

THIS CONTRACT made this \_\_\_\_\_ day of \_\_\_\_\_, A.D. 20 \_\_\_\_

BETWEEN: MONARCH TRANSPORT INC.  
a body corporate having an office in the City of  
Edmonton, in the Province of Alberta, carrying on  
business under the firm name and style of "Monarch  
Transport Inc."  
(Hereinafter called "Monarch").

OF THE FIRST PART

AND:

\_\_\_\_\_  
NAME

\_\_\_\_\_  
ADDRESS

\_\_\_\_\_  
CITY

(hereinafter called "the Owner Operator or Employee of an Owner Operator")

OF THE SECOND PART

IN CONSIDERATION of the mutual covenants and promises  
hereinafter contained, the parties hereto agree as follows:

1. The Owner Operator agrees to haul cargo, exclusively for Monarch in accordance with the instructions of Monarch, using equipment and qualified Owner Operators or employee of Owner Operator as defined herein. Monarch agrees to pay the Owner Operator for services rendered on the basis contained in Clause 3.
2. DEFINITIONS
  - (a) "Equipment" means that equipment described in Schedule "A" annexed hereto.
  - (b) "Qualified Owner Operator" is a person who:
    - (I) qualifies under, and complies with, all laws and regulations in the jurisdiction in which he drives;
    - (II) qualifies under, and complies with all rules and regulations of Monarch;
    - (III) complies with the terms of the Contract.

3.

### REMUNERATION

- (a) Monarch shall maintain a holdback fund of Three Thousand Dollars (\$3000.00) in the name of the Owner Operator and to this end the Owner Operator shall forthwith pay to Monarch the sum of One Thousand Dollars (\$1000.00) upon hiring and a further Two Hundred Fifty (\$250.00) per month for eight months (8 ), or Monarch shall be at liberty to withhold from the Owner Operator pursuant to Clause 3 up to and including the amount of Three Thousand Dollars (\$3000.00);

Such holdback shall be returned to the Owner Operator minus legitimate charges within ninety (90) days of termination. Any monies due and owing to the Owner Operator will earn interest at a rate of \_\_\_% per annum and will be subject to current market trends.

- (b) Mileage Rates (Canadian Currency):
- (c) Monarch shall provide a statement and shall pay the Owner Operator on the 28th of each month remuneration earned in the preceding calendar month, less any amount properly deducted for holdback, advances and expenses. PROVIDED, that any or all amounts due and owing to Monarch may be withheld by Monarch when acting in accordance with Clause 4 herein. The Owner Operator shall within FORTY-FIVE (45) DAYS advise Monarch in writing of any errors, omissions or discrepancies in the statement supplied and in default, then the Owner Operator shall be stopped and barred from all rights and causes of action that might arise under and by virtue of such statement;
- (d) Upon termination of the Contract as provided herein, Monarch shall within NINETY (90) days of such date, calculate what, if any, remuneration is due to the Owner Operator. PROVIDED that the Owner Operator has complied with and performed all of the terms of this Contract and has returned to Monarch all of the property of Monarch or of any person to whom Monarch is responsible and has otherwise complied with all the provisions of Clause 11 hereof. Monarch will pay the said remuneration less any amounts that may be properly deducted therefrom to the Owner Operator within NINETY (90) days of the compliance by the Owner Operator of the provisos herein;

(e) Permits – NWT Trips: All NWT permits will continue to be the responsibility of Owner Operators. The company will however guarantee the following once the permit has been purchased:

(I) The Company will guarantee either three (3) trips on that Permit, or

(II) The Company will reimburse the Owner Operator the cost of the Permit, on the following pro-rated basis:

1 trip used on the permit – 1/3 the value  
 2 trips used on the permit – 2/3 the value  
 Owner Operator will therefore be reimbursed the difference.

Fleet 43	U S Vans
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**Effective Date of Ratification**

**Loaded Mileage Rate 5 axle (Canada , up to 38,500 kgs) (US up to 80,000 lbs)**

AREA	5 AXLE LD OCT 1/12	5 AXLE LD OCT 1/13	5 AXLE LD OCT 1/14	5 AXLE LD OCT 1/15	5 AXLE LD OCT 1/16
Canada/ US	1.20	1.205	1.21	1.22	1.225
Empty Rate	1.021	1.026	1.031	1.036	1.041

All mileage driven in the Yukon shall receive a premium of twenty cents (20) over and above established rates.

