

SCHEDULE 1-1

LIMITED PARTNERSHIP AGREEMENT

between

• **MANITOBA LTD.,**

- and -

CREE NATION PARTNERS LIMITED PARTNERSHIP,

- and -

YORK FACTORY FIRST NATION LIMITED PARTNERSHIP,

- and -

FLCN KEEYASK INVESTMENTS INC.,

- and -

THE MANITOBA HYDRO-ELECTRIC BOARD.

DATED • , 2009.

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SCHEDULE 1-1

LIMITED PARTNERSHIP AGREEMENT

THIS MEMORANDUM OF AGREEMENT made this • day of •, 2009.

BETWEEN:

• **MANITOBA LTD.,**
(hereinafter called the “**General Partner**”),

- and -

CREE NATION PARTNERS LIMITED PARTNERSHIP,
(hereinafter called “**CNPLP**”),

- and -

YORK FACTORY FIRST NATION LIMITED PARTNERSHIP,
(hereinafter called “**YFFNLP**”),

- and -

FLCN KEEYASK INVESTMENTS INC.,
(hereinafter called “**FLCNKII**”),

- and -

THE MANITOBA HYDRO-ELECTRIC BOARD,
(hereinafter called “**Hydro**”).

WHEREAS the **General Partner** is a corporation incorporated under the laws of the Province of Manitoba on •, • ;

AND WHEREAS CNPLP is a limited partnership registered under the laws of the Province of Manitoba with • , a corporation incorporated under the laws of the Province of Manitoba, as general partner, and Tataskweyak Cree Nation and War Lake First Nation as limited partners;

AND WHEREAS YFFNLP is a limited partnership registered under the laws of the Province of Manitoba with • , a corporation incorporated under the laws of the Province of Manitoba, as general partner, and York Factory First Nation as the limited partner;

AND WHEREAS FLCNKII is a corporation incorporated under the laws of the Province of Manitoba on • , • ;

NOW THEREFORE in consideration of the issuance of **Units** and payment therefore as provided in the **JKDA** and in consideration of the premises and the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE 1

GENERAL INTERPRETATION

Definitions

1.01 For the purpose of this **LP Agreement**, the following terms, when the first letter is capitalized and the term is in bold, shall have the respective meanings set out below, and grammatical variations of such terms shall have corresponding meanings, and where the first letter of the term is capitalized and the term is in bold but not set out below, that term shall have the meaning accorded to it in the **JKDA**:

“**Act**” means *The Partnership Act* (Manitoba);

“**Adjusted Gross Revenues**” means in respect of any particular **Fiscal Year**, the revenues of the **Limited Partnership** for that year determined in accordance with **GAAP**, including revenues received or receivable pursuant to the **PPA**, which revenues, for greater certainty, will already have been reduced by all charges under the **PPA**, but for the purpose of this definition only, transmission charges pursuant to section 3.2 of the **PPA** will be added back, less:

- (a) amortization and finance expense incurred in the year, determined in accordance with **GAAP**:
 - (i) on **Pre-Construction Costs**; and
 - (ii) on the cumulative balance of all capital costs incurred after the **Final Closing Date**, net of any insurance proceeds in respect of related capital assets, provided that if there are **Major Capital Costs** in the year, then all capital costs incurred in the year, including such **Major Capital Costs**, will be excluded from the calculation of the cumulative balance of all capital costs for that year and for subsequent years;

and

- (b) for all Fiscal Years ending after the Final Closing Date, all operating expenses incurred in the year, determined in accordance with **GAAP**, including, for greater certainty, Management Services Costs and Operating Services Costs and excluding, for greater certainty, water rental charges and amortization and finance expenses;

“**Adverse Effects Agreements**” mean the adverse effects agreements to be assigned to the **Limited Partnership** which will initially be entered into by **Hydro** and each of **Tataskweyak Cree Nation, War Lake First Nation, York Factory First Nation** and **Fox Lake Cree Nation**;

“**Affiliate**” means a company that is a subsidiary or a parent of another company or is controlled by the same person or company that controls that other company;

“**Allowable Operating Expenses**” means all expenses incurred by the **General Partner** in managing the **Business** and carrying out its responsibilities under this **Agreement** and the **Hydro Agreements**;

“**Business**” means the business and affairs of the **Limited Partnership** and includes the completion of the planning and the design and the ownership, construction, operation, maintenance and control of the **Keeyask Project** and any activities incidental or related thereto, carried on with a view to earning a profit;

“**Business Day**” means a day on which banks are open for business in the City of Winnipeg, but does not include a Saturday, Sunday or statutory holiday in the Province of Manitoba;

“**Capital Account Adjustment**” means an amount determined in accordance with the formula:

$$A \times B/C$$

where,

A is the number of **Class E Inactivated Units** specified in an **Election Notice**;

B is the total amount of the capital accounts attributable to the holders of all **Class M, Class K Common, Class E Activated** and **Class E Inactivated Units** on the date of the **Election Notice**; and

C is the total number of issued and outstanding **Class M, Class K Common, Class E Activated** and **Class E Inactivated Units**;

“**CNPLP**” means Cree Nation Partners Limited Partnership created pursuant to a limited partnership agreement dated the • day of•, •, with •, as the general partner, and **TCN** and **War Lake**, as limited partners;

“**Capital Stock**” means, with respect to any **Person**, any and all shares, interests, participation or equivalent interest in (however designated) the equity (including, without limitation, common shares, preferred shares, trust units and partnership interests) of such **Person** and any rights, warrants or options to subscribe for or acquire an equity interest in such **Person**;

“**Declaration**” means the declaration pursuant to the **Act** to be filed under *The Business Names Registration Act (Manitoba)*;

“**Debt**” means, in respect of the **Limited Partnership**:

- (a) all obligations for borrowed money or advances, except the **Interconnection Credit Facility** and all obligations evidenced by bonds, debentures, notes or similar instruments;
- (b) all obligations, contingent or otherwise, relative to the face amount of all letters of credit, whether drawn or not drawn, and bankers' acceptances;
- (c) capitalized lease liabilities; and
- (d) all other items which, in accordance with **GAAP**, would be included as liabilities on the liability side of the balance sheet as of the date at which debt is to be determined (excluding trade payables incurred in the ordinary course of business).

“**Debt Ratio**” means at any time the ratio (expressed as a percentage) of (1) **Debt**, net of the funds on deposit with **Hydro** pursuant to section 6.1(5) of the **Project Financing Agreement** and cash and marketable securities, to (2) **Debt**, net of the funds on deposit with **Hydro** pursuant to section 6.1(5) of the **Project Financing Agreement** and cash and marketable securities, plus **Equity Capital** minus **Special Reserves**;

“**Distributable Cash**” means in respect of any particular **Fiscal Year** the amount, if any, determined by the **General Partner** to be in excess of that required to maintain the **Limited Partnership's** required **Debt Ratio** at seventy five percent (75%) after contributing to any **Special Reserves**;

“**Election Notice**” means a notice delivered to the **General Partner** by a holder of **Class E Inactivated Units** that it wishes to activate all or a portion of such **Units** and commence receiving distributions out of **Distributable Cash** in respect of such **Units**, as provided in Article 5 of this **LP Agreement**;

“**Equity Capital**” means at any time the cumulative balance of the **Partners' capital** accounts, including amounts designated for **Special Reserves**;

“**Financial Statements**” shall mean the audited financial statements of the **Limited Partnership** prepared in accordance with **GAAP**;

“**Fiscal Year**” of the **Limited Partnership** shall begin on the 1st day of April and shall end on the 31st day of March in each and every year or on such other date as the **Limited Partners** may determine by **Ordinary Resolution**;

“**FLCNKII**” means Fox Lake Cree Nation Keyask Investments Inc., a corporation that is wholly owned by **Fox Lake** and **Fox Lake** is the sole registered owner of all of the **Capital Stock** of the **FLCNKII**;

“**GAAP**” means accounting principles generally accepted in Canada as recommended by the Canadian Accounting Standards Board or any successor **Person** at such time, applied on a basis consistent with the accounting practices of **Hydro** in effect from time to time;

“**General Partner**” means • Manitoba Ltd. and shall include any other **Person** who may become the general partner of the **Limited Partnership**;

“**Hydro**” means The Manitoba Hydro-Electric Board, a Crown corporation continued by the **Hydro Act**;

“**Hydro Agreements**” means, collectively, the **Project Financing Agreement**, the **Construction Agreement**, the **PPA**, the **Interconnection and Operating Agreement** and the commitments made by **Hydro** in the **JKDA** in Article 9 to provide services to the **Limited Partnership**;

“**Integrated Power System**” means the system of hydraulic, thermal and other electric generation and power transmission facilities in the Province of Manitoba owned and operated by **Hydro** or from which **Hydro** purchases the energy generated by that facility, which system is interconnected with other power systems and which for greater certainty does not include the **Tie-Lines** interconnecting such system with the other power systems;

“**JKDA**” means the Joint Keeyask Development Agreement dated • , made between each of the **Keeyask Cree Nations** and **Hydro**;

“**Keeyask Generating Station**” means the proposed hydro-electric generating station forming part of the **Keeyask Project** and consisting of a complex of structures, including the powerhouse, spillway, dam, dykes and transition structures, used in the production of electricity;

“**LP Agreement**” means this Limited Partnership Agreement and any amendments or modifications made hereto;

“**Limited Partner**” shall mean each of **Hydro**, **CNPLP**, **YFFNLP** or **FLCNKII** and their successors and permitted assignees for so long as it is a holder of at least one **Unit**;

“**Limited Partnership**” means the Keeyask Hydropower Limited Partnership formed by this **LP Agreement** for the purposes of carrying on the **Business**;

“**Limited Partnership Assets**” means all assets and property, whether tangible or intangible and whether real, personal or mixed, at any time legally or beneficially owned by the **Limited Partnership**;

“**Net Income**” in respect of any **Fiscal Year** means the income of the **Limited Partnership** for such period determined in accordance with **GAAP**;

“**Net Loss**” in respect of any **Fiscal Year** means the loss of the **Limited Partnership** for such period determined in accordance with **GAAP**;

“**Ordinary Resolution**” means a resolution passed by **Partners** holding, in the aggregate, a majority of the votes held by all **Partners**, who, being entitled to do so, vote at a duly convened meeting of **Partners** or any adjournment thereof, or otherwise consent in writing to the resolution;

“**Partner**” means the **General Partner** or any **Limited Partner**;

“**Partners**” means all **Limited Partners** together with the **General Partner**;

“**Pre-Construction Costs**” means the aggregate of the capital costs of the **Keeyask Project** incurred after March 31, 2009, up to the date of the **Construction Start**, plus interest accrued or accruing on such capital costs after March 31, 2009 up to the **Final Closing Date**, but does not include:

