
TPC FINANCING AGREEMENT

between

TASKINIGAHP POWER CORPORATION

- and -

THE MANITOBA HYDRO-ELECTRIC BOARD

DATED June 28, 2006

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TPC FINANCING AGREEMENT

DATED the 28th day of June 2006

B E T W E E N:

TASKINIGAHP POWER CORPORATION,

(hereinafter referred to as “TPC”)

- and -

THE MANITOBA HYDRO-ELECTRIC BOARD,

(hereinafter referred to as “Hydro”)

The parties agree as follows:

**ARTICLE I
INTERPRETATION**

1.1 Defined Terms.

In this Agreement, defined terms used herein shall have the following meanings:

“**Additional Borrowing Authorizations**” has the meaning specified in Section 8.1(4).

“**Adjustment Purchase Option Event**” has the meaning specified in Section 6.1(b).

“**Adjustment Purchase Right**” has the meaning specified in Section 6.1(b).

“**Adjustment Purchased Units**” has the meaning specified in Section 6.1(b).

“**Advances**” means advances made by Hydro under this Agreement in Canadian Dollars and “**Advance**” means any one of such Advances. Advances may be designated as an “**Equity Credit Advance**” or a “**Cash Call Credit Advance**”. Each of an Equity Credit Advance and a Cash Call Credit Advance is a “**Type**” of Advance.

“**Affiliate**” means with respect to any Person, any other Person directly or indirectly Controlling, Controlled by or under direct or indirect common Control with, such Person.

“**Aggregate Capital Contributions**” means for any particular day, the sum of:

- (i) the subscription price paid for the purchase of the Units by the Limited Partners; and
- (ii) all other capital amounts contributed by the Limited Partners to the Limited Partnership pursuant to the provisions of the Limited Partnership Agreement.

“**Agreement**” means this financing agreement and all schedules and instruments in amendment or confirmation of it; “**hereof**”, “**hereto**” and “**hereunder**” and similar expressions refer to this Agreement and not to any particular Article, Section or other subdivision; “**Article**”, “**Section**” or other subdivision of this Agreement followed by a number refers to the specified Article, Section or other subdivision of this Agreement.

“**Anniversary Date**” means each anniversary of the Final Closing Date.

“**Approved Funds**” means either:

- (i) funds that TPC will use to repay any principal amount under a Credit Facility, that Hydro has approved pursuant to the Credit Facility

Repayment Certification provided by TPC in accordance with Section 4.6;
or

- (ii) funds that TPC will use to make a payment to the Limited Partnership, that Hydro has approved pursuant to the Limited Partnership Payment Certification provided by TPC in accordance with Section 10.2(11).

“**Auditors**” means such firm of chartered accountants as may be selected by the directors of TPC and approved by NCN from time to time to audit TPC, provided that such firm of chartered accountants is qualified to perform audits in Manitoba.

“**Authorization**” means, with respect to any Person, any authorization, order, permit, approval, grant, licence, consent, right, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decree, by-law, rule or regulation of any Governmental Entity having jurisdiction over such Person, whether or not having the force of Law.

“**Banker’s Acceptance Rate**” means the closing rate on any particular day for a one month Canadian Dollar banker’s acceptance, as traced in Bloomberg using the CDOR01 index. Where any Banker’s Acceptance Rate or average of a number of Banker’s Acceptance Rates is used in the calculation of any interest rate or amount due by TPC hereunder (including in the determination of the Canadian Dollar Floating Rate), Hydro shall provide TPC with a print-out of the CDOR01 index screen used to derive such rate or rates.

“**Borrowing**” means a borrowing consisting of one or more Advances.

“**Borrowing Notice**” has the meaning specified in Section 4.2(1).

“**Business**” means the business of TPC which consists of owning TPC’s Units, being a limited partner in the Limited Partnership and making such other investment,

administrative and business decisions as may be ancillary thereto and carrying out such functions and fulfilling such obligations as are required or permitted pursuant to the provisions of the PDA.

“Business Day” means any day on which Hydro’s head office is open for business at Winnipeg, Manitoba but in any event shall not include a Saturday, Sunday or statutory or civic holiday in Manitoba.

“Canada” means the Government of Canada.

“Canada Yield Price” means with respect to the repayment of Equity Credit Advances or Cash Call Credit Advances the principal amount that is being repaid plus or minus an amount calculated at 10:00 a.m. (Winnipeg time) on the Business Day preceding the day on which the principal amount is to be repaid which in total if invested on that day would provide a yield to maturity equal to the Government of Canada Yield, plus the Canadian Yield Spread, excluding commissions plus the Canadian Dollar Guarantee Rate and plus the applicable fixed rate adder per annum. The fixed rate adder is one (1%) percent per annum for Equity Credit Facility Advances up to the tenth Anniversary Date and is three (3%) percent per annum thereafter. The fixed rate adder is three (3%) percent for all Cash Call Advances. The Canada Yield Price will be determined based on the median of the three investment dealer quotes obtained by Hydro.

“Canadian Dollar Floating Rate” means, for any particular day(s) within a given month, the variable rate of interest (expressed as a percentage rate per annum) equal to the Short-Term Canadian Borrowing Cost incurred by Hydro for the month in which such day(s) fall. Provided that if there has been no Short-Term Canadian Borrowing Cost for that month, the variable interest rate (expressed as a percentage rate per annum) shall be based on the average of the daily Banker’s Acceptance Rates for that month plus the average of the daily Canadian Dollar Guarantee Rates for that month plus one (1%) percent per annum.

“Canadian Dollar Guarantee Rate” means for any particular day, the closing rate of interest (expressed as a percentage rate per annum) charged on such day by Manitoba to Hydro, as a fee for Manitoba’s guarantee of Hydro’s Canadian Dollar borrowings.

“Canadian Dollars” and **“\$”** each mean lawful money of Canada.

“Canadian Ten Year Rate” means for any particular day, the rate of interest per annum equal to:

- (i) the Ten Year Canada Bond Rate, as at 10:00 a.m. (Winnipeg time), for such day; plus
- (ii) the Canadian Dollar Guarantee Rate, as at 10:00 a.m. (Winnipeg time), for such day and either:
 - (A) plus the Canadian Ten Year Spread as at 10:00 a.m. (Winnipeg time) for such day, if the Ten Year Canada Bond Rate used in the calculation of the said Canadian Ten Year Spread is less than the rate of interest for the Ten Year Manitoba Canadian Dollar Bond used in the calculation of the said Canadian Ten Year Spread; or
 - (B) less the Canadian Ten Year Spread, as at 10:00 a.m. (Winnipeg time), for such day, if the Ten Year Canada Bond Rate used in the calculation of the said Canadian Ten Year Spread was greater than the rate of interest for the Ten Year Manitoba Canadian Dollar Bond used in the calculation of the said Canadian Ten Year Spread.

“Canadian Ten Year Spread” means at any particular date the difference between the Ten Year Canada Bond Rate in effect on that date and the rate of interest (expressed as a percentage rate per annum) for Ten Year Manitoba Canadian Dollar Bonds had Ten Year Manitoba Canadian Dollar Bonds been issued by Manitoba on that day, at 10:00 a.m. (Winnipeg time), including commission costs (with the rate of interest determined by Hydro obtaining three rate quotes for Ten Year Manitoba Canadian Dollar Bonds and using the median of the three rate quotes obtained).

