

FIRST UNION RAIL

One O'Hare Centre
6250 River Road, Suite 5000
Rosemont, IL 60018

Tel 847 318-7575
Fax 847 318-7588



VIA UPS 2nd DAY AIR

July 21, 2004

RECORDATION NO. 24727-H FILED

JUL 27 '04 3-39 PM

SURFACE TRANSPORTATION BOARD

Mr. Vernon E. Williams
Surface Transportation Board
1925 K Street, N.W., Room 704
Washington, DC 20423-0001
Attn: Recordation of Railroad Equipment

Re: Memorandum of Lease Agreement

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are one (1) original and two (2) copies of a Memorandum of Lease Agreement, dated May 7, 2004, a secondary document as defined in the Board's Rules for the Recordation of Documents. The enclosed document relates to the Lease Agreement which was duly filed with the Commission under Recordation Number 24727.

The names and addresses of the parties to the enclosed document are:

Lessor: First Union Rail Corporation
One O'Hare Center
6250 River Road, Suite 5000
Rosemont, IL 60018

Lessee: BC Rail LTD.
221 W. Esplanade
North Vancouver, BC V7M 3J1

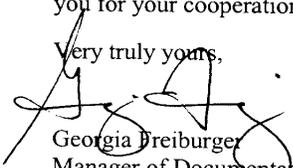
A description of the railroad equipment covered by the enclosed document is thirty (30) 73' centerbeam flatcars, with NOKL marks (see Exhibit A for car numbers).

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

Also enclosed is a check in the amount of \$30.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned along with the additional copies.

If you have any questions regarding the above-referenced matter, please contact me at (847) 384-5387. Thank you for your cooperation in this matter.

Very truly yours,


Georgia Freiburger
Manager of Documentation

Enclosures

(BCR026)

RECORDATION NO. 24727-H FILED

ASSGN. NO.: BCR026

JUL 27 '04 3-39 PM

MEMORANDUM OF LEASE SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 7th day of May, 2004, by and between the Montreal Branch of FIRST UNION RAIL CORPORATION ("Lessor"), a North Carolina corporation, and BC RAIL PARTNERSHIP ("Lessee"), a Canadian corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement (the "Lease"), dated as of July 21, 1999, whereby Lessor has agreed to lease to Lessee certain railcars pursuant to Rider No. 18 to the Lease (the "Rider"), as described in more particular on Exhibit A attached hereto, effective as of May 20, 2004 and subject to the terms, conditions and provisions of the above-mentioned Lease and Rider.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed under seal by their respective officers duly authorized as of the date and year first above written.

LESSOR:

FIRST UNION RAIL CORPORATION

NAME Susan A. Barrie

TITLE: Regional Vice President, Sales

SIGNATURE: [Handwritten Signature]

Executed on this 7 day of May, 2004.

PROVINCE OF QUEBEC

DISTRICT OF MONTREAL

I, Danielle Lord, a Commissioner of Oaths of the Province and District aforesaid, certify that Susan A. Barrie personally appeared before me this day and acknowledged his/her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 7th day of May, 2004.

[Handwritten Signature]
Commissioner of Oaths

My Commission Expires:
20 May 2007

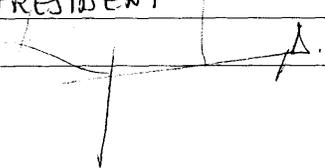


LESSEE:

BC RAIL PARTNERSHIP

NAME: R. PHILLIPS

TITLE: PRESIDENT

SIGNATURE: 

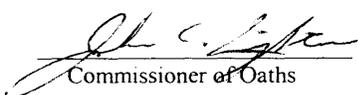
Executed on this _____ day of _____, 2004.

PROVINCE OF BRITISH COLUMBIA

CITY
DISTRICT OF NORTH VANCOUVER

I, JOHN C. LEIGHTON, a Commissioner of Oaths of the Province and CITY District aforesaid, certify that R. PHILLIPS personally appeared before me this day and acknowledged his/her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 6th day of MAY, 2004.


Commissioner of Oaths

My Commission Expires:

JANUARY 31, 2006

**EXHIBIT A to
MEMORANDUM OF LEASE**

NUMBER OF CARS: Thirty (30).

DESCRIPTION OF CARS: 73', 263,000 GRL, Centerbeam Flat Cars

CAR NUMBERS:

NOKL 730184	NOKL 730482
NOKL 730185	NOKL 730484
NOKL 730186	NOKL 730485
NOKL 730187	NOKL 730486
NOKL 730188	NOKL 730490
NOKL 730189	NOKL 730491
NOKL 730190	NOKL 730492
NOKL 730191	NOKL 730494
NOKL 730192	NOKL 730497
NOKL 730193	NOKL 730996
NOKL 730194	NOKL 731307
NOKL 730195	NOKL 731308
NOKL 730196	NOKL 731309
NOKL 730197	NOKL 731310
NOKL 730199	NOKL 731311

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IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed under seal by their respective officers duly authorized as of the date and year first above written.

LESSOR:

FIRST UNION RAIL CORPORATION

NAME Susan A. Barrie

TITLE: Regional Vice President, Sales

SIGNATURE: *Susan A. Barrie*

Executed on this 7 day of May, 2004.

PROVINCE OF QUEBEC

DISTRICT OF MONTREAL

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WITNESS my hand and official stamp or seal, this 7th day of May, 2004.

Danielle Lord
Commissioner of Oaths

My Commission Expires:

20 May 2007

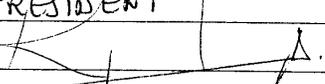


LESSEE:

BC RAIL PARTNERSHIP

NAME: R. PHILLIPS

TITLE: PRESIDENT

SIGNATURE: 

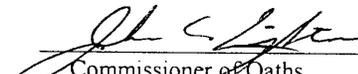
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