- (a) any costs incurred to construct components of the supporting infrastructure of the **Keeyask Project**, including upgrades to Provincial Road 280;
- (b) any interest accruing on the aggregate capital costs of the **Keeyask Project** in the period during which interest is suspended pursuant to subsection 8.1.9 of the **JKDA**;
- (c) all capital costs of the **Keeyask Project** incurred after December 31, 2015; and
- (d) any interest accruing on the aggregate capital costs of the **Keeyask Project** after December 31, 2013, up to the date of the **Construction Start**;

“**Record of Limited Partners**” means the record required to be maintained by the **General Partner** at the principal place of business of the **Limited Partnership** pursuant to the **Act**;

“**Registrar and Transfer Agent**” means the **General Partner** in its capacity as the party responsible to keep a register of **Limited Partners** and a register of the transfer of **Units**;

“**Special Reserves**” means that portion of the **Limited Partnership’s** retained earnings allocated by the **General Partner** to meet the estimated future costs of major capital expenditures planned to be incurred no later than five (5) years from the date when such reserves were initially established, save and except for the estimated future capital costs of de-commissioning the **Keeyask Project**, which can be included in such allocation, provided that they are included no earlier than twenty-five (25) years prior to the

expected date of de-commissioning, and such other amounts as are designated by the **Partners** by **Special Resolution**;

“**Special Resolution**” means a resolution passed by **Hydro** and such combination of **CNPLP**, **YFFNLP** and **FLCNKII** holding, in the aggregate, a majority of the votes allocated to **CNPLP**, **YFFNLP** and **FLCNKII**, who, being entitled to do so, vote at a duly convened meeting of **Partners** or any adjournment thereof or otherwise consent in writing to the resolution;

“**Subscription Agreement**” means the form of subscription for **Units** for each **Partner**, substantially in the form attached as Schedules 4-1 through 4-5, respectively, of the **JKDA**;

“**Subscription Price**” means the price per **Unit** payable by a **Partner** to purchase a **Unit**;

“**Tax Act**” means the *Income Tax Act* (Canada);

“**Unanimous Resolution**” means a resolution passed by all of the **Partners** at a duly convened meeting of **Partners** or where a **Partner** or **Partners** has/have consented in writing in lieu of attending a meeting;

“**Unit**” means a unit representing an interest in the **Limited Partnership**;

“**Unit Certificate**” means the form of certificate issued by the **Limited Partnership** evidencing the number and class of **Units** owned by a **Partner** or certificates issued in replacement thereof;

“**YFFNLP**” means the York Factory First Nation Limited Partnership created pursuant to a limited partnership agreement dated the • day of •, •, with •, as the general partner, and **York Factory** as the limited partner.

Interpretation

1.02 For all purposes of this **LP Agreement**, except as otherwise expressly provided in this **LP Agreement**, or unless the context otherwise requires:

- (a) headings are for convenience of reference only and do not form a part of this **LP Agreement**, nor are they intended to interpret, define or limit the scope, extent or intent of this **LP Agreement**, or any provision hereof;
- (b) all references to currency herein are references to Canadian currency unless otherwise stated;
- (c) any reference to a statute shall include and shall be deemed to be a reference to such statute and the regulations made pursuant thereto, with amendments made thereto in force, from time to time, and to any statute or regulation that

may be passed which has the effect of supplementing, or superseding, the statute so referred to or the regulations made pursuant thereto;

- (d) any reference to any entity shall include and shall be deemed to be a reference to any entity that is a successor to such entity;
- (e) words importing the masculine gender include the feminine or neuter genders and words importing the singular include the plural and vice versa;
- (f) grammatical variations of defined terms have the meanings given in the definition, with the necessary grammatical and contextual changes;
- (g) the words “herein”, “hereof” and “hereunder” and other words of similar import refer to this **LP Agreement** as a whole and not to any particular Article, section or other subdivision;
- (h) the word “including”, when following any general statement, term or matter, shall not be construed to limit such general statement, term or matter to the specific items, or matters, set forth immediately following such word or to similar items or matters, whether or not non-limiting language, such as “without limitation” or “but not limited to” or words of similar import, are used with reference to any such general statement, term or matter, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter; and
- (i) the words “shall” and “will” when used in this **LP Agreement** are each obligatory in nature.

Appendices

1.03 The following Appendices are attached to and form part of this **LP Agreement**:

Appendix A	Illustrative Example of Activation of Class E Units
Appendix B	Illustrative Example of Additional Capital Contributions

ARTICLE 2

THE LIMITED PARTNERSHIP

Formation of the Limited Partnership

2.01 The **General Partner** and the **Limited Partners** hereby form and enter into a limited partnership in accordance with the provisions of the **Act** and the terms of this **LP Agreement**.

Name of the Limited Partnership

2.02 The **Limited Partnership** shall be registered and formed to carry on the **Business** under the name “Keeyask Hydropower Limited Partnership”.

Maintaining Status of Limited Partnership

2.03 The **General Partner** shall do all things and shall cause to be executed, amended and filed such certificates, declarations, registers, instruments and documents as may be required to reflect the constitution of the **Limited Partnership** and to carry on the **Business**, including the maintenance of a **Record of Limited Partners** stating for each **Limited Partner** the information prescribed by the **Act**. The **General Partner** shall execute and deliver as promptly as possible any document that may be necessary or desirable to give effect to the formation and continuation of the **Limited Partnership** under any and all applicable laws. The **General Partner** shall take all necessary action to reflect the constitution of the **Limited Partnership**, on the basis of information available to it, in order to maintain the status of the **Limited Partnership** as a limited partnership under the laws of the Province of Manitoba and to update the filings of the **Limited Partnership**.

Amendment of Fiscal Year

2.04 The **Fiscal Year** of the **Limited Partnership** can be changed by **Ordinary Resolution**.

Registered Office and Mailing Address

2.05 The registered office and mailing address of the **Limited Partnership** and the registered office and mailing address of the **General Partner** shall be 820 Taylor Avenue, Winnipeg, Manitoba R3C 2P4 or such other address in Winnipeg that **Hydro** may occupy from time to time, provided the **General Partner** gives at least two (2) weeks notice of a change of address to the **Limited Partners**.

Term

2.06 The term of this **LP Agreement** shall be indefinite, unless the **Limited Partnership** is dissolved in accordance with this **LP Agreement**.

Representations and Warranties of the General Partner

2.07 The **General Partner** represents and warrants to, and covenants with, each **Limited Partner** that:

- (a) it is and shall continue to be a corporation incorporated and in good standing under the laws of the Province of Manitoba;
- (b) it will maintain all registrations in Manitoba for the conduct of the **Business** and, subject to the successful completion of all necessary regulatory reviews, will have and will continue to have all licences and permits necessary to carry on the **Business**;
- (c) it has and shall continue to have the requisite capacity and corporate authority to act as **General Partner** and to perform its obligations under this **LP Agreement**, and such obligations do not and shall not conflict with or result in a breach of its articles of incorporation, its by-laws, any resolution of its directors or shareholder or any agreement to which it is a party or by which it is bound;
- (d) it is not and shall not become a non-resident of Canada within the meaning of the **Tax Act**;
- (e) it is not and shall not become a non-Canadian within the meaning of the *Investment Canada Act* (Canada);
- (f) this **LP Agreement** constitutes a legal, valid and binding obligation of the **General Partner**, enforceable against the **General Partner** in accordance with the terms of this **LP Agreement**;
- (g) the entering into of this **LP Agreement** by the **General Partner**, and the performance of its obligations under this **LP Agreement**, do not and will not require the approval, authorization or consent of, or any notice to or filing with, any **Person**, except such approvals, authorizations and consents as:
 - (i) have been obtained on or before the date hereof; or
 - (ii) will be obtained by the **General Partner** prior to such consents and approvals being required in order for the **General Partner** to carry out its duties and covenants hereunder; and
- (h) there are no actions, suits or proceedings pending or, to the knowledge of the **General Partner**, threatened, against or affecting the **General Partner** or any of its assets or undertaking, at law or in equity, or before any arbitrator or any governmental authority having jurisdiction which, if determined adversely, could affect adversely the **General Partner**, and the **General Partner** is not in default with respect to any law, regulation, order, writ,

judgment, injunction or award of any competent governmental authority, court, arbitrator or instrumentality which would have such an effect.

Representations and Warranties of each Limited Partner

2.08 Each **Limited Partner** represents and warrants to each other **Limited Partner** and to the **General Partner** that:

- (a) it is not and shall not become a non-resident of Canada within the meaning of the **Tax Act** or, if it is a partnership, it is and shall continue to be a Canadian partnership within the meaning of the **Tax Act**;
- (b) it is not and shall not become a “non-Canadian” within the meaning of the *Investment Canada Act* (Canada);
- (c) it has the requisite capacity and authority to execute this **LP Agreement** and all other agreements contemplated hereby and to take all actions required pursuant hereto;
- (d) it shall promptly provide such evidence of its status as the **General Partner** may reasonably request; and
- (e) if a corporation, it is and shall continue to be a corporation in good standing under the laws of the Province of Manitoba or, if a partnership, it is and shall continue to be a partnership in good standing under the laws of the Province of Manitoba.

Covenant on Representations and Warranties

2.09 Each **Limited Partner** covenants and agrees that it will not transfer or purport to transfer its **Units** to any **Person** which would be unable to make the representations and warranties in the preceding section and will not change its status such that the above representations would at any time be untrue.

Compliance with Laws

2.10 Each **Limited Partner** shall, on the reasonable request of the **General Partner**, immediately execute all certificates, declarations, instruments and documents necessary to comply with any applicable law or regulation in regard to the formation, continuance, maintenance or operation of the **Limited Partnership** to carry on the **Business** or to own the **Limited Partnership Assets** in accordance with the terms of this **LP Agreement** and the **JKDA**.

Limitation on the Authority of Limited Partners

2.11 Subject to section 2.12, no **Limited Partner** shall or shall be entitled to:

- (a) take an active part in the **Business** or exercise any power or control or manage or transact business on behalf of the **Limited Partnership**;
- (b) execute any document, other than those executed in connection with any resolution requiring the vote of **Limited Partners**, which binds or purports to bind any other **Partner** or the **Limited Partnership**;
- (c) hold itself out as having the authority or power to bind any other **Partner** or the **Limited Partnership**;
- (d) have any authority or power to act for or undertake any obligation or responsibility on behalf of any other **Partner** or the **Limited Partnership**;
- (e) bring any action for partition or sale or otherwise in connection with the **Limited Partnership**, or any interest in the **Limited Partnership Assets**, or file or register or permit to be filed, registered or remain undischarged any lien or charge in respect of **Limited Partnership Assets**;
- (f) take any action that will jeopardize or eliminate the status of the **Limited Partnership** as a limited partnership or a “Canadian partnership” for the purposes of the **Tax Act**; or
- (g) give notice of intent to dissolve under the **Act**.