“Canadian Thirty Year Rate” means for any particular day, the rate of interest per annum equal to:

- (i) the Thirty Year Canada Bond Rate, as at 10:00 a.m. (Winnipeg time), for such day; plus
- (ii) the Canadian Dollar Guarantee Rate, as at 10:00 a.m. (Winnipeg time), for such day and either:
 - (A) plus the Canadian Thirty Year Spread, as at 10:00 a.m. (Winnipeg time), for such day, if the Thirty Year Canada Bond Rate used in the calculation of the said Canadian Thirty Year Spread is less than the rate of interest for the Thirty Year Manitoba Canadian Dollar Bond used in the calculation of the said Canadian Thirty Year Spread; or
 - (B) less the Canadian Thirty Year Spread, as at 10:00 a.m. (Winnipeg time), for such day, if the Thirty Year Canadian Bond Rate used in the calculation of the said Canadian Thirty Year Spread is greater than the rate of interest for the Thirty Year Manitoba Canadian Dollar Bond used in the calculation of the said Canadian Thirty Year Spread.

“Canadian Thirty Year Spread” means at any particular date the difference between the Thirty Year Canada Bond Rate in effect on that date and the rate of interest (expressed as a percentage rate per annum) for Thirty Year Manitoba Canadian Dollar Bonds had Thirty Year Manitoba Canadian Dollar Bonds been issued by Manitoba on that day, at 10:00 a.m. (Winnipeg time), including commission costs (with the rate of interest being determined by Hydro obtaining three rate quotes for Thirty Year Manitoba Canadian Dollar Bonds and using the median of the three rate quotes obtained).

“Canadian Yield Spread” means for any particular date, the difference between the Government of Canada Yield determined for that date and the yield to maturity on such day compounded semi-annually which a non-callable Manitoba bond would carry if issued in Canadian Dollars on that day at 10:00 a.m. (Winnipeg time), including commission costs, at 100% of its principal amount on such day with the term to maturity equal to the remaining term to Maturity for the Equity Credit Advances or Cash Call Credit Advances, as applicable, that are being repaid. The Canadian Yield Spread will be determined by Hydro obtaining three rate quotes from investment dealers and using the median of the three rate quotes obtained.

“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.

“Cash Call Credit Advance” means an Advance denominated in Canadian Dollars under the Cash Call Credit Facility which bears interest based on the Canadian Ten Year Rate, as determined in accordance with this Agreement.

“Cash Call Credit Facility” means the non-revolving credit facility to be made available to TPC by Hydro in the maximum amount of the Cash Call Credit Facility Commitment and in accordance with the terms hereof.

“Cash Call Credit Facility Commitment” means the aggregate principal amount of TPC’s Operating Cash Call Requirements.

“Cash Call Over-Drawn Amount” has the meaning specified in Section 3.6(1).

“Cash Unit Portion” has the meaning specified in Section 3.5(2).

“Change of Control” means any change which results in NCN no longer directly owning beneficially on a fully diluted basis 100% of the Capital Stock of TPC (and the unfettered right to direct the exercise of voting rights in respect thereto in accordance with the provisions of the bare trustee declaration pursuant to which the Chief or a Councillor of NCN, as the registered owner of 100% of the Capital Stock of TPC, as bare trustee for NCN, commits to vote such Capital Stock in accordance with the direction of Chief and Council of NCN), and for greater certainty the NCN Deed of Assignment does not effect a Change of Control.

“Chief” has the meaning ascribed thereto in the PDA.

“Chief and Council” has the meaning ascribed thereto in the PDA.

“Claim” means any claim of any nature whatsoever, including any demand, dispute, liability, obligation, debt, action, cause of action, suit, proceeding, litigation, arbitration, judgment, order, award, assessment and reassessment.

“Collateral” means TPC’s Units and the Distributions thereon, in respect of which Hydro has or will have or is intended to have a Lien pursuant to the Security Documents.

“Construction Period” means the approximately six (6) year period during which the Wuskwatim Project is being constructed, which for the purposes of this Agreement will be the period commencing on the Initial Closing Date and ending on the Final Closing Date.

“Corporate Distributions” means, in respect of any Person, whether or not a corporation, any form of distribution of its profits, including in each case any:

- (i) declaration or payment of any dividend on its Capital Stock; and
- (ii) payment to purchase, redeem, retire or acquire or reduce the stated capital of any of its Capital Stock, or any option, warrant or other right to acquire any such Capital Stock, or apply or set apart any of its Property therefore.

“Councillor” has the meaning ascribed thereto in the PDA.

“Credit Facilities” means the Equity Credit Facility and the Cash Call Credit Facility, and a **“Credit Facility”** means any one of the Equity Credit Facility or the Cash Call Credit Facility, as the context requires.

“Credit Facility Commitment” means one of the Equity Credit Facility Commitment, or the Cash Call Credit Facility Commitment, as the context requires and **“Credit Facility Commitments”** means both of them.

“Credit Facility Repayment Certification” has the meaning specified in Section 4.6.

“Cure Period” has the meaning specified in Section 12.1(c).

“Date of the PDA” has the meaning ascribed thereto in the PDA.

“Debt” of any Person means, without duplication:

- (a) all obligations of such Person for borrowed money or Advances and all obligations of such Person evidenced by bonds, debentures, notes or similar instruments;
- (b) all obligations of such Person, contingent or otherwise, relative to the face amount of all letters of credit, whether or not drawn, and banker's acceptances issued for the account of such Person; and
- (c) all other items which, in accordance with GAAP, would be included as liabilities on the liability side of the balance sheet of such Person as of the date at which Debt is to be determined (excluding trade payables incurred in the ordinary course of business).

"Distributions" means distributions of cash of the Limited Partnership to TPC and the return of any part of the Aggregate Capital Contributions by the Limited Partnership to TPC.

"Dividends" has the meaning ascribed thereto in the NCN Deed of Assignment.

"Dividend Credit Facility" has the meaning ascribed thereto in the NCN Financing Agreement.

"Equity Credit Advance" means an Advance denominated in Canadian Dollars under the Equity Credit Facility which bears interest based on the Canadian Dollar Floating Rate or the Canadian Thirty Year Rate, as determined in accordance with this Agreement.

"Equity Credit Facility" means the non-revolving credit facility to be made available to TPC by Hydro in the maximum amount of the Equity Credit Facility Commitment and in accordance with the terms hereof.

“Equity Credit Facility Adjustment Conditions” has the meaning specified in Section 2.6(4).

“Equity Credit Facility Commitment” means the aggregate principal amount of TPC’s Construction Cash Call Requirements.

“Equity Credit Facility Final Closing Conditions” has the meaning specified in Section 2.6(3).

“Equity Credit Over-Drawn Amount” has the meaning specified in Section 2.6(1).

“Event of Default” has the meaning specified in Section 12.1.

“Final Closing” and **“Final Closing Date”** shall have the respective meanings ascribed thereto in the PDA.

Final Closing Date Interest Obligations” means all accrued and unpaid interest under this Agreement in respect of the Equity Credit Facility, as at the Final Closing Date.

“Final Closing Date Principal Obligations” means the Total Outstandings under this Agreement and Loan Documents in respect of the Equity Credit Facility, and all unpaid costs and other amounts due and owing to Hydro under or in respect of the Equity Credit Facility, as at the Final Closing Date, but not including accrued and unpaid interest.

“Final Closing Purchase Option Event” has the meaning specified in Section 6.1(a).

“Final Closing Purchase Right” has the meaning specified in Section 6.1(a).

“Final Closing Purchased Units” has the meaning specified in Section 6.1(a).

“Final Closing Sale Right” has the meaning specified in Section 5.1(a).

“Final Closing Sale Units” has the meaning specified in Section 5.1(a).

