

TERMS AND CONDITIONS
EQUIPMENT RENTAL AGREEMENT



EQUIPMENT RENTAL AGREEMENT: This Agreement which includes the attached quote (“Quote”) and these Terms and Conditions (collectively, the “**Agreement**”) is made between Foundation Drilling Services Inc. (referred to as FDS, the Company, WE, US, and OUR) and the Customer named in the attached quote (referred to as CUSTOMER, YOU and YOUR).

1. RENTAL OF EQUIPMENT: We agree to rent to you and you agree to rent from us the equipment described in the Rental Agreement, together with all tools, accessories and attachments (collectively, the “**Equipment**”). **YOU CANNOT CANCEL THIS AGREEMENT. YOU ACKNOWLEDGE HAVING SELECTED THE EQUIPMENT AND THAT IT MEETS ALL YOUR REQUIREMENTS.**

2. TERM AND RENTALS: The term of this Agreement will commence on the first day of the rental as set forth in the Quote (the “**Commencement Date**”) as we have established and end after the number of 4 week periods shown as the “**Term**” in the Quote. You promise to pay to us the number of rentals shown in the Quote beginning on the Commencement Date. You will also pay a pro rate payment for the period between the date of acceptance by us and the Commencement Date. All subsequent rentals will be payable on the fifteenth (15th) day or last day of each month, whichever is closer to the date the Agreement commenced. When a payment or other amount owing under this Agreement is not paid when due, you also agree to pay us a late fee of \$100.00 for each month or partial month during which such amount is unpaid, plus interest at the rate of 18% per annum calculated and compounded monthly. Unless you have requested invoices for which you agree to pay an additional surcharge of \$5.00 plus taxes for each invoicing period, you authorize and direct your Bank: (a) to debit your Account for all payments due under this Agreement; and (b) to make all such payments to us from such Account. You agree that your Bank will not be liable for any loss or damage you may incur in honouring this authorization. If your account is transferred to another branch, this authorization will be directed to such other branch. You may not revoke this authorization without our consent. If applicable, personal banking and payment information may be used and exchanged between you and FDS for the purposes of facilitating payment and as otherwise described in the relevant Agreement.

3. NO WARRANTIES: We are neither the Equipment supplier nor the Equipment manufacturer and we are renting the Equipment to you “**AS IS**”. **WE MAKE NO REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, INCLUDING WARRANTIES OF MERCHANTABILITY, CONDITION, DESIGN, OPERATION, QUALITY OR FITNESS FOR ANY PURPOSE.**

4. OWNERSHIP: The Equipment is and remains our sole property at all times and you have no right or title in the Equipment other than the right to use the same as permitted by this Agreement. You must keep the Equipment free and clear of all liens, charges, and claims of any other person. The Equipment must not be attached to real estate in any way and must remain moveable at all times.

5. MAINTENANCE AND USE, RISK OF LOSS: You agree to use the Equipment for business purposes only and for the purpose for which it is intended. You are responsible for the usage of the Equipment and you agree to keep the Equipment in good repair, condition and working order and furnish all parts and servicing required, and you shall cause the Equipment to be operated carefully and in compliance with the manufacturer’s recommendations (do we have to provide the manufacturers recommendations?) and applicable laws and regulations, by

competent and qualified personnel. You may not make any alterations to the Equipment without our written consent and all alterations shall be removed and the original status be restored. You agree to bear the entire risk of loss, damage, destruction, theft or governmental taking of the Equipment. If the Equipment is damaged, you must promptly notify us, and must continue to pay rent and pay for the cost of repairs. All repairs must be pre-approved in writing by the Company. During the Term of this Agreement, or for any period of time before the Customer has returned the Equipment, the Customer shall be solely responsible for any loss or damage to the Equipment. If the Equipment is damaged, the Customer will notify the Company immediately. The Customer shall also be solely liable for all claims, including but not limited to workers' compensation or claims for personal injury or damage to property, arising, directly or indirectly, out of the use of the Equipment. The Customer hereby assumes and shall bear the entire risk of loss for theft, damage, destruction or other injury to the Equipment from any and every cause whatsoever. In the event the Equipment is damaged in any way under any circumstances during the Term, the Customer will be responsible for all charges for parts, labor, and repairs. If the Equipment cannot be repaired or if the cost of repair for any item of the Equipment's exceeds its fair market value, or if an item is lost, stolen, or misplaced, the Customer shall pay us for the replacement value of the Equipment prior to such loss or damage, as determined by FDS acting reasonably. In the event of such loss or damage, the Customer shall also pay the total of all unpaid rental payments for the entire originally proposed Term or until the date such payment is received by the Company. If the Customer returns the Equipment in an unclean condition, it agrees to pay additional cleaning charges at rates as established by the Company.