Hydro Agreements

2.12 Notwithstanding the provisions of the preceding section or any other provision of this **LP Agreement**, without limiting in any way the obligations of the **General Partner** and **Hydro** under this **LP Agreement** and under the **JKDA**, the **Partners** acknowledge and agree that it is intended that the **General Partner** will contract to **Hydro** all of the significant work required of the **General Partner** in carrying on the **Business**. **Hydro** will perform services for the **Limited Partnership** pursuant to the terms of agreements to be entered between **Hydro** and the **Limited Partnership** including the **Hydro Agreements**.

No New Partners

2.13 No **Person** may be admitted to the **Limited Partnership** except as specifically permitted by this **LP Agreement** or in the **JKDA**.

ARTICLE 3

MANAGEMENT OF LIMITED PARTNERSHIP

Authority of General Partner

3.01 The **General Partner**, subject to the terms of this **LP Agreement** and to all applicable laws, including the **Act**, shall and is authorized to carry on the **Business**, with full power and authority to administer, manage, control and operate the **Business**, and shall be and is given all power and authority to do any act, take any proceeding, make any decision and execute and deliver any instrument, deed, agreement or document necessary for and incidental to carrying on the **Business** for and on behalf of and in the name of the **Limited Partnership**. The **General Partner** shall have unlimited liability for the debts, liabilities, obligations and losses of the **Partnership** to the extent that they exceed the **Limited Partnership Assets**, as required by the **Act**.

Powers of General Partner

3.02 Without limiting the generality of section 3.01 and subject to the terms of this **LP Agreement** and all applicable laws, including the **Act**, the **General Partner**, at all times acting reasonably, shall carry out the objects, purposes and all of the activities of the **Limited Partnership** and shall manage the **Business** and shall have full power and authority for and on behalf of and in the name of the **Limited Partnership** to:

- (a) manage the **Business**;
- (b) negotiate, execute, perform and enforce all agreements which require execution by or on behalf of the **Limited Partnership** involving matters or transactions with respect to the **Business**;
- (c) use the **Limited Partnership Assets** including cash on hand for any purpose and on any terms as it sees fit, including, without limitation, the financing of the **Business**, the repayment of obligations of the **Limited Partnership**, the conduct of the **Business** and the purchase or acquisition as **Limited Partnership Assets** of any other assets or interests in property as may be deemed appropriate in connection with the **Limited Partnership's** operations;
- (d) open and manage bank accounts in the name of the **Limited Partnership** and spend the capital of the **Limited Partnership** in the exercise of any right or power exercisable by the **General Partner** hereunder;
- (e) subject to any prior approval of the **Limited Partners** required pursuant to the terms of this **LP Agreement**, cause the **Limited Partnership** to acquire, sell, transfer or otherwise dispose of, mortgage, pledge,

encumber, hypothecate or exchange any or all of the **Limited Partnership Assets**;

- (f) borrow funds in the name of the **Limited Partnership**, including without limitation from **Hydro**, provided that, save and except for borrowings pursuant to the **Project Financing Agreement**, at the date of entering into the loan agreement the rate of interest and any other expenses relative to any such borrowings will not under any circumstances exceed that which the **Limited Partnership** could have obtained from a Canadian chartered bank with respect to similar borrowings;
- (g) subject to section 6.06, establish such **Special Reserves** as are reasonable in connection with the operation and future needs of the **Business** in order to carry on prudently the **Business**;
- (h) incur and pay all costs and expenses in connection with the **Limited Partnership**;
- (i) subject to Article 6, allocate **Net Income** or **Net Losses** to the **Partners** and distribute **Distributable Cash** in accordance with the provisions of this **LP Agreement**;
- (j) engage agents and sub-contractors to run the **Business** subject to limitations in other agreements;
- (k) file returns or other documents required by any governmental or like authority;
- (l) make any election that may be made under the **Tax Act** or any other legislation;
- (m) purchase policies of insurance consistent with practices in the industry and appropriate for the **Business**; and
- (n) do anything that is in furtherance of or incidental to the **Business** or that is provided for in this **LP Agreement** or the **JKDA** and execute, acknowledge and deliver the documents necessary to effectuate any or all of the foregoing or otherwise in connection with the **Business**.

Covenants of General Partner

3.03 Subject to the provisions of this **LP Agreement**, the **General Partner** covenants that:

- (a) it will exercise the powers and discharge its duties under this **LP Agreement** honestly, in good faith, and in the best interests of the **Limited Partnership**;

- (b) it will exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances in carrying out its obligations under this **LP Agreement**;
- (c) it will maintain the confidentiality of financial and other information and data which it may obtain through or on behalf of the **Limited Partnership**, the disclosure of which may adversely affect the interests of the **Partnership** or of a **Limited Partner**, except to the extent that disclosure is permitted as provided in this **LP Agreement**, is required by law, is required by virtue of the fact that **Hydro** is a Crown corporation and must present annual financial statements for public review, or is in the best interests of the **Limited Partnership**, in which circumstances the **General Partner** will give notice to the **Limited Partners** of its intention to disclose the information;
- (d) it shall not commingle the funds of the **Limited Partnership** with the funds of the **General Partner** or any of its **Affiliates** or with the funds of any other **Person**;
- (e) it shall not carry on any operations in addition to its activities as **General Partner** of the **Limited Partnership**;
- (f) it will devote its best efforts to, and for the benefit of, the **Limited Partnership**, subject to the qualifications in section 3.04 governing the **General Partner's** responsibilities to maintain, operate and dispatch the **Keeyask Generating Station**;
- (g) it will devote as much time as is necessary for the conduct and prudent management of the activities and affairs of the **Limited Partnership**;
- (h) it shall carry out such investigations and obtain such assurances as a prudent general partner would deem necessary or appropriate prior to entering into any transaction and shall ensure that all material transactions or agreements entered into by the **Limited Partnership** are approved by the board of directors of the **General Partner**;
- (i) it shall execute and carry out the obligations of the **Limited Partnership** under the terms of the **Hydro Agreements** and the **Adverse Effects Agreements**, together with such other agreements as are referred to in the **JKDA** or are otherwise necessary or desirable for the carrying on of the **Business** and, subject to any special provisions regarding dispute resolution in the **JKDA**, enforce the **Hydro Agreements** and the **Adverse Effects Agreements**;
- (j) it shall not give notice of intent to dissolve the **Limited Partnership** under the **Act**;

- (k) it shall provide notice to the **Limited Partners** within five (5) **Business Days** of registration of all filings under the *Business Names Registration Act* (Manitoba); and
- (l) it shall provide to **CNPLP, YFFNLP and FLCNKII** no later than sixty (60) days after the **Final Completion Date** such information as they may reasonably request, having provided the **Limited Partnership** with reasonable notice of such request, on the latest financial projections and all related assumptions and supporting information, on the understanding that actual results could differ materially from such financial projections, for use by them to determine as holders of **Class K Common Units** whether to exercise the right pursuant to those **Units** to deliver a **Preferential Distribution Notice**.

Conflict of Interest

3.04 Notwithstanding the obligation of a general partner to act always in the best interests of a limited partnership, the **Parties** acknowledge that there is an inherent conflict of interest in the **Limited Partnership**, through the **General Partner** which is wholly owned by **Hydro** entering into the **Hydro Agreements** with **Hydro**. It is expressly acknowledged and agreed that with respect to the **General Partner's** obligations to maintain, operate and dispatch the **Keeyask Generating Station**, that in operating, maintaining and dispatching in the best interests of the **Integrated Power System**, providing that it is doing so in accordance with the contractual commitments and, where applicable, the standards, to which **Hydro** has agreed as set out in the **JKDA**, the **General Partner** is not in breach of its obligations to the **Limited Partnership**.

Other Activities of Hydro or Affiliates of the General Partner

3.05 Notwithstanding any other provision of this **LP Agreement**, it is expressly understood and agreed that **Hydro** and its **Affiliates** may engage in businesses which may be similar to or competitive with the **Business** and neither the **General Partner** nor **Hydro** and its **Affiliates** shall be required to offer or make available to the **Limited Partnership** any other business or investment opportunity which **Hydro** and **Affiliates** of the **General Partner** may acquire or be engaged in for their own account. Nothing in this section is intended to act as a waiver by any **Keeyask Cree Nation** of rights it may have in other agreements with respect to future developments by **Hydro**.

Transactions Not Invalid

3.06 A transaction, agreement or payment involving the **Limited Partnership** and **Hydro** or an **Affiliate** is not invalid by reason only of the relationship between the **General Partner** and **Hydro**, or the **Affiliates**, nor by reason of the approval of the transaction, agreement or payment by the directors of the **General Partner**, all or some of whom may be involved personally or as officers or directors of, or otherwise interested in or related to **Hydro**, or the **Affiliates**.

Hydro Services

3.07 The **General Partner** may engage or retain **Hydro** or **Affiliates** on behalf of the **Limited Partnership**, as authorized by this **LP Agreement**, to provide goods or services to the **Limited Partnership**.

Title to Limited Partnership Assets

3.08 The **General Partner** may hold legal title to the **Limited Partnership Assets** in its name and for the benefit of the **Limited Partnership**. The **General Partner** hereby declares and warrants that the **Limited Partnership Assets** in its name shall be held in trust by it as nominee and for the use and benefit of the **Limited Partnership** in accordance with the terms and provisions of this **LP Agreement**. All **Limited Partnership Assets** shall be recorded as the property of the **Limited Partnership** on its books and records, irrespective of the name in which legal title to the **Limited Partnership Assets** is held.

Expenses of the General Partner

3.09 The **Limited Partnership** shall be directly responsible for the payment of all **Allowable Operating Expenses** and shall reimburse the **General Partner** for them, to the extent that they are not otherwise recoverable from the revenues of the **Business**, on a monthly basis, or on any other basis as the **General Partner** may determine in its sole and complete discretion, provided that the **General Partner** is not in default of its duties in connection with such expenses. For greater certainty, the **General Partner** shall not be entitled to recover as expenses any damages or costs awarded against it or **Hydro** by an expert or an arbitrator pursuant to the provisions of the **JKDA**.

Liability for Damages to Partnership Assets

3.10 Subject to section 3.04, the **General Partner** shall be liable to the **Limited Partnership** for any act or omission of the **General Partner** or an **Affiliate** that causes damage to **Limited Partnership Assets** to the extent that such acts or omissions and such damage have been insured for the **Partnership** or, whether or not insured, where the damage is either the result of the breach by **Hydro** of contractual commitments, and, where applicable, standards, to which **Hydro** has agreed in the **JKDA** with respect to services it is to provide to the **Limited Partnership**, or is the result of acts or omissions which constitute fraud, gross negligence or willful misconduct.