“Final Closing Sale Conditions” means:

- (i) NCN owning beneficially on a fully diluted basis 100% of the Capital Stock of TPC free and clear of all Liens except Permitted Liens (and the unfettered right to direct the exercise of voting rights in respect thereto in accordance with the provisions of a bare trustee declaration pursuant to which the Chief or a Councillor of NCN, as the registered owner of 100% of the Capital Stock of TPC as bare trustee for NCN, commits to vote such Capital Stock in accordance with the directions of Chief and Council of NCN);
- (ii) TPC is the registered owner and sole beneficial owner of and has good and marketable title to and is lawfully possessed of the Final Closing Sale Units free and clear of all Liens except the Permitted Liens and such other Liens as Hydro, on the Sale Closing Date, may in its unfettered discretion accept in writing, and TPC has the full right to sell and transfer the Final Closing Sale Units to Hydro;
- (iii) no person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming any agreement, option, understanding, commitment or right for the purchase from TPC of the Final Closing Sale Units other than Hydro;

- (iv) no Person has any written or oral agreement, option, understanding or commitment or any right capable of becoming any agreement, option, understanding, commitment or right for the purchase of any of the Capital Stock of TPC; and
- (v) the consummation of the transactions contemplated by the exercise of the Final Closing Sale Right will not result in the creation or imposition of any Lien on the Final Closing Sale Units (other than such Liens as Hydro, on the Sale Closing Date, may in its unfettered discretion accept in writing).

“Financial Quarter” means, in relation to TPC, each successive period of three consecutive months, the first such period beginning on the first day of the first month of TPC’s Financial Year.

“Financial Year” means, in relation to TPC, the financial year of TPC as determined by the board of directors of TPC.

“Future Material Agreement” has the meaning specified in Section 10.1(13).

“GAAP” means, at any time, generally accepted accounting principles in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants, or any successor Person at such time.

“General Partner” means 5022649 Manitoba Ltd., in its capacity as the general partner of the Limited Partnership, pursuant to the terms of the Limited Partnership Agreement.

“Government Funds” means any funds provided or advanced to NCN or TPC by Canada or Manitoba, or by any crown corporation, agency, department or instrumentality of

Canada or Manitoba on the condition or requirement that such funds are to be used for investment through or by TPC in the Limited Partnership, and which TPC:

- (i) uses to repay any principal amount outstanding under a Credit Facility that Hydro has approved pursuant to a Credit Facility Repayment Certification (which, for greater certainty, does not include any other amount paid to Hydro under the Credit Facilities); or
- (ii) uses to make a payment to the Limited Partnership that Hydro has approved pursuant to a Limited Partnership Payment Certification;

and, for greater certainty, does not include any grants, loans or funds provided or advanced by any of the said parties to NCN or TPC without any condition or requirement that such grants, loans or funds are to be used for investment through or by TPC in the Limited Partnership, in which event the said grants, loans or funds will, after TPC's repayment of an Advance or payment to the Limited Partnership, as applicable, form part of TPC's Own Funds hereunder, without further qualification as "Government Funds".

"Government of Canada Yield" means for any particular date, the yield to maturity on such date compounded semi-annually which a non-callable Government of Canada bond would carry if issued, in Canadian Dollars, at 100% of its principal amount on such day at 10:00 a.m. (Winnipeg time) with a term to maturity equal to the remaining term to Maturity for the Equity Credit Advance or Cash Call Credit Advance, as applicable, that is being repaid. The Government of Canada Yield will be the yield determined by Hydro obtaining three rate quotes from investment dealers and using the median of the three rate quotes obtained.

"Governmental Entity" means any:

- (i) federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign;
- (ii) any agent, commission, board, or authority of any of the foregoing; or
- (iii) any body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing except not including Hydro for the purposes of this Agreement.

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

“Hydro Act” means *The Manitoba Hydro Act*, R.S.M. 1987, c. H190, as amended from time to time.

“Hydro’s Account” means such account or accounts maintained by Hydro at the Royal Bank of Canada, as Hydro from time to time notifies TPC for the purposes of this Agreement.

“Hydro Liens” means:

- (i) Liens in favour of Hydro created by the Security Documents hereunder or by the Security Documents (as defined in the NCN Financing Agreement); and
- (ii) Liens in favour of Hydro created by the Revenue Advance Consolidation Agreement and the security agreements provided by TPC to Hydro pursuant to that agreement.

“Initial Closing” and **“Initial Closing Date”** shall have the respective meanings ascribed thereto in the PDA.

“Initial Closing Conditions” has the meaning ascribed thereto in the PDA.

“Initial Limited Partnership Agreement” means the limited partnership agreement entered into between the General Partner, in its capacity as general partner, and Hydro, as limited partner, dated the 9th day of December, 2004.

“Laws” means all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, or any provisions of the foregoing, including general principles of common and civil law and equity, binding on or affecting the Person referred to in the context in which such word is used; and **“Law”** means any one of such Laws.

“Lien” means, with respect to any Property, any charge, mortgage, pledge, hypothecation, security interest, lien, conditional sale (or other title retention agreement or lease in the nature thereof), lease, servitude, assignment, adverse claim, defect of title, restriction, trust, or other encumbrance of any kind in respect of such Property, whether or not filed, recorded or otherwise perfected under applicable Laws.

“Limited Partner” means one of Hydro or TPC, as the context requires, in its capacity as a limited partner of the Limited Partnership, and **“Limited Partners”** means both of Hydro and TPC, in their respective capacities as limited partners of the Limited Partnership.

“Limited Partnership” means the Wuskwatim Power Limited Partnership created pursuant to the Initial Limited Partnership Agreement, as amended and restated by the Limited Partnership Agreement, for the purposes of owning and directly or indirectly planning, designing, constructing, operating and maintaining the Wuskwatim Project.

“**Limited Partnership Account**” means the Canadian Dollar account maintained by the Limited Partnership at Royal Bank of Canada, the particulars of which shall have been notified by the Limited Partnership to Hydro.

“**Limited Partnership Agreement**” means the limited partnership agreement amending and restating the Initial Limited Partnership Agreement, dated even date herewith between the General Partner, in its capacity as general partner, and Hydro and TPC, in their respective capacities as limited partners.

“**Limited Partnership Payment Certification**” has the meaning specified in Section 10.2(11).

“**Loan Documents**” means this Agreement, the Security Documents, and all other agreements, certificates and instruments delivered or given pursuant to or in connection with this Agreement; and “**Loan Document**” means any one of such Loan Documents.

“**Loss**” means any loss whatsoever, whether direct or indirect, including expenses, costs, damages, judgments, penalties, fines, charges, claims, demands, liabilities, debts, interest, any and all legal fees and disbursements on a solicitor and his own client basis.

“**Manitoba**” means the Government of Manitoba.

“**Market Make-whole Payment**” has the meaning specified in Section 13.9.

“**Material Adverse Business Effect**” means a material adverse effect (or a series of adverse effects, none of which is material in or of itself but which cumulatively results in a material adverse effect) on:

- (i) the ability of TPC to perform any of its material obligations under the Loan Documents; or

- (ii) the ability of Hydro to enforce any of the material obligations of TPC under the Loan Documents, where Hydro, acting reasonably, has determined that its ability to enforce the said material obligations cannot be cured by Hydro within a reasonable period of time or without Hydro being materially adversely affected, notwithstanding that TPC has provided its written undertaking to assist Hydro in the manner set out therein to cure the inability of Hydro to enforce the said material obligations of TPC under the Loan Documents.

“Material Agreements” has the meaning specified in Section 9.1(11).