6. RETURN REPAIRS: If the Customer returns the Equipment in an unclean condition, it agrees to pay additional cleaning charges at rates as established by the Company. Customer agrees to pay any repair cost and all cost for used wear parts replacement, as per Company inspection report at rates as established by the Company. Any used wear parts cannot be returned and any used wear parts will be replaced with new after return

7. NET COST: You shall bear all costs relating to the Equipment’s use, maintenance or possession, including all taxes and all charges arising in connection the use of the Equipment. The rentals and other amounts payable shall be absolutely net to us, free of all expenses. If you fail to perform any obligation hereunder, we may, as your lawful attorney or otherwise, do so on your behalf and you must reimburse us on demand for our costs of doing so. You must pay, when due, all taxes (other than our income taxes) and other charges imposed by any taxation authority with respect to the ownership, possession, use, maintenance, operation or Agreement of the Equipment. You acknowledge that the taxes due on the rental are stipulated by the applicable taxing authorities and as such the amounts shown on the front of this Agreement may vary from time to time.

8. INSURANCE: You agree, during the term of this Agreement, to provide and maintain at your expense: (a) comprehensive all risks, full replacement value insurance on the Equipment naming us as first loss payee; and (b) general public liability and property

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damage insurance, naming us as additional insured and providing coverage of at least One Million Dollars (\$1,000,000) or higher coverage if we require it. All insurance policies must be with a company acceptable to us and must provide that the insurer gives us at least thirty (30) days written notice before altering or terminating the coverage. You agree, at our request, to provide us certificates or other evidence of insurance satisfactory to us. If you do not, you agree that we have the right but not the obligation to obtain such insurance, in which event you agree to pay us for all costs thereof.

9. NO LIABILITY, INDEMNITY: WE SHALL HAVE NO LIABILITY WHATSOEVER FOR ANY DAMAGES, INCLUDING WITHOUT LIMITATION ANY PERSONAL INJURY, PROPERTY DAMAGES, LOSS OF BUSINESS, OR INCIDENTAL OR CONSEQUENTIAL DAMAGES CAUSED BY OR RELATED TO THE EQUIPMENT, ITS MANUFACTURE, INSTALLATION, FUNCTIONING OR OPERATION. You agree to indemnify us against, and shall protect us from all loss, costs, liabilities, claims, legal proceedings and expenses arising in connection with: this Agreement; the Equipment, the manufacture, selection, purchase, ownership, deliver, installation, possession, use, maintenance, loss or return of equipment, taxes; any default; or the exercise by us of our rights hereunder.

