

Terms and Conditions for the Lease of High Arctic Energy Services Inc. Equipment

1. Application

The Work Order, including these terms and conditions form the entire agreement (the "Agreement") between High Arctic Energy Services Inc., including its divisions and business units, operating under its own name or any trade name (including Delta Rental Services), together with any of its direct or indirect subsidiaries and affiliates (collectively, the "Lessor"). and the lessee identified on the Work Order (the "Lessee"). References to "Lessor" include Lessor's and its subsidiaries' and affiliates' respective directors, officers, employees, agents, and contractors (collectively, the "Lessor Group") where the context involves protections, indemnities, releases, or limitations. In consideration of the mutual covenants and consideration set forth in the Work Order, the parties agree that these terms and conditions shall govern the Work Order to the entire exclusion of all other terms and conditions.

2. Lease of Equipment

Lessor hereby grants and leases to Lessee the equipment identified and further described on the Work Order (the "Equipment").

3. Term

The term of the lease respecting the Equipment leased by Lessor to Lessee under this Agreement shall be as set out on the Work Order (the "Term").

4. Rent

The Lessee shall be responsible for payment of rent designated for the Equipment as set out on the Work Order (the "Rent").

5. Payment

The Lessee agrees to pay Lessor's invoice within thirty (30) days of the date of the invoice. All overdue payments shall bear interest at the rate of 1.5% per month (18% per annum) on the unpaid balance without prejudice to Lessor's other rights under this Agreement, in particular, to Lessor's right to terminate this Agreement for non-payment of rent. All amounts invoiced by Lessor to Lessee shall be payable, notwithstanding any dispute, claim or offset which Lessee may assert against Lessor and Lessee agrees to pay such amounts without right of set-off.

6. Loading, Transportation and Unloading

Lessee shall be liable for all costs and expenses (including any related damages) relating to or arising from the loading, transportation (including towing) and unloading of the Equipment to the receiving destination as well as to the returning destination (the Lessor's place of business or location of Lessor's choice). Lessor assumes no responsibility for the hook up or loading of Equipment.

7. Use

The Lessee declares that it understands the operation of the Equipment. Lessee shall comply with the following:

- a) Lessee shall comply with all laws and regulations relating to the use, operation and maintenance of the Equipment and agrees to keep and maintain the Equipment clean, in good repair, condition and working order.
- b) Lessee agrees that if Lessor supplies Lessee with labels stating that the Equipment is owned by Lessor, Lessee shall affix and keep same on a prominent place on the Equipment as directed by Lessor.

- c) Lessee agrees to operate the Equipment in accordance with the appropriate standard of care.
- d) Lessee shall operate the Equipment strictly in accordance with manufacturer specifications and any written instructions provided by Lessor.
- e) Lessee agrees that only personnel who are appropriately skilled, qualified, experienced and competent in their respective trades and professions shall operate the Equipment.

8. Condition of Equipment

The Equipment is received by the Lessee without any representation or warranty whatsoever by the Lessor as to its condition, the work that it is able to do, the result it will accomplish or otherwise. Lessee acknowledges that it has inspected the Equipment, that it accepts the Equipment in its present condition and that the Equipment is in good repair, condition and working order.

9. Lessor Inspection

Lessor shall have the right, at any time, to enter into and upon the premises where the Equipment is located for the purpose of inspecting the Equipment or observing its use.

10. Alterations and Tampering

Lessee shall not:

- a) make any alterations, additions or improvements to the Equipment without the prior written consent of Lessor;
- b) conduct any fabrication, assembly, mechanical or other related work on the Equipment without the prior written consent of the Lessor;
- c) erect any signs, notice, lettering or advertising material on any part of the Equipment;
- d) alter, remove, disfigure or in any way change, any insignia or lettering on any part of the Equipment; or
- e) tamper with hour meters on Equipment that is equipped with same.