“Maturity Date” means the fiftieth Anniversary Date.

“Maturity Sale Conditions” means:

- (i) NCN owning beneficially on a fully diluted basis 100% of the Capital Stock of TPC free and clear of all Liens except Permitted Liens (and the unfettered right to direct the exercise of voting rights in respect thereto in accordance with the provisions of a bare trustee declaration pursuant to which the Chief or a Councillor of NCN, as the registered owner of 100% of the Capital Stock of TPC as bare trustee for NCN, commits to vote such Capital Stock in accordance with the directions of Chief and Council of NCN);
- (ii) TPC is the registered owner and sole beneficial owner of and has good and marketable title to and is lawfully possessed of the Maturity Sale Units free and clear of all Liens except the Permitted Liens and such other Liens as Hydro, on the Sale Closing Date, may in its unfettered discretion accept

in writing, and TPC has the full right to sell and transfer the Maturity Sale Units to Hydro;

- (iii) no person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming any agreement, option, understanding, commitment or right for the purchase from TPC of the Maturity Sale Units other than Hydro;
- (iv) no Person has any written or oral agreement, option, understanding or commitment or any right capable of becoming any agreement, option, understanding, commitment or right for the purchase of any of the Capital Stock of TPC; and
- (v) the consummation of the transactions contemplated by the exercise of the Maturity Sale Right will not result in the creation or imposition of any Lien on the Maturity Sale Units (other than such other Liens as Hydro, on the Maturity Date, may in its unfettered discretion accept in writing).

“Maturity Sale Right” has the meaning specified in Section 5.1(d).

“Maturity Sale Units” has the meaning specified in Section 5.1(d).

“NCN” means the Nisichawayasihk Cree Nation, formerly known as the Nelson House First Nation.

“NCN Business” has the meaning ascribed thereto in the PDA.

“NCN Deed of Assignment” has the meaning ascribed thereto in the PDA.

“NCN Financing Agreement” means a financing agreement dated even date herewith between NCN, TPC, and Hydro.

“Non-Completion Date” has the meaning specified in Section 5.1(b).

“Non-Completion Purchase Option Event” shall have the meaning specified in Section 6.1(c).

“Non-Completion Purchase Right” shall have the meaning specified in Section 6.1(c).

“Non-Completion Purchased Units” shall have the meaning specified in Section 6.1(c).

“Non-Completion Sale Conditions” means:

- (i) NCN owing beneficially on a fully diluted basis 100% of the Capital Stock of TPC free and clear of all Liens except Permitted Liens (and the unfettered right to direct the exercise of voting rights in respect thereto in accordance with the provisions of a bare trustee declaration pursuant to which the Chief or a Councillor of NCN, as the registered owner of 100% of the Capital Stock of TPC, as bare trustee for NCN, commits to vote such Capital Stock in accordance with the directions of Chief and Council of NCN);
- (ii) TPC is the registered owner and sole beneficial owner of and has good and marketable title to and is lawfully possessed of the Non-Completion Sale Units free and clear of all Liens except the Permitted Liens and such other Liens as Hydro, on the Sale Closing Date, may in

its unfettered discretion, accept in writing, and TPC has the full right to sell and transfer the Non-Completion Sale Units to Hydro;

- (iii) no person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming any agreement, option, understanding, commitment or right for the purchase from TPC the Non-Completion Sale Units other than Hydro;
- (iv) no Person has any written or oral agreement, option, understanding or commitment or any right capable of becoming any agreement, option, understanding, commitment or right for the purchase of any of the Capital Stock of TPC; and
- (v) the consummation of the transactions contemplated by the exercise of the Non-Completion Sale Right will not result in the creation or imposition of any Lien on the Non-Completion Sale Units (other than such other Liens as Hydro, on the Sale Closing Date, may in its unfettered discretion, accept in writing).

“Non-Completion Sale Right” shall have the meaning specified in Section 5.1(b).

“Non-Completion Sale Units” shall have the meaning specified in Section 5.1(b).

“Notice” means any notice, citation, directive, request for information, writ, summons, and statement of claim or other communication from any Person.

“Notice of Purchase” has the meaning specified in Section 6.3.

“**Notice of Sale**” has the meaning specified in Section 5.3.

“**Obligations**” has the meaning specified in Section 11.1.

“**PDA**” means the Project Development Agreement dated June 26, 2006 made between NCN, Hydro, TPC, the General Partner and the Limited Partnership.

“**Permitted Liens**” means, with respect to any Person, any one or more of the following:

- (i) Liens for Taxes, assessments or governmental charges or levies not at the time due and delinquent or the validity of which is being contested at the time by the Person in good faith by proper legal proceedings if, in Hydro’s opinion:
 - (A) adequate security has been provided to ensure the payment of such taxes, assessments and charges;
 - (B) adequate reserves with respect thereto are maintained on the books of such Person, in accordance with GAAP; and
 - (C) in each case, such Liens will not materially interfere with use of such Property by such Person or involve any immediate danger of the sale, forfeiture or loss of such Property;
- (ii) Liens resulting from any judgment rendered or Claim filed against such Person which such Person shall be contesting in good faith by proper legal proceedings if, in Hydro’s opinion:

- (A) adequate security has been provided to ensure the payment of such judgment or Claim;
 - (B) adequate reserves with respect thereto are maintained on the books of such Person, in accordance with GAAP; and
 - (C) in each case, such Liens will not materially interfere with use of such Property by such Person or involve any immediate danger of the sale, forfeiture or loss of such Property;
- (iii) undetermined Liens arising in the ordinary course of business which have not at such time been filed pursuant to Law against such Person or which relate to obligations not due or delinquent;
- (iv) Liens arising in the ordinary course of business which are not registered against title to the Collateral and are not overdue for a period of more than thirty (30) days or which are being contested at the time by the Person in good faith by proper legal proceedings if, in Hydro's opinion, (i) adequate security has been provided to ensure payment of such Liens; (ii) adequate reserves with respect thereto are maintained on the consolidated books of such Person in accordance with GAAP; and (iii) in each case, such Liens will not materially interfere with use of such Property by the Person or involve any immediate danger of the sale, forfeiture or loss of such Property;
- (v) any Lien, payment of which has been provided for by the depositing with Hydro of an amount in cash, or the obtaining of a surety bond satisfactory to Hydro, in its absolute discretion, sufficient in either case to pay or discharge such Lien and which deposit or bond Hydro is authorized to use or draw upon for that purpose;

- (vi) Liens securing Purchase Money Debt provided that: (i) such Liens shall extend only to the specific Property of the Person acquired with the proceeds of such Purchase Money Debt (and not any portion of the Collateral) and (ii) recourse in respect of such Liens shall be limited to such specific Property;
- (vii) the Hydro Liens; or
- (viii) any other Lien approved in writing in advance by Hydro, in its unfettered discretion.

“**Person**” means an individual, partnership, corporation, trust, unincorporated association, syndicate, joint venture, Band within the meaning of the *Indian Act* (Canada) or other entity or Governmental Entity, and pronouns have a similarly extended meaning.

“**Property**” means, with respect to any Person, any interest of such Person in any land or property or asset of every kind, wherever situate, whether now owned or hereafter acquired, whether real or immovable, personal, movable or mixed, tangible or corporeal, intangible or incorporeal, including capital stock in any other Person.

“**Purchase Money Debt**” means, with respect to any Person, all obligations of such Person incurred to finance the acquisition of Property.

“**Purchased Units**” means the Final Closing Purchased Units, the Adjustment Purchased Units or the Non-Completion Purchased Units, as the context requires.

