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RECORDATION NO. 1.5226 Filed & Recorded
MAY 13 1987 11:10 AM
INTERSTATE COMMERCE COMMISSION

May 13, 1987

Ms. Mildred Lee
Interstate Commerce Commission
Recordation Department, Room 2303
12th and Constitution Avenue, N.W.
Washington, D.C. 20423

Date 5/13/87
Fee \$ 10.00
ICE Washington, D.C.

Dear Mrs. Lee:

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

This document is a lease, a primary document, dated May 15, 1987.

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

LESSOR: First City Capital Ltd.
First City Building
777 Hornby Street
Vancouver, B.C. V6Z 1S4

LESSEE: SKEENA CELLULOSE INC.
2210 - 666 Burrard Street
Vancouver, B.C. V6C 2L1

A description of the equipment covered by the document follows:

Sixty (60) 6,740 cubic foot woodchip railcars; car numbers: KYLE 35201 to KYLE 35235, inclusive; KYLE 8001 to 8025, inclusive.

Janet M. Lund
C. D. Lund

Ms. Mildred Lee
May 12, 1987
Page Two

A fee of \$10.00 is enclosed. Please file and record one set of the Lease Agreement and return the original showing the recording numbers and filing dates thereon.

A short summary of the document to appear in the index follows: Lease Agreement between First City Capital Ltd., First City Building, 777 Hornby St., Vancouver, B.C. V6Z 1S4, and SKEENA CELLULOSE INC., # 2210-666 Burrard St., Vancouver, B.C. V6C 2L1, dated May 15, 1987, and covering sixty (60) 6,740 cubic foot woodchip railcars.

Cordially,



William C. Gibb

WCG:jmi
Enclosure

Interstate Commerce Commission

Washington, D.C. 20423

5/13/87

OFFICE OF THE SECRETARY

William C Gibb
1050 Thomas Jefferson Street N.W.
Washington, D.C. 20007

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 5/13/87 at 11:10am, and assigned re-
recording number(s). 15226

Sincerely yours,

Norita K. McGehee
Secretary

Enclosure(s)

SE-30
(7/79)

ISSUING OFFICE ADDRESS SAME AS ABOVE

LESSEE'S FULL NAME, ADDRESS SKEENA CELLULOSE INC. #2210 - 666 Burrard Street Vancouver, B.C. V6C 2L1	SUPPLIER'S FULL NAME, ADDRESS TRANSPORTATION CORPORATION OF AMERICA RECORDATION NO. <u>1 5226</u> Filed & Recorded MAY 13 1987 11:10 AM SUPPLIER'S SALESMAN <u>INTERSTATE COMMERCE COMMISSION</u> TEL
PERSON TO CONTACT <u>RUDY SCHWARTZ</u> TEL <u>688-2225</u>	

QUANTITY	DESCRIPTION OF EQUIPMENT	PRICE
60	WOOD CHIP GONDOLA RAILCARS at \$38,188.00 U.S. each Preliminary conversion rate to Canadian Funds as at May 1, 1987 at 1.3380 Spot Rate	\$3,065,732.64
A REGISTRATION AND HANDLING FEE OF \$20.00 WILL BE INCLUDED ON YOUR FIRST INVOICE.		
		TOTAL PRICE \$3,065,732.64
		FEDERAL TAX
		PROVINCIAL TAX
DELIVERY DATE		TOTAL COST \$3,065,732.64

LEASING PARTICULARS

TERM	RENTALS DUE	RENTALS		TAX	TOTAL RENTAL	TERMINAL RENTALS		PRICING INDEX DATE
		NUMBER	AMOUNT			NUMBER	AMOUNT	
105	MONTHLY	105	\$ 45,759.60	\$ 2,745.58	\$ 48,505.18	OF \$		
MONTHS	IN ADVANCE		EXCLUDING TAX	EACH RENTAL		DUE ON COMMENCEMENT		

OPTION TO PURCHASE At the expiry of the 105 month of the Term Lessee, if not in default, shall have the option to purchase the Equipment for the price of \$ 1,189,348.20 payable in cash prior to the expiry of the said 105th month subject to the provisions of section 3 hereof

EQUIPMENT LOCATION IN AND AROUND THE PROVINCE OF BRITISH COLUMBIA

PLACE OF REDELIVERY TO LESSOR 777 HORNBY STREET, VANCOUVER, B.C. V6Z 1S4

LEASE AGREEMENT

THIS LEASE AGREEMENT made by and between First City Capital Ltd. ("Lessor") and the lessee ("Lessee")

WITNESSETH That in consideration of the covenants hereinafter contained including those on the reverse hereof Lessor and Lessee agree as follows

- LEASE**
Lessor hereby leases to Lessee, and Lessee hereby hires and leases from Lessor the equipment described above, together with any parts and accessories now and hereafter relating thereto or affixed thereon (all together the Equipment)
- TERM**
This Lease is for an original term (the "Term") commencing on the Lease Commencement Date and, unless sooner terminated as provided for herein, ending at the expiry of the number of months indicated under the heading Term in the Leasing Particulars
- OPTION TO PURCHASE**
Provided Lessee shall not be in default under this Lease and upon 60 days written notice from Lessee to Lessor, Lessee shall have the option to purchase ("Option") all but not less than all of the Equipment at the time and for the amount stated above. Transfer of title to the Equipment shall be without any warranties or representations, express or implied as to durability, marketability, suitability, quality or condition of the Equipment or as to any other matter. This Option is not assignable
- RENTALS AND RENTAL ADJUSTMENT**
4.1 Rentals stated above are based on the Lease Pricing Index as offered by First City Trust Company at its principal office in Vancouver, British Columbia in effect on the date Lease was prepared by Lessor or Lessor's agent, the Pricing Index Date
4.2 The Lease Pricing Index is calculated by taking an average of the interest rates for interest paid annually Guaranteed Investment Certificates ("GIC's") and Debentures issued by First City Trust Company for terms of one to five years inclusive
4.3 The Lease Pricing Index and the rates from which it is derived are subject to change from time to time and such changes will be published as soon as practicable and be made

available during normal business hours in Branch offices of First City Trust Company

4.4 It is understood and agreed that the Lease Rentals will be based on the Lease Pricing Index in effect on the date on which Lessee acknowledges acceptance of the Equipment by executing Lessor's Equipment Acceptance and Lease Commencement Certificate

4.5 Rentals will be increased to reflect any upward change or decreased to reflect any downward change in the Lease Pricing Index from the above stated Pricing Index Date to the date of execution of the Equipment Acceptance and Lease Commencement Certificate, and Lessee authorizes Lessor to make such adjustments to the Lease

4.6 If the Lease Pricing Index is uncertain or unclear or incalculable or is determined by a Court of competent jurisdiction for any reason to be unenforceable or inapplicable, then in all calculations made pursuant to this Lease for such period the Prime Rate shall be substituted for the Lease Pricing Index. "Prime Rate" on any date means the prime commercial lending rate in Canada of The Toronto Dominion Bank as designated by The Toronto Dominion Bank in effect on that day

5 **TERMINAL RENTALS**
On the Lease Commencement Date, Lessee shall pay Lessor the number of terminal rentals, if any, specified in the Leasing Particulars. Such terminal rentals, when paid to Lessor, shall be deemed to have been received by Lessor neither as a deposit, nor as security to compensate Lessor for any damages it may suffer by reason of a breach by Lessee of any covenant or condition of this lease; but rather as a condition precedent to the obligations of Lessee. Such terminal rentals shall remain the absolute property of Lessor and shall not be refundable to Lessee under any circumstances

If this Lease remains in force and in good standing, the terminal rentals shall be applied by Lessor against the Rentals in reverse order of their maturity. If this Lease is in default, the terminal rentals shall be applied by Lessor against rentals due and owing to Lessor from Lessee

6 **INTEREST ON OVERDUE PAYMENTS**
Lessee shall without notice pay interest at the rate of twenty-four per cent (24%) per annum on

LEASE COMMENCEMENT DATE MAY 15, 1987
(DUE DATE OF FIRST RENT PAYMENT)
SUBSEQUENT RENT PAYMENTS COMMENCE JUNE 15, 1987
FIRST CITY CAPITAL LTD
PER Craig W. ...
DATE OF LESSOR'S ACCEPTANCE May 11/87

SKEENA CELLULOSE INC.
NAME OF LESSEE
PER [Signature] AUTHORIZED SIGNATORY TITLE Corp. Controller
PER [Signature] AUTHORIZED SIGNATORY TITLE N.P. Manufacturer
DATE May 11/87

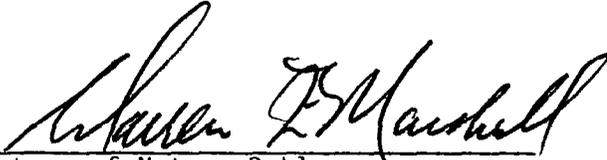
PROVINCE OF B.C.

COUNTRY OF CANADA

On this 11th day of May 1987 before me personally appeared, George Will, to me personally known, who being by me duly sworn, says that he is Vice President of First City Capital Ltd., 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 he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

The above referenced Instrument is described as Lease Agreement #01144120, Schedule A thereto, and Schedule B thereto, each having been executed by the Lessee on May 11, 1987.

I have compared the copy with the original and have found the copy to be complete and identical in all respects to the original document.



Signature of Notary Public

A Notary Public in and for the
Province of British Columbia

My Commission Expires: upon death

