

RENTAL CONTRACT

AGREEMENT OF RENTAL made at Saskatoon in the Province of Saskatchewan on the _____ day of _____, 2007 by and between KORPAN TRACTOR & PARTS of 2920 Idylwyld Drive North, Saskatoon, Saskatchewan, S7L 5Y6, hereinafter called "Korpan" and _____, hereinafter called "the Customer".

WITNESSETH: That Korpan and Customer have mutually agreed as follows:

1. Korpan hereby rents to the Customer under the terms and conditions of this Agreement including the Conditions printed below and on the subsequent pages, the equipment described and identified under the heading Details of Equipment (hereinafter called "the equipment"), for use at such location, for such guaranteed rental period and at such rental rates as therein stated.
2. Korpan shall deliver the equipment on or about _____, 2007 free on board to: (name of Customer's agent or carrier) _____ in good condition and working order, for shipment to the Customer.
3. The Customer declares that the Company or Agent carrying the insurance covering the Equipment whilst in his possession, in accordance with paragraph 13 of the General Conditions, will be _____
4. This Agreement will be interpreted according to the laws of the Province of Saskatchewan.

DETAILS OF EQUIPMENT

Items of Equipment	To be Used at or Near	Korpan I.D. No. or Mfrs.	Value of Equipment for Insurance	Guaranteed Rental Period	Rental Rate per Month-Week-Day
S/N					
HOUR METER OUT			HOUR METER IN		

RENTALS ARE PAYABLE IN ADVANCE CONDITIONS ON THE BACK OF THIS FORM ARE PART OF THIS AGREEMENT

SPECIAL CONDITIONS

The following Special Conditions form part of this Agreement and in the event of there being a conflict between the provisions of the Special Conditions and those of the General Conditions, the Special Conditions shall prevail.

1. OVERDUE PAYMENTS shall bear interest at the rate of eighteen percent per annum.

GENERAL CONDITIONS

1. THE RENTAL PERIOD: The Rental Period shall cover all time consumed in transporting the equipment including the date of legal delivery to a public carrier for transit to the Customer and return of the equipment including the date of legal delivery by such carrier to Korpan (*and Korpan's unloading point or as ordered by Korpan.*) or if no public carrier is used, shall include the date upon which transit to the customer begins and the date upon which transit from the Customer ends at the Supplier's unloading point providing, however, that when the equipment moves from one Customer to another the rental period of the first shall not overlap that of the second.
2. CALCULATION OF RENTAL CHARGES: (a) MONTHLY RENTAL RATES are for a period of one month *4 weeks (28 days)*, computed from the date of commencement of the rental period up to but not including the same date in the next calendar month and shall apply when the number of hours the equipment is operated in any one month does not exceed 176 (one hundred and seventy six) *200 (two hundred)* hours.
 - (b) WEEKLY RENTAL RATES are for a minimum period of one week *(7 days)*, from the day of commencement of the rental period up to but not including the same day in the following week and shall apply when the number of hours the equipment is operated in any one week does not exceed 40 (forty) *50 (fifty)* hours.
 - (c) DAILY RENTAL RATES are for a consecutive period of 24 (twenty four) hours or less which the number of hours the equipment is operated shall not exceed 8 (eight) *10 (ten)* hours.
 - (d) OVERTIME CHARGES: where equipment is operated in excess of the above stated hourly maxima, such excess shall be charged at: _____ ($1/176^{\text{th}}$ of the monthly rate for each hour in excess of 176 worked in any 30 consecutive day period; $1/40^{\text{th}}$ of the weekly rate for each hour in excess of 40 worked in any one weekly period; $1/8^{\text{th}}$ of the daily rate for each hour worked in excess of 8 hours in anyone day.)

