

Filmotechnic Canada Ltd.

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2010 RUSSIAN ARM LEASE AGREEMENT

Date:

_____ (the Lessee)

does hereby lease from Filmotechnic Canada Ltd. (the Lessor) the Russian Arm System and associated equipment in connection with its production tentatively entitled: _____ as requested and available for the following dates: _____

This lease is subject to terms and conditions below and it is only valid upon execution by an officer of the Lessor.

A copy of this agreement signed and transmitted to the other party by facsimile ("fax") shall be deemed an original as against Filmotechnic Canada Ltd. which has signed it.

TERMS AND CONDITIONS OF THE LEASE

- 1) **EQUIPMENT:** The term "equipment" as used herein shall include the "Russian Arm System" including the "Flight Head" and all trucks, vans, other vehicular equipment and related accessories leased by Lessee from the Lessor, whether or not such items are listed herein.
- 2) **TITLE:** Lessee acknowledges that Lessor has title to all the equipment leased hereunder, and Lessee will not impair such title, and will keep the equipment free and clear of all liens and encumbrances. Lessee shall at all times protect and defend, at its own cost and expense, the title of Lessor to the equipment from and against all liens and encumbrances and claims of any creditors of Lessee, and shall give Lessor immediate notice of any attachment or other judicial proceedings which might affect any item of the equipment.
- 3) **NOTICE TO LESSOR:** Lessee warrants that any credit and financial information submitted to Lessor for the purpose of inducing Lessor to enter into this lease is complete and true and correct in all material details and in the event there is any material adverse change in such information or in the event there is any loss or damage to the equipment, Lessee shall promptly give written notice thereof to Lessor.
- 4) **FREIGHT (Part A):** In the event the Lessee requests delivery of the equipment by Lessor's trucks and/or drivers weather it for an **in town, out of town, out of province, or out of country** production, Lessee agrees to insure, employ and compensate said drivers directly on its own payroll and shall maintain workers' compensation insurance coverage for them. Such drivers shall be employees, agents and servants of Lessee from the time they leave Lessor's place of business or designated location to the time they return the equipment to Lessor's place of business or designated location and Lessee agrees that Lessor has no responsibility or liability whatsoever, unless due to gross negligence of the Lessor, for any of their acts or omissions during the interim. See also section 5 and 11 of this lease.
- 5) **FREIGHT (Part B):** In the event of an **out of town, out of province, or out of country** production, the Lessee shall accept delivery of the equipment from Lessor's place of business. Lessee shall be solely responsible for all costs and liabilities in connection with the transportation and shipment of the equipment from Lessor's place of business, including without limitations, all costs and expenses for crating, local crating, insurance and loading and unloading. Lessee shall bear the risk of loss or damage to the equipment during such requested transportation and return.
- 6) **POSSESSION AND CONTROL: (Part A)** While working in the **Greater Toronto Area** the equipment shall be deemed in the possession of the Lessee from the time it arrives on location until the time it leaves said location.
- 7) **POSSESSION AND CONTROL: (Part B)** In the event of an **out of town, out of province, or out of country** production, and the equipment is shipped to Lessee's desired location (See section 5 Part B) the equipment shall be deemed in the possession and control of the Lessee from the time that it leaves the premises of the Lessor, or its designated location, until the time that it is returned to the premises of Lessor or its designated location,
- 8) **POSSESSION AND CONTROL: (Part C)** In the event of an **out of town, out of province, or out of country** production, and the equipment is unless delivered by Lessor's trucks and/or drivers, the equipment shall be deemed in the possession of the Lessee from the time it arrives on location until the time it leaves said location.

