

FIRST UNION RAIL

One O'Hare Centre
6250 River Road, Suite 5000
Rosemont, IL 60018

Tel 847.318.7575
Fax 847.318.7588

RECORDATION NO. 25664 FILED

JUN 24 '05

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SURFACE TRANSPORTATION BOARD



VIA UPS 2nd DAY AIR

June 22, 2005

Mr. Vernon E. Williams
Surface Transportation Board
1925 K Street, N.W., Room 704
Washington, DC 20423-0001
Attn: Recordation of Railroad Equipment

Re: Memorandum of Lease Agreement

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are one (1) original and two (2) copies of a Memorandum of Lease Agreement, dated May 27, 2005, a primary document as defined in the Board's Rules for the Recordation of Documents. Please file this Memorandum of Lease as a primary document since a Master Lease has not been filed with the Surface Transportation Board. The names and addresses of the parties to the enclosed document are:

Lessor: First Union Rail Corporation
One O'Hare Center
6250 River Road, Suite 5000
Rosemont, IL 60018

Lessee: Tolko Industries, Ltd.
3203 - 30th Avenue
PO Box 39
Vernon, BC V1T 6M1
Canada

A description of the railroad equipment covered by the enclosed document is thirty (30) centerbeam rail cars 268 GRL, marked CBR Y (see Exhibit A for car numbers).

A short summary of the document to appear in the index follows: **Memorandum of Lease**

Also enclosed is a check in the amount of \$33.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned along with the additional copies.

If you have any questions regarding the above-referenced matter, please contact me at (847) 384-5375. Thank you for your cooperation in this matter.

Very truly yours,

Theresa Catapano
Manager of Documentation

Enclosures

(TOLK007)

ASSGN. NO.: TOLK007

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MEMORANDUM OF LEASE

SUREACE TRANSPORTATION BOARD

27th THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 27th day of May, 2005, by and between FIRST UNION RAIL CORPORATION (the "Lessor"), a North Carolina corporation, and TOLKO INDUSTRIES LTD, (the "Lessee") a Canadian corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement (the "Lease"), dated as of September 13, 1999, whereby Lessor has agreed to lease to Lessee certain railcars pursuant to Rider No. 2 to the Lease (the "Rider"), as described in more particular on Exhibit A attached hereto, effective as of November 22, 2000, and subject to the terms, conditions and provisions of the above-mentioned Lease and Rider.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed under seal by their respective officers duly authorized as of the date and year first above written.

LESSOR:

FIRST UNION RAIL CORPORATION

By: Richard F. Seymour

Name: RICHARD F. SEYMOUR
Vice President Sales & Marketing

Title: _____

ATTEST:

By: Theresa Catapano

Name: THERESA CATAPANO

Title: MGR. OF DOCUMENTATION Executed on this 27th day of MAY, 2005

[CORPORATE SEAL]

STATE OF ILLINOIS

COUNTY OF COOK

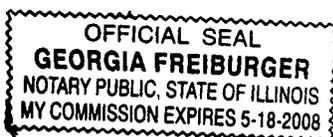
I, GEORGIA FREIBURGER, a Notary Public of the County and State aforesaid, certify that RICHARD F. SEYMOUR personally appeared before me this day and acknowledged his/her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 27th day of May, 2005.

[Signature]
Notary Public

My Commission Expires:

5-2008
(Notary Public)



LESSEE:

TOLKO INDUSTRIES LTD.

NAME: FRED H STEHLE

TITLE: CORP SEC.

SIGNATURE: [Signature]

ATTEST:

By: Cynthia Kapicki

Name: Cynthia Kapicki

Title: Legal Assistant

Executed on this 20 day of May, 2004⁵.

PROVINCE OF British Columbia

DISTRICT OF _____

I, Jonathan Jones, a Commissioner of Oaths of the Province and District aforesaid, certify that FRED STEHLE personally appeared before me this day and acknowledged his/her execution of the foregoing Memorandum of Lease.

WITNESS my hand of official stamp of seal this 20 day of May, 2004⁵.

[Signature]
Commissioner of Oaths

My commission expires:

Does Not Expire
(Commissioner of Oaths)

JONATHAN A. JONES
Barrister & Solicitor
4th Floor, 3201 - 30 Ave.
Vernon, BC V1T 2C6

EXHIBIT A
TO
MEMORANDUM OF LEASE

NUMBER OF CARS: Thirty (30)

DESCRIPTION OF CARS: Centerbeam rail cars, capable of a gross rail load of 286,000 lbs.

CAR NUMBERS: CBRY 2158 to CBRY 2187 inclusive.