro and Power Authority and the Company dated September 30, 1988.
 7. Trapp Yard Access Agreement between Canadian Pacific Limited and British Columbia Hydro and Power Authority dated August 29, 1988, assigned or to be assigned to the Company.
 8. Trapp Yard Area Firms Agreement between Canadian Pacific Limited and British Columbia Hydro and Power Authority dated August 29, 1988 assigned or to be assigned to the Company.
 9. Hydro Services Agreement dated August 30, 1988 between British Columbia Hydro and Power Authority and the Company.
 10. Employee Service Agreement dated August 30, 1988 between British Columbia Hydro and Power Authority and the Company.
 11. Rail Microwave Agreement dated August 30, 1988 between British Columbia Hydro and Power Authority and the Company.
 12. Rail Circuit Agreement dated August 30, 1988 between British Columbia Hydro and Power Authority and the Company.
 13. Rail VHF Agreement dated August 30, 1988 between British Columbia Hydro and Power Authority and the Company.
 14. Management Services Agreement dated August 30, 1988 between British Columbia Hydro and Power Authority and the Company.

Schedule E
(continued)

- 3 -

15. Canadian Pacific Ltd./Huntingdon Interchange Agreements;
16. Queensborough railway bridge lease with Fraser River Harbour Commission;
17. Fraser River Railway Bridge agreement with Department of Public Works;
18. Annacis Channel licence with Fraser River Harbour Commission;
19. Running rights agreement to Queensborough Bridge with Canadian National Railway Company;
20. Revenue Division agreement with Burlington Northern Railroad Company.
21. Letter Agreement between ITEL Rail Corporation and the Company dated September 30, 1988 regarding the Water Clauses Consolidation Act.
22. Agreement amending Employee Service Agreement dated September 30, 1988.
23. Indemnity Agreement Agreement dated September 30, 1988 between British Columbia Hydro and Power Authority and the Company.

**This is Schedule F
to the within Debenture
in the principal amount of \$25,500,000.00
granted by SOUTHERN RAILWAY OF BRITISH COLUMBIA LIMITED
to NATIONAL BANK OF CANADA**

LEASES:

- NIL -

LAND TITLE ACT

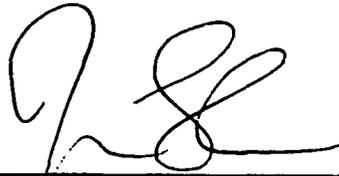
FORM 6

(SECTION 46)

PROOF OF EXECUTION BY CORPORATION

I CERTIFY that on the 18th day of October, 1988, at VANCOUVER, in the Province of British Columbia, LEE K. JOHNSON, who is personally known to me, appeared before me and acknowledged to me that he/she is the authorized signatory of SOUTHERN RAILWAY OF BRITISH COLUMBIA LIMITED and that he/she is the person who subscribed his/her name and affixed the seal of the Corporation to the instrument, that he/she was authorized to subscribe his/her name and affix the seal to it and that the Corporation existed at the date the instrument was executed by the Corporation.

In testimony of which I set my Hand and Seal of office at VANCOUVER, in the Province of British Columbia this 18th day of October, 1988.



A Commissioner for taking Affidavits
within British Columbia

TIMOTHY R. SEHMER
BARRISTER & SOLICITOR
2100 - 700 W. Georgia St.
VANCOUVER, B.C. V7Y 1A8

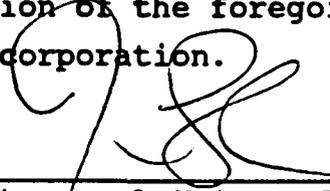
Province of British Columbia
Canada

On this 18th day of October, 1988, before me personally
appeared LEE K. JOHNSON, to me personally known, who
(name of signor)

being by me duly sworn, says that (s)he is the SECRETARY
(title of office)

of SOUTHERN RAILWAY OF BRITISH COLUMBIA LIMITED, that the seal
affixed to the foregoing instrument is the corporate seal of said
corporation, that said instrument was signed and sealed on behalf
of said corporation by authority of its Board of Directors, and
(s)he acknowledged that the execution of the foregoing instrument
was the free act and deed of said corporation.

[Notary's
seal]



Signature of Notary Public in and
for the Province of British Columbia

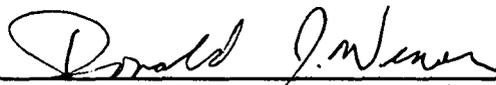
My Commission expires - unlimited

Province of British Columbia
Canada

On this 19th day of October, 1988, before me personally
appeared RON ANDERSON and CRAIG MARTIN
(name of signor) (name of signor)

each being to me personally known, each being by me duly sworn,
say that they are the SENIOR MANAGER, COMMERCIAL CREDIT and MANAGER, COMMERCIAL CREDIT
respectively, of NATIONAL BANK OF CANADA, that each of them
signed the said instrument on behalf of the said chartered bank
of Canada under authority of its Board of Directors, and each of
them acknowledged that the execution of the foregoing instrument
was the free act and deed of said chartered bank of Canada.

[Notary's
seal]


Signature of Notary Public in and
for the Province of British Columbia

My Commission expires - unlimited

DATED:

1988

GRANTED BY:

SOUTHERN RAILWAY OF BRITISH COLUMBIA LIMITED

IN FAVOUR OF:

NATIONAL BANK OF CANADA

DEMAND DEBENTURE
(\$25,500,000.00)

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