- 9) **ASSIGNMENT OR SUBLETTING:** Lessee shall not assign this lease or sublease the equipment or loan or permit any other person, firm or corporation to use or examine said equipment. At all times during the term of the lease, the equipment must be under the control, supervision and direction of the Lessee.
- 10) **TECHNICIANS:** Lessee acknowledges that the use and operation of the equipment requires trained and competent technicians, and Lessee will not hire or retain the services of any technician to work on or operate the equipment without prior consent of Lessor which consent shall not be unreasonably withheld, provided the technicians are familiar with and have the technical competence to operate such equipment. Such technicians shall be employees, agents and servants of Lessee, and the Lessee agrees that Lessor has no responsibility or liability whatsoever for any acts or omissions of such technicians, unless they are the Lessor's agents or employees.
- 11) **ALTERATIONS:** Lessee shall not make any alterations, additions, improvements or modifications to the Lessor's equipment without the prior written consent of Lessor.
- 12) **CARE AND MAINTENANCE:** While the equipment is in its possession, Lessee, at its own expense, will take good care of the equipment and maintain and preserve the equipment in good condition and working order, and will provide such security for such obligation as may be reasonably required by Lessor. 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. At the termination of the lease, Lessee will return the equipment to Lessor in the same good condition as when received.
- 13) **INDEMNITY AND INSURANCE:** a) While the equipment is in possession and control (as defined herein above), Lessee assumes the entire risk of loss, theft or damage unless due to Lessor's fault or negligence, and Lessee agrees to defend, indemnify and hold Lessor harmless against any such loss, theft or damage. b) Lessee agrees to defend, indemnify and hold Lessor harmless against all claims, costs, expenses and liabilities, including reasonable outside legal fees, for bodily injury, property damage or otherwise, arising by reason of or incident to the use, possession, storage, operation, transportation or handling of the equipment while in the possession and control of Lessee, unless such claims, costs, expenses, and liabilities are due to Lessor's negligence or wilful misconduct. c) Lessee shall at its own cost and expense keep the equipment insured on an "all risk" basis, and protect the Lessor against all risk and loss including lost rentals (see section 12 and 18 below), theft or damage from every cause whatsoever for not less than the full replacement value of the equipment leased here under, including taxes, custom charges, freight et al. Lessor shall be named as an additional insured in all such policies and as the loss payees there under. Lessee shall also, at its own expense, carry commercial general liability insurance naming Lessor as an additional insured in an amount of such insurance coverage (for no less than \$2,000,000.00). Lessee shall provide Lessor with copies of certificates of such insurance. d) In the event that Lessee requests delivery of the equipment by Lessor's trucks and/or drivers, "equipment" for the purposes of this paragraph 11 shall specifically include Lessor's trucks, vans or other vehicles used in effecting said delivery from, and return to, Lessor's place of business or storage.
- 14) **LOSS, THEFT OR DAMAGE:** In the event of loss, theft or damage to the equipment caused by Lessee, while in its possession or control (other than that due to Lessor's negligence and/ or wilful misconduct), Lessee shall promptly notify Lessor, and Lessee shall be responsible for and promptly pay to Lessor a) the cost of repairing such equipment and placing it in good condition and working order, b) the full replacement value of such equipment if in Lessor's opinion it cannot be repaired, the equipment remains in the property of Lessor, c) the remaining rental payments which Lessor might have received from other customers had the equipment not been so lost, stolen or damaged, at the greater or the same rental per week or per day as set forth in this lease or actual contracted rate if higher than the rate of rental payable under this agreement. Lost or stolen equipment shall be reported by the Lessee to the law enforcement authorities within 24 hours of the discovery of same, and within 12 hours to the Lessor.
- 15) **NO LIABILITY:** Lessee agrees that there shall be no liability or responsibility on the part of the Lessor for any lost production time or any other damages, direct, indirect or consequential, which Lessee may sustain be it reason of its use or dependence upon the equipment or the failure of the equipment to operate properly, (other than that due to Lessor's negligence and/ or wilful misconduct. Lessor makes no representation or warranty whatsoever, express or implied, with respect to the equipment, including but not limited to the fitness, suitability, quality, design condition, repair, merchantability, functioning, performance or malfunctioning of the equipment or of the material or the workmanship thereof. Lessee agrees to examine and test all the equipment promptly upon receipt thereof and notify Lessor of any defect or alleged defect therein. If Lessee retains equipment for 24 hours, such retention shall constitute Lessee's acknowledgment that the equipment is satisfactory for Lessee's purposes. The Lessee waives and releases the Lessor, its officers, agents and employees from and agrees to defend the Lessor against all claims, demands, actions, causes of actions, loss, costs, damages and expense arising out of or based upon the use, possession or renting of the equipment by its customers or the present or future fitness, quality, design, condition, repair, merchantability, functioning, performance or malfunctioning of the equipment, or of the material or workmanship thereof, unless the aforesaid is due to the negligence and/ or wilful misconduct of the Lessor, its officers, agents or employees.
- 16) **PAYMENT:** Payments for all billings submitted by Lessor under this lease shall be due in US Currency at the office of the Lessor in Toronto, Ontario, Canada, within five (10) days after the receipt of the bill or invoice. Past due balances shall bear interest at the rate of 2% per month, or the maximum allowable under Ontario law, whichever is less.
- 17) **PROMPT RETURN:** Lessee acknowledges that due to the unique nature of the Russian Arm System and other equipment, failure to return the equipment to Lessor on the date specified for the expiration of the lease hereunder may cause Lessor to sustain sever damages, and Lessee agrees to defend, indemnify and hold Lessor harmless for all actual damages it may sustain by reason thereof.