“**Receiver**” means a receiver, receiver and manager or other person having similar powers or authority appointed by Hydro or by a court at the instance of Hydro in respect of the Collateral or any part thereof.

“Repayment Notice” has the meaning specified in Section 4.6.

“Revenue Advance Consolidation Agreement” has the meaning ascribed thereto in the PDA.

“Sale” means a transaction of purchase and sale of all or a portion of TPC’s Units pursuant to Article V or Article VI.

“Sale Certificates” has the meaning specified in Section 7.1(2)(a).

“Sale Closing Date” has the meaning specified in Section 7.1(1)(a).

“Sale Units” means the Final Closing Sale Units, the Non-Completion Sale Units, the Twenty-Fifth Anniversary Sale Units, the Maturity Sale Units or the Term Sale Units, as the context requires.

“Security Documents” means those agreements and other documents in favour of Hydro described in Schedule G, in form and substance satisfactory to Hydro, acting reasonably, as such documents may be amended or restated from time to time, as security for all or any portion of the Obligations.

“Short-Term Canadian Borrowing Cost” means, for any month, Hydro’s actual weighted average borrowing cost (which, it is acknowledged, includes the Canadian Dollar Guarantee Rate) expressed as a percentage rate per annum for all of Hydro’s Canadian Dollar borrowings outstanding during that month which have a term expiring, or are due to be paid, within three hundred and sixty-four (364) days in length of the date that each such borrowing was first incurred by Hydro. Hydro’s “actual weighted average borrowing cost” shall be calculated on the basis of the actual amount of interest that has accrued during that month divided by the “weighted principal amount” of all borrowing(s) which accrued interest during

that month. The “weighted principal amount” for each borrowing is equal to the principal amount of each borrowing multiplied by the number of days the borrowing was outstanding during the month divided by 365.

“**Substantial Construction Start**” has the meaning ascribed thereto in the PDA.

“**TPC**” means Taskinigahp Power Corporation, a corporation that is wholly owned by NCN beneficially, and by the Chief or a Councillor of NCN, as registered owner as bare trustee for NCN.

“**TPC’s Cash Subscription Payment**” means the actual cash amount using Approved Funds paid by TPC on the Initial Closing Date to subscribe for Units in the Limited Partnership.

“**TPC’s Cash Units**” means:

- (i) on the Final Closing Date, [but shall be determined for all provisions of this Agreement after any mandatory payments required by Section 2.6(3) have been made and, except for the purposes of Sections 5.1(a), 5.2(1), 6.1(a), 6.2(1) and 6.2(2) only, after any Sale of TPC’s Units pursuant to Article V or Article VI has closed in accordance with Article VII (for such of Sections 5.1(a), 5.2(1), 6.1(a), 6.2(1), and 6.2(2), as may become applicable, shall be determined before any Sale of TPC’s Units pursuant to Article V or Article VI has closed in accordance with Article VII)] that number of TPC’s Units equal to (A) divided by (B) where (A) equals the number of TPC’s Units on the Final Closing Date multiplied by TPC’s Invested Cash as of that date; and (B) equals the sum of: (i) the aggregate of the amount of Equity Credit Advances which remain outstanding on that date; and (ii) TPC’s Invested Cash as of that date;

- (ii) on any particular day after the Final Closing Date (the “**Measurement Date**”) until the date that the Equity Credit Facility has been paid out in full, that number of TPC’s Units equal to (A) divided by (B) where (A) is the product of: (i) the number of TPC’s Cash Units on the Final Closing Date, multiplied by (ii) the number of TPC’s Units on the Measurement Date; and (B) equals the number of TPC’s Units on the Final Closing Date; and
- (iii) for greater certainty, on the date when the Equity Credit Facility has been paid out in full, all of TPC’s Units shall be deemed to be TPC’s Cash Units.

“**TPC’s Construction Cash Call Requirements**” and “**TPC’s Construction Cash Call Requirement**” shall have their respective meanings ascribed thereto in Section 2.4.

“**TPC’s Invested Cash**” means on any particular day, the sum of all amounts invested by TPC in the Limited Partnership using Approved Funds. For greater certainty:

- (i) this does not include the proceeds of Equity Credit Advances or Cash Call Credit Advances;
- (ii) this does not include any amount for interest, costs, expenses or indemnity reimbursed or paid to Hydro hereunder; and
- (iii) this does include all of TPC’s Own Funds (which includes Government Funds) and all of TPC’s Third Party Funds used by TPC either:
 - (A) to repay any principal amount outstanding under a Credit Facility that Hydro has approved pursuant to a Credit Facility Repayment Certification; or

- (B) to make a payment to the Limited Partnership that Hydro has approved pursuant to a Limited Partnership Payment Certification (including, without limitation, TPC's Cash Subscription Payment);

all of which amounts shall, after approval has been granted by Hydro, constitute Approved Funds.

"TPC's Loan Units" means, on any particular day, all of TPC's Units on that day that are not TPC's Cash Units.

"TPC's Operating Cash Call Requirements" and **"TPC's Operating Cash Call Requirement"** shall have their respective meanings ascribed thereto in Section 3.4.

"TPC's Own Funds" means any funds that TPC will use to:

- (i) repay any principal amount outstanding under a Credit Facility that Hydro has approved pursuant to a Credit Facility Repayment Certification (which, for greater certainty, does not include any other amount paid to Hydro under the Credit Facilities);
- (ii) make a payment to the Limited Partnership that Hydro has approved pursuant to a Limited Partnership Payment Certification; or
- (iii) make TPC's Cash Subscription Payment;

provided that the said funds have not been obtained by TPC (whether directly or indirectly through NCN, an NCN Business or the Taskinigahp Trust) from any arm's length Person, in any material way due to or as a result of:

- (A) TPC being the owner of one or more Units; or

- (B) TPC, NCN or Taskinigahp Trust providing or agreeing to provide, directly or indirectly, a Lien in favour of any other Person on, or by TPC, NCN or the Taskinigahp Trust conferring an ownership or proprietary interest or any kind upon any other Person, in any Property of TPC or the Property of Taskinigahp Trust (provided that this is not intended to prohibit or restrict the beneficial interest of the beneficiaries of the Taskinigahp Trust under the Trust Indenture constituting the Taskinigahp Trust), the Capital Stock of TPC, TPC's Units or any Distributions on the TPC's Units, or on any Corporate Distributions of TPC, including assignments or orders to pay.

For greater certainty, the mere investment of funds by NCN, an NCN Business or the Taskinigahp Trust in TPC for use by TPC in either repaying any principal amount under a Credit Facility or making a payment to the Limited Partnership in the manner referenced above shall not preclude such funds from constituting TPC's Own Funds, and any funds so invested by NCN, an NCN Business or the Taskinigahp Trust in TPC shall be considered in all respects to be TPC's Own Funds for the purposes of this Agreement if Hydro determines that the funds otherwise fall within the definition of TPC's Own Funds in accordance with the provisions of this Agreement (and, for this purpose, Hydro shall be entitled to look to the source of the funds to NCN, the NCN Business or the Taskinigahp Trust). Government Funds (once approved as such by Hydro pursuant to the approval processed hereunder) and funds obtained by TPC from Distributions on TPC's Units or from earnings on the investment of Distributions on TPC's Units which are voluntarily used to repay any principal amount (but no other amount) under a Credit Facility or which are invested in the Limited Partnership pursuant to a Credit Facility Repayment Certification or a Limited Partnership Payment

Certification respectively shall be deemed for the purposes of this Agreement to be TPC's Own Funds (but, for greater certainty, amounts paid to Hydro pursuant to the irrevocable assignment and direction of Distributions on TPC's Units under the Security Documents shall not count or be included as part of TPC's Own Funds).

