

Starlite Illumination Inc.

81 Deep Dene Road

West Vancouver, British Columbia

TERMS AND CONDITIONS OF LEASE

(See Rental Contract for detailed description of equipment rented)

1. **Equipment** - The term "Equipment" as used herein, shall include the vehicle listed on the Rental Contract and all lighting, grip, cameras, accessories, and other equipment leased by Lessee from Lessor, whether or not such items are listed on the Rental Contract.
2. **Title** - Lessor will at all times retain title to the Equipment. Lessee will not claim ownership over Equipment and will keep the Equipment free and clear of all liens, encumbrances and claims from any creditors of Lessee and from any governmental entities but only to the extent that the same arise from Lessee's actions or omissions.
3. **Delivery and Freight** - Lessee shall accept delivery of the Equipment at Lessor's designated location. Lessee shall be solely responsible for all costs and liabilities in connection with the transportation of the Equipment to and from locations designated by Lessor including, without limitation, all costs and expenses for crating, local carting, insurance, loading and unloading. If Lessee accepts delivery of the Equipment by Lessor's vehicles and/or drivers. Lessor agrees to insure said vehicles on an "all risks" basis at its own cost and expense. For the purpose of compensation only, such drivers shall be on hire to and agents of Lessee from the time they leave Lessor's designated location to the time they return the Equipment to Lessor's designated location.
4. **Lessee Information** - From time to time, Lessor may request credit information about Lessee from Lessee and from other sources, and Lessee shall provide to Lessor financial statements, operating history, and other information about Lessee which Lessor deems relevant to evaluating Lessee's ability to perform under this Lease. Lessee warrants that all information submitted to Lessor is and will be complete, true and correct.
5. **Notice to Lessor** - Lessee shall immediately give written notice to Lessor of (a) any material adverse change in any information provided by Lessor by or on behalf of Lessee, (b) any loss, theft, or damage to the Equipment, or (c) any adverse claim to the Equipment.
6. **Possession and Control** - The Equipment shall be deemed in the possession and control of Lessee (the "Possession and Control") from the time the Lessee takes possession of the Equipment at Lessor's designated location until Lessee returns the Equipment to Lessor at its designated location.
7. **Damages for Lessee Cancellation Prior to Delivery**
 - a. If Lessee terminates this Lease less than (24 hours) prior to the date designated for delivery of the Equipment under the Rental Contract, Lessee shall pay to Lessor actual lost rent sustained by Lessor as liquidated damages.
 - b. In addition to the payment set out in clause (a), if Lessee terminates this Lease (i) less than one day prior to scheduled delivery of the Equipment, Lessee shall compensate the driver for 8 hours at the \$45.00/hour rate.
8. **Assignment and Subletting** - Lessee shall not assign this Lease or sublease the Equipment or loan or permit anyone else to use the Equipment. At all times during the term of the Lease, the Equipment must be under the control, supervision and direction of the Lessee.
9. **Technicians** - Lessee acknowledges that the use and operation of the Equipment requires trained and competent technicians, and Lessor provides a mandatory crew of one trained technician with the Equipment to be hired by Lessee. The hourly rate for the Technician is \$45.00 with a 10 hour minimum, plus applicable overtime, to be paid according to the Teamster 155 Agreement. Hours are booked portal to portal when traveling with the Equipment, and the operator will receive a \$50.00 per diem and single accommodation for jobs requiring an overnight stay.
10. **Alterations** - Lessee shall not make any markings, alterations, additions, improvements or modifications to the Equipment without the prior consent of Lessor.
11. **Return of Equipment** - At the termination or expiration of the Lease, Lessee will, at its own cost, promptly return the Equipment to Lessor in as good condition as when received, reasonable wear and tear excepted.
12. **Proper Operation** - Lessee will at all times use, maintain, operate, store and transport the Equipment in accordance with: (a) the written operating instructions supplied by Lessor; (b) the conditions of coverage in applicable insurance policies; and (c) all applicable laws, codes and regulations.
