



GENERAL CONDITIONS

1. **The Lessee and each of them shall fully indemnify the Lessor for all costs associated with the enforcement of this agreement including all legal costs on a solicitor and own client basis.**
2. All overdue payments shall bear interest at the rate of 24% per annum.
3. The equipment is and shall at all times be and remain the sole and exclusive property of the Lessor, and the Lessee shall have no right, title or interest in therein or thereto except as expressly set forth herein.
4. If the Lessee shall make default payment of any sum payable hereunder when the same shall become due and shall fail to observe or perform any of the covenants, terms or conditions of this agreement, or if the Lessor shall deem itself insecure, of which insecurity the Lessor shall be the sole judge, then and in every such case the Lessee shall immediately return the equipment to the Lessor at Nisku, Alberta upon demand by the Lessor and the Lessor may, without notice, terminate this Lease and re-take possession of the Equipment and return the same to the Lessor's premises at Nisku, Alberta at the Lessee's costs and expense; provided always, that such termination shall not discharge any liability of the Lessee to the Lessor and that such termination shall be without prejudice to the Lessor's claims for arrears of rental or damages (if any) for breach of the Agreement.
5. If the Lessee wishes to retain possession of the equipment after the end of the term herein contained, he shall negotiate a new leasing agreement or, subject to the Lessor's approval in writing, renew the Lease on the same terms and conditions as contained herein. In the event that the Lessee fails to negotiate a new agreement or renew the Lease as aforesaid, he shall be deemed to have retained possession at the will of the Lessor and, where applicable, subject to the terms and conditions of this Lease provided always that the Lessor may, at any time and without notice, terminate this Lease and re-take possession of the equipment and return the same to the Lessor's premises at Nisku, at the Lessee's cost and expense.
6. The Lessee shall pay rental for the entire rental period of each item of equipment leased on the following basis:
 - a. **monthly rental rates are for a minimum rental period of one month, i.e. from the date of commencement of the rental period up to, but not including the same date in the next calendar month;**
 - b. **rental rates shall not be subject of any deduction on account of non-working time during the rental period nor because the equipment is returned before the expiration of such period.**
7. The Lessee at its own expense shall perform all loading, unloading, installing, dismantling and hauling and shall be responsible for the cost thereof.
8. The Lessee shall use and maintain the equipment in a careful and proper manner and shall comply with and conform to all federal provincial, municipal and other laws, ordinances and regulations in any way relating to the possession, use or maintenance of the equipment. The said equipment shall be at the risk of the Lessee and the Lessee shall hold the Lessor harmless from all claims and liens for storage, labor and materials incurred by the Lessee in connection with the said equipment.
9. **Insurance:** The Lessee shall keep the equipment insured to its full Insurable Value, as determined by the Lessor, against all perils risk including loss or damage by fire, theft, collision, transportations and such other risks as the Lessor may further specify, with loss payable to the Lessor. The Lessee shall provide automobile and commercial general liability for bodily injury and for damage to property of others by reason of the use or operation of the equipment in an amount of no less than two million dollars per claim. All such insurance shall name the Lessor and the Lessee as insureds, and the Lessee agrees to furnish the Lessor with policies of such insurance prior to the date on which the term of lease commences, as well as certificates of renewal of said insurance at least ten days before the expiry of any policy. The Lessee undertakes to pay for all legal and other expenses, including solicitor's fees, in connection with any suit brought against the Lessor by reason of the use, operation or possession of the equipment, and for the purposes of this undertaking, the Lessee shall be deemed to be in possession of the equipment until it is

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returned to the Lessor's premises in Nisku. The Lessee shall comply with all terms and conditions of any such policies of insurance and shall immediately notify the Lessor in writing of any accident and claim involving the equipment and shall forward all correspondence and legal process to the insurer with copies to the Lessor. The Lessee shall fully indemnify and save the Lessor harmless from any claims, losses, expenses, costs including legal costs to which the Lessor may be put or suffer.

10. In the event the Lessee fails to procure and maintain insurance as aforesaid, or to pay any license fees, registration fees, assessments, charges, taxes and repair bills on or in connection with the equipment the Lessor may do so and the Lessee shall forthwith reimburse the Lessor for such costs or expenses.
11. **The Lessee shall see that the equipment is not subjected to careless or rough usage and shall, at the Lessee's own expense, maintain and return to the Lessor the equipment and its appurtenances, together with any tools and accessories pertaining thereto, the whole in good repair, condition and working order.**
12. The Lessor shall be the sole judge as to what repairs, maintenance and replacements are necessary to put the equipment in good repair, condition and working order and without limiting the generality of the foregoing, the Lessee shall, at the Lessee's own expense, during the term of the Lease pay the cost of:
 - a. all fuel and lubricants required to operate the equipment and replacing broken or worn out parts; and
 - b. all repairs required to be made to the equipment in order to keep it in good repair and running order
 - c. all legislative and regulatory taxes, assessments and charges levied upon the equipment while in the Lessee's possession.
13. **The Lessee shall fully indemnify the Lessor against all loss and damage to the equipment during the rental period.**
14. None of the equipment shall be sublet by the Lessee, nor shall the Lessee lend or part with possession of the equipment, nor assign or transfer any interest in the Lease except with the prior written consent of the Lessor first had and received.
15. The Lessor shall have the right at any time to enter upon the premises occupied by the equipment and shall be given free access thereto and afforded all necessary facilities for the purpose of inspecting the equipment.
16. The Lessee acknowledges that it has examined and tried the said equipment and that it is now in good operating order, repair and condition and is suitable for the purpose of the Lessee. The Lessee's right to inspection shall be in lieu of any warranties or guarantees and it is agreed that the Lessor makes no warranty or guarantee whatsoever as to the equipment or its performance.
17. All rights and remedies herein conferred upon the Lessor are cumulative and not alternative.
18. Time is of the essence of the Lease.
19. **This Lease shall constitute the entire contract between Lessor and Lessee, and that there are no representations, warranties or conditions, express or implied, statutory or otherwise, other than as are contained herein.**
20. **The Lessor shall not be liable for any loss, damage or expense of any kind or nature caused directly or indirectly by the said equipment or by the repair, servicing or adjustments thereto, or by any interruption of service or loss of use thereof, or for any loss of business or damage whatsoever or howsoever caused. This clause applies, and is deemed to apply, to a breach of warranty or a breach of condition by the Lessor, whether or not such breach or warranty or condition gives rise to a right in the Lease to treat this Agreement as being repudiated or to a claim for damages or both.**
21. In the event of loss or damage of the said equipment during the term of this Agreement or any renewal thereof, then upon recovery by the Lessor of the value of the equipment from the proceeds of insurance or otherwise howsoever, this Agreement shall terminate with respect to the equipment; provided always that the rental payments as provided herein shall be payable by the Lessee to the Lessor up to the date of such recovery.
22. Interpretation of this Lease shall be subject to the laws of the Province of Alberta. The parties agree to attorn to the Courts of the Province of Alberta for any legal proceedings brought with respect to this Lease and the rights and obligations arising hereunder.
23. The giving of notice under this lease, except as otherwise provided herein, shall be given in writing either personally served or by delivery to Lessee or either of them at the address indicated herein or at the person's last known address.