Indemnity

3.11 Subject to section 3.04 and Article 9 of the **JKDA** and without limiting the obligations of the **General Partner** under this **LP Agreement** or permitting an indemnity for a breach by the **General Partner**, the **Limited Partnership** shall indemnify the **General Partner** and its officers, directors, shareholders, employees, agents and **Affiliates** for any costs, damages, liabilities or expenses (including legal fees and expenses) suffered or incurred by them arising out of or incidental to the furtherance of

the **Business**, provided that in each case, they acted in good faith, acted in a manner that they reasonably believed was in the best interests of the **Limited Partnership**, had no reasonable cause to believe that their actions were unlawful or contrary to the **JKDA**, and acted in a reasonably prudent manner. Any indemnification pursuant to this section is to be made only out of the **Limited Partnership Assets**.

Limited Liability of Limited Partners

3.12 Subject to the **Act** and subject further to any act taken or thing done by a **Limited Partner** contrary to the provisions of this **LP Agreement**, the liability of each **Limited Partner** for the debts, liabilities and obligations of the **Limited Partnership** or any losses thereof is limited to the **Limited Partner's Capital Contribution**, plus the **Limited Partner's** share of any undistributed income of the **Limited Partnership**. The **General Partner** shall make reasonable efforts to insert, and to cause agents of the **Limited Partnership** to insert, the following clause in any contracts or agreements to which the **Limited Partnership** is a party or by which it is bound:

“The parties hereto acknowledge that Keeyask Hydropower Limited Partnership is a limited partnership formed under the laws of the Province of Manitoba, a limited partner of which is only liable for any of its liabilities or any of its losses to the extent of the amount that the limited partner has contributed or agreed to contribute to the capital of the limited partnership, and the limited partner's pro rata share of any undistributed income. The parties hereto acknowledge that the obligations of Keeyask Hydropower Limited Partnership shall not be personally binding upon, nor shall resort be had to, the property of any of the limited partners, their heirs, successors and assigns, or the beneficial owners and that resort shall only be had to the property of the Keeyask Hydropower Limited Partnership or the property of its general partner. • Manitoba Ltd. is the sole general partner of the limited partnership”.

ARTICLE 4

WITHDRAWAL OR REMOVAL OF GENERAL PARTNER

Resignation by the General Partner

4.01 The **General Partner** shall not resign as the general partner unless such resignation is approved by **Special Resolution** of the **Limited Partners** and has become effective in accordance with section 4.02. The **General Partner** shall be deemed to have resigned as the general partner of the **Limited Partnership** immediately after a successor **General Partner** has been appointed in the event of:

- (a) the bankruptcy, dissolution, liquidation or winding-up of the **General Partner** (or the commencement of any act or proceeding in connection therewith which is not contested in good faith by the **General Partner**); or
- (b) the appointment by a court of competent jurisdiction of a trustee, receiver or manager of the affairs of all or substantially all of the properties of the **General Partner**.

Removal of General Partner and Appointment of Successor by Limited Partners

4.02 The **General Partner** may be removed as the general partner by a **Special Resolution** of the **Limited Partners** and the **Special Resolution** shall provide for the appointment of a qualified and willing successor **General Partner** which appointment shall become effective upon:

- (a) the successor **General Partner** providing, without qualification, the representations and warranties set forth under section 2.07;
- (b) the successor **General Partner** becoming a party to this **LP Agreement**; and
- (c) the **General Partner** transferring, which the **General Partner** agrees to do, all, and not less than all, of the **General Partner's** interest in the **Limited Partnership** to the successor **General Partner** at fair market value.

Effect of Appointment of Successor General Partner

4.03 On the appointment of a successor **General Partner**:

- (a) the prior **General Partner** shall cease to be entitled to any allocation of **Net Income** or **Net Loss** or distributions but shall be entitled to its share of any allocation of **Net Income** or **Net Loss** or distributions made up to the date of such appointment;
- (b) the prior **General Partner** shall be, and shall remain, liable for all obligations and liabilities incurred by it while it was **General Partner** of the

Limited Partnership. The **Limited Partnership** will indemnify and hold harmless the prior **General Partner** from any costs, expenses, damages or liabilities suffered or incurred by the prior **General Partner** as a result of or arising out of events which occur in relation to the **Limited Partnership** after the appointment became effective;

- (c) the successor **General Partner** shall be liable for all of the obligations, duties and liabilities of a general partner due to be performed or which are incurred after its appointment becomes effective;
- (d) the successor **General Partner** shall continue the **Business** without dissolution and the **Limited Partnership** shall not terminate;
- (e) the prior **General Partner** will do all things and take all steps to transfer the administration, management, control and operation of the **Business** and the books, records and accounts of the **Limited Partnership** to the successor **General Partner** and will execute and deliver all deeds, certificates, declarations and other documents necessary or desirable to effect such transfer in a timely fashion; and
- (f) the prior **General Partner** will, at the cost of the **Limited Partnership**, transfer legal title to the **Partnership Property** to the successor **General Partner** and will execute and deliver all deeds, certificates, declarations and other documents necessary or desirable to effect such transfer in a timely fashion.

ARTICLE 5

THE UNITS

Number and Type of Units

5.01 Subject to this **LP Agreement**, the interests in the **Limited Partnership** shall be divided into and represented by an unlimited number of **Units**, as follows:

- (a) **Class M Units** having the rights, privileges, restrictions and conditions set out in this **LP Agreement**;
- (b) **Class K Units** having the rights, privileges, restrictions and conditions set out in this **LP Agreement**;
- (c) **Class E Units** having the rights, privileges, restrictions and conditions set out in this **LP Agreement**; and
- (d) **Units** of any other class of **Units** established in accordance with section 5.02 below.

Creation of Additional Classes of Units

5.02 The **General Partner**, pursuant to a **Unanimous Resolution** of the **Limited Partners**, is hereby authorized to issue **Units** of any class other than the **Class M Units**, **Class K Units** and the **Class E Units**, and to designate the rights, privileges, restrictions and conditions to be attached to the **Units** of such a class and the amount or form of distributions or the method of calculating distributions, including the rate (which may be fixed or floating), and the redemption, retraction, conversion, exchange and/or purchase terms and prices (including methods to adjust the same), subject to the amendment of this **LP Agreement** setting forth the designation, rights, privileges, restrictions and conditions attached to the **Units** of such a class.

Nature of Class M Units

5.03 Holders of **Class M Units** will:

- (a) upon initial subscription be only **Hydro** and the **General Partner**;
- (b) be entitled to the allocations of **Net Income**, **Net Loss**, and to the share of distributions in respect of each **Class M Unit** held by such **Partner** in accordance with Article 6 of this **LP Agreement**;
- (c) be required to make capital contributions in accordance with sections 6.02 and 6.03 of this **LP Agreement**;

- (d) on dissolution, be entitled to participate in the distribution of the net proceeds from the sale of the **Limited Partnership Assets** in accordance with section 10.04;
- (e) except as set forth in this **LP Agreement**, not have any preference, priority or right in any circumstance over any other **Partner** holding any **Class M Units** in respect of the **Class M Units** held by each (other than arising out of or resulting from the number of **Class M Units** held by such **Partner**); and
- (f) be entitled to receive notice of, to attend at and to participate in any decisions made at any meetings of the **Partners** in accordance with the provisions of this **LP Agreement**.

Nature of Class K Units

5.04 Holders of **Class K Units** will:

- (a) upon initial subscription be only **CNPLP**, **YFFNLP** and **FLCNKII** and be known as holders of **Class K Common Units**;
- (b) be entitled to the allocations of **Net Income**, **Net Loss**, and to the share of distributions in respect of each **Class K Common Unit** held by such **Partner** in accordance with Article 6 of this **LP Agreement**;
- (c) be required to make capital contributions in accordance with sections 6.02 and 6.03 of this **LP Agreement**;
- (d) on dissolution, be entitled to participate in the distribution of the net proceeds from the sale of the **Limited Partnership Assets** in accordance with section 10.04;
- (e) except as set forth in this **LP Agreement**, not have any preference, priority or right in any circumstance over any other **Partner** holding any **Class K Common Units** in respect of the **Class K Common Units** held by each (other than arising out of or resulting from the number of **Class K Common Units** held by such **Partner**);
- (f) be entitled to receive notice of, to attend at and to participate in any decisions made at any meetings of the **Partners** in accordance with the provisions of this **LP Agreement**;
- (g) be entitled to elect once by delivering a **Preferential Distribution Notice** at least sixty (60) days prior to the **Final Closing Date**, to receive with respect to those **Class K Units** which will continue to be held by the **Partner** giving the **Preferential Distribution Notice**, distributions in accordance with clause 6.09 (a), in which case the **Units** identified in the notice will be described instead as **Class K Preferred Units**;

- (h) if the **Units** are described as **Class K Preferred Units**, be entitled to allocations of **Net Income** and **Net Loss** in accordance with section 6.08 of this **LP Agreement** and to receive distributions in accordance with clause 6.09 (a) of this **LP Agreement** (and the right to receive a **Final Closing Preferred Credit** in accordance with the provisions of the **JKDA**);
- (i) if the **Units** are described as **Class K Preferred Units**, not be required to make capital contributions in accordance with the provisions of Article 6 of this **LP Agreement**;
- (j) if the **Units** are described as **Class K Preferred Units**, on dissolution be entitled to participate in the distribution of the net proceeds from the sale of the **Limited Partnership Assets** in accordance with section 10.04 of this **LP Agreement**;
- (k) if the **Units** are described as **Class K Preferred Units**, except as set forth in this **LP Agreement**, have no preference, priority or right in any circumstance over any other **Partner** holding any **Class K Preferred Units** in respect of the **Class K Preferred Units** held by each (other than arising out of or resulting from the number of **Class K Preferred Units** held by such **Partner**); and
- (l) if the **Units** are described as **Class K Preferred Units**, be entitled to receive notice of, to attend at and to participate in any decisions made at any meetings of the **Partners** in accordance with the provisions of this **LP Agreement**.