"TPC's Third Party Funds" means any funds that TPC will use to either:

- (i) repay any principal amount under a Credit Facility that Hydro has approved pursuant to a Credit Facility Repayment Certification (which for greater certainty does not include any other amount paid to Hydro under the Credit Facilities); or
- (ii) make a payment to the Limited Partnership that Hydro has approved pursuant to a Limited Partnership Payment Certification;

which are not TPC's Own Funds. For greater certainty:

- (A) the mere assignment of Dividends by NCN to the Taskinigahp Trust pursuant to the NCN Deed of Assignment shall not be deemed to constitute any of TPC's funds as being TPC's Third Party Funds hereunder;
- (B) merely because funds have been obtained by NCN from a third party, whether by loan, grant, subsidy or otherwise shall not be sufficient for such funds to be deemed to be TPC's Third Party Funds; and
- (C) none of NCN, any NCN Business or the Taskinigahp Trust shall be deemed to be a third party for the purposes of determining what funds are TPC's Own Funds and what funds are TPC's Third Party Funds, provided however, that where the source of any funds is

any of NCN, an NCN Business or the Taskinigahp Trust, Hydro is entitled to look beyond such party to determine the ultimate source of such funds in applying the provisions hereof.

“TPC’s Units” means, at any time, the Units owned by TPC.

“Taskinigahp Trust” has the meaning ascribed thereto in the PDA.

“Taxes” means all taxes imposed by any Governmental Entity, including real property, personal property, goods and services, sales, transfer, purchase, stumpage, registration, capital, excise, import duties, payroll, unemployment, disability, employee’s income withholding, social security or withholding.

“Ten Year Canada Bond Rate” means, at any particular date, that rate of interest (expressed as a percentage rate per annum) which a non-callable Government of Canada bond denominated in Canadian Dollars would carry if issued on such date at 10:00 a.m. (Winnipeg time) by Canada at 100% of its principal amount for a term of ten years (with the rate of interest being determined by Hydro obtaining three rate quotes for the yield on that date of publicly traded Canadian Dollar non-callable Government of Canada reference bonds with a ten year term, as adjusted by the financial institutions that have provided the three rate quotes to reflect the assumed issue date and the ten year term, and using the median rate of the three rate quotes obtained).

“Ten Year Manitoba Canadian Dollar Bonds” means a non-callable Province of Manitoba bond denominated in Canadian Dollars issued by Manitoba, at 100% of the principal amount for a term of ten years.

“Term Sale Conditions” means:

- (i) TPC is the registered owner and sole beneficial owner of and has good and marketable title to and is lawfully possessed of the Term Sale Units free and clear of all Liens except the Permitted Liens and such other Liens as Hydro, on the Sale Closing Date, may in its unfettered discretion accept in writing;
- (ii) TPC has the full right to sell and transfer the Term Sale Units to Hydro;
- (iii) no person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming any agreement, option, understanding, commitment or right for the purchase from TPC of the Term Sale Units other than Hydro; and
- (iv) the consummation of the transactions contemplated by the exercise of the Term Sale Right will not result in the creation or imposition of any Lien on the Term Sale Units (other than such other Liens as Hydro, on the Sale Closing Date, may in its unfettered discretion accept in writing).

“Term Sale Right” has the meaning specified in Section 5.1(e).

“Term Sale Units” has the meaning specified in Section 5.1(e).

“Thirty Year Canada Bond Rate” means, at any particular date, that rate of interest (expressed as a percentage rate per annum) which a non-callable Government of Canada bond denominated in Canadian Dollars would carry if issued on such date at 10:00 a.m. (Winnipeg time) by Canada at 100% of its principal amount for a term of thirty years (with the rate of interest being determined by Hydro obtaining three rate quotes for the yield on that date of publicly traded Canadian Dollar non-callable Government of Canada reference bonds with a thirty year term, as adjusted by the financial institutions that have provided the three rate quotes

to reflect the assumed issue date and the thirty year term, and using the median rate of the three rate quotes obtained).

“Thirty Year Manitoba Canadian Dollar Bonds” means a non-callable Province of Manitoba bond denominated in Canadian Dollars issued by Manitoba at 100% of the principal amount for a term of thirty years.

“Time of Adjustment” means 10:00 o’clock in the forenoon, Winnipeg time, on the first Anniversary Date.

“Time of Final Closing” has the meaning ascribed thereto in the PDA.

“Total Outstandings” means, at any time:

- (a) with respect to the Equity Credit Facility, the aggregate amount in Canadian Dollars of all outstanding Advances thereunder at such time;
- (b) with respect to the Cash Call Credit Facility, the aggregate amount in Canadian Dollars of all outstanding Advances thereunder at such time; and
- (c) with respect to the Credit Facilities, the aggregate of the Total Outstandings under the Credit Facilities;

but, for greater certainty, does not include any interest, costs, expenses or indemnity claim arising under any such Credit Facilities.

“Twenty-Fifth Anniversary Sale Conditions” means:

- (i) NCN owning beneficially on a fully diluted basis 100% of the Capital Stock of TPC free and clear of all Liens except Permitted Liens (and the

unfettered right to direct the exercise of voting rights in respect thereto in accordance with the provisions of a bare trustee declaration pursuant to which the Chief or a Councillor of NCN, as the registered owner of 100% of the Capital Stock of TPC as bare trustee for NCN, commits to vote such Capital Stock in accordance with the directions of the Chief and Council of NCN);

- (ii) TPC is the registered owner and sole beneficial owner of and has good and marketable title to and is lawfully possessed of the Twenty-Fifth Anniversary Sale Units free and clear of all Liens except the Permitted Liens and such other Liens as Hydro, on the Sale Closing Date, may in its unfettered discretion accept in writing, and TPC has the full right to sell and transfer the Twenty-Fifth Anniversary Sale Units to Hydro;
- (iii) no person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming any agreement, option, understanding, commitment or right for the purchase from TPC of the Twenty-Fifth Anniversary Sale Units other than Hydro;
- (iv) no Person has any written or oral agreement, option, understanding or commitment or any right capable of becoming any agreement, option, understanding, commitment or right for purchase of any of the Capital Stock of TPC; and
- (v) the consummation of the transactions contemplated by the exercise of the Twenty-Fifth Anniversary Sale Right will not result in the creation or imposition of any Lien on the Twenty-Fifth Anniversary Sale Units (other than such other Liens as Hydro, on the Sale Closing Date, may accept in writing in its unfettered discretion).

“**Twenty-Fifth Anniversary Sale Right**” has the meaning specified in Section 5.1(c).

“**Twenty-Fifth Anniversary Sale Units**” has the meaning specified in Section 5.1(c).

“**Unit**” means one of the units in the Limited Partnership issued to and subscribed for by a Limited Partner pursuant to the Limited Partnership Agreement, and “**Units**” means all of the issued Units in the Limited Partnership.

“**Wuskwatim Project**” has the meaning ascribed thereto in the PDA.