Any and all alterations, additions, improvements, fabrication, assembly or other related work made to the Equipment shall belong to and shall be the property of Lessor upon the expiry or termination of the lease of the Equipment under this Agreement.

11. Loss, Damage and Repairs

Lessee agrees to bear the risk of loss of and damage to the Equipment, regardless of the cause of the loss or damage, unless such loss or damage was the result of Lessor's negligence or wilful misconduct. No loss or damage to the Equipment shall impair any obligation of Lessee under this Agreement, which shall continue in full force and effect with respect to such lost or damaged Equipment. At Lessor's request, Lessee shall correct any damage to Equipment, to place all Equipment in good repair, condition and working order, at Lessee's sole cost and expense. Alternatively, Lessor may require Lessee to replace lost or damaged Equipment at current, new market value, at Lessee's sole cost and expense. Lessee agrees to immediately inform Lessor of any loss or damage to Equipment and to provide Lessor with the name of Lessee's insurance company, name and address of Lessee's insurance agent, a copy of any police report and complete information concerning insurance coverage.

12. Downtime

If Lessor should suffer any lost rent or incur any expenses as a result of the unavailability of the Equipment due to loss or damage arising during the Term, including during any period of rectification or replacement, then such lost rent and expenses shall be the sole responsibility of Lessee and Lessee agrees to pay and/or reimburse Lessor for the same.

13. Maintenance

Lessee shall ensure the Equipment is maintained at all times. Lessee shall be liable to Lessor for all costs resulting from damages related to the failure to maintain the Equipment including any consequential damages as further outlined in Section 21.

14. Expenses

During the Term, Lessee shall be responsible for paying the cost of:

- a) all fuel, oil and lubricants, or other reasonably required substances to operate and maintain the Equipment; and
- b) all repairs, replacement parts, including labour, required to be made to the Equipment in order to keep the Equipment in good repair, condition and working order as outlined and in accordance with Section 7 and Section 11.

15. Surrender

When the lease of the Equipment expires or terminates, Lessee shall return the Equipment within one (1) day to Lessor in good repair, condition and working order. Upon return of the Equipment Lessor will provide Lessee with a receipt evidencing the date of return. Lessee is responsible for all costs of decommissioning, demobilization, and transportation to Lessor's designated location. Any Equipment or part thereof not returned or damaged or not reasonably cleaned shall be acknowledged by Lessee upon receipt. Any person returning the Equipment on behalf of Lessee shall be deemed Lessee's authorized agent for the purpose of acknowledging loss or damage to the Equipment. Any Equipment for which a receipt has not been issued shall be deemed to be under lease to the Lessee and subject to the Rent and all other terms and conditions of this Agreement. Upon return of the Equipment Lessor will undertake a complete inspection of the Equipment and provide Lessee written notice of any defects and damage to the Equipment including the cost to repair or replace such defects and damage.

16. Encumbrances

Lessee shall keep the Equipment free and clear of all levies, liens and encumbrances, of any kind and shall not permit any act where Lessor's title or rights may be negatively affected. Lessee shall not permit any lien to attach to the Equipment and shall promptly discharge any lien (except any such liens as may be registered by Lessor); failure constitutes a default. Lessee shall promptly notify Lessor of any attachment or other judicial process which affects, or which may affect the Equipment.

17. Insurance

The Lessee shall provide, maintain and pay for the following insurance to be kept in full force and effect during the term of this Agreement with insurers licensed to underwrite insurance in the jurisdiction of the lease:

- a) Broad Form Contractor's Equipment insurance on the Equipment and every part thereof in the name of the Lessee with first loss payable to Lessor without recourse to Lessor for the full insurance value as specified against all risks of loss or damage, including from fire, lightning, explosion, storm, hail, riot, smoke damage, flood, accidental loss, destruction or damage or theft.

b) General liability insurance covering public liability and property damage with limits not less than Two Million Dollars (\$2,000,000.00) per occurrence and in the annual aggregate.

