



Long-Term Operating Arrangement

Situation Overview

British Columbia Railway Company ("BCRC"), a crown corporation owned by the Province of British Columbia, is seeking proposals for a long-term operating arrangement for its bulk marine terminal business known as Vancouver Wharves ("Vancouver Wharves" or the "Business"). BCRC will require that Vancouver Wharves continues to be used for port terminal related activities for the duration of the operating arrangement.

Investment Highlights

- Highly diversified terminal operator – *handles commodities from a variety of sectors including mining, forest products, oil & gas and agriculture*
- Excellent strategic positioning – *located at Port of Vancouver, Canada's largest and most diversified port*
- Substantial recent investment – *has enhanced handling capabilities, efficiency and capacity*
- High barriers to entry – *only terminal in Port of Vancouver capable of handling mineral concentrates*
- Proven cash flow generator – *approximately \$12.6 million of EBITDA in 2005*
- Strong, long-term customer relationships – *includes industry leaders such as Teck Cominco, Canfor and Sultran*
- Experienced, effective management team – *top five executives have over 150 years of industry experience*

Process and Contacts

BCRC has retained CIBC World Markets to assist in soliciting transaction proposals for the long-term operation of the Business. Interested parties are required to provide a letter that addresses each of the following points: (i) background information on their business including experience in operating similar port terminal businesses, (ii) evidence of the business rationale for their interest, (iii) their history and experience in transactions of this nature, and (iv) evidence of their financial capacity to complete a transaction and operate the Business. Upon execution of a Confidentiality Agreement, qualified interested parties will receive a Confidential Information Memorandum as well as further guidelines regarding first round proposals. Following receipt of first round proposals, BCRC will provide selected parties access to a data room containing more detailed information on the Business.

Nothing in this document imposes any obligation upon BCRC or its affiliates to complete any transaction involving Vancouver Wharves, to enter into any discussions or negotiations with respect thereto or to consider any offer, whether or not it represents the highest price or best overall value to BCRC. Parties should note that existing employees of BCRC and its subsidiaries are not permitted to submit proposals in this process. **All inquiries or communications regarding the initial phase of this process should be directed to one of the CIBC World Markets contacts listed below. Proponents are not permitted to contact any employee or representative of Vancouver Wharves, BCRC, or any of their affiliates, the Province of British Columbia, the District of North Vancouver, the Vancouver Port Authority, or any other entity with a business relationship with Vancouver Wharves including customers and suppliers, regarding any aspect of your interest.**

CIBC World Markets

400 Burrard Street, 12th Floor, Vancouver, British Columbia V6C 3A6

Alan Wallace
Managing Director
Tel: (604) 891-6301
Fax: (604) 891-6330
alan.wallace@cibc.ca

Paul Langley
Executive Director
Tel: (604) 891-6302
Fax: (604) 891-6330
paul.langley@cibc.ca

Michael Burtch
Director
Tel: (604) 891-6304
Fax: (604) 891-6330
michael.burtch@cibc.ca

The information contained in this business overview is provided as background information only to proponents interested in a transaction involving the Business. None of BCRC, CIBC World Markets Inc. or any of their respective affiliates, directors, officers, employees, shareholders, representatives or agents accepts any responsibility or liability whatsoever for this information and proponents are encouraged to independently verify the accuracy of information they consider important to their evaluation of this opportunity

Description

Located at the entrance to the Port of Vancouver in Burrard Inlet, Vancouver Wharves is one of the largest bulk terminals in the Port of Vancouver, Canada's largest and most diversified port. The terminal offers a variety of both in-bound and out-bound services for shippers of resource-based products moving to and from all regions of Western Canada and the Pacific Northwest. The terminal is the only facility in the Port of Vancouver capable of handling mineral concentrates such as copper, lead and zinc. Its agricultural facility offers the premier soft handling capability on the west coast of North America and its pulp and sulphur handling capabilities are cost-efficient relative to other ports in North America. In addition, the terminal is equipped to handle liquids, although this capacity is not currently in use.

