

TERMS AND CONDITIONS OF LEASE

1. TERM OF THE LEASE

The term of this Lease shall commence on the shipping date of the leased equipment from the warehouse of the Lessor, and shall terminate when the leased equipment is returned to the Lessor in acceptable condition (the "term of this Lease"), which acceptable condition shall be as determined by the Lessor and as stated in paragraph 11 below.

2. RENTAL CHARGES AND PAYMENT

(a) The rental charge for the leased equipment and for any additional leased equipment shall be as billed by the Lessor in accordance with the rates set forth on this Lease and shall be payable for the term of this Lease. The Lessee agrees that the per diem rental charge is applicable to every day or part thereof during the term of this Lease.

(b) In addition, the Lessee agrees to pay all charges for the shipping, delivery or return of the leased equipment, as well as any special services performed by the Lessor or its agent.

(c) Payment of all rental and other charges shall be due and will be paid by the Lessee upon the issuing of invoices to the Lessee, unless otherwise specified under "Terms of Payment".

(d) Notwithstanding the rental period indicated on the contract or in default of the same (the whole under reserve and without prejudice to the other conditions of this contract) the LESSEE shall be responsible for the rental charges until the equipment is physically transferred back to the LESSOR.

(e) Interest shall be charged at the rate of two (2) per cent by month (24% per cent per annum) on overdue accounts without notice or demand.

3. TITLE

(a) The Leased equipment shall at all times remain and be the sole and exclusive property of the Lessor.

(b) The Lessee shall not assign, transfer or lease the leased equipment and shall not encumber or grant any security interest in the lease equipment.

4. MAINTENANCE AND REPAIRS

(a) Subject to sub-paragraph 4 (b) below, the Lessee shall at all times and at its own expense keep the leased equipment in good state and efficient working order, repair and condition and shall as stated in paragraph 11 below, return the leased equipment, at its own expense, in an acceptable condition.

(b) Should any of the leased equipment be damaged and require replacement parts of any kind which are incorporated as an integral part of any unit, the Lessee shall return such part of the leased equipment to the Lessor who will complete the repairs in accordance with the standard of trade and bill the Lessee accordingly.

5. USE OF EQUIPMENT

The Lessee agrees to erect, maintain and use the leased equipment in a safe and proper manner and in conformity with all applicable laws and regulations.

6. LESSEE'S RESPONSIBILITY

The Lessee shall indemnify the Lessor against all losses, expenses, penalties, damages, condemnation and law costs which the Lessor may suffer or may be required or condemned to pay for personal injuries (including death) and/or property damage suffered by any person or entity by reason of the existence, maintenance, use, loading, unloading, operation or entrustment to others of the equipment by or on behalf of the Lessee, or any other person or entity, even if the loss or damage is caused or contributed to by the negligence of the Lessor, its employees, officers, directors, or agents.

The Lessee hereby renounces all claims which it may have against the Lessor for any loss or damage which it may suffer, either directly or indirectly, by reason of the condition of the equipment of its suitability for the work it or the equipment may be required to perform.

7. INSPECTION

The Lessor shall, at its option but without any obligation on its part, have the right of free access to the leased equipment for the purposes of its inspection or watching or determining the nature and extent of its use.

8. RISK

(a) The Lessee shall bear all risks of loss of or damage to the leased equipment during the term of this lease and in the event that any item of leased equipment or part thereof, shall become lost, stolen, destroyed or irreparably damaged from any cause whatsoever during the term of this Lease, the Lessee shall be responsible to and shall pay the Lessor a sum equal to the Lessor's retail selling price of the same or similar equipment.

(b) No such damage to or loss or destruction of any of the leased equipment shall impair any obligation of the Lessee to the Lessor under this Lease including without limitation the obligation hereunder to pay rental or other charges.

(c) The LESSEE shall provide the Lessor with a copy of a policy of insurance which shall show the Lessor as loss payee, upon the request of Lessor.

