

SOURCE ENERGY SALES AND RENTALS INC.
GENERAL TERMS AND CONDITIONS
FOR EQUIPMENT RENTAL CONTRACT

1. **Term** – The rental term (the “Term”) respecting each item of equipment (“Equipment”) set out on the face page hereof shall commence on the date the item is delivered to the Customer unless otherwise specified on the face page hereof and shall end on the date designated on the face page hereof. If the Customer retains any item of Equipment after the expiration of the Term, such retention shall be construed to be a continuation of the Agreement at the same rental rate and under the same terms until the Equipment is returned to SOURCE. At any time after the expiration of the Term, the Customer agrees to return the Equipment to SOURCE on three (3) days written notice from SOURCE to the Customer. Notwithstanding any of the foregoing, SOURCE may demand return of the Equipment at any time for any reason on five (5) days prior written notice.
2. **Rent** – The rental rate (the “Rent”) for each item of equipment shall be the amount designated on the face page hereof. The Customer shall pay SOURCE accrued rent and other charges by cheque or bank transfer in Canadian dollars within thirty (30) days after receipt of a proper invoice of SOURCE. All overdue payments shall bear interest at a rate of 18% per annum (1.5% per month) until fully paid.
3. **Shipping Charges** – The Customer shall pay all shipping charges from and to the location of delivery unless otherwise stipulated.
4. **Equipment Warranty** – The Customer acknowledges and agrees that:
 - a. The Equipment is of a size, design, capacity, manufacture selected by the Customer;
 - b. The Customer is satisfied that the Equipment is suitable for the Customer’s purposes; and
 - c. that SOURCE has not in any way made any representation or warranty or covenant, expressed or implied, with respect to the merchantability, condition, quality, durability or sustainability of the Equipment in any respect or in connection with or for the purposes and uses of the Customer, or any other representation, warranty or covenant of any kind, expressed or implied, other than that which is expressly set out herein.

SOURCE warrants that the Equipment furnished shall be free from defects of materials and workmanship. Upon receipt of written notice from the Customer that the material or workmanship is defective, SOURCE shall promptly repair or replace the Equipment or, at the Customer’s sole option, allow a credit for the Rent paid with respect to such defective Equipment and reimburse the Customer for cost of replacing the defective Equipment.
5. **Liability** – The Customer agrees that SOURCE shall not be liable to the Customer for any liability, claim, loss, damage or expense of any kind or nature, caused directly or indirectly by the Equipment, or any inadequacy thereof for any purpose, or any deficiency or defect therein, or the care or maintenance thereof, any repairs, servicing or adjustments thereto, or any delay in providing or failure to provide any care, maintenance, repairs, servicing, or adjustment.
6. **Insurance** – During the Term, the Customer shall purchase and maintain insurance as follows:
 - a. Insurance in the name of SOURCE and the Customer against damage or loss of the Equipment for an amount equal to the full replacement value of the Equipment;
 - b. Commercial general liability insurance, insuring SOURCE and the Customer in the minimum amount of \$5,000,000 per occurrence; and
 - c. Such insurance as a prudent owner and operator of a business similar to that of the Customer’s would carry on the Equipment.