The above listed insurance policies shall contain an endorsement whereby the insurer waives any right of subrogation that the insurer may have with respect to Lessor and the general liability insurance shall add Lessor as an additional insured. Premiums for such insurance shall be paid by the Lessee and a certificate of insurance acceptable to Lessor shall be deposited with Lessor. The Lessee shall be responsible for any and all deductibles under the required insurance. Compliance with these insurance requirements does not release Lessee from or reduce its liability under this Agreement. Lessee hereby assigns and grants a security interest to Lessor to any and all proceeds payable from any claims or otherwise from any insurance paid to Lessee with respect to Lessor's Equipment.

18. Lessor's Right to Pay

Lessee understands and agrees that should it fail to procure, maintain or provide evidence of the insurance required hereunder, or should it fail to pay any fees, assessments, charges or taxes required to be paid by Lessee under this Agreement, Lessor shall have the right, but shall not be obligated, to procure, maintain or pay the same. The cost to Lessor shall be repayable to Lessor immediately upon Lessor's request and failure to repay the same shall constitute a default under this Agreement, under Section 23.

19. Force Majeure

Lessor shall incur no liability to Lessee whatsoever for any delay or failure to deliver the Equipment or for any delay or failure to perform any of its obligations hereunder by reason of strike, lockout, fire, flood, act of nature, war, insurrection, mob violence, requirement of governmental authorities, embargo, or any other cause beyond Lessor's control.

20. Indemnity

Lessee agrees to indemnify and save Lessor Group harmless from and against any and all losses, claims, actions, suits, proceedings, costs, expenses, damages and liabilities including solicitors fees on a solicitor-client basis, of any kind and nature whatsoever, brought against or suffered by the Lessor, arising out of, resulting from or connected with Lessee's use, possession, operation or return of the Equipment to the Lessor, including without limitation from the acts or omissions of any person or persons using or possessing the Equipment with Lessee's express or implied consent. Lessee's duty to indemnify includes a duty to defend and to advance defence costs on demand. This indemnity applies regardless of cause, except to the extent finally determined to have been caused by the gross negligence or wilful misconduct of the Lessor Group.

21. Consequential Damages; Limitation of Liability

Lessee shall be liable to Lessor for consequential, punitive or indirect damages, or damages for loss of profits, loss of sales, revenue, business, reputation or financing and lost opportunity.

The Lessor Group shall not be liable to Lessee for consequential, punitive or indirect damages, or damages for loss of profits, loss of sales, revenue, business, reputation or financing and lost opportunity. The Lessor Group's aggregate liability arising out of or related to this Agreement shall not exceed the total Rent actually paid by Lessee under the applicable Work Order in the six (6) months preceding the event giving rise to liability; provided, this limitation shall not apply to amounts owed by Lessee (including Rent, indemnity, insurance reimbursements, replacement/repair costs, Section 12 amounts, or liquidated damages).

22. Security for Payment

Lessee acknowledges and agrees that Lessor has a right to file a lien under applicable law, against the owner of the land where the Equipment is or has been used should its invoices not be paid in a timely manner.

23. Default

If Lessee fails to pay any Rent or other amount, or otherwise fails to remedy any default in performance of its obligations under this Agreement, within five (5) business days following notice by Lessor of such default, Lessor shall have the right to exercise one or more of the following remedies, without prejudice to any other rights or remedies Lessor may have at law or in equity:

- a) declare the entire amount of Rent due and owing or accruing in respect of the Equipment due and payable;
- b) cure such default and the cost of such action may be added to the Lessee's financial obligations under this Agreement;
- c) take possession of the Equipment, without demand or notice, wherever the same may be located, without any court order or other process of law. Lessee hereby waives any and all damages occasioned by such taking of possession; or
- d) terminate the Agreement.

