

FIRST UNION RAIL

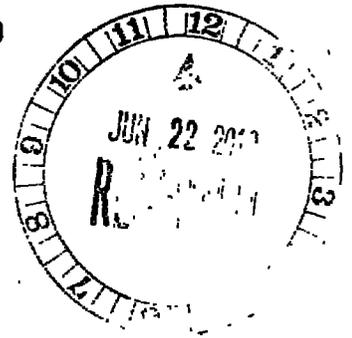
One O'Hare Centre
6250 River Road, Suite 5000
Rosemont, IL 60018

Tel 847.318.7575
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RECORDATION NO. 27066A FILED

JUN 22 '10 -3 31 PM

SURFACE TRANSPORTATION BOARD



VIA UPS 2nd DAY AIR

June 18, 2010

Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W., Suite 100
Washington, DC 20423-0001
Attn: Recordation of Railroad Equipment

Re: Memorandum of Lease Agreement

Dear Section Chief:

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 June 4, 2010, a secondary document as defined in the Board's Rules for the Recordation of Documents. The enclosed document relates to the Lease Agreement which was duly filed with the Surface Transportation Board under Recordation Number 27066.

The names and addresses of the parties to the enclosed document are:

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

Lessee: Pinnacle Pellet Inc.
4252 Dog Prairie Road
Quesnel, BC
V2J 6K9 Canada

A description of the railroad equipment covered by the enclosed document is for sixty (60) 5150 and 5250 cu. ft. capacity, covered hopper cars having FURX marks (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 \$41.00 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) 384-5397. Thank you for your cooperation in this matter.

Sincerely,

Marcia Dunne
Senior Documentation Specialist

Enclosures

(PIPE002)

ASSGN. NO.: PIPE002

JUN 22 '10 -3 31 PM

MEMORANDUM OF LEASE

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 04 day of JUNE, 2010, by and between the Montreal branch of First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Pinnacle Pellet Inc. ("Lessee"), a British Columbia corporation.

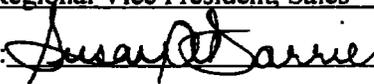
WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement (the "Lease"), dated as of March 19, 2007 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 July 1, 2008 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 of Lease to be duly executed by their respective officers duly authorized as of the date and year first above written (and each of the undersigned declares under penalty of perjury that he or she holds the title indicated below and that the execution of this Memorandum was the free act and deed of its corporation).

LESSOR:

FIRST UNION RAIL CORPORATION

Name: Susan A. BarrieTitle: Regional Vice President, SalesSignature: **LESSEE:**

PINNACLE PELLET INC.

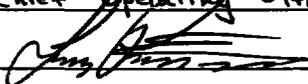
Name: Leroy ReitsmaTitle: Chief Operating OfficerSignature: 

EXHIBIT A
to
MEMORANDUM OF LEASE

NUMBER OF CARS: Sixty (60).

DESCRIPTION OF CARS: 5150 and 5250 cubic foot capacity, 286,000 GRL, covered hopper cars with a load limit of approximately 110-tons, 3 pockets with gravity gates, trough hatch.

CAR NUMBERS:

FURX 850021	FURX 851136	FURX 851173
FURX 850092	FURX 851139	FURX 851176
FURX 850317	FURX 851143	FURX 851177
FURX 850659	FURX 851144	FURX 851178
FURX 851022	FURX 851145	FURX 851179
FURX 851101	FURX 851146	FURX 851180
FURX 851103	FURX 851148	FURX 851183
FURX 851104	FURX 851149	FURX 851186
FURX 851105	FURX 851150	FURX 851187
FURX 851110	FURX 851153	FURX 851190
FURX 851111	FURX 851155	FURX 851195
FURX 851115	FURX 851156	FURX 851198
FURX 851116	FURX 851159	FURX 851203
FURX 851117	FURX 851161	FURX 851204
FURX 851119	FURX 851163	FURX 851207
FURX 851121	FURX 851164	FURX 851209
FURX 851122	FURX 851165	FURX 851210
FURX 851126	FURX 851166	FURX 851219
FURX 851128	FURX 851168	FURX 851220
FURX 851133	FURX 851170	FURX 851230