- 18) EXTENSION: In the event this lease is extended, all the terms and conditions hereof shall apply to any such extension period, except as may be specifically modified or deleted in the document creating such extension. To the extent any such extension period is arranged verbally, said arrangement shall immediately be set forth in a written instrument in accordance with the provisions of section 24 below.
- 19) DEFAULT: (Part A) If Lessee shall default in the due and punctual payment of any rental due hereunder, or Lessee shall breach any of the other terms and conditions of this lease, or if an execution or other writ of process shall be issued in any action of proceeding against Lessee whereby said equipment may be seized or taken, or if Lessee shall enter into any arrangement of composition with its creditors, or if a proceeding in bankruptcy receivership, or insolvency is instituted by or against Lessee or its property, or if the condition of the affairs of Lessee or any of the guarantors hereunder shall so change as to, in the sole opinion of the Lessor, impair Lessee's ability to carry out this lease or increase the credit risk involved, Lessor shall have, in addition to all other remedies at law or in equity available to it, the right to terminate this lease and take immediate possession of the equipment. For such purpose, Lessor, its agents or employees, may enter upon any premises where said equipment may be located, remove the same there from with or without force, and with or without notice to Lessee and Lessor shall not be liable to any suit, action or other proceeding by Lessee. Upon Lessor taking possession of said equipment pursuant to the provision hereof, this lease shall thenceforth terminate without prejudice to any rights or claims of Lessor to receive all arrearage of rent, rental payments for the balance of the unexpired term, or any other damages which it may have sustained. The rights of 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.
- 20) DEFAULT: (Part B) The Lessor shall be limited to an action for money damages for any breach of this Agreement by Lessee and shall in no event be entitled to rescind this for any provisional or equitable remedy, including injunctive relief, and in no event shall the Lessor be permitted to prevent or inhibit the production, broadcast, exhibition, distribution or other exploitation of any of the Lessee's motion picture or television photo plays, including but not limited to the _____ motion picture, television photo play or commercial production.
- 21) OTHER PROPERTY OF LEASES: In the event that Lessor picks up and delivers 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 in any way for the loss or damage to such property except for loss or damage due to Lessor's negligence or willful misconduct, and Lessee hereby agrees to defend, indemnify and hold Lessor harmless from and against any and all costs, expenses, liabilities and claims, including reasonable legal fees, arising out of any such loss or damage to such property, or arising by reason of Lessor picking up and delivery of such other property.
- 22) ENTIRE AGREEMENT: This instrument supersedes any and all prior understandings and agreements, written or verbal and constitutes the entire agreement of the parties, and may not be modified except by an instalment in writing signed by the parties hereto. This lease shall not be a contract until accepted in writing by an authorized representative of Lessor.
- 23) ACCEPTANCE OF RETURN OF EQUIPMENT: An acceptance of the return of the equipment by Lessor shall not be deemed a waiver of any claims that it may have against Lessee under this lease, nor a waiver of claims for any latent or patent damage to the equipment.
- 24) GOVERNING LAW: This lease has been made in the province of ONTARIO and shall be subject to and constructed under the laws of the province of Ontario. The parties agree that Ontario Provincial courts shall have exclusive jurisdiction of any controversy arising out of this lease.
- 25) GUARANTEE: In the event that this lease is guaranteed by any person, firm or corporation, the guarantor, in consideration of the Lessor entering into this agreement with the Lessee, shall be responsible and liable for all of the rental payments due by Lessee and for all of the other covenants and agreements to be performed by Lessee hereunder, and Lessor may bring any action or proceeding against the guarantor without the necessity of first proceeding against the Lessee.
- 26) LAWYER/COUNCIL/FEES: In the event either party files suit to enforce the provisions hereof, or for a declaration of rights hereunder, in the event the other party prevails, the first party shall, in addition to all other relief, be entitled to reasonable legal fees and court costs, on a solicitor and client basis.
- 27) CANCELLATION: Due to the extreme demand for the Russian Arm System, and the difficulty of rebooking on short notice, signature of this contract is an obligation for payment all days contracted for regardless whether the Lessee can use the Russian Arm System. In the event of Lessee's cancellation for all or part of the contracted day or days, Filmotechnic Canada Ltd. will make in good faith effort to find substitute bookings for the Russian Arm System and if successful will release the Lessee from obligation to pay for those days, if the rental monies received for the substitute bookings are the same or greater than the rental monies paid hereunder; otherwise Lessee shall be responsible to the Lessor for any deficiency. Russian Arm System technicians will also be paid a minimum of eight (10) hours a day on cancellation day or days, unless Lessee is released of payment by Lessor.

- 28) ALL RENTAL PRICES ARE IN US DOLLARS (NOT INCLUDING DELIVERY)
- based on a 5 day shooting week. Rates
- 29) RUSSIAN ARM SYSTEM RENTAL FEE: (includes Flight Head) AS PER QUOTE
- 30) PRESTON REMOTE FIZ CONTROL RENTAL FEE: AS PER QUOTE
- 31) RUSSIAN ARM TECHNICIAN: Rates
Technician's day is a minimum of 10 hours \$75.00/ hr
Meal premium after 6 hours is present rate x 2 (max 3x)
Statutory holidays are the above rates x 2
Technician's day starts and ends at the shop or hotel.
- 32) FLIGHT HEAD TECHNICIAN: Rates
Technician's day is a minimum of 10 hours \$55.00/ hr
Meal premium after 6 hours is present rate x 2 (max 3x)
Statutory holidays are the above rates x 2
Technician's day starts and ends at the shop or hotel.
- 33) FLIGHT HEAD TECHNICIAN/ CAMERA OPERATOR: Rates
Technician's day is a minimum of 10 hours \$85.00 /hr
Meal premium after 6 hours is present rate x 2 (max 3x)
Statutory holidays are the above rates x 2
Technician's day starts and ends at the shop or hotel.

AGREED AND ACCEPTED

FILMOTECHNIC CANADA LTD.

SIGNATURE

SIGNATURE

NAME (please, print)

MARK CABIDDU

TITLE

TITLE

Vice President Rentals

DATE

DATE