Nature of Class E Units

5.05 Holders of **Class E Units** will:

- (a) upon initial subscription be only **CNPLP**, **YFFNLP** and **FLCNKII** and will be known as holders of **Class E Inactivated Units** and have no rights or obligations other than a right to activate their **Units** in accordance with the provisions of this **LP Agreement**;
- (b) be entitled to the allocations of **Net Income**, **Net Loss** and to a share of distributions in respect of each **Class E Unit** held by such **Partner** only after the holder has activated the **Class E Unit** in accordance with section 5.09, at which time each **Unit** so activated will be known as a **Class E Activated Unit**;

- (c) be required to make capital contributions in accordance with section 6.03 of this **LP Agreement** provided such **Class E Units** have been activated;
- (d) on dissolution, be entitled with respect to all **Class E Activated Units** to participate in the distribution of the net proceeds from the sale of the **Limited Partnership Assets** in accordance with section 10.04;
- (e) except as set forth in this **LP Agreement**, not have any preference, priority or right in any circumstance over any other **Partner** holding any **Class E Units** in respect of the **Class E Units** held by each (other than arising out of or resulting from the number of **Class E Units** held by such **Partner**); and
- (f) be entitled to notice of, to attend at and to participate in any decisions made at any meetings of the **Partners** in accordance with the provisions of this **LP Agreement**, provided that such **Class E Units** have been activated.

Voting Rights of Partners

5.06 **Hydro** shall be entitled to seventy-four (74) votes, the **General Partner** shall be entitled to one (1) vote, **CNPLP** shall be entitled to fifteen (15) votes, **YFFNLP** shall be entitled to five (5) votes and **FLCNKII** shall be entitled to five (5) votes at any meeting of **Partners** held in accordance with this **LP Agreement** or with respect to any decision required of **Partners** in accordance with this **LP Agreement**, provided that each continues to hold at least one **Class M**, **Class K** or **Class E Activated Unit**. A **Person** who no longer holds at least one **Class M** or one **Class K** or one **Class E Activated Unit** shall no longer be entitled to vote.

Unit Certificates

5.07 **Unit Certificates** evidencing ownership for each of the **Units** in each class of **Units** shall be issued to the **Partners** in such form, including book form, as is from time to time approved by the **General Partner**.

Fractional Units

5.08 The **General Partner** is authorized to issue **Units** of any class in fractional amounts.

Activation of Class E Units

5.09 A holder of **Class E Inactivated Units** shall be entitled to activate them and to receive thereafter distributions in respect of the **Class E Activated Units** on the following basis:

- (a) at least fourteen (14) days prior to the **Initial Closing Date** by giving notice in writing to the **General Partner** of the number of **Class E Units** it wishes

to activate and paying on the **Initial Closing Date** to the **General Partner** an amount determined by the formula:

$$A / B \times C$$

where,

A is the total number of **Class E Units** being activated;

B is the total number of issued and outstanding **Units**;

C is the cumulative balance of all capital accounts.

This amount shall be credited by the **General Partner** to the capital account of the holder of the **Class E Units** being activated and, simultaneously, the **General Partner** shall distribute an identical amount to **Hydro**, which shall be debited to the capital account of **Hydro**;

- (b) to the extent that not all of its **Class E Units** are activated as at the **Initial Closing Date**, at least one hundred and eighty (180) days and not more than two hundred and seventy (270) days prior to the tenth anniversary of the **Final Closing Date** and each fifth anniversary thereafter of that day, any **Partner** who holds **Class E Inactivated Units** can request that the **Limited Partnership** retain an accredited, independent business valuator, acceptable to **CNPLP**, **YFFNLP** and **FLCN**, acting reasonably, to determine the fair market value that an independent third party would pay as the **Election Payment**, in order to activate a specified number of **Class E Inactivated Units** and commence receiving distributions with respect to the **Units** in accordance with section 6.09 of this **LP Agreement** and become subject to capital contributions in accordance with section 6.03 of this **LP Agreement**;
- (c) within sixty (60) days of being advised of the **Election Payment** determined in accordance with clause 5.09 (b), the requesting **Partner** may, in its sole discretion, deliver an **Election Notice** to each of the other **Partners** specifying the number of its **Class E Inactivated Units** that were valued in accordance with clause 5.09 (b) for which the requesting **Partner** wishes thereafter to receive distributions based on the **Distributable Cash** in accordance with clause 6.09 (b). A holder of **Class E Inactivated Units** who has requested a determination of the **Election Payment** in accordance with clause 5.09 (b), but who does not deliver an **Election Notice** within the time specified, shall reimburse the **Limited Partnership** for the costs incurred to complete the determination of the **Election Payment**;
- (d) any **Election Notice** must specify a number of **Units** that is at least equal to twenty-five (25%) per cent of the number of **Class E Units** that such **Partner** owned prior to delivering its first **Election Notice**;

- (e) the delivery of the **Election Notice** to the **General Partner** shall be accompanied by a payment to the **General Partner** in immediately available funds of the **Election Payment** applicable to the number of the **Class E Units** properly specified in the **Election Notice**. The **General Partner** shall credit the capital account of the holder of the **Class E Activated Units** in question with the **Capital Account Adjustment** and, simultaneously, reduce **Hydro's** capital account by an amount exactly equal to the **Capital Account Adjustment** and distribute that amount to **Hydro** and any difference between the amount of the **Election Payment** and the **Capital Account Adjustment** shall be paid to, or received from, **Hydro**, and a sample illustration of the calculations for the activation of **Class E Units** is attached to this **LP Agreement** as Appendix A, but if there are discrepancies between the illustration and the wording herein, the wording herein shall govern; and
- (f) no additional **Class E Units** will be issued to the **Partner** delivering the **Election Notice** and making the **Election Payment** and no **Class M Units** will be transferred or disposed of by **Hydro** as a result of the subsequent special distribution by the **Limited Partnership** to **Hydro**.

Receipt by Limited Partner

5.10 The receipt of any money, securities or other property from the **Limited Partnership** by a **Person** in whose name any **Units** are recorded shall be a sufficient and proper discharge for that amount of money, securities and other property payable or deliverable in respect of such **Units**.

Registrar and Transfer Agent

5.11 The **General Partner** shall act as **Registrar and Transfer Agent** of the **Limited Partnership** and shall perform all duties usually performed by a registrar and transfer agent of unit certificates in a limited partnership.

Inspection of Records

5.12 The **General Partner** shall make the records relating to the **Limited Partners** available for inspection by any duly authorized representative of a **Limited Partner**, or its agent duly authorized in writing. A copy of the register of the **Limited Partners** shall be provided to any **Limited Partner** on forty-eight (48) hours notice in writing to the **General Partner**.

Transfer of Units

5.13 Save and except for the provisions of the **JKDA** or any **KCN Financing Agreement**, **Partners** shall not directly or indirectly transfer any **Units** owned by them without a **Special Resolution** first being passed to approve such transfer.

Restriction on Pledge of Unit(s)

5.14 Save and except for the provisions of the **JKDA** or any **KCN Financing Agreement**, **Limited Partners** shall not pledge, encumber or assign, other than in accordance with subsection 5.5.3 and section 5.6 of the **JKDA**, their **Units** or distributions from **Units** without a **Special Resolution** first being passed to approve such pledge, encumbrance or assignment.

General Partner Not Bound To See To Trust or Equity

5.15 Except where specific provision has been made therefor in this **LP Agreement**, section 5.6 of the **JKDA**, or a related agreement, including such related financing agreements as may be entered into between **Hydro** and each of **CNPLP**, **YFFNLP** and **FLCNKII**, or pursuant to subsection 5.5.3 of the **JKDA**, the **General Partner** shall not be bound to see to the execution of any trust, express, implied or constructive, or any charge, pledge or equity to which any **Unit** or any interest therein is subject or to ascertain or inquire whether any sale or transfer of any such **Unit** or interest therein by a **Limited Partner** is authorized by such trust, charge, pledge or equity, or to recognize any **Person** having any interest therein except for the **Person** or **Persons** recorded as the registered owner of the **Unit** in the register of **Limited Partners**.

Bankruptcy

5.16 In the event of the bankruptcy of a **Limited Partner**, the **Limited Partnership** shall not terminate and the remaining **Limited Partners** shall have the right, provided that the bankruptcy is not being contested, if they so elect, to purchase pro rata the **Units** of the bankrupt **Limited Partner** for a price equal to the fair market value of such **Limited Partner's Units**.

Lost Unit Certificates

5.17 Where a **Limited Partner** claims that the **Unit Certificate** for its **Units** has been defaced, lost, apparently destroyed or wrongly taken, the **General Partner** shall cause a new **Unit Certificate** to be issued, provided that the **Limited Partner** files a sworn declaration setting out the circumstances leading to the conclusion that the **Unit Certificate** has been defaced, lost, apparently destroyed or wrongly taken and provided further that the **Limited Partner** satisfies all other reasonable requirements imposed by the **General Partner**.

ARTICLE 6

CONTRIBUTIONS, ALLOCATIONS AND DISTRIBUTIONS

Separate Capital Accounts

6.01 There shall be established on the books of the **Limited Partnership** under the heading **Equity Capital** a separate capital account for each **Partner** and each **Partner** shall be credited with the amount of its capital contributions to the **Limited Partnership** and debited with the amounts of distributions of capital. All allocations of **Net Income** or **Net Loss**, distributions to **Partners** and any **Final Closing Preferred Credit** shall be credited or debited to the capital account of those **Partners** holding **Class M Units**, **Class K Common Units**, **Class K Preferred Units** and **Class E Activated Units** for whom the allocation was made. No **Partner** shall be entitled to withdraw any part of its capital account or to receive any distribution or return of its capital contribution except as provided in this **LP Agreement**. **Partners** have no interest in such capital accounts unless otherwise specified herein. The interest of a **Partner** in the **Limited Partnership** shall not terminate by reason of a negative balance in its capital account.

Initial Capital Contribution

6.02 Concurrently with the execution of this **LP Agreement**, it is hereby agreed that the **Partners** will subscribe and pay for **Units** of the **Limited Partnership** by way of an initial capital contribution of its **Nominal Subscription Cash** as follows:

<u>Partner</u>	<u>Unit Number and Type</u>	<u>Percentage</u>	<u>Subscription Price</u>
Hydro	7,499 Class M Units	74.99%	\$8,249
General Partner	1 Class M Unit	0.01%	\$1
CNPLP	1,050 Class K Units	10.50%	\$1,050
CNPLP	450 Class E Units	4.50%	-
FLCNKII	350 Class K Units	3.50%	\$350
FLCNKII	150 Class E Units	1.50%	-
YFFNLP	350 Class K Units	3.50%	\$350
YFFNLP	<u>150 Class E Units</u>	<u>1.50%</u>	<u>-</u>
TOTALS	10,000 M, K or E Units	100%	\$10,000

Following the issuance of the foregoing **Units**, no further **Units** shall be issued without the **Unanimous Resolution** of the **Partners**.