Lessee understands that notwithstanding any repossession or any other remedy which Lessor may exercise, Lessee shall be and remain liable to Lessor for the full performance of all of Lessee's obligations under this Agreement. Lessee understands that it shall be responsible to pay to or reimburse Lessor for all reasonable costs and expenses, including solicitors fees on a solicitor-client basis, incurred by Lessor in exercising any of its rights and remedies under this Agreement, or enforcing any of the terms or conditions of this Agreement, including the cost of removing and repossessing any item of the Equipment.

24. Cancellation

Notwithstanding any other rights or remedies that may be available to the Lessor by law, cancellation by Lessee after the commencement of the Term is subject to a charge of one hundred percent (100%) of the Rent payable under this Agreement as liquidated damages. The parties agree, without prejudice, that it would be impracticable to determine the damages that would be incurred or suffered by Lessor in the event of early cancellation by Lessee and, therefore, the value of liquidated damages has been agreed by the parties in consideration of Lessor's loss of profit and loss of opportunity.

25. Bankruptcy

This Agreement or any interest in this Agreement is not assignable or transferable by operation of law. If any proceeding under the Companies' Creditors Arrangement Act (Canada) or the Bankruptcy and Insolvency Act (Canada) is commenced by or against Lessee, if Lessee is adjudged insolvent or makes any assignment for the benefit of its creditors, if a writ of attachment or execution is levied on the Equipment and is not released or satisfied within ten (10) days thereafter, or if a receiver, liquidator, trustee or assignee in bankruptcy or similar official is appointed in any proceeding or action and given authority to take possession or control of the Equipment, Lessor shall have the right to exercise any one or more of the remedies set forth in Section 23 and the lease of the Equipment shall, at the option of Lessor, without notice to Lessee, immediately terminate.

26. Assignment

Lessee shall not assign, transfer, pledge or hypothecate this Agreement or the lease of the Equipment, or any interest in this Agreement or in any lease, or sublet or lend the Equipment to any person, without the prior written consent of Lessor. This Agreement shall enure to the benefit of and be binding upon the parties together with their respective heirs, executors, administrators, successors and permitted assigns.

27. Ownership

The Equipment is and shall at all times remain the sole and exclusive personal property of Lessor and Lessee shall have no right, title or interest therein. Lessee agrees that the Equipment is, and shall at all times be treated as, personal property of the Lessor, notwithstanding that the Equipment may become affixed or attached to, imbedded in or permanently rest upon, real property or any building, or attached in any manner to which is permanent, by means of cement, plaster, nails, bolts, screws or otherwise.

28. No Waiver

No action or failure to act by Lessor shall constitute a waiver of any right or duty afforded to it under this Agreement, nor shall any such action or failure to act constitute an approval of or acquiescence in any breach thereunder excepting only as may be specifically agreed to in writing by Lessor.

29. Amendment

This Agreement may only be amended by further agreement in writing signed by both the Lessor and Lessee.

30. Time

Time shall be of the essence in the performance by the parties of the obligations under this Agreement.

31. Governing Law

This Agreement shall be interpreted, construed and governed in all respects by the laws of the province of Alberta and the Federal laws applicable therein and there shall be no application of any conflict of laws rule that is inconsistent with this Section 31.

32. Severability

If any part of this Agreement is declared or held to be invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of the Agreement, which shall continue in full force and effect.

33. Entire Agreement

This Agreement constitutes the entire agreement between Lessor and Lessee and supersedes all prior oral and written agreements and understandings of the parties in relation thereto.

34. Survival

Sections 16 (Encumbrances); 17 (Insurance), 20 (Indemnity), 21 Consequential Damages; Limitation of Liability), 27 (Ownership), and 31 (Governing Law), and Lessee's payment obligations, survive expiration or termination.

34. Notices

Any notice required or otherwise given pursuant to this Agreement shall be in writing and given by delivering or sending it by facsimile (receipt confirmed), electronic mail or other similar form of recorded communication to the address specified for each party in the Work Order.