- (e) After the monthly or weekly rental period has expired, the rental payable for a fraction of any succeeding period shall be the proportionate part of the applicable rental rate according to the number of calendar days in such fraction.
 - (f) Rental rates shall not be subject to any deduction for any non-working time during the rental period, nor because the Customer returns the equipment to Korpan before the expiration of the Guaranteed Rental Period.
 - (g) Korpan and Customer for themselves, their successors, executors, administrators and assigns, hereby agree to the full performance of the covenants herein contained.
3. PAYMENT: Rentals payable under this Agreement shall be monthly when the rental is at a monthly rate, otherwise weekly, and in either case same shall be payable *PAID IN ADVANCE* at 2920 Idylwyld Drive, Saskatoon, SK, S7L 5Y6. Rent is payable before delivery of equipment to the Customer or his (its) agent or carrier and on succeeding monthly or weekly dates thereafter running from the date of delivery.
- Overdue payments shall bear interest as provided in the Special Conditions of the Agreement, but the acceptance of this interest shall not be a waiver of the Supplier's right hereinafter stipulated to terminate this agreement.
4. LOADING, UNLOADING AND TRANSPORTATION: Korpan, at its own expense, shall load the equipment for transit to the Customer and unload it upon return, and shall pay all *no* demurrage charges accruing at its own shipping or receiving point. The Customer, at his (its) own expense, shall do all other loading, unloading, installing, dismantling and hauling, and shall pay all demurrage charges accruing at its own shipping or receiving points. If shipping instructions are not furnished by the Customer, Korpan may ship the equipment in accordance with its own judgment.
5. MAINTENANCE, OPERATION AND REPAIRS: THE CUSTOMER DECLARES THAT HE OR ITS EMPLOYEES UNDERSTAND THE OPERATION OF THE EQUIPMENT. The Customer shall not remove, alter, disfigure or cover up any numbering, lettering or insignia displayed upon the equipment, and shall ensure that the equipment is not subjected to careless or needlessly rough usage, and shall at the Customer's own expense, maintain and ultimately return to Korpan the equipment and its appurtenances in good repair and operating condition.
- Without limiting the generality of the foregoing, the Customer shall, at the Customer's own expense, during the term of this rental pay the cost of: *greasing daily, change engine oil every 200 hours*
- (a) all fuel, oil and lubricants required to operate the equipment.
 - (b) All repairs and replacement parts including labour charges, required to be made to the equipment in order to keep it in good repair and running order.
6. (a) RUBBER-TIRED MACHINERY: Tire wear and cost of repairs of cuts and punctures is to the Customer's account and shall be payable to Korpan on demand. Tire wear shall be determined by the percentage of wear incurred during the rental period as fixed by independent appraisal to be obtained promptly by Korpan following termination of the rental period.
- (b) CRAWLER/TRACK TYPE EQUIPMENT: Track wear in excess of 3% per month, on average, during the rental period shall be payable by the Customer to Korpan, on demand, at the end of the rental period.
- (c) BUCKET WEAR and BUCKET REPAIRS: Bucket wear and the cost of repairs to return the bucket to its original condition at the beginning of the rental period shall be payable by the Customer to Korpan, on demand, at the end of the rental period.
7. DAMAGE TO EQUIPMENT: The Customer shall indemnify Korpan against all loss and damage to the equipment hereby obtained, during the rental period, based on the value of such equipment stated in the Details of Equipment. Korpan shall give notice to the Customer as soon as possible of any claim of Korpan under this paragraph.
8. LIABILITY OF THE CUSTOMER: The Customer shall indemnify Korpan against all loss, expenses, penalties, damages, condemnations, and law costs which Korpan may suffer or may be required or condemned to pay for personal injuries (including death) and/or property damage suffered by any person by reason of the operation, handling, transportation or use of the equipment by or whilst in the hands of the Customer or the latter's employees, agents or carriers.
9. LIABILITY OF KORPAN: The liability of Korpan is limited to its express obligation to deliver the equipment in good condition and working order and Korpan shall not be liable for any direct or indirect loss or damage of the Customer arising from any subsequent failure of the equipment or from its lack of suitability for the work it may be required to perform.
10. INSPECTION: Before the equipment is loaded for transit to the Customer, the Customer may require an inspection thereof made by a competent authority, and if the equipment is proven not to be substantially in the condition required by this Agreement, the cost of the inspection shall be paid by Korpan. If the Customer fails to have such an inspection made, the equipment shall be presumed for all purposes hereof to be in good condition and running order when delivered to the Customer or his agent. Korpan shall have the right

at any time to enter upon the premises or place where the equipment is located and shall be given free access thereto and afforded all necessary facilities for the purposes of inspecting the equipment. Upon return of the equipment, Korpan will, at the Customer's expense (payable on demand), complete a Return Inspection, an oil change if deemed necessary by Korpan, necessary filter changes and lubrication.