Additional Capital Contributions

6.03 The **General Partner** shall be entitled to call for additional capital contributions at any time as the **General Partner**, acting reasonably, determines necessary for the operation of the **Business**, including the maintenance of the **Debt Ratio**, and the **Partners** agree to make capital contributions, following receipt of the **General Partner's** demand, in accordance with this section 6.03, as follows:

(a) prior to **Final Closing Date**, any additional capital contribution shall be made forthwith by the **Partners** in the following amounts determined at that time:

(i) by **Hydro**, an amount determined in accordance with the formula:

$A / B \times$ total additional capital contribution requested,

where,

A is the total number of **Class M Units** held by **Hydro**, plus the total number of issued and outstanding **Class E Inactivated Units**; and

B is the total number of issued and outstanding **Units**;

(ii) by the **General Partner**, an amount determined in accordance with the formula:

$A / B \times$ total additional capital contribution requested,

where,

A is the total number of **Class M Units** held by the **General Partner**; and

B is the total number of issued and outstanding **Units**;

(iii) by each of **CNPLP**, **YFFNLP** and **FLCNKII**, an amount determined in accordance with the formula:

$A / B \times$ total additional capital contribution requested,

where,

A is the total number of **Class K Common Units** and **Class E Activated Units** held by each of **CNPLP**, **YFFNLP** and **FLCNKII**; and

B is the total number of issued and outstanding **Units**;

(b) after the **Final Closing Date**, any additional capital contributions shall be made no later than thirty (30) days after demand by the **General Partner**, in the following amounts determined at that time:

(i) by **Hydro**, an amount determined in accordance with the formula:

$A / B \times$ total additional capital contribution requested,

where,

A is the total number of **Class M Units**, **Class K Common Units** and **Class E Activated Units** held by **Hydro**, plus the total number of issued and outstanding **Class E Inactivated Units**; and

B is the total number of issued and outstanding **Units**, less the total number of issued and outstanding **Class K Preferred Units**.

(ii) by the **General Partner**, an amount determined in accordance with the formula:

$A / B \times$ total additional capital contribution requested,

where,

A is the total number of **Class M Units** held by the **General Partner**; and

B is the total number of issued and outstanding **Units**, less the total number of issued and outstanding **Class K Preferred Units**;

(iii) by each of **CNPLP**, **YFFNLP** or **FLCNKII**, an amount determined in accordance with the formula:

$A / B \times$ total additional capital contribution requested,

where,

A is the total number of **Class K Common Units** and **Class E Activated Units** held by such **Partner**; and

B is the total number of issued and outstanding **Units**, less the total number of issued and outstanding **Class K Preferred Units**;

(c) if any of **CNPLP**, **YFFNLP** or **FLCNKII** does not contribute within thirty (30) days of being requested to do so the full amount of a capital contribution with respect to any **Class K Common Units** that it is required to make in accordance with clauses 6.03 (a) or 6.03 (b), then that **Partner** shall transfer free and clear of encumbrances to **Hydro**, which shall be required to make the balance of the capital contribution in

question, that number of its **Class K Common Units** of equivalent value to the shortfall of the capital contribution. For the purpose of this calculation, the value of each **Class K Common Unit** to be transferred shall be an amount determined in accordance with the formula:

A/B

where,

A is the sum of the capital accounts of the holders of **Class M Units, Class K Common Units, Class E Inactivated Units and Class E Activated Units**, after taking into account the total capital contribution being requested from the holders of **Class M Units, Class K Common Units, Class E Inactivated Units and Class E Activated Units**; and

B is the total number of issued and outstanding **Units**, less the total number of issued and outstanding **Class K Preferred Units**; and

- (d) if any of **CNPLP, YFFNLP or FLCNKII** does not contribute within thirty (30) days of being requested to do so the full amount of a capital contribution with respect to any **Class E Activated Units** that it is required to make in accordance with clauses 6.03(a) or 6.03(b), then that **Partner** shall transfer free and clear of encumbrances to **Hydro**, which shall be required to make the balance of the capital contribution in question, that number of its **Class E Activated Units** of value equivalent to the amount of the shortfall of the capital contribution. For the purpose of this calculation, the value of each **Class E Activated Unit** to be transferred shall be an amount determined in accordance with the formula:

A / B

where:

A is the sum of the capital accounts of the holders of **Class M Units, Class K Common Units, Class E Inactivated Units and Class E Activated Units**, after taking into account the total capital contribution being requested from the holders of **Class M Units, Class K Common Units, Class E Inactivated Units and Class E Activated Units**; and

B is the total number of issued and outstanding **Units**, less the total number of issued and outstanding **Class K Preferred Units**.

Sample illustrations of the calculations required for the application of clauses 6.03(c) and (d) are attached as Appendix B to this **LP Agreement**, but where there are any

discrepancies between the illustrations and the wording herein, the wording herein shall govern.

No Interest Payable

6.04 No interest shall be payable by the **Limited Partnership** to any **Partner** on account of its capital contribution and no interest shall be payable by any **Partner** to the **Limited Partnership** on account of any negative balance in the **Partner's** capital account.

Debt Ratio

6.05 Subject to fluctuations through the year, the **Limited Partnership** at all times shall maintain a **Debt Ratio** of seventy-five (75%) per cent save and except for the first ten (10) years following the **Final Closing Date**, during which ten (10) years the **Debt Ratio** may rise to a maximum of eighty-five (85%) per cent to lessen demands for capital contributions from the **Partners**. The **Debt Ratio** shall be calculated to the nearest full percentage point when decisions regarding the distribution of income and regarding capital contributions are to be made. Other than distributions payable to the holders of **Class K Preferred Units**, there shall be no distributions to **Partners** so long as the **Debt Ratio** of the **Partnership** exceeds seventy-five (75%) per cent.

Special Reserves

6.06 The **General Partner** may cause the **Limited Partnership** to maintain **Special Reserves**, which, in the reasonable opinion of the **General Partner** are required to be established to carry on prudently the **Business**. The **Special Reserves** will be funded by reducing the distributions, other than those to the holders of **Class K Preferred Units**, payable to the **Partners** and not by calls for capital contributions except when a reduction of distributions would otherwise be inadequate (for example in years of loss) to provide for the **Special Reserves**. Once the **Special Reserves** are drawn down to fund the purpose for which they were created, any excess or deficiency will be used to adjust the distributions or capital contributions required to maintain the **Debt Ratio**.

Determination of Net Income and Net Loss

6.07 Subject to sections 6.05 and 6.06, the **Limited Partnership** shall adhere to **GAAP**.

Allocation of Net Income and Net Loss

6.08 The **Net Income** or **Net Loss** of the **Limited Partnership** for each **Fiscal Year** shall be allocated among the **Partners** as follows:

- (a) the **Net Income** shall be allocated first to **Partners** holding **Class K Preferred Units** in amounts pursuant to clause 6.09(a) and then to each of the **Partners** who hold **Class M Units**, **Class K Common Units** or **Class E**

Activated Units for which a distribution is payable pursuant to clauses 6.09(b), 6.09(c) or 6.09(d), on the basis of their respective share of such distributions; provided that, if the amount allocated to the **Partners** who hold **Class K Preferred Units** exceeds the amount of the **Net Income**, a loss equal to such excess amount shall be allocated to the **Partners** who hold **Class M Units, Class K Common Units** or **Class E Activated Units** on the same basis.

- (b) all of the **Net Loss** shall be allocated to the **Partners** who hold **Class M Units, Class K Common Units** or **Class E Activated Units** on the basis of their respective share of distributions; provided that such **Net Loss** allocated to **Partners** who hold **Class M Units, Class K Common Units** or **Class E Activated Units** shall be increased to give effect to any amount for such **Fiscal Year** which shall be distributed pursuant to clause 6.09(a) to the **Partners** who hold **Class K Preferred Units**.

Annual Distributions

6.09 After the **Final Closing Date**, the **General Partner** will cause the **Limited Partnership** to distribute, on or before the one hundred and fiftieth day after the end of each **Fiscal Year** to those **Persons** who were **Partners** at the end of such **Fiscal Year**, distributions as follows:

- (a) firstly, whether or not there is **Distributable Cash**, except in the event of the dissolution of the **Limited Partnership**, to holders of **Class K Preferred Units** following the **Final Closing Date**, an amount equal to the greater of:
 - (i) for each one (1%) per cent of such holder's **Preferred Holder's Invested Equity Percentage**:
 - A. an amount equal to 0.8% of the first two hundred and fifty million (\$250,000,000) dollars of **Adjusted Gross Revenues** earned in **Fiscal Years** ending after the **Final Closing Date**, plus an amount equal to 1.2% of the amount of **Adjusted Gross Revenues** in excess of two hundred and fifty million (\$250,000,000) dollars and less than or equal to one billion (\$1,000,000,000) dollars, plus an amount equal to 1.6% of **Adjusted Gross Revenues** in excess of one billion (\$1,000,000,000) dollars; less
 - B. the **Major Capital Costs**, if any, in that **Fiscal Year**, multiplied by one quarter of one (0.25%) per cent, but, if in any **Fiscal Year** the **Major Capital Costs** multiplied by one quarter of one (0.25%) per cent is greater than the **Preferred Participating Distribution** in respect of that year, the amount of the difference shall be carried forward and deducted from

such holder's **Preferred Participating Distribution** in respect of the immediately following **Fiscal Year**, and continuing annually thereafter until the amount of the difference is eliminated;

and

- (ii) an amount equal to such holder's **Own Cash Invested**, multiplied by the **Thirty Year Rate**, less one and one-half (1.5%) per cent; and
- (b) secondly, to the holders of **Class K Common Units, Class E Activated Units** and **Class M Units**, without any priority, amounts as follows:
- (i) to holders of **Class K Common Units, Distributable Cash** in an amount determined in accordance with the formula:

$A \times B$

where,

A is a fraction, the numerator of which is the number of **Class K Common Units** that such **Partner** owns at the end of such **Fiscal Year** and the denominator of which is the total number of issued and outstanding **Units** of all classes, less the total number of issued and outstanding **Class K Preferred Units**; and

B is equal to the **Distributable Cash**, if any, determined in respect of such **Fiscal Year**, after giving effect to the distributions due in accordance with paragraph (a);

- (ii) to holders of **Class E Activated Units, Distributable Cash** in an amount determined in accordance with the formula:

$A \times B$,

where,

A is a fraction, the numerator of which is the number of **Class E Activated Units** that such holder owned at the end of such **Fiscal Year** and the denominator of which is the total number of issued and outstanding **Units** of all classes, less the total number of issued and outstanding **Class K Preferred Units**; and

B is equal to the **Distributable Cash**, if any, determined in respect of such **Fiscal Year**, after giving effect to the distributions due in accordance with paragraph (a) above; and

- (iii) to holders of **Class M Units, Distributable Cash** in an amount determined in accordance with the formula:

$A \times B$

where,

A is a fraction, the numerator of which is the number of **Class M Units** that such holder owned at the end of such **Fiscal Year**, plus the total number of issued and outstanding **Class E Inactivated Units** and the denominator of which is the total number of issued and outstanding **Units** of all classes, less the total number of issued and outstanding **Class K Preferred Units**; and

B is equal to the **Distributable Cash**, if any, determined in respect of such **Fiscal Year**, after giving effect to the distributions due in accordance with paragraph (a) above.