All Mileage driven in Alaska shall receive a premium of fifteen cents (15) over and above established rates.

1. **Effective Date of Ratification**-On all loads which require more than one pick-up or delivery, the Operator will be paid at the rate of forty five dollars (\$45.00) for each additional pick-up or delivery.

**Effective October 1, 2013- On all loads which require more than one pick-up or delivery, the Operator will be paid at the rate of fifty dollars (\$50.00) for each additional pick-up or delivery.**

2. **Effective Date of Ratification**-All city P&D work will be paid at thirty-eight dollars (\$38.00) per hour.

Oct. 01, 2013 (\$ 40.00)

3. **Effective Date of Ratification**-Work and wait time will be paid after two free hours loading and/or unloading. The Operator will be paid thirty-nine dollars (\$39.00) per hour for the time in excess of these two hours. The Bill of Lading must be signed legibly by the Shipper or Receiver, and dispatch must be advised immediately of the excess time before this time will be paid. In no event shall work and wait time exceed ten (10) hours for each stop during any twenty-four (24) hour period. Each trip shall be considered a separate work and wait period.

- Short trips – on any loaded single trips less than five hundred (500) miles, an additional five cents (5¢) per mile will be paid to the operator.

Fleet 45	Canadian Vans
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**Effective Date of Ratification**

**Loaded Mileage Rate 6 axle (Canada , up to 46,500 kgs)**

AREA	6 AXLE LD OCT 1/12	6 AXLE LD OCT 1/13	6 AXLE LD OCT 1/14	6 AXLE LD OCT 1/15	6 AXLE LD OCT 1/16
Loaded Rate	1.175	1.185	1.19	1.195	1.20
Empty Rate	.995	1.005	1.01	1.015	1.02
Hwy 3 (Van-Cres)	1.345	1.355	1.36	1.365	1.37
Hwy 3 (Cres-Van)	1.345	1.355	1.36	1.365	1.37

All mileage driven in the Yukon shall receive a premium of twenty cents (20) over and above established rates.

All Mileage driven in Alaska shall receive a premium of fifteen cents (15) over and above established rates.

- Effective Date of Ratification**-On loads which require more than one pick-up or delivery, the Operator will be paid at the rate of forty five dollars (\$45.00) per additional pick-up or delivery.

**Effective October 1, 2013- On all loads which require more than one pick-up or delivery, the Operator will be paid at the rate of fifty dollars (\$50.00) for each additional pick-up or delivery.**

- Effective Date of Ratification**-All city P&D work will be paid at thirty-nine dollars (\$39.00) per hour.

Oct. 01, 2013 (\$ 41.00)

- Effective Date of Ratification** Work and wait time will be paid after two free hours loading and/or unloading. The Operator will be paid thirty-nine dollars (\$39.00) per hour for the time in excess of these two hours. The Bill of Lading must be signed legibly by the Shipper or Receiver, and dispatch must be advised immediately of the excess time before this time will be paid. In no event shall work and wait time exceed ten (10) hours for each stop during any twenty-four (24) hour period. Each trip shall be considered a separate work and wait period.

### FUEL SURCHARGES – Canadian Operations

Average operator Cost of fuel in cents per litre	Pay per Mile	Average Operator cost of fuel in cents per litre	Pay per Mile
40.00-43.00	0.0	1.01-1.03	47
43.10-46.00	0.0	1.031-1.06	49.5
46.10-49.00	1.0	1.061-1.09	52
49.10-52.00	4.5	1.091-1.12	54.5
52.10-55.00	7.0	1.121-1.15	57
55.10-58.00	9.5	1.151-1.18	59.5
58.10-61.00	12.0	1.181-1.21	62
61.10-64.00	14.5	1.211-1.24	64.5
64.10-67.00	17.0	1.241-1.27	67
67.10-70.00	19.5	1.271-1.30	69.5
70.10-73.00	22.0	1.301-1.33	72
73.10-76.00	24.5	1.331-1.36	74.5
76.10-79.00	27.0	1.361-1.39	77
79.10-82.00	29.5	1.391-1.42	79.5
82.10-85.00	32.0	1.421-1.45	82
85.10-88.00	34.5	1.451-1.48	84.5
88.10-91.00	37.0	1.481-1.51	87
91.10-94.00	39.5		
94.10-97.00	42.0		
97.10-100.00	44.5		

Average Operator cost is determined from the lowest price available to the Operator from three (3) suppliers at every location.