13. **Care and Maintenance** - While the Equipment is in its Possession and Control, the Lessee, at its own cost and expense, will take good care of the Equipment, maintain the Equipment in good condition and working order, and take adequate security measures to protect the Equipment from theft, loss, damage or other accident. All repairs and maintenance shall be performed only by technicians who are familiar with and have the technical competence to repair and maintain the Equipment. Lessee shall not transport, store, or use the Equipment under conditions likely to damage the Equipment or cause damage to property or injury to persons.
14. **Risk of Loss, Indemnity and Insurance**
 - (a) While the Equipment is in the Possession and Control of Lessee, Lessee assumes the entire risk of loss or theft of, or damage to, the Equipment, unless such loss, theft or damage is due to Lessor's willful or intentional misconduct, gross negligence or inadequate maintenance.
 - (b) Lessee agrees to reimburse, indemnify and hold Lessor harmless against all claims, costs, expenses and liabilities (including reasonable outside attorney's fees) incurred by Lessor arising out its obligations under this Section 14 or arising out of any breach by Lessee of any representation or covenant set out in this Agreement except to the extent due to Lessor's misconduct, negligence or inadequate maintenance.
 - (c) Lessee shall at its own cost and expense, keep the Equipment insured on an "all risks" basis in an amount not less than than the actual replacement cost of the Equipment and applicable taxes, as well as against accident and liability. Lessor shall be named as an additional insured in all such policies and as the first loss payee thereunder. Lessee shall also, at its own cost and expense, carry public or general liability insurance naming Lessor as an additional insured. All insurance required hereunder shall be with insurers, amounts and deductibles satisfactory to Lessor.
15. **Damages for Default by Lessee** - If the Equipment is lost, stolen or damaged while in the Possession and Control of the Lessee, Lessee shall pay to Lessor: (a) the cost of repairing the Equipment to place it in good condition and working order and rental payments set out in the Rental Contract for that number of days required to complete such repairs; or (b) if in Lessor's reasonable opinion the Equipment cannot be repaired, the actual replacement value of the Equipment and applicable taxes and the remaining rental payments under this Lease and the actual rent which Lessor would have received from other customers had the Equipment not been so lost, stolen, or damaged, or in need of maintenance, and Lessor shall exercise reasonable efforts to limit such actual rent lost from other customers. Nothing contained in this section is intended to limit damages recoverable by Lessor under any provision of this Lease or by operation of law.
16. **No Liability or Warranty** - Lessee agrees that there shall be no liability or responsibility on the part of Lessor for, and Lessee shall save harmless and indemnify Lessor against, any damages, whether direct, indirect, special, or consequential, which Lessee or anyone else may sustain by reason of the use, storage, operation, maintenance, possession, or failure of the Equipment unless such damage is due to Lessor's willful or intentional misconduct, gross negligence or inadequate maintenance. Except as set forth in Section 17, Lessor makes no representation or warranty whatsoever, express or implied, with respect to the Equipment, including but not limited to, to fitness, suitability, quality, design, condition, repair, merchantability, performance, functioning or malfunctioning of the Equipment or of the material or workmanship thereof. Lessee agrees to examine and test all Equipment promptly upon receipt thereof and notify Lessor of any alleged defect therein.
17. **Lessor's Representations** - Lessor represents that the Equipment is in good working order and good condition. Lessee shall not be deemed to have prior knowledge of and shall not assume the risk of any hidden defects or of defects that could not be ascertained by reasonable inspection. Lessor represents that it is the owner of the Equipment that is free to enter into this Agreement and to grant all rights herein granted and that no approval or agreement of any third party is required.
18. **Inspection** - Lessor and its agents may at all reasonable times inspect the Equipment, provided such inspection will not materially interfere with Lessee's use of the Equipment.
19. **Payment** - All rent and other charges arising under this Lease shall be due and payable in Canadian currency at Lessor's premises within thirty (30) days after the date of the bill or invoice, unless specified otherwise. Past due balances shall bear interest at the prime rate charged by Lessor's bankers plus 4%.
20. **Extension** - In the event that the term of this Lease is extended by mutual agreement of the parties, all the terms and conditions hereof shall apply to any such extension period, except as may be specifically modified in the document creating such extension.