11. TITLE: Title to the equipment shall at all times remain in Korpan and nothing contained in this Agreement shall be deemed to have the effect of conferring upon the Customer any right or title whatsoever in or to the equipment, other than that of a Lessee with an option to purchase if so stated. The Customer shall give Korpan immediate notice in case any of the equipment is levied upon, or from any cause becomes liable to seizure.
12. TERMINATION OF AGREEMENT: Should the Customer fail to make any payment when it becomes due, or become bankrupt, or overload the equipment or tax it beyond its capacity, or fail to maintain and operate or to return the equipment as provided by the Agreement, or violate any other provisions hereof, Korpan may in its option terminate this Agreement without notice to the Customer, re-take possession of the equipment without becoming liable for trespass, and recover all rentals due and full damages for any injury to, and all expenses incurred in retaking possession of the equipment.
13. INSURANCE: The Customer shall at his (its) own expense, provide insurance in the name of Korpan and Customer in an amount satisfactory to Korpan (including loss-payable and loss of use endorsements) against liability for bodily injuries including death and or property damage arising from all use of the equipment and to protect Korpan against all loss of or damage to the equipment to the value stated in the Details of Equipment. Insurance shall be in effect from delivery date to date of redelivery to Korpan. Proof of Insurance shall be delivered to Korpan prior to delivery date and on all renewal dates.
14. BOND: If requested by Korpan, the Customer at his (its) own expense, shall furnish a bond in form satisfactory to Korpan in the amount of the value of the equipment as shown in the Details of Equipment to insure fulfillment of the Agreement.
15. SUB-LETTING AND ASSIGNMENT: The Customer shall not be entitled to sublet or assign any of his (its) rights under this Agreement or in or to any of the equipment hereby rented without the written consent of Korpan previously obtained, but Korpan shall be entitled to assign its rights hereunder or I and to any of the equipment hereby rented subject to the observance by the assignee of all the obligations of Korpan hereunder.
16. ARBITRATION: Should any dispute arise between the parties on any matter arising out of this Agreement, it shall be referred to a single arbitrator. If the parties fail to agree on the selection of the arbitrator, each party shall forthwith appoint his own arbitrator and these two shall elect a third arbitrator. Should the first two arbitrators fail to agree on the third arbitrator, the latter shall be appointed by a Judge of the Supreme Court or of a Superior Court of Saskatchewan on application of either party.
17. NOTICE: Any notice to be given by one party hereto to the other shall be in writing and mailed by prepaid registered post to the other party at the address shown in the Agreement, and such notice shall be deemed to have been received by the addressee on the juridical day next following that on which same has been so mailed.
18. LIENS: The Customer shall not at any time suffer or permit any charge or lien, whether possessively or otherwise, to exist against the equipment, and shall keep the equipment free of all taxes (including Municipal Taxes whether assessed in the name of Korpan or Customer) liens and encumbrances. If the Customer fails after demand of Korpan, to pay off any such lien charge or encumbrance, Korpan may pay the same and recover the amount of any such payment, with interest at 18% per annum from the Customer on demand.
19. If the customer is a corporation, it agrees that the Limitation of Civil Rights Act of the Province of Saskatchewan and Sections 14, 14A, 14B and 14C of the Conditional Sales Act of the Province of British Columbia and Section 19 of the Conditional Sales Act of the Province of Alberta shall have no application whatsoever to this agreement and all protection extended thereby is hereby waived.
20. TAX POSITION: Korpan makes no representation to the Customer as to the manner in which rents paid under this Agreement will be treated in calculating any the Customer's Income Tax.

The Supplier and Customer for themselves, their successors, executors, administrators and assigns, hereby agree to the full performance of the covenants herein contained. IN WITNESS WHEREOF the parties hereto have executed this Agreement on the day and date first above written.

Witness: _____

By: _____
KORPAN TRACTOR & PARTS

Witness: _____

By: _____
*** RENTAL CUSTOMER NAME