The Business is comprised of a 139-acre, five-berth site with wharf frontage of 955 metres. The facility can accommodate vessels up to 260 metres long. The terminal is located on the CN Rail mainline in North Vancouver and also receives railcars via interchanges from CP Rail and BNSF. The majority of the site (110 acres) is owned by BCR Properties Ltd., a subsidiary of BCRC. A portion of a berth, waterlots, and a small portion of the upland on the western end of the facility, all totaling 19 acres, are leased from the Vancouver Port Authority. In addition, the Business currently leases 10 acres at the western end of the site from Canada Lands Company Ltd.

The Business employed 31 full-time salaried employees and 21 foremen as of March 31, 2006, and 101 equivalent person-years of unionized hourly workers in 2005.

Selected Customers

- Concentrates: Teck Cominco, Highland Valley Copper, Imperial Metals, Taseko Mines.
- Pulp: Canfor, Millar Western.
- Sulphur: Sultran.
- Agri-Products: JK International, Finora, WestCan.

View from the East

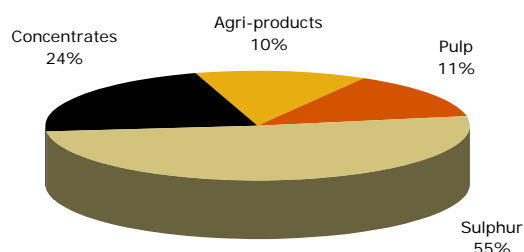


View from the West



Segmented Volume

2005 Volume by Cargo Type
Total Volume = 3.8 million tonnes



Recent and Future Expansion Opportunities

There has been significant capital investment over the past eight years to enhance the capabilities, efficiency and capacity of Vancouver Wharves. In particular, a project to install dedicated handling systems for specialty agri-products and sulphur was commissioned in 2000. Additionally, significant capital has been invested in environmental improvements since BCRC acquired Vancouver Wharves including enclosure of all upland mineral concentrate handling operations. An emphasis on reducing costs while increasing productivity has dramatically lowered the terminal's break-even point and improved customer service levels. Future opportunities include securing greater volumes of break bulk cargo, increasing concentrates volumes through increased storage capacity, securing greater sulphur volumes and utilization of unused land.

Vancouver Wharves Financial and Operating Summary

Financial Summary

(C\$ millions)	2003	2004	2005
Revenue	\$42.9	\$42.0	\$44.1
EBITDA Pre-Corporate Overhead Expenses	13.3	13.7	16.8
EBITDA	9.0	9.4	12.6

Volume and Capacity Summary

(000s tonnes)	Cargo Units		Capacity Utilization
	Current Capacity	2005 Volume	
Concentrates	1,200	904	75%
Pulp	550	432	79%
Sulphur	3,000	2,063	69%
Agri-Products	800	373	47%
Liquids	200	0	0%
	5,750	3,772	66%

Overview of Port of Vancouver

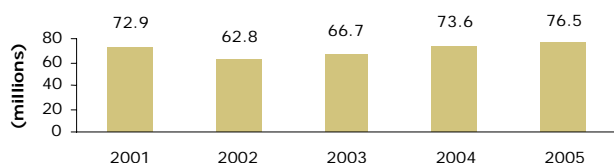
Description

The Port of Vancouver is Canada's largest and most diversified port, trading approximately \$30 billion in goods with more than 90 nations.

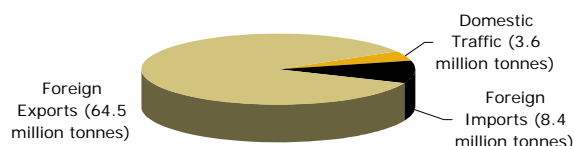
- Consists of 25 major marine terminals - bulk (17), break-bulk cargo (3), containers (3), and cruise (2)
- Served by 3 major railways - Canadian National Railway, Canadian Pacific Railway, and BNSF Railway
- 94% of export cargo originates in Western Canadian provinces of British Columbia, Alberta, and Saskatchewan
- Largest trading economies are Japan (22% of volume), China (20% of volume) and South Korea (11% of volume)



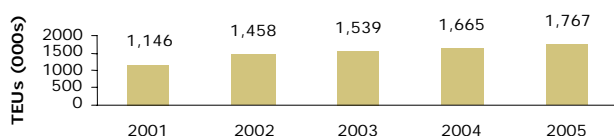
Total Volume (Tonnes)



2005 Total Volume (76.5 million tonnes)



Containers Handled (TEUs)



2005 Volume by Commodity