1.2 Interpretation.

This Agreement shall be interpreted in accordance with the following:

- (a) words denoting the singular include the plural and vice versa and words denoting any gender include all genders;
- (b) headings are inserted for convenience only and shall not affect the interpretation of this Agreement, any other Loan Documents or any provisions hereof or thereof;
- (c) references to dollars, unless otherwise specifically indicated, shall be references to Canadian Dollars;
- (d) the word “including” shall mean “including without limitation” and “includes” shall mean “includes without limitation”;
- (e) the expressions “the aggregate”, “the total”, “the sum” and expressions of similar meaning shall mean “the aggregate (or total or sum) without duplication”;

- (f) in the computation of periods of time, unless otherwise expressly provided, the word “from” means “from and including” and the words “to” and “until” mean “to but excluding”;
- (g) accounting terms not specifically defined shall be construed in accordance with GAAP. Except as otherwise mandated by changes in GAAP from time to time, the financial statements required to be delivered pursuant to this Agreement shall be prepared, and all calculations made for the purposes of this Agreement shall be made, unless otherwise provided for herein, by the application of GAAP applied on a basis consistent with the most recent audited financial statements of TPC, previously delivered to Hydro; and
- (h) for the purposes of this Agreement, a Person (the “**first Person**”) shall be deemed to be “**Controlled**” by another Person or Persons if the Capital Stock of the first Person directly or indirectly held by or for the benefit of the other Person or Persons, acting in concert, other than by way of security only, is either:
 - (i) more than 50% of the Capital Stock of the first Person outstanding at the time of such determination; or
 - (ii) sufficient to permit the other Person or Persons to replace or elect the majority of the board of directors of the first Person;

and “**Control**” and “**Controlling**” shall have corresponding meanings.

1.3 Interpretation of any other Loan Documents.

The provisions of Article 1.2 shall apply to the interpretation of all of the other Loan Documents unless specifically otherwise indicated therein.

1.4 Severability.

If any provision of this Agreement or any other Loan Document is, or becomes, illegal, invalid or unenforceable, such provision shall be severed from this Agreement or such other Loan Document and be ineffective to the extent of such illegality, invalidity or unenforceability. The remaining provisions hereof or thereof shall be unaffected by such provision and shall continue to be valid and enforceable.

1.5 Entire Agreement.

This Agreement supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties relating to the subject matter hereof and entered into prior to the date of this Agreement.

1.6 Waiver.

No failure on the part of Hydro to exercise, and no delay in exercising, any right under this Agreement or any other Loan Document shall operate as a waiver of such right; nor shall any single or partial exercise of any right under this Agreement or any other Loan Document preclude any other or further exercise thereof or the exercise of any other right, nor shall any waiver of one provision be deemed to constitute a waiver of any other provision (whether or not similar). No notice to or demand on TPC in any case shall entitle it to any notice or demand in similar or other circumstances, unless such notice or demand is required under the terms of this Agreement or the applicable Loan Document. No waiver of any of the provisions of this Agreement or any other Loan Document shall be effective unless it is in writing duly executed by the waiving party.

1.7 Governing Law.

This Agreement and each other Loan Document, shall be governed by, and interpreted in accordance with, the Laws of Manitoba and the Laws of Canada applicable therein.

1.8 Incorporation of Schedules.

The following schedules attached shall, for all purposes hereof, be incorporated in and form an integral part of this Agreement:

Schedule A	Repayment Notice
Schedule B	Borrowing Notice
Schedule C	Issued and Outstanding Capital Stock and Debt
Schedule D	Material Agreements
Schedule E	Liabilities
Schedule F	Address for Notice
Schedule G	List of Security Documents
Schedule H	Authorizations - Hydro

It is acknowledged by Hydro that Schedules C to E (both inclusive) shall be delivered by TPC to Hydro on or before the Initial Closing Date for attachment hereto, and upon the delivery and attachment, the said Schedules shall be deemed to form part of this Agreement.

1.9 Conflicts.

If a conflict or inconsistency exists between a provision of this Agreement and a provision of any of the other Loan Documents or any part thereof, then the provisions of this Agreement shall prevail. Notwithstanding the foregoing, if there is any right or remedy of Hydro set out in any of the other Loan Documents or any part thereof which is not set out or provided for in this Agreement, such additional right or remedy shall not constitute a conflict or inconsistency.

**ARTICLE II
EQUITY CREDIT FACILITY**

2.1 Equity Credit Facility.

Hydro agrees, on the terms and conditions of this Agreement, to make available to TPC the Equity Credit Facility by making such Advances to TPC as may be requested by TPC hereunder at any time and from time to time prior to the first Anniversary Date in accordance with this Agreement.

2.2 Credit Facility Commitment and Facility Limit.

- (1) Hydro shall not be obliged to make any Equity Credit Advance or Equity Credit Advances which would cause the Total Outstandings under the Equity Credit Facility to be greater than the Equity Credit Facility Commitment, provided that, if no Event of Default has otherwise occurred that remains outstanding and uncured at that time, Hydro shall advance, in accordance with the provisions of this Agreement, as an Equity Credit Advance to TPC upon request, the lesser of the amount requested by TPC and the amount hereunder which would, when advanced, cause the Total Outstandings with respect to the Equity Credit Facility to equal, but not exceed, the Equity Credit Facility Commitment.

- (2) The Equity Credit Facility may be drawn upon by TPC at any time on or after the Initial Closing Date until immediately prior to the first Anniversary Date subject to the terms and conditions of this Agreement.
- (3) The Equity Credit Facility is a non-revolving credit facility and the principal amount of any Advance that is repaid may not be re-borrowed and shall be a permanent reduction of the Equity Credit Facility Commitment.
- (4) Any amount of TPC's Construction Cash Call Requirement that TPC pays to the Limited Partnership using funds that are not funded by an Advance under the Equity Credit Facility shall be a permanent reduction of the Equity Credit Facility Commitment.

2.3 Available Advances.

- (1) Hydro shall, on the terms and conditions of this Agreement, make the Equity Credit Advances available to TPC under the Equity Credit Facility in accordance with Section 4.2.
- (2) All Equity Credit Advances requested hereunder shall be made available to TPC in accordance with Article IV.

2.4 Use of Proceeds.

TPC shall use the proceeds of Advances under the Equity Credit Facility only for payment to the Limited Partnership of all amount(s) required to be paid to the Limited Partnership by TPC, in its capacity as a limited partner of the Limited Partnership, for capital contributions in accordance with and subject to the provisions of the Limited Partnership Agreement pursuant to demands made by the General Partner:

- (a) prior to the Final Closing Date; and
- (b) on or after the Final Closing Date but immediately prior to the first Anniversary Date if such capital contribution is required by the Limited Partnership to fund costs related to the construction of the Wuskwatim Project (collectively, “**TPC’s Construction Cash Call Requirements**” and individually, “**TPC’s Construction Cash Call Requirement**”);

other than such of TPC’s Construction Cash Call Requirements that TPC elects to pay to the Limited Partnership using Approved Funds and not through the proceeds of Equity Credit Advances (in which event such amounts shall form part of TPC’s Invested Cash, being either TPC’s Own Funds or TPC’s Third Party Funds as determined by Hydro in accordance with Section 10.2(11) after Hydro’s receipt from TPC of the Limited Partnership Payment Certification). For greater certainty, where TPC’s Construction Cash Call Requirement is received by TPC, and TPC does not intend to use an Equity Credit Advance to fund such capital contribution, it shall forward a Limited Partnership Payment Certification to Hydro in accordance with Section 10.2(11). If Hydro approves the proposed payment, TPC shall pay directly to the Limited Partnership the amount of TPC’s Construction Cash Call Requirement no later than three (3) Business Days prior to the due date specified in the demand notice from the General Partner. If the Limited Partnership Payment Certification is not approved by Hydro or if TPC did not forward a Limited Partnership Payment Certification to Hydro in accordance with the requirements of Section 10.2(11) or otherwise intended to fund the capital amount through an Equity Credit Advance, it shall issue a Borrowing Notice to Hydro for such amount in accordance with the provisions of this Agreement (if Hydro has not received confirmation at least two (2) Business Days prior to the due date specified in the demand notice from the General Partner that the capital contribution has been paid, a Borrowing Notice shall have been deemed to have been received by Hydro from TPC for the amount of the capital contribution and Hydro shall proceed to fund the TPC’s Construction Cash Call Requirement as an Equity Credit Advance in accordance with Section 4.2. Hydro shall provide notice to TPC of any amount so advanced to the Limited Partnership on behalf of TPC.) No Advances shall be made to TPC

under the Equity Credit Facility at any time prior to the Initial Closing Date nor on or after the first Anniversary Date.

