

RECORDATION NO. 25829 FILED

SEP 13 '05

2-09 PM

SURFACE TRANSPORTATION BOARD



FIRST UNION RAIL

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

Tel 847.318.7575
Fax 847.318.7588

VIA UPS 2nd DAY AIR

September 9, 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 three (3) certified copies of a Memorandum of Lease Agreement, dated April 1, 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: Premium Pellet, Ltd.
P.O. Box 155
Vanderhoof, BC
V0J 3A0
Canada

A description of the railroad equipment covered by the enclosed document is thirty-two (32) 4650 to 4750 cu. ft. covered hopper railcars, marked NDYX (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) 384-5355. Thank you for your cooperation in this matter.

Very truly yours,


Susan Grokulska
Manager of Documentation

Enclosures

(PRPE001)

ASSGN. NO.: PRPE001

MEMORANDUM OF LEASE

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 1st day of April, 2005, by and between the Montreal branch of First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Premium Pellet Ltd. ("Lessee"), a British Columbia corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement (the "Lease"), dated as of April 1, 2005, whereby Lessor has agreed to lease to Lessee certain railcars pursuant to Rider No. 1 to the Lease (the "Rider"), as described in more particular on Exhibit A attached hereto, effective as of April 1, 2005, 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

ATTEST:

By: *Susan A. Barrie*

Name: Susan A. Barrie

By: *Gordon Hopkins*

Title: Regional Vice-President, Sales

Name: Gordon Hopkins

Title: Director Sales

Executed on this 5th day of August, 2005.

[CORPORATE SEAL]

PROVINCE OF QUEBEC

DISTRICT OF MONTREAL

I, Gord Hopkins, a Commissioner of Oaths of the Province and District aforesaid, certify that Susan A. Barrie personally appeared before me this day and acknowledged her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 5th day of August, 2005.

Gord Hopkins
Commissioner of Oaths

My Commission Expires:

21/07/2006
(Commissioner of Oaths)



LESSEE:

PREMIUM PELLETT LTD.

ATTEST:

By: B. Frankel
Name: Brian Frankel
Title: Director

By: [Signature]
Name: NORMAN P. AVISON
Title: President

Executed on this 9th day of June, 2005.

[CORPORATE SEAL]

PROVINCE OF BRITISH COLUMBIA

DISTRICT OF VANDERHOOF

I, SHELLEY L. SHANTZ, a Commissioner of Oaths of the Province and District aforesaid, certify that NORMAN P. AVISON 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 9th day of June, 2005.

[Signature]
Commissioner of Oaths

Commission Expires:

AUG 31/06
(Commissioner of Oaths)

SHELLEY SHANTZ
CUSTOMER SERVICE REP
PO BOX 1459, 189 STEWART ST. E.
VANDERHOOF, BC V0J 3A0

EXHIBIT A
to
MEMORANDUM OF LEASE

NUMBER OF CARS: Thirty two (32).

DESCRIPTION OF CARS: 4650 to 4750 cu.ft. covered hopper rail cars (C113).

CAR NUMBERS: NDYX 816827
 NDYX 816842
 NDYX 816843
 NDYX 816845
 NDYX 816873
 NDYX 816895
 NDYX 823904
 NDYX 823907
 NDYX 823943
 NDYX 823944
 NDYX 823949
 NDYX 823950
 NDYX 823954
 NDYX 823958
 NDYX 823959
 NDYX 823960
 NDYX 823962
 NDYX 823966
 NDYX 823967
 NDYX 823971
 NDYX 823974
 NDYX 823989
 NDYX 824012
 NDYX 824016
 NDYX 824716
 NDYX 823951
 NDYX 824015
 NDYX 816838
 NDYX 823903
 NDYX 824178
 NDYX 824039
 NDYX 816817

Count: 32