Method of Payment

6.10 Distributions payable to the **Partners** will be made by electronic transfer of funds accompanied by a notice to the **Partners** and, in the event of the failure of electronic payment methods, by cheque. Any payment by the **General Partner** to a **Partner** pursuant to this **LP Agreement** will be deemed to have been made upon the date of the electronic withdrawal of funds from the **General Partner's** bank account or upon the date the cheque clears the **General Partner's** bank account. Upon such payment, the **General Partner** will be discharged from all liability to the **Partner** in respect of such payment; provided, however, that if the electronic payment fails to deposit funds in a **Partner's** bank account or a cheque is lost or destroyed, then, upon the presentation of evidence satisfactory to the **General Partner** of such failure or loss, together with such indemnity as the **General Partner** may reasonably require, the **General Partner** will make a further electronic transfer or issue a replacement cheque to the **Partner**.

ARTICLE 7

BOOKS, RECORDS AND FINANCIAL INFORMATION

Books and Records

7.01 The **General Partner** will keep and maintain, or cause to be kept and maintained on behalf of the **Limited Partnership** at its principal place of business, full, complete and accurate books of account and records of the business and affairs of the **Limited Partnership**, including:

- (a) records of the capital accounts for the **Partners**;
- (b) a register recording the names and addresses of the **Partners**, the number of **Units** held by each **Partner** and the particulars of registration and assignment of **Units**;
- (c) a copy of this **LP Agreement** and any amendments to it;
- (d) minutes of meetings of the **Limited Partnership**;
- (e) minutes of meetings of the Board of Directors of the **General Partner**; and
- (f) Capital Contributions of the **Partners**.

Inspection of Books and Records

7.02 A duly authorized representative of each **Limited Partner**, or its agent duly authorized in writing, shall have the right, at any reasonable time during regular business hours at its charge, to inspect and to obtain a copy thereof from the **General Partner** of any book of account or record maintained by the **General Partner** with respect to the business and affairs of the **Limited Partnership** and any other information regarding the affairs of the **Limited Partnership** as is just and reasonable.

Annual Financial Information to be Provided

7.03 The **General Partner** shall be responsible for the preparation and maintenance of financial records of the **Limited Partnership** in accordance with **GAAP** and for retaining auditors with respect to the **Financial Statements**. Within one hundred and twenty (120) days after the end of each **Fiscal Year**, the **General Partner** will forward to each **Partner**, who held **Units** at the end of the **Fiscal Year** to which the **Financial Statements** relate, an annual report for that **Fiscal Year** containing:

- (a) the **Financial Statements** for that **Fiscal Year**;
- (b) an audit report on the **Financial Statements** and any other report or management letter issued by the auditor in the year related to the

Financial Statements or the financial records maintained for the **Limited Partnership**;

- (c) a report on allocations and distributions to **Partners**;
- (d) any other information which the **General Partner**, acting reasonably, determines to be material to the **Business** or to be required for the **Limited Partners** to analyze the **Financial Statements** and assess the performance of the **Limited Partnership**;
- (e) a report on all payments made to **Hydro** or any of its **Affiliates** by the **Limited Partnership**;
- (f) a report on any facts coming to the attention of the **General Partner** which might reasonably lead a **Limited Partner** to conclude that there exists a breach, either by the **Limited Partnership** or any other **Person**, of the **Hydro Agreements** or any agreements between **Hydro** or any of its **Affiliates** and the **Limited Partnership**; and
- (g) a report on the **Special Reserves** being maintained.

Monthly Financial Statements and Updates

7.04 The **General Partner** shall cause unaudited, monthly financial statements to be prepared as soon as reasonably practical for the **General Partner**, and shall forward copies of the statements to the board of the **General Partner** within thirty (30) days of their preparation and after the board of the **General Partner** has approved them, they shall be sent to each **Limited Partner**. In addition, the **General Partner** shall provide on a timely basis to each **Limited Partner** copies of such business and financial information as the **General Partner**, acting reasonably, determines to be required to keep the **Limited Partners** promptly informed as to matters of a material nature affecting the **Business**.

Auditors

7.05 The auditors of the **Limited Partnership** shall be the auditors of **Hydro**.

Limited Partner Financial Statements and Filings

7.06 Each **Partner** shall be solely responsible, at its own cost, for preparing its own financial statements and tax or other government filings, provided that the **General Partner** shall provide each **Limited Partner** with any reasonable information that a **Limited Partner** may request about the **Limited Partnership** to assist in that regard.

ARTICLE 8

AMENDMENTS

Amendments Made by the General Partner Alone

8.01 The **General Partner**, on seven (7) days prior notice to the **Limited Partners**, may amend any provision of this **LP Agreement** in order to reflect:

- (a) a change that is necessary to qualify the **Limited Partnership** as a limited partnership or a partnership in which the **Limited Partners** have limited liability under the laws of Manitoba;
- (b) a change that is:
 - (i) inconsequential in nature and does not adversely affect any of the **Limited Partners** in any material respect; or
 - (ii) required or specifically contemplated by this **LP Agreement** to be accomplished by the **General Partner** acting alone;
- (c) a change in any provision of this **LP Agreement** which requires any action to be taken by or on behalf of the **General Partner** or the **Limited Partnership** pursuant to the requirements of applicable law if the provisions of applicable law are amended, modified or revoked so that the taking of action is no longer required. The authority set forth in this paragraph shall specifically include the authority to make amendments to this **LP Agreement** and to the **Declaration** that the **General Partner** recommends as necessary or desirable in the event the **Act** is amended to eliminate or change any provision now in effect.

Power of Attorney

8.02 **CNPLP, YFFNLP and FLCNKII** hereby each irrevocably nominates, constitutes and appoints the **General Partner**, with full power of substitution, as its agent and true and lawful attorney to act on its behalf, with full power and authority in **CNPLP's, YFFNLP's** and **FLCNKII's** name, place and stead, respectively, to:

- (a) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices in any jurisdictions where the **General Partner** considers it appropriate any and all of:
 - (i) the **LP Agreement**, and any amendment, change or modification thereto from time to time made in accordance with its terms, and all declarations and other instruments or documents required to continue and keep in good standing the **Limited Partnership** as a limited partnership in the Province of Manitoba;

- (ii) upon ten (10) days notice in writing, all documents on **CNPLP's**, **YFFNLP's** and **FLCNKII's**, behalf, respectively, and in their respective names as may be necessary to give effect to the sale or assignment of a **Unit** or to give effect to the admission of substituted **Limited Partners** or a transferee of **Units** as a new **Limited Partner** of the **Limited Partnership** as required by and subject to the terms and restrictions of, and in compliance with, the **LP Agreement** or the **JKDA**;
 - (iii) upon ten (10) days notice in writing, all filings required in connection with the dissolution and liquidation of the **Limited Partnership** subject to the terms and restrictions of, and in compliance with, the **LP Agreement** or the **JKDA**, including cancellation of any certificate and the distribution of **Limited Partnership Assets**; and
 - (iv) upon ten (10) days notice in writing, all elections, determinations or designations under the **Tax Act** or any other taxation or other legislation or laws of like import in respect of the affairs of the **Limited Partnership** or of **CNPLP's**, **YFFNLP's** or **FLCNKII's** interest, respectively, in the **Limited Partnership**; and
- (b) subject to the terms and restrictions of, and in compliance with, the **LP Agreement** or the **JKDA**, execute and file with any government body any documents necessary and appropriate to be filed in connection with the **Business**, property, assets and undertaking of the **Limited Partnership** or in connection with the **LP Agreement**.

The power of attorney granted herein is irrevocable and is a power coupled with an interest and survives the assignment by **CNPLP**, **YFFNLP** and **FLCNKII**, respectively, of the whole or any part of their respective interests in the **Limited Partnership** and extends to their successors, assigns and other legal representatives. This power of attorney shall continue in respect of the **General Partner** so long as it is the **General Partner**, and shall terminate thereafter, but shall continue in respect of a new **General Partner** as if the new **General Partner** were the original attorney.

Amendments Made by All Partners

8.03 All amendments, other than those set out in section 8.01, to this **LP Agreement** shall be made solely in accordance with the following procedures:

- (a) such amendments as may be proposed by a **Partner** by such **Partner** submitting the text of the proposed amendment to all other **Partners** in writing; and
- (b) the **General Partner** shall either seek the written consent of the **Partners** to the amendment or shall call a meeting of the **Partners** in accordance with the provisions of this **LP Agreement** to consider and vote on the proposed amendment. A proposed amendment shall be effective only if

approved by **Special Resolution**, unless a greater or different percentage vote of the **Partners** is required by law or any other provision of this **LP Agreement** or if it will materially and adversely alter the rights or obligations of a **Partner** under this **LP Agreement**, in which circumstance a **Unanimous Resolution** will be required. The **General Partner** shall notify all **Partners** upon final adoption or rejection of any proposed amendment.

ARTICLE 9

MEETINGS

Calling of Meetings

9.01 Each **Partner** may call a meeting of the **Limited Partnership** no more than twice a year in accordance with section 9.03 at such time and place as it considers appropriate in its absolute discretion for the purpose of considering any matters set forth in the notice of meeting. The **General Partner** shall call a meeting of the **Limited Partnership** once a year. A **Partner**, other than the **General Partner**, may participate in any meeting by means of a telephonic, electronic or other communications facility that permits all participants to hear each other simultaneously and instantaneously during the meeting. A **Partner** participating in any meeting by this means is deemed to be present at that meeting.

Place of Meeting

9.02 The annual meeting will be held at a location specified by the General Partner.

Notice of Meetings

9.03 Except with the unanimous consent of the **Partners**, notice of any meeting will be given to each **Partner** by mail, telephone or electronic or other communications facility not less than seven (7) days prior to such meeting, and will provide:

- (a) the time, date and place of such meeting; and
- (b) in general terms, the nature of the business to be transacted at the meeting in sufficient detail to enable the **Partners** to make a reasoned judgement concerning each matter to be considered at the meeting.

Corporations

9.04 A **Partner** which is a corporation, trust or partnership shall appoint by resolution an authorized person as its representative to attend, vote and act on its behalf at a meeting of **Partners**.

Attendance of Directors and Officers of the General Partner

9.05 Any officer or director of the **General Partner** will be entitled to attend and receive notice of any meeting of **Partners**.

Chairperson

9.06 The **General Partner** shall nominate an individual (including an officer, director or shareholder of the **General Partner** and who need not be a **Partner**) to be Chairperson of a meeting of **Partners** and the individual nominated by the **General Partner** will be

Chairperson of such meeting unless the **Partners** otherwise elect a Chairperson by **Special Resolution**.