For Example:

<u>Locations</u>	<u>Cost Per Litre at Lowest Provider</u>
Edmonton	57.85
Calgary	62.00
Kelowna	67.57
Kamloops	68.52
Prince George	67.17
Average	64.62
FSC	17.00

**FUEL SURCHARGE – US Operations**

<b>Average operator Cost of fuel in cents per litre</b>	<b>Pay per Mile</b>	<b>Average Operator cost of fuel in cents per litre</b>	<b>Pay per Mile</b>
40.00-43.00	0.0	1.01-1.03	36.4
43.10-46.00	0.0	1.031-1.06	38.5
46.10-49.00	0.0	1.061-1.09	40.6
49.10-52.00	0.7	1.091-1.12	42.7
52.10-55.00	2.8	1.121-1.15	44.8
55.10-58.00	4.9	1.151-1.18	46.9
58.10-61.00	7.0	1.181-1.21	49
61.10-64.00	9.1	1.211-1.24	51.10
64.10-67.00	11.2	1.241-1.27	53.2
67.10-70.00	13.3	1.271-1.30	55.3
70.10-73.00	15.4	1.301-1.33	57.4
73.10-76.00	17.5	1.331-1.36	59.5
76.10-79.00	19.6	1.361-1.39	61.6
79.10-82.00	21.7	1.391-1.42	63.7
82.10-85.00	23.8	1.421-1.45	65.8
85.10-88.00	25.9	1.451-1.48	67.90
88.10-91.00	28.0	1.481-1.51	70
91.10-94.00	30.1		
94.10-97.00	32.2		
97.10-100.00	34.5		

Average Operator cost is determined from actual purchases by Operators per State.

West Coast average is determined from actual purchases by Operators in WA, OR, CA, & ID

**4. COSTS, EXPENSES, PREMIUMS, FEES FINES, TAXES, EXCISES AND DUTIES**

- (a) The Owner Operator is responsible for and shall pay any and all costs, expenses, premiums, fees, fines taxes, excises and duties related to the performance of this Contract by the Owner Operator, whether such costs, expenses, premiums, fees, fines, taxes, excises and duties be imposed by statutory authority or not; PROVIDED that Monarch on behalf of the Owner Operator, may pay any costs, expenses, premiums, fees, fines, taxes, excises and duties for which the said Owner Operator is liable hereunder, and Monarch shall be entitled to deduct any amounts so expended from any amounts due and owing to the Owner Operator pursuant to Clause 3 hereof.
- (b) Monarch may pay any or all costs, expenses, premiums, fees, fines, taxes, excises and duties for which the Owner Operator is liable under this Clause and may at its discretion seek reimbursement from the Owner Operator or deduct expenditures from monies due and owing to the Owner Operator.

5. MAINTENANCE OF EQUIPMENT

The Owner Operator is responsible for and shall at his own expense maintain and keep the equipment in good, clean and safe working condition in conformity with the laws of all jurisdictions in which the equipment is used. At the Company's request, the Owner Operator will make his equipment available for mechanical inspection at Company retained facilities. Failure to have equipment ready within fourteen (14) days shall constitute cause for termination of the Owner Operator.

6. DISPATCHES

All Owner Operators and drivers of Owner Operators shall be dispatched "first in – first out." Owner Operators and drivers of Owner Operators shall not refuse loads unreasonably. If loads are refused, the operator will be placed on the bottom of the dispatch list for that day. Such dispatch will be allocated in a non-discriminatory fashion.

7. EMPLOYEE OF OWNER OPERATORS

Employees of Owner-Operators shall be paid an agreed upon rate between such Owner-Operator and the employee of the Owner Operator. If there should be any deficiency to the employee, it shall be his responsibility to advise the Company in writing, within thirty (30) days of the pay period on which the deficiency took place. The Company shall then take action to rectify the situation, and pay such balance as may be properly due and owing to such employee, from the Owner-Operator's account.

