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Monday, September 27, 1999

Mr. Phillip Young
Canadian National Railway Properties INC. (CNRP)

I am writing with respect to the CN land currently on lease to the Northern Ontario Railroad Museum and Heritage Center (NORMHC). The lease reference number with CNRP for the property in question is 5991.

I have been informed that a previous request to obtain this land for the museum was denied due to concerns surrounding fiber optic lines, on the property. However it has come to my attention that the CN owned fiber lines run adjacent to the property in question.

The NORMHC is currently proposing to expand as a result of an increasing amount of inventory and the increasing popularity of the museum. The museum is currently drafting a proposal for government funding to assist in the expansion. However, our expansion plans will only be realized if the NORMHC has full ownership of the land in question. We are actively negotiating for the land adjacent to the museum, which is marked "sold" on the attached map. These negotiations are proceeding smoothly. We are anticipating that the Town of Capreol will acquire and donate it to the museum.

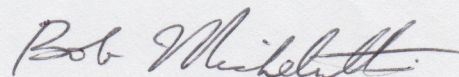
Our exterior static displays have recently been augmented with the addition of five new locomotives. These include a baggage car and a snowplough donated by CN, a 1946 ALCO S-2 diesel engine, an electric 50-ton engine and a caboose donated by INCO. Space for these additional displays is required. We are in the process of arranging for the transportation of these locomotives to the NORMHC museum site. We hope to have these additional displays on site by November 1st. As a result of the above developments, expediting these discussions and transfer of ownership would be greatly appreciated.

The Town of Capreol and the NORMHC have a long history with CN. It is therefore our intention to utilize this as an opportunity to re-establish these old links and foster new ones.

The NORMHC is a non-profit organization, which is in the position to offer CN real estate a tax receipt for the land in question. The NORMHC would like to discuss this further at your earliest convenience. I look forward to hearing from you soon.

Thank you,

Mr. Charles C. Nyabeze
Community Development Officer


Mr. Bob Michelutti
President NORMHC