10. DEFAULT: You are in default under this Agreement if: (i) you fail to pay any rental or other amount due under this Agreement within ten (10) days of its due date;(ii) you fail to perform any of the other terms, obligations, or conditions of this Agreement; (iii) you become insolvent, bankrupt or make an assignment for the benefit of creditors or a receiver, trustee, conservator, or liquidator is appointed with or without your consent; (iv) you dispose of or encumber the Equipment, or this Agreement or attempt to do so; (v) you make a representation in this Agreement or otherwise to us that is materially incorrect; (vi) you are a corporation and control or beneficial ownership of you or your business changes from that which existed at the Commencement Date; (vii) a writ, execution, attachment or similar process is issued or levied against the Equipment; (viii) you cease or threaten to cease to carry on business or make or propose to make any sale of the whole or any substantial part of your assets in bulk or otherwise out of the normal course of business; (ix) you are in default to us under any other agreement with us or any other material agreement with any other person; (x) a guarantor of your obligations disputes or attempts to terminate the guarantee or itself becomes subject to any of the events in subparagraph (iii); and/or (xi) we in good faith believe and have commercially reasonable grounds for believing that your prospect of paying rentals or performing your obligations is or is about to be impaired or placed in jeopardy. If you are in default, in addition to our other rights under this Agreement or otherwise at law: (a) You must pay us as damages, and not as a penalty, the total of: (i) all amounts then due and unpaid, including rentals; and (ii) all other damages, losses, costs and claims incurred by us as a result of the default including, without limitation, all legal fees, collection fees and other expenses that the Company may incur in collecting any charges that are due from Customer; (b) upon our demand, you must return the Equipment to us; (c) we may, immediately and without notice to you or legal action, take possession of the Equipment; (d) all your rights in respect of the Equipment shall cease and terminate

absolutely; and (e) we may, by notice in writing, terminate this Agreement. All our rights, either under this Agreement or at law or equity, are cumulative and not alternative. You shall pay on demand all costs and expenses (including costs due to collection, legal fees, repossession, Equipment repair, rights enforcement, Equipment disposition and other realization costs) we incur due to your default. All amounts payable under this Section will bear interest at the rate stated in Section 2. After your default we may sell, reassign, or otherwise dispose of the Equipment at public or private sale with or without notice to you and upon such terms and in such manner as we may determine. You will be liable for any deficiency after the disposition proceeds are applied to the Liquidated Damages. To the extent permitted by law, you waive the benefit of all laws which would limit our rights.

11. END OF TERM OR RENEWAL: At the end of the Term or any renewal you must, at your expense, return the Equipment to us at the place that we will reasonably specify. Returned Equipment shall be in good repair, condition and working order, (Normal wear and tear is too brought we often don't know the conditions in which our tools have to perform and neither do our clients. Therefore the wear and tear can be different). If you fail to return the Equipment, you will be deemed to have requested a renewal of this Agreement for three (3) months and we may, in our discretion: (a) demand the return of the Equipment pursuant to this Section and exercise our other rights hereunder; or (b) accept such renewal request, including acceptance by us continuing to withdraw rentals by pre-authorized payment. Your Agreement obligations continue during any renewal. If you fail to return the Equipment as required under this Agreement, we may, without notice to you or resort to legal process, take possession of the Equipment and enter any premises where the Equipment is located to remove or disable the Equipment.

12. TRANSFER OF AGREEMENT: You may not sell, transfer or assign this Agreement, or encumber or part with possession of the Equipment, or any interest in this Agreement, without our prior written consent.

13. PERSONAL INFORMATION: You and your individual principals, shareholders and/or guarantors and otherwise connected with this Agreement (each, a "Principal") consent to our: (a) collection, use and disclosure to our affiliates, credit bureaus, reporting agencies, financial institutions and businesses with whom you or any Principal has had a financial relationship and other references provided in support of this Agreement (and disclosure by these parties to us), of personal information provided herein and credit and financial information obtained from the above sources for the purposes of verifying and evaluating current and ongoing creditworthiness and other information provided in support of this Agreement credit application; (b) disclosure of credit and financial information connected with this Agreement to future creditors or lenders that request credit references; (c) use and disclosure to (and use by) our affiliates of the above personal information for the further purposes of administering, servicing and collecting on this Agreement and your account; managing and administering our business; meeting legal, regulatory, security and processing requirements; and otherwise as permitted or required by law; (d) use of your contact information to send information about our related products and services; **however you may withdraw consent to our use of personal information for this purpose by contacting us at [info@FDS-tools.com]** (e) use and disclosure

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of personal information to parties connected with the contemplated or actual financing, insuring, sale, securitization, concurrent lease or rental agreement, assignment or other disposal of all or part of our business or assets (including this Agreement or part thereof and the property that is the subject matter thereof) for the purposes of determining whether to proceed with such transaction, fulfilling any reporting or audit requirements thereunder and the use of and disclosure by such parties for substantially the same purposes as described herein. Employees and agents that need to access personal information to fulfill their job requirements will have access to your file, including related personal information about any Principal. You or any Principal may request access and correction of personal information in our custody or control, subject to legal restrictions, by writing to the above address.