8. RULES AND REGULATIONS

The Owner Operator shall abide by and be subject to all rules and regulations of Monarch which are applicable to employees of the Owner Operator and Monarch. Any servants, agents or employees of the Owner Operator who refuse to conform to the rules and regulations of Monarch shall, at the request of Monarch, be replaced by the Owner Operator, and if such replacement is not carried out within a reasonable time, failure so to comply shall be deemed a breach hereof.

Notwithstanding anything contained in the Clause, or in this Contract, the Owner Operator and all of its employees, agents and servants shall be subject to each and every regulation issued from time to time by Monarch under the heading "VIOLATIONS - PENALTIES" and to the penalties prescribed in such regulations. If the Owner Operator, its employees, agents and servants do not abide by or follow the penalties as prescribed, Monarch at its option may forthwith terminate this Contract by notice in writing to the Owner Operator.

9.           **ACCEPTANCE OF TRAILER AND CARGO**  
The Owner Operator may refuse to accept for hauling any trailer or cargo which he reasonably deems to be unfit for hauling. Any trailer or cargo accepted for haulage by the Owner Operator shall be deemed to be in good and non-defective condition, except as noted in writing by the Owner Operator at the time of acceptance. The Owner Operator shall deliver the cargo to its destination and return the trailer to Monarch both in the same conditions as they were deemed to be at the time of acceptance by the Owner Operator. If the cargo is not delivered in the same condition or if the trailer is not returned in the same condition, the Owner Operator shall be liable for the deficiency of the cargo or the trailer and Monarch may deduct from remuneration due and owing to the Owner Operator an amount equal to the amount of the deficiency, as reasonably determined by Monarch.
10.          **PASSENGERS**  
No passengers are permitted unless a signed, approved waiver is issued by the company prior to the trip that includes a passenger.
11.          **COMPLIANCE WITH LAW**  
The Owner Operator shall be in the performance of this Contract at all times within the laws of all applicable jurisdictions.
- It is a condition of employment that Owner Operators report ALL violations to the Company.
12.          **REPORTS**  
The Owner Operator shall from time to time and at such times as Monarch may request, make reports as to the matters requested by Monarch. The Owner Operator shall ensure that each and every qualified driver employed by him or under his control shall make and keep in his possession a daily log in duplicate, all as prescribed by The National Safety Code, US Department of Transportation and/or The Canada Labour Code and Regulations.



13.

**PAINTING, DECALS & LICENSES**

The Owner Operator shall forthwith paint the equipment in accordance with the instructions of Monarch. Upon termination of this Contract, the Owner Operator shall forthwith remove all signs, insignias and Monarch's colors from the equipment and repaint in colors other than Monarch's colors and to the full satisfaction of Monarch and shall forthwith return and surrender to Monarch all license plates for refund and/or credit or transfer or sale of such licenses, and other property of Monarch, failing which Monarch may retain the holdback fund until the said compliance.

- (a) In the event the Company requires painting of Monarch colours, the Owner Operator shall bear the complete cost but will be entitled to reimbursement by the Company for seventy-five percent (75%) of the approved cost based on the below length of service.

After one full year with the Company (since date of painting), the Owner Operator shall be entitled to a rebate of one-third (1/3) of the seventy-five percent (75%). After each subsequent year of service with the Company (to a maximum of 3 years) the same one-third (1/3) rebate will be available to the Owner Operator.

14.

**RELATIONSHIP OF PARTIES**

The relationship of the parties hereto is intended to be that of independent contractors. Except as otherwise provided herein the Owner Operator shall in all respects be responsible for the direction and control of his agents, servants, employees and equipment.

15.

**TRUSTEE**

If the Owner Operator collects any monies on behalf of Monarch, the Owner Operator shall hold such monies as trustee and shall give Monarch a proper accounting of such monies received upon completion of the trip. The Owner Operator agrees to indemnify and save harmless Monarch of and from all pecuniary loss by reason of the failure of the Owner Operator to make such a proper accounting as Monarch shall deem necessary. Except as provided hereinbefore the Owner Operator shall not act as the agent of Monarch.