The Customer shall furnish to SOURCE within five (5) days of a written request from SOURCE evidence of its compliance with the above insurance requirements. If the Customer fails to insure the Equipment as specified above, SOURCE may place such insurance which the customer agrees to pay as additional Rent the insurance premiums associated therewith.
7. **Assignment and Use** – Legal title and ownership to the Equipment shall at all times remain vested in SOURCE and nothing contained herein shall be construed to create anything other than the relationship of lessor and lessee between the parties. The Customer agrees not to assign or sublet the Equipment, or make any alterations, additions, modifications, or improvements to the Equipment or permit the use of the Equipment by any person other than the Customer or the Customer’s employees without the written consent of SOURCE, first had and obtain. Consent to any of the foregoing prohibited acts shall apply only in the given instance and a further like act by the Customer or the Customer’s assignee or sub lessee shall require further written consent. The Customer shall cause the Equipment to be operated by employees who are fully competent to operate the Equipment. The Customer shall comply with and conform to all laws, ordinances and regulations now existing or existing in the future, which in any way relate to ownership, possession, use or maintenance of the Equipment. The Customer shall indemnify and save harmless SOURCE from any breach of this covenant.
8. **Operations, Maintenance and Repair** – Except as otherwise agreed to in writing, the Customer shall be responsible to perform all maintenance and servicing of the Equipment as required and/or in accordance with SOURCE’s instructions. The Customer shall ensure that it’s personnel are familiar with the operations of the Equipment and have the technical experience to operate the same in accordance with industry standards and any operational instructions provided by SOURCE.
9. **Loss or Damage** – During the Term, the Customer assumes and shall bear the entire risk of loss and damage to the Equipment, reasonable wear and tear excepted, from the time it is delivered to the Customer or it’s carrier, if used, for delivery to the Customer, until the Equipment is returned to SOURCE, unless such loss or damage is caused by the negligence of SOURCE. In the event of such loss or damage to any Equipment, the Customer, at SOURCE’s option, shall:
 - a. Pay the cost for SOURCE to replace the same in good repair, condition and working order; or
 - b. Replace the same with like Equipment in good repair, condition and working order.
10. **Surrender** – Upon the expiration or termination of the Agreement, the Customer shall return the Equipment to SOURCE in good repair, condition and working order, reasonable wear and tear resulting from proper use thereof excepted. Return shall be affected by delivering such item, at the Customer’s cost and expense, including without limitation all costs of transportation, clearance charges, official monetary levies and other demobilization expenses necessary to ensure delivery to the location of surrender directed by SOURCE.
11. **Termination** – Prior to the expiry of the Term if the Customer becomes bankrupt, or fails to maintain or operate the Equipment in accordance with the terms of this agreement, or fails to return the Equipment upon the demand of SOURCE or fails to make Rental payments within the time specified herein or violates any other provision of this agreement, SOURCE may terminate this agreement, retake possession of the Equipment without liability of any kind and recover all Rental amounts due as at the time of repossession and full damages for any injury to and for all expenses incurred in obtaining the return of the Equipment.
12. **Right of Removal** – If, in the sole discretion of SOURCE, the Equipment is being subjected to damage or loss by reason of the Customer’s use of that Equipment, or if the Equipment is in danger of being seized or otherwise being subject to legal process or extradition process, SOURCE shall have the right to remove the Equipment from the possession of the Customer without notice to the Customer. Except for items 2, 5, 6 and 9 of the General Terms and Conditions, this Agreement shall terminate upon SOURCE regaining possession of the Equipment as provided for in this section.
13. **Applicable Law** – The Agreement shall be governed by, construed and enforced in accordance with the laws of the Province of Alberta, including its limitation periods but excluding any conflicts of laws rule which would apply the laws of another jurisdiction.
14. **Notices** – Any notice which may be given herein shall be given in writing in the English language either by personal delivery to the respective offices of a party as set forth on the face page hereof, or by prepaid registered mail, return receipt requested, to the addresses set forth on the face page hereof, or by facsimile to the numbers set forth on the face page hereof. Any notice, if sent by prepaid, registered mail, shall be effective when deposited in the mail, duly addressed with postage prepaid. Any notice personally delivered to said office shall be deemed to have been received by the addressee on the date of delivery if said date is a business day; otherwise, on the next business day following. Any notice, if sent by facsimile, shall be deemed to have been received by the addressee on the first business day following the day such notice was dispatched, provided that such facsimile machine generated a written confirmation of the successful transfer of the notice.
15. **Entire Agreement / Modification** – This Agreement expresses the entire agreement between the parties and supersedes all prior oral and written understandings and agreements, with respect to the rental and maintenance of the Equipment. This Agreement may be modified only by written instrument properly executed by duly authorized representatives of the respective parties.
16. **Headings** – The captions and headings of the articles of this Agreement are for convenience of reference only and shall not be interpreted or construed so as to limit in any way or to change the subject matter of any part of the Agreement.
17. **Waiver** – No failure or failures on the part of either party to enforce, from time to time, all or any portion of the terms and conditions of this Agreement shall be interpreted as a waiver of such terms or conditions.
18. **Time of Essence** – Time shall be of the essence of this Agreement.