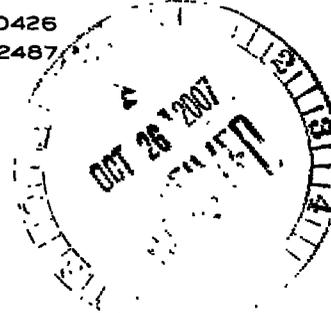


**NATIONAL
RAILWAY EQUIPMENT CO.**



HOME OFFICE · 14400 S. ROBEY STREET · P O BOX 2270 · DIXMOOR, ILLINOIS 60426
TELEPHONE (708) 388-6002 · FAX (708) 388-2487



October 23, 2007

RECORDATION NO 26124-A FILED

OC: 2 6 '07

4-42 PM

SURFACE TRANSPORTATION BOARD

Hon. Vernon A. Williams
Secretary
Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

Attn: Equipment Recordation

To Whom It May Concern:

I have enclosed for recordation, pursuant to the provisions of 49 U.S.C. 11301, an original and one counterpart of a schedule for a locomotive lease agreement dated December 22, 2005, a secondary document under the Board's recordation regulations. The primary document was recorded with the STB under Recordation Number 26124.

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

Lessor: National Railway Equipment Co.
14400 S. Robey St.
Dixmoor, IL 60426

Lessee: Northshore Mining Company
10 Outer Drive
Silver Bay, Minnesota 55614

A description of the equipment covered by the Lease Agreement is as follows:

Five (5) SD20 EMD Six-Axle Locomotives, bearing road #'s NREX 2030, NREX 2033, NREX 2040, NREX 2034, NREX 2041.

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

"Locomotive Lease Agreement"

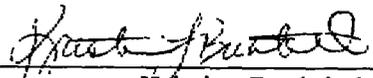
Also enclosed is a check in the amount of \$35 payable to the Surface Transportation Board to cover the required recordation fee for the attached agreement.

Please date-stamp and return an original copy after recordation to:

Kristina Buchthal
National Railway Equipment Co.
14400 South Robey Street
P.O. Box 2270
Dixmoor, IL 60426

Sincerely Yours,

NATIONAL RAILWAY EQUIPMENT CO.

By: 

Kristina Buchthal

OCT 26 '07

4-42 PM

SURFACE TRANSPORTATION BOARD

LOCOMOTIVE LEASE AGREEMENT

THIS LOCOMOTIVE LEASE AGREEMENT ("Lease"), entered into as of this 22nd day of December 2005, between the National Railway Equipment Co., an Illinois corporation, ("LESSOR"), and Northshore Mining Company, ("LESSEE").

LESSOR AND LESSEE HEREBY AGREE AS FOLLOWS:

1. LEASE AND LEASED PROPERTY

Lessee hereby leases from Lessor, the locomotive, ("Locomotive" or "locomotive"), together with the parts, accessories, attachments and devices, if any, now or hereafter affixed thereto, as described in Schedule "A" attached to and made part hereof.

2. TERM

The term of this Lease for each locomotive shall be the fixed term set forth in Schedule "A", commencing on the date such locomotive is accepted by Lessee ("Commencement Date"). In the event of default of the lease, Lessee shall affect prompt delivery of the locomotive to Lessor at its Silvis, Illinois remanufacturing facility.

3. RENTAL

A. The rental payable shall be the sum identified in Schedule "A" payable in advance monthly installments, with one month of advance rent payable upon purchase order receipt date and, in addition, two months of advance payment to be held as a security deposit. Lessee shall operate such locomotive in service on its railroad. If the Commencement Date for any locomotive does not fall on the first day of the month, the first rental payment shall be prorated accordingly.

B. Payments past due for more than five (5) days shall bear interest at the rate of twelve percent (12%) per annum.

C. All rentals shall be paid to Lessor at:

National Railway Equipment Co.
1473 Paysphere Circle
Chicago, IL 60674

or at such other address as Lessor may direct in writing.

4. TAXES

Lessee shall pay all use, excise, ad valorem, stamp, documentary and similar taxes on or relating to this lease of the locomotive, or the use, registration, rental, maintenance, possession or operation thereof, and shall file any returns required therefor, and shall hold Lessor harmless against any liability and expense (including attorney fees and costs) on account of Lessee's failure to do the same.

SCHEDULE "A" ADDENDUM 1

Attached to and incorporated into the Lease dated the 22nd day of December, 2005 by and between the National Railway Equipment Co. (LESSOR) and Northshore Mining Company (LESSEE) and included as an addendum dated August 18, 2006.

Type and General Description of Locomotive Unit, Marks and Numbers:

UNIT NO.	TYPE	GENERAL DESCRIPTION
NREX 5418	EMD	SD40-2 Special Duty Locomotive

LEASE RATE

**LEASE
TERM**

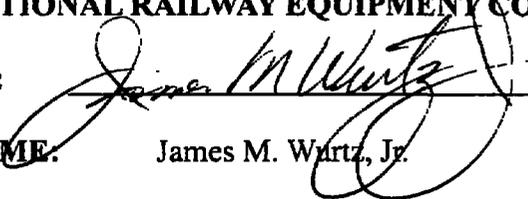
150 days to 365 days

COMMENCEMENT DATE: Ex-works Capreol, Ontario, Canada portal to portal with a return designation of Lessor's manufacturing facility in Dixmoor, Illinois. Start date: September 8, 2006.