16. **INDEMNIFICATION**  
The Owner Operator agrees to indemnify and save harmless Monarch of and from any loss, charge, expense, or damage suffered or incurred by Monarch as a result of any act or omission of act of the Owner Operator or as a result of a breach of the terms of this Contract by the Owner Operator. Monarch may withhold all or part of the remuneration owing to the Owner Operator pursuant to Clause 3 herein in order to ensure that Monarch is indemnified and held harmless by the Owner Operator as provided by this Clause.
17. **WORKERS' COMPENSATION**  
It is expressly understood and agreed to between the parties hereto that the Owner Operator shall be responsible for any payments to or assessments from any Workers' Compensation Board involving the Owner Operator, his employees, agents or servants. In the event that the Owner Operator operates either solely or in part within the Province of Alberta, then the Owner Operator shall open and maintain an account with the Alberta Workers' Compensation board and in default, this Contract may be forthwith terminated by Monarch upon written notice to the Owner Operator.
18. **LIABILITY TO SERVANTS OF OWNER OPERATOR**  
Monarch shall not be liable for any damages or compensation payable to any servant or other person in the employment of the Owner Operator in respect of any injury or loss sustained by such servant or other person (save to the extent that such injury or loss resulted from any act or default of Monarch, its employees, agents or servants) and the Owner Operator shall keep Monarch indemnified against such damages or compensation as aforesaid and against all other losses or claims for injury, death, damage to property (including the property of Monarch) which may arise in consequence of the performance by the Owner Operator of this, Contract.

19.

**INSURANCE**

The Owner Operator shall assume complete financial responsibility for the following:

- (a) In the case of an accident, insurance deductible will be paid by the Owner Operator on all trailers, tractor, and third party liability up to the said deductible amount of Three Thousand Dollars (\$3000.00) only. All claims in Excess of this are payable by the company and/or The Zurich Insurance Company, their insurance carriers.
- (b) The Owner Operator will pay the cost of insurance At the rate of the higher amount of:
  - (I) Seven Cents (.07) per mile based on the Mileage run for the company up to and including 9,000 miles or
  - (All) a minimum of \$ 550.00 (Five Hundred, Fifty Dollars) per month.

This total will be deducted from the monthly statements of the Owner Operator.

After three (3) months service with the Company, the Owner-Operator will be entitled to a safety rebate of four (4) cents per mile, (based on the miles operated for the Company), for the preceding three (3) months, if the Company has realized no insurance claims on behalf of the operator during this three (3) month period and if (based on the operator/carrier profile) there have been no violations under the National Safety Code during this three (3) month period.

First Infraction	50% loss of rebate
Second Infraction	75% loss of rebate
Third Infraction	100% loss of rebate
Preventable Accident	100% loss of rebate

Any and all rebates will be reviewed with and paid to, the Owner-Operator on or before the 28<sup>th</sup> of the fourth (4) month.

- (c) Cargo legal liability for an amount of not less than One Thousand Dollars (\$1000.00) for all risks including loading and unloading.
- (d) It is understood and agreed that such insurance will not provide coverage for benefit of the owner operator if the owner operator operates the equipment when impaired by drugs or alcohol.

**NOTE:** It will be the responsibility of the Owner Operator to notify Monarch of any changes, modifications, cancellations, etc. of any or all insurance policies or coverage's. Failure to comply shall result in the loss of one hundred percent (100%) of earned safety bonus.

20. LICENSES AND IDENTIFICATION  
Monarch shall obtain at the expense of the Owner Operator all licenses required by any statute for any Provinces, territories or states as required except for identification of motor vehicle devices required to be obtained pursuant to the Canada Labor Code and Regulations there under which said devices the Owner Operator undertakes and agrees to obtain.

Monarch shall obtain at the Owner Operator's expense all licenses required by any statute for the Province of British Columbia commencing February 1, 1987. The Owner Operator shall ensure that the said identification and licenses are affixed or otherwise properly carried during haulage.

21. TERMINATION  
Subject to the provisions of Clause 6 and 15 hereof, this Contract may be terminated by either party without cause upon THIRTY (30) days of written notice to the other, such notice to be served by registered mail or delivered to the last know address of the other party.

In the case of Monarch: 25245 111 Avenue  
Acheson, Alberta  
T7X-6C8

In the case of the Owner Operator: To his address as  
shown on Page 1 of  
this Contract.

The THIRTY (30) day period shall commence from the date of posting or delivery as the case may be. Either party to this contract may change its address for notice by giving written notice of such change to the other party.