21. **Taxes and License Fees** - Lessee shall pay all duties, tariffs and taxes related to rental, transportation, use or operation of the Equipment pursuant to this Lease, exclusive of income taxes of Lessor.

22. **Termination** - If Lessee shall default in the prompt performance or observance of any of the terms and conditions of this Lease, or if the condition of the affairs of Lessee or any of its guarantors hereunder shall so change as to, in the sole reasonable opinion of Lessor, impair Lessee's ability to carry out this Lease or increase Lessor's credit risk, Lessor may, in addition to all other remedies at law, immediately terminate this Lease after providing Lessee with written notice and a reasonable opportunity to cure such default. If Lessee shall enter into any arrangement with its creditors, or if a proceeding in bankruptcy, receivership, or insolvency is instituted by or against Lessee or its property, Lessor may immediately terminate this Lease. If the alleged default is for alleged lack of payment of rent, Lessee shall first have a two business day period in order to cure such default before termination of this Lease.

Upon termination, Lessee shall immediately return the Equipment to Lessor. Lessor, its agents or employees, may enter upon any premises where the Equipment is located, remove the same therefrom with or without any court order or other process but with notice to Lessee. The rights and remedies of Lessor shall be cumulative and action on any one shall not be deemed to constitute an election or waiver of any other right to which Lessor may be entitled at law.

23. **Remedies** - Lessor's sole remedy for breach by Lessee of any of Lessee's obligations hereunder shall be an action at law for damages, it being agreed that in no event shall Lessor or its successors and assigns, or any other party now or hereafter having an interest in the Equipment, seek or be entitled to injunctive relief for breach by Lessee of any of Lessee's obligations under this Lease.

24. **Property of Lessee** - If Lessor transports, stores, uses or otherwise handles for Lessee other property belonging to Lessee or to others, whether Lessor does so as an accommodation to Lessee or for compensation, then Lessor shall not be responsible or liable for the loss, theft, or damage to such property. Lessee hereby agrees to indemnify and hold Lessor harmless from and against any and all costs, expenses, liabilities and claims, including reasonable outside attorney's fees, arising out of any such loss, theft, or damage to such other property, or arising out of any bodily injury or property damage from the use, storage, operation, transportation, or maintenance of such other property, unless the gross negligence or willful misconduct of Lessor.

25. **Entire Agreement** - This instrument constitutes the entire agreement of the parties, and may not be modified except by an instrument in writing signed by parties hereto.

26. **Acceptance of Lease by Lessor** - Acceptance of this Lease by Lessor is expressly conditioned on Lessee's agreement to all the terms and conditions herein. This Lease shall not constitute a contract until accepted in writing by an authorized representative of Lessor.

27. **Acceptance of Return of Equipment** - The return or repossession of the Equipment shall not affect any rights or claims of Lessor, including but not limited to, the rights to receive all arrears of rent, rental payments for the balance of the unexpired term of the Lease, costs for repair and maintenance of the Equipment, or any other damages which it may have sustained; provided that any claims by the Lessor for rent or fees associated with repair or maintenance of the Equipment resulting from Lessee's use are presented within 30 days of Lessee's return of the Equipment to the Lessor.

28. **Governing Law** - This Lease shall be subject to and construed under the laws of the Province of British Columbia and federal laws of Canada applicable therein. The parties agree that British Columbia courts shall have exclusive jurisdiction over any controversy arising out of or respecting this Lease and agree that such courts shall personal jurisdiction over each of the parties.

29. **Attorney Fees** - If any party hereto takes any actions concerning the validity, construction, administration, performance, or enforcement of this Agreement, the prevailing party in such action shall be entitled to recover all of its costs and expenses, including reasonable outside attorney's fees, in connection therewith.

30. **Severability** - If any provision of this Agreement, as applied to any party or to any circumstance, shall be found by a court to be void, invalid or unenforceable, the same shall in no way affect any other provision of this Agreement, the application of any such provision in any other circumstance, or the validity or enforceability of this Agreement.

31. **Successors and Assigns** - This Agreement shall be binding on and shall inure to the benefit of the successors, personal representatives, heirs, and assignees of the parties hereto.

32. **Force Majeure** - Lessor shall be excused from performing its obligations hereunder to the extent performance is rendered impossible, impractical, or too costly in Lessor's opinion, as a result of labour disputes, ill health, war, civil disobedience, acts of enemies, revolutions, fires, floods, earthquakes, Acts of God, accident, delays in supplies or services furnished to Lessor, or any other act or omission beyond Lessor's control. In such event, Lessor may either delay its performance hereunder or terminate this Lease without any liability to Lessee or any other party and shall reimburse Lessee any amounts paid to Lessor (for rent or otherwise) for time periods for which the use of the Equipment was denied as a result of such force majeure event.

Please sign and return the last page of this lease agreement to Starlite Illumination Inc. prior to the first day of rental. Your signature acknowledges that you have read and agreed with the terms of this lease.

Fax: 604 913 6724

Phone: 604 290 4997

Starlite Illumination Inc.
by its authorized signatory

(Lessee)
by its authorized signatory

Name:

Name:

Date:

Date: