

ITEL

February 12, 1991

Itel Rail Corporation

550 California Street
San Francisco, CA 94104
(415) 984-4200

Hon. Sidney L. Strickland, Jr., Esq.
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

17227 / ✓
RECORDATION NO _____ FILED 1425

1-045A01C

FEB 14 1991 -9 59 AM

INTERSTATE COMMERCE COMMISSION

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FEB 14 1991 -9 59 AM

INTERSTATE COMMERCE COMMISSION

Re: 1) Lease of Railroad Equipment
2) Schedule No. 1

Dear Mr. Strickland:

On behalf of Itel Rail Corporation, the above instrument, in three (3) counterparts, is hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$30 recordation fee.

Please record the Lease of Railroad Equipment dated November 16, 1990, between Rex Railways, Inc. and Washington Mills Electro Minerals Corporation, under a new recordation number and record Schedule No. 1 under the recordation number assigned to the Lease.

The parties to the aforementioned instruments are listed below:

Rex Railways, Inc. (Lessor)
550 California Street
San Francisco, California 94104

Washington Mills Electro Minerals Corporation (Lessee)
1801 Buffalo Avenue
Niagara Falls, New York 14302

This Lease replaces the lease between Lessor and Lessee which expired July 31, 1990. Schedule No. 1 adds to the Lease ten (10) 4750 cubic foot, 100-ton covered hopper cars bearing reporting marks RREX 4350-4382 (n.s.).

Please return to the undersigned the stamped counterparts not required for filing purposes, together with the ICC fee receipt and acknowledgment letter.

Very truly yours,



Patricia Schumacker
Legal Assistant

FEB 14 1991 -9 50 AM

INTERSTATE COMMERCE COMMISSION LEASE NO. SOHIOT02B

SCHEDULE NO. 1

THIS SCHEDULE No. 1 to that certain Lease Agreement (the "Agreement") made as of November 16, 1990 between REX RAILWAYS, INC. ("Lessor") and WASHINGTON MILLS ELECTRO MINERALS CORPORATION ("Lessee") is made as of November 16, 1990

Lessor and Lessee agree as follows:

1. **Capitalized Terms:** All capitalized terms defined in the Agreement shall have the meanings defined therein when used in this Schedule No. 1, except that the term "Cars" as used herein shall only refer to the equipment described in this Schedule unless otherwise indicated.
2. **Cars Leased:** Lessor hereby leases the following Cars to Lessee subject to the terms and conditions of the Agreement and this Schedule:

AAR Mech Desig.	Description	Numbers	Capacity	No. of Cars
LO	Covered Hoppers	RREX 4350, 4351, 4353, 4363, 4366, 4370, 4375, 4377, 4382, 4386	4750 c.f. 100-ton	10

3. **Term:** The term of the Agreement with respect to each Car described in this Schedule shall be deemed to have commenced on August 1, 1990 and shall expire on July 31, 1992 ("Expiration Date").
4. **Cancellation:** Either party may, upon 60 days prior written notice to the other, cancel any or all Cars at anytime during the term of the Agreement.
5. **Rent:** Effective as of August 1, 1990, Lessee shall pay Lessor a fixed rent of _____ per month for each Car through and including the Expiration Date subject to Section 6 below.
6. **Holdover Rent:** Upon the expiration or other termination of this Agreement with respect to any Car described in this Schedule, until any Car is returned to Lessor, Lessee shall continue to pay rent for such Car. If Lessor requests in writing the return of any Car and Lessee fails to use best efforts to return such Car, Lessee shall upon written notice from Lessor pay 150% of the rent in effect immediately prior to expiration.
7. **Remittance or Forfeiture of Mileage Allowances:** Insofar as applicable laws and regulations permit, and unless an event of default specified in Section 15 of the Lease shall have occurred and be continuing, Lessee shall be entitled to all allowances collected by Lessor from railroads as a credit against rents, and any other amounts that Lessee may be required to pay Lessor, but in no event shall such credit exceed the sum of such obligations.

8. Abatement:

A. If any Car is damaged but not damaged beyond repair and, at Lessor's request, it is moved to a non-railroad shop for repair, rental shall abate as of the date on which such Car is switched into the property of such repair shop and shall be reinstated effective as of the fourth calendar date following the date on which Lessee is notified that such Car has been repaired and is ready for redelivery to Lessee. If such Car is delivered to a railroad shop for repairs and is not released for shipment to Lessee within 5 calendar days after such delivery, rental shall abate as of the sixth calendar day after the date on which such Car is switched into the property of such railroad shop and shall be reinstated as of the date on which such Car is released from such shop.

B. Rental shall not abate for any car that is lost, damaged, destroyed or derailed ("Damage") while on any railroad in Mexico until such car is switched into the property of a repair shop in the United States. In the event, within 6 months after the occurrence of any such Damage, Lessor has not received from the railroad the amount to which Lessor is entitled under the Code of Rules for such Damage, then Lessee shall, upon Lessor's request, pay to Lessor such amount ("Payment"). Lessor shall, upon receipt of any payment from the railroad, reimburse Lessee for such Payment.

9. Substitution of Cars Damaged or Destroyed: Lessor, at its election, may substitute another car of approximately the same age, type and capacity for any Car which is damaged or destroyed during the term of this Agreement. The rental for such replacement car shall be the same as the rental for the damaged or destroyed Car, and it shall commence on the date of arrival of the replacement car to the delivery point designated by Lessee and approved by Lessor.

10. Counterparts: This Schedule may be executed in any number of counterparts, and all counterparts taken together shall be deemed to constitute one instrument.

Each party, pursuant to due corporate authority, has caused this Schedule to be executed by its authorized officer, and each of the undersigned declares pursuant to 28 U.S.C. Section 1746 under penalty of perjury that the foregoing is true and correct, and was executed on the date indicated below its signature.

REX LEASING, INC.

WASHINGTON MILLS ELECTRO MINERALS CORPORATION

By: [Signature]
Title: President
Date: November 20, 1990

By: [Signature]
Title: Trn
Date: 12/17/90