Lessee agrees to pay the first month of rent and two months of rent to be held as security with their execution of the lease.

SCHEDULE "A" ADDENDUM 1

LESSOR: NATIONAL RAILWAY EQUIPMENT CO.

BY: 

NAME: James M. Wirtz, Jr.

TITLE: Vice President

LESSEE: NORTSHORE MINING COMPANY

BY: 

NAME: Michael P. Mlinar

TITLE: GM

SCHEDULE "A" ADDENDUM 1

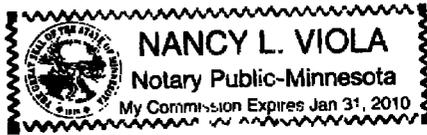
STATE OF Minnesota)
COUNTY OF Lake) SS.

On this ~~18th~~ 6 day of ~~August~~ Sept, 2006, before me appeared Michael P. Mlinar, the person who signed this instrument who acknowledged that (s) he is the General Manager of Northern Mining Co. and that, being duly authorized, (s) he signed such instrument as a free act on behalf of said corporation.

Nancy L. Viola

Notary Public

[Seal]



My Commission Expires:

1/31/2010

STATE OF ILLINOIS)
COUNTY OF Cook) SS.

On this 3rd day of Sept, 2007, before me appeared James M. Wurtz Jr., the person who signed this instrument who acknowledged that (s) he is an officer of NATIONAL RAILWAY EQUIPMENT CO. and that, being duly authorized, (s) he signed such instrument as a free act on behalf of said corporation.

Robert E. Loewer Jr.
Notary Public

[Seal]

My Commission Expires:



SCHEDULE "A" ADDENDUM II

Attached to and incorporated into the Lease dated the 22nd day of December, 2005 by and between the National Railway Equipment Co. (LESSOR) and Northshore Mining Company (LESSEE) and included as an addendum dated May 16, 2007.

Type and General Description of Locomotive Unit, Marks and Numbers:

UNIT NO.	TYPE	GENERAL DESCRIPTION
ARR 3004	EMD	GP40-2 General Purpose Locomotive

LEASE RATE

**LEASE
TERM**

180 days to 365 days

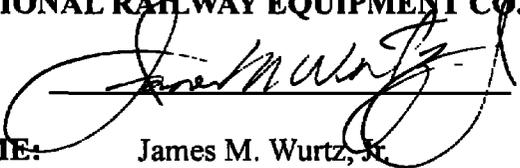
COMMENCEMENT DATE: Ex-works Horicon, Wisconsin portal to portal with a return designation of Lessor's manufacturing facility in Dixmoor, Illinois or Seattle, Washington. Commencement date is May 16, 2007.

Locomotive freight transportation outgoing and return costs are to the account of the Lessee.

Lessee agrees to pay the first month of rent and two months of rent to be held as security with their execution of the lease.

SCHEDULE "A" ADDENDUM II

LESSOR: NATIONAL RAILWAY EQUIPMENT CO.

BY: 

NAME: James M. Wurtz, Jr.

TITLE: Vice President

LESSEE: NORTSHORE MINING COMPANY

BY: 

NAME: Michael P. Mlinar

TITLE: GM

SCHEDULE "A" ADDENDUM II

STATE OF Minnesota)
) SS.
COUNTY OF Lake)

On this ~~16~~ 6 day of ~~May~~ Sept, 2007, before me appeared Michael P. Mlinar, the person who signed this instrument who acknowledged that (s) he is the General Manager of Northern Mining and that, being duly authorized, (s) he signed such instrument as a free act on behalf of said corporation.

Nancy L. Viola
Notary Public

[Seal]



My Commission Expires:

1/31/2010

STATE OF ILLINOIS)
) SS.
COUNTY OF WILL COOK)

On this 3rd day of September, ~~2005~~ 2007, before me appeared James M. Wurtz Jr., the person who signed this instrument who acknowledged that (s) he is an officer of NATIONAL RAILWAY EQUIPMENT CO. and that, being duly authorized, (s) he signed such instrument as a free act on behalf of said corporation.

Robert E. Loewer Jr.
Notary Public

[Seal]

My Commission Expires:



SCHEDULE OF EQUIPMENT

Lessor: NATIONAL RAILWAY EQUIPMENT CO.

Lessee: NORTSHORE MINING COMPANY

Approved by: 
(Lessee to initial each page)

Attached to ~~Bill of Sale~~ dated:

Equipment Located at:

National Railway Equipment Co.'s
remanufacturing facility in Dixmoor, Illinois

Equipment Schedule No.: See Schedule "A"

Manufacturer and/or Vendor
Name & Invoice Number

Equipment
Description

National Railway Equipment Co.

EMD GP40-2 General Purpose Locomotive

National Railway Equipment Co.

EMD SD40-2 Special Duty Locomotive
(per Addendum I dated August 18, 2006)