22. BREACH  
Should the Owner Operator at any time during the continuance of the Contract fail to deliver any cargo as directed by Monarch or otherwise breach the terms of this Contract or commit or omit any act or deed, the commission or omission of which is prejudicial or detrimental to the business of Monarch and in conflict with this Contract, Monarch may deem this to be a breach of this Contract and may at its option terminate the Contract forthwith. The Owner Operator shall be liable for all costs and expenses which reasonably flow from the said breach.

- (a) Should an Owner Operator fail to complete a trip due to breakdown of his equipment, any miles earned to the point of breakdown shall be forfeited to offset the additional miles and inconvenience incurred by the Company to complete the trip, except that if replacement tractor/driver charges are less than what would have been paid to the Owner Operator, he will be paid the difference.

23. **CLAIMS BY OWNER OPERATOR AGAINST MONARCH**  
The Owner Operator shall, within FORTY FIVE (45) days of the date that a claim arises against Monarch by the Owner Operator, submit to Monarch a complete written report of the claim. In the event that the Owner Operator fails to file with Monarch a written report as contemplated by this Clause within the time limited, then the Owner Operator shall be stopped and barred from all rights and causes of action that might arise under and by virtue of such claim.

24. **ENTIRE AGREEMENT**  
This Clause constitutes the entire agreement of understanding between the parties and shall not be modified, altered, changed or amended in any respect, except as provided in Clause 6 unless in writing and signed by both parties.

IN WITNESS WHEREOF the parties hereto have executed this contract on the day and year first above written.

MONARCH TRANSPORT INC.

PER: \_\_\_\_\_

PER: \_\_\_\_\_

SIGNED, SEALED AND  
DELIVERED, in the  
presence of:

OWNER OPERATOR:

NAME: \_\_\_\_\_

PER: \_\_\_\_\_

\_\_\_\_\_  
Witness

SCHEDULE "A"

For the purpose of the aforesaid contract it is agreed with the Owner Operator that the following described equipment is approved for use by the Owner Operator under above contract.

TRACTOR: Company Unit No. \_\_\_\_\_ MAKE \_\_\_\_\_

YEAR \_\_\_\_\_ SERIAL NO. \_\_\_\_\_ MODEL NO. \_\_\_\_\_

MOTOR (size & make) \_\_\_\_\_ R/E RATIO \_\_\_\_\_

TRANS \_\_\_\_\_ W/B \_\_\_\_\_ TIRE SIZE \_\_\_\_\_

WHEEL MAKE \_\_\_\_\_ TRACTOR WEIGHT (w/fuel) \_\_\_\_\_ LBS

ACCESSORIES AS FOLLOWS:

TARPS \_\_\_\_\_ ENGINE BRAKE \_\_\_\_\_ CHAINS \_\_\_\_\_

BINDERS \_\_\_\_\_ FIRST AID KIT \_\_\_\_\_ LOAD PROTECTORS \_\_\_\_\_

PAINT (Company Colors) \_\_\_\_\_ CAB PROTECTION \_\_\_\_\_

FLARES \_\_\_\_\_ FIRE EXT \_\_\_\_\_

OTHER \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

DATED: \_\_\_\_\_

NOTE: Any item listed above marked with an asterisk "\*" remains the property of Monarch until fully paid for.

MONARCH TRANSPORT INC.

\_\_\_\_\_

\_\_\_\_\_

OWNER OPERATOR

\_\_\_\_\_

ACCESSORY CHARGES OR PAYMENTS

PRELOAD CHARGES:

The following charges will be assessed to the Operator on loads that are loaded/delivered by another source.

Charges:	Edmonton	- \$65.00
	Calgary	- \$65.00
	Vancouver	- \$85.00

FERRY

All time spent on Ferries shall be compensated at a flat rate of ninety five dollars (\$95.00) per trip/direction.

TRAILER RENTAL

All owner operators who own their trailers and have received company approval to operate them for the company shall receive a trailer rental rate of:

12 cents/mile	53 foot tandem, insulated, heater, dry van
15 cents/mile	53 foot tridem, insulated, heater, dry van
25 cents/mile	53 foot tandem reefer

\_\_\_\_\_  
SIGNATURE OF OPERATOR

\_\_\_\_\_  
DATE