Quorum

9.07 The quorum for a meeting of **Partners** will consist of **Hydro** and **CNPLP** being present in person or by proxy; provided, however, that if within half an hour after the time fixed for the holding of any meeting of **Partners**, **Hydro** and **CNPLP** are not present, the meeting will be held at the same time, and, if available, the same place, not fewer than ten (10) days nor more than twenty-one (21) days later (or if that date is not a **Business Day**, the first **Business Day** after that date), and the **Partner** which requested the meeting will give at least seven (7) days notice to all **Partners** of the date of the reconvening of the adjourned meeting. Such notice need not set forth the matters to be considered unless they are different from those for which the original meeting was called. At such reconvened meeting the quorum for the meeting and the quorum for any specific resolution to be passed will consist of one **Limited Partner** present in person or by proxy holding not less than fifty (50%) per cent of the votes. Nothing herein shall detract from the requirement that all **Partners** must be present in person or by proxy at any meeting at which a matter requiring a **Unanimous Resolution** is to be proposed and voted upon.

Voting

9.08 Each question submitted to a meeting will be decided on a show of hands and the results shall be announced and recorded in the minutes of the meeting by the Chairperson. The Chairperson will be entitled to vote in respect of any **Units** pursuant to which he or she may have been appointed to vote. Any resolution passed in accordance with this **LP Agreement** will be binding on all the **Partners** and their respective successors and assigns.

Matters Requiring a Unanimous Resolution

9.09 The following matters shall only be exercisable by the **General Partner** in a manner approved by a **Unanimous Resolution** of the **Partners**:

- (a) changing or terminating the **Business**;
- (b) issuing **Limited Partnership Units** to a third party;
- (c) changing the auditors except in the event of a change to **Hydro's** auditors;
- (d) dissolving or terminating the **Limited Partnership**;
- (e) the conversion or reconstitution of the **Limited Partnership** into another form of entity; or
- (f) selling substantially all of the assets of the **Limited Partnership**.

Matters Determined by Ordinary Resolution

9.10 Except as provided in section 9.09 or elsewhere in this **LP Agreement**, matters requiring a decision by the **Partners** shall be determined by **Ordinary Resolution**.

Minutes

9.11 The **General Partner** will cause minutes to be kept of all proceedings and resolutions passed at every meeting, with copies of any resolutions of the **Limited Partnership** to be made and entered in books to be kept for that purpose.

Authorized Attendance of Others

9.12 The **General Partner** has the right to authorize the presence of any **Person** at a meeting regardless of whether the **Person** is a **Partner**, providing that **Persons** who are not **Partners** are attending the meeting in connection with the **Business**. With the approval of the **General Partner** that **Person** is entitled to address the meeting.

Consent Without Meeting

9.13 Any matter which may be addressed by the **Partners** at a meeting may be addressed by written resolution signed by the required majority of such **Partners** in lieu of holding such meeting, provided that the proposed resolution has been given to each **Partner** no less than seven (7) days prior to the date set out for it to be passed, and such resolution shall have the same effect as a vote of such **Partners** and may be stated as such in any certificate or document.

ARTICLE 10

DISSOLUTION AND LIQUIDATION

Events of Dissolution

10.01 The **Limited Partnership** shall be dissolved after the sale or disposition of all of the **Partnership Assets**.

Appointment of Receiver

10.02 Upon the passing of the resolution described in section 9.09, the **General Partner** shall, unless the resolution provides otherwise, act as the Receiver (the “Receiver”) of the **Limited Partnership**. If the **General Partner** is unable or unwilling to act as the Receiver, the **Partners** shall, by **Special Resolution**, appoint some other appropriate person to act as Receiver. Subject to section 10.03, the Receiver shall proceed diligently to wind up the affairs of the **Limited Partnership** and to liquidate the **Limited Partnership Assets** and to distribute the net proceeds from the sale of the **Limited Partnership Assets** in the priority set out herein unless otherwise required by mandatory provisions of applicable law. During the course of such liquidation, the Receiver shall operate the **Business** and in so doing shall be vested with all the powers and authority of the **General Partner** in relation to the **Limited Partnership** under the terms of this **LP Agreement**. The Receiver shall be paid reasonable fees and disbursements incurred in carrying out such duties.

Sale of Limited Partnership Assets

10.03 Any sale, liquidation, distribution or other disposition of the **Limited Partnership Assets** shall only be to **Hydro**. Not later than one hundred and twenty (120) days from a decision by the Receiver to liquidate the **Limited Partnership Assets**, the Receiver shall sell the **Limited Partnership Assets** to **Hydro** and **Hydro** shall purchase the **Limited Partnership Assets** from the Receiver for an amount equal to the fair market value of such assets as determined by an accredited, independent business valuator.

Distribution Upon Dissolution

10.04 In the event of the dissolution of the **Limited Partnership**, the net proceeds from the sale of the **Limited Partnership Assets** shall be distributed as follows:

- (a) firstly, to pay the expenses of liquidation and the creditors of the **Limited Partnership**;
- (b) secondly, to provide such reserves as the Receiver considers necessary for any contingent liabilities, including the costs of foreseeable environmental requirements, of the **Limited Partnership**;

- (c) thirdly, to return to the **Partners** pro rata an amount not to exceed the amount of their capital accounts as of the date of sale or disposition of the **Limited Partnership Assets**; and
- (d) fourthly, to pay the balance to the holders of **Class M Units, Class K Common Units** and **Class E Activated Units** pro rata, according to the amount of their respective capital accounts as of the date of sale or disposition of the **Limited Partnership Assets**, after:
 - (i) an accredited, independent business valuator chosen by the **General Partner** and acceptable to **CNPLP, YFFNLP** and **FLCNKII**, acting reasonably, first determines the relative fair market values of the **Class K Preferred Units**, on the one hand, and the **Class M Units, Class K Common Units** and **Class E Activated Units**, on the other; and
 - (ii) paying to the holders of **Class K Preferred Units**, pro rata, an amount equal to the lesser of:
 - A. the balance of net proceeds left, after making the payments required by clauses (a), (b) and (c) herein, multiplied by a fraction, the numerator of which is the fair market value of all of the issued and outstanding **Class K Preferred Units** and the denominator of which is the total of the fair market values of all of the issued and outstanding **Class K Preferred Units, Class M Units, Class K Common Units** and **Class E Activated Units**, all as determined by the valuator, as provided above; and
 - B. the balance of net proceeds left, after making the payments required by clauses (a), (b) and (c) herein, multiplied by seven (7) times the **Preferred Holder's Invested Equity Percentage**.

Events Not Causing Dissolution

10.05 To the maximum extent permitted by the laws of the Province of Manitoba and notwithstanding any rule of law or equity to the contrary, the **Limited Partnership** shall not be dissolved or terminated by admission of any new **General Partner** or **Limited Partner** or the removal, actual or deemed resignation, bankruptcy, insolvency, dissolution, liquidation, winding-up or receivership, or the admission, resignation or withdrawal of the **General Partner**, the **Limited Partners** or any **Limited Partner**.

Reasonable Time for Winding Up

10.06 A reasonable time shall be allowed for the orderly winding up of the **Business** and affairs of the **Limited Partnership** and the liquidation of the **Limited Partnership Assets**

pursuant to section 10.02 in order to minimize any losses otherwise attendant upon a winding up.

ARTICLE 11

MISCELLANEOUS

Notices

11.01 All notices and other communications provided for in this **LP Agreement** shall be in writing, and shall be given by personal delivery or sent by registered mail or facsimile, charges pre-paid, to the applicable addresses or facsimile numbers set out below. Any such communication shall be deemed to have been validly and effectively given on the date of such delivery, if such date is a **Business Day** and such delivery has been made during the normal business hours of the recipient; otherwise it shall be deemed to have been validly and effectively given on the **Business Day** next following such date of delivery. The addresses for the parties are:

- (a) in the case of the **General Partner**, at P.O. Box 815, 820 Taylor Avenue, Winnipeg, Manitoba, R3C 2P4, facsimile number 204-474-4947; or any new address as the **General Partner** may give notice of; and
- (b) in the case of the **Limited Partners** to the address appearing on the register maintained by the **General Partner**.

Further Assurances

11.02 Each of the parties to this **LP Agreement** from time to time and without further consideration shall promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents, directives, authorizations, and things as another party hereto may reasonably require from time to time for the purpose of giving effect to this **LP Agreement** or more effectively completing any matter provided for in this **LP Agreement** and shall take all such steps as may be reasonably within its power to implement to their full extent the provisions of this **LP Agreement**.

Binding Effect

11.03 Subject to the restrictions on assignment and transfer herein contained, this **LP Agreement** shall enure to the benefit of and be binding upon the parties hereto and their respective legal representatives, successors and assigns.

Severability

11.04 If any term or other provision of this **LP Agreement** is invalid, illegal or incapable of being enforced by any rule or law, or public policy, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party, all other conditions and provisions of this **LP Agreement** shall nevertheless remain in full force and effect, in which event the parties shall negotiate in good faith to modify this **LP Agreement** so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

Counterparts

11.05 This **LP Agreement** may be executed in any number of counterparts (either originally or by facsimile) with the same effect as if all parties hereto had signed the same document. This **LP Agreement** may also be adopted in any subscription and assignment forms or similar instruments signed by a **Partner**, with the same effect as if such **Partner** had executed a counterpart of this **LP Agreement**. All counterparts and adopting instruments shall be construed together and shall constitute one and the same agreement.

Time

11.06 Time shall be of the essence.

Governing Law

11.07 This **LP Agreement** shall be governed by and interpreted in accordance with the laws of the Province of Manitoba and the federal laws of Canada applicable therein.

Dispute Resolution

11.08 The parties hereto each agree that any disputes or claims arising out of this **LP Agreement** shall be determined solely in accordance with the dispute resolution process set out in Article 19 of the **JKDA** and it shall not bring any action, other than pursuant to Article 19 of the **JKDA**, against any other party or against the **Limited Partnership** or against any officer or director of the **General Partner**.

IN WITNESS WHEREOF, the parties hereto have executed this **LP Agreement** or caused it to be executed on their behalf by their duly authorized signing officers as of the day and year first above written.

• MANITOBA LTD.

Per: _____

Per: _____

CREE NATION PARTNERS LIMITED PARTNERSHIP, by its General Partner, •

Per: _____

Per: _____

YORK FACTORY FIRST NATION LIMITED PARTNERSHIP, by its General Partner, •

Per: _____

Per: _____

FLCN KEEYASK INVESTMENTS INC.

Per: _____

Per: _____

THE MANITOBA HYDRO-ELECTRIC BOARD

Per: _____

Per: _____