14. ADMINISTRATION: Subject to applicable law and the "Personal Information" section above, you agree to provide us with such financial information (including financial statements) as we may reasonably request from time to time. You agree to do all things required by us to give effect to or to better evidence this Agreement. We may charge you such fees as we generally establish from time to time for the administration of this Agreement. You must immediately notify us in writing of any change in your name and of any change in your Head Office. Any notice must be in writing and shall be delivered by courier, mail, or email to the applicable address first noted above (or to such other address as you or we may specify). Deemed receipt of notices shall occur on the business day first following the date it is couriered or sent by fax or, if sent by mail, provided there is no interruption in postal services, on the fifth (5th) business day after mailing. You acknowledge receipt of a copy of this Agreement and waive, to the extent permitted by law, your right to receive copies of financing statements, notices or filings we make in connection with this Agreement. Any clerical or inadvertent errors in this Agreement or any other documents associated with this Agreement shall not affect their validity and we may correct them provided that we verbally advise you of such changes and, upon your request, provide you with a copy of the changed document.

15. ENTIRE AGREEMENT: This Agreement contains the entire arrangement between us, and no modifications of this Agreement shall be effective unless in writing and signed by all of the parties. This Agreement shall be interpreted according to

the laws of the Province of Ontario. This Agreement shall be interpreted with no changes to number and gender, as the context requires. If more than one person signs this Agreement as Customer, all of you shall be jointly and severally and solidarily liable. Any provisions of this Agreement unenforceable in any jurisdiction, shall as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions. Our waiver of any default is not a waiver of any other default. Time is of the essence of this Agreement. All your unperformed obligations, which, by their nature, are not released by the terminations of this Agreement and our rights hereunder, shall survive the termination of this Agreement. This Agreement will enure to the benefit of and be binding upon the parties, their successors and permitted assigns.

16. SECURITY INTERESTS: To secure your performance of your obligations hereunder, you grant us a continuing security interest in any Interest you have in the Equipment, in all proceeds thereof (including proceeds of insurance) and in any rental payments receivable on any sublease we may permit; you agree that we have all the rights of a secured party under any applicable personal property security legislation and at law and in equity. To the extent this Agreement creates a Security interest, such security interest is a purchase money security interest (as the terms "security interest" and "purchase money security interest" are used in the *Personal Property Security Act* (Ontario), and will be interpreted with similar effect under analogous legislation in force in any other relevant jurisdiction). In this Agreement the term "security interest" includes a movable hypothec without delivery.

17. LANGUAGE: This Agreement and all other documents associated with the Agreement and all communications between us will be in English. *Les parties au presentes conviennent a ce que ce document et tous autres documents et communications soient rediges en anglais.*

18. MISCELLANEOUS: YOU AGREE THAT A DIGITAL COPY OF THIS AGREEMENT WITH YOUR DIGITAL SIGNATURE AND OUR ORIGINAL SIGNATURE SHALL CONSTITUTE THE ORIGINAL OF THIS AGREEMENT FOR ALL PURPOSES, AND SHALL BE ADMISSIBLE AS EVIDENCE OF THIS AGREEMENT.

YOU HAVE READ, YOU UNDERSTAND, AND YOU ACCEPT THE ABOVE TERMS AND CONDITIONS THAT FORM PAGE 2 AND 3 OF THE EQUIPMENT RENTAL AGREEMENT BETWEEN FOUNDATION DRILLING SERVICES INC. AND THE CUSTOMER NAMED BELOW:

Per: _____
Company Date Name

Customer's Signature

Agreement No: _____