9. EARLY TERMINATION OF LEASE

The Lessor shall have the right to terminate this Lease prior to expiry of the term of this Lease without notice at any time and thereupon take possession as if thinks fit of the equipment detailed in this agreement without process of law in the event of default as defined in paragraph 10 below.

10. DEFAULT

(a) It shall be an event of default under this Lease:

(i) if the Lessee fails to make any payment hereunder on its due date, or;

(ii) if the Lessee breaches any term or condition of this Lease, or;

(iii) if the Lessee suspends business or transfers all or substantially all of its property, or;

(iv) if the Lessee becomes insolvent or if any proceeding in bankruptcy or receivership is instituted by or against the Lessee, or;

(v) if any execution, levy, distraint or attachment be levied or threatened to be levied upon the leased equipment, or;

(vi) if the Lessee fails to give written notice to the Lessor that the leased equipment has been moved from the point of delivery to another location with twenty-four (24) hours of its relocation, or;

(vii) if any other act or thing which in the sole discretion of the Lessor results in the impairment of the Lessee's ability to perform its obligation under this Lease or evidences a lack of intention on the part of the Lessee so to do or reduces the value or endangers the leased equipment.

(b) Upon the occurrence of any event of default and without notice, the Lessor may, at its sole option, terminate this Lease immediately and take possession of the leased equipment wherever it is located without liability to the Lessee for or by reason of such entry or taking of possession, whether for damage to property caused by such taking or otherwise, and require the Lessee to indemnify the Lessor for any expenses, legal or otherwise, incurred by reason of such default or take any other action which the Lessor deems advisable including requiring return of the leased equipment as stated in paragraph 11 below.

11. RETURN OF LEASED EQUIPMENT

(a) Upon the expiry or termination of the Lease, whether by passage of time or otherwise, the Lessee shall forthwith surrender and return possession of the lease equipment to the Lessor in its original condition as of the commencement of the term of this Lease, ordinary wear and tear resulting from proper use thereof only being excepted (the "acceptable condition"), by delivering the leased equipment to such place as the Lessor may specify, at the Lessee's sole cost and expense. In the event a dispute arises as to the condition of the leased equipment, the Lessor will be the sole judge and arbiter as to whether the leased equipment is in an acceptable condition. The Lessee agrees to pay for all damage to the leased equipment other than that attributed to ordinary wear and tear.

(b) It is understood the Lessee is fully responsible for the Equipment detailed in this Lease until said equipment is physically transferred to the Lessor. Any communication, verbal or written, to the Lessor's office requesting a pick-up of equipment does not constitute a transfer of responsibility to the Lessor.

12. EQUIPMENT SELECTION

The Lessee acknowledges and agrees that the equipment has been selected solely by the Lessee, it is agreed by and between the parties hereto, that there is no representation or warranty of any nature or kind whatsoever, whether express or implied, statutory or otherwise with respect to the equipment including without limitation condition, suitability, design, fitness for a particular purpose or use, and all such warranties are hereby expressly excluded.

13. MISCELLANEOUS

(a) The Lease shall not be assigned by the Lessee, by its own act or by operation of law.

(b) The Lessee agrees that its use of the leased equipment shall be construed as an absolute acknowledgement by the Lessee that the leased equipment, when delivered to the Lessee by the Lessor, was in good order and good repair, was properly erected and was in all respects adequate, sufficient and proper for the purposes for which it was intended.

(c) This Lease comprises the entire agreement between the parties and it is acknowledge that there are no understandings, representations, warranties, conditions, promises, or contracts (statutory or otherwise) pertaining to this Lease of the leased equipment which are not incorporated herein expressly by reference or by other attached hereto.

(d) This contract shall be governed by the Laws of Ontario

(e) The Lessee hereby acknowledges receipt of a true and complete copy of this Lease.

14. ACKNOWLEDGEMENT

By signing, the lessee hereby agrees that he has received, read and understood the standard Terms & Conditions of Lease and agree to be bound to all terms, conditions and provisions hereof. Furthermore, the person who signs below has been authorized on behalf of his company to sign for and accept responsibility for said material as listed on the contract documents.