2.5 Repayment on the Maturity Date.

Subject to Hydro making an early demand for payment pursuant to Section 12.1 following an Event of Default, TPC shall repay on the Maturity Date, the Total Outstandings, if any, under the Equity Credit Facility and all accrued and unpaid interest thereon and all other amounts owing to Hydro under the Equity Credit Facility, and the Total Outstandings, if any, under the Equity Credit Facility and all accrued and unpaid interest thereon and all other amounts owing to Hydro under the Equity Credit Facility shall become due and payable on the Maturity Date. It is acknowledged that Hydro shall have no right to sue TPC on the personal covenant to pay any of the said amounts and that Hydro's sole recourse for payment shall be to the Collateral in accordance with the provisions of the Loan Documents.

2.6 Mandatory Repayments during the Term of the Agreement.

- (1) If, on any day, Hydro notifies TPC that the Total Outstandings under the Equity Credit Facility exceeds the Equity Credit Facility Commitment (the "**Equity Credit Over-Drawn Amount**"), TPC shall repay to Hydro, an amount sufficient to reduce the said Total Outstandings to an amount equal to or less than the Equity Credit Facility Commitment. It is acknowledged that Hydro shall have no right to sue TPC on the personal covenant to pay any of the said amounts and that Hydro's sole recourse for payment shall be to the Collateral in accordance with the provisions of the Loan Documents.
- (2) At any time prior to the Maturity Date, provided TPC is not in default of any material provision of the Loan Documents and subject to Section 2.6(3) and Article VI and TPC's right to make prepayments in accordance with the provisions of this Agreement, the Equity Credit Over-Drawn Amount and all

accrued and unpaid interest thereon will during the term of this Agreement be repaid solely through Hydro receiving all Distributions from time to time on TPC's Loan Units. The Distributions on TPC's Loan Units shall be paid to Hydro pursuant to TPC's irrevocable assignment and direction of all such Distributions to Hydro as provided for under the Security Documents to be applied as follows: first, in repayment of all costs and expenses owing to Hydro under this Agreement and which arise in connection with the Equity Credit Over-Drawn Amount; second, in payment of all accrued and unpaid interest on the Equity Over-Drawn Amount; and third, in repayment of the Equity Credit Over-Drawn Amount. (For greater certainty, if any of the said amounts are still outstanding on the Maturity Date, they shall be required to be repaid on the Maturity Date, in accordance with Section 2.5). Such Distributions shall be paid to Hydro pursuant to TPC's irrevocable assignment and direction of all such Distributions to Hydro, as provided for under the Security Documents, until the Equity Credit Over-Drawn Amount and the aforesaid costs, expenses and interest have been repaid in full.

- (3) In addition to all other mandatory payment obligations provided for in this Agreement, if at the Time of Final Closing, all of the following conditions are not met, TPC shall make a capital contribution to the Limited Partnership using Approved Funds, or shall repay such portion of the aggregate of outstanding Advances under the Equity Credit Facility using Approved Funds, as may be required in order to comply with each of the following conditions:
- (a) TPC's Invested Cash at the Time of Final Closing must be equal to or greater than \$5,000,000;
 - (b) the Total Outstandings under the Equity Credit Facility at the Time of Final Closing must not be greater than four times TPC's Invested Cash at the Time of Final Closing; and

- (c) the Total Outstandings under the Equity Credit Facility at the Time of Final Closing must not be greater than twenty-two (22%) percent of the Aggregate Capital Contributions immediately following the Final Closing.

(The conditions referred to in paragraphs (a), (b) and (c) of this Section 2.6(3) are collectively referred to as the “**Equity Credit Facility Final Closing Conditions**”).

In the event that TPC is not in compliance with any of the aforementioned conditions on the date that is forty (40) calendar days prior to the Final Closing Date, Hydro shall, not less than thirty (30) calendar days prior to the Final Closing Date, provide a notice of non-compliance to TPC, together with particulars as to TPC’s deficiencies in respect of these conditions, and notice of the amount of the capital contribution to the Limited Partnership or the amount of the principal repayment under the Equity Credit Facility, as the case may be, that is required in order to bring TPC into good standing with the aforementioned conditions. It is acknowledged that Hydro shall have no right to sue TPC on the personal covenant to pay any of the said amounts, and that Hydro’s sole recourse for payment shall be to the Collateral in accordance with the provisions of the Loan Documents.

- (4) In addition to all other mandatory payment obligations provided for in this Agreement, if at the Time of Adjustment, all of the following conditions are not met, TPC shall make a capital contribution to the Limited Partnership using Approved Funds or shall repay such portion of the aggregate of outstanding Advances under the Equity Credit Facility using Approved Funds, as may be required in order to comply with each of the following conditions:
 - (a) the Total Outstandings under the Equity Credit Facility at the Time of Adjustment must not be greater than four (4) times TPC’s Invested Cash (excluding any amounts paid to the Limited Partnership for TPC’s Operating Cash Call

Requirement(s) or paid to Hydro in repayment of Cash Call Credit Advances) at the Time of Adjustment; and

- (b) the Total Outstandings under the Equity Credit Facility at the Time of Adjustment must not be greater than twenty-two (22%) percent of the Aggregate Capital Contributions (excluding any amount paid to the Limited Partnership for TPC's Operating Cash Requirement(s)) immediately following the first Anniversary Date.

(The conditions referred to in paragraphs (a) and (b) of this Section 2.6(4) are collectively referred to as the "**Equity Credit Facility Adjustment Conditions**").

In the event that TPC is not in compliance with any of the aforementioned conditions on the date that is forty (40) calendar days prior to the first Anniversary Date, Hydro shall, not less than thirty (30) calendar days prior to the first Anniversary Date, provide a notice of non-compliance to TPC, together with particulars as to TPC's deficiencies in respect of these conditions, and notice of the amount of the capital contribution to the Limited Partnership or the amount of the principal repayment under the Equity Credit Facility, as the case may be, that is required in order to bring TPC into good standing with the aforementioned conditions. It is acknowledged that Hydro shall have no right to sue TPC on the personal covenant to pay any of the said amounts and that Hydro's sole recourse for payment shall be to the Collateral in accordance with the provisions of the Loan Documents.

- (5) In addition to all other mandatory payment obligations provided for in this Agreement and subject to TPC's right to make prepayments in accordance with the provisions of this Agreement, TPC shall throughout the term of this Agreement repay to Hydro all outstanding Advances under the Equity Credit Facility and accrued and unpaid interest thereon and all other amounts owing to

Hydro under the Equity Credit Facility solely through Hydro receiving all Distributions from time to time on TPC's Loan Units. The Distributions on TPC's Loan Units shall be applied as follows: first, in payment of all costs and expenses owing to Hydro in connection with the Equity Credit Facility; second, in payment of all accrued and unpaid interest under the Equity Credit Facility (except as dealt with under subsection (2) above); and third, in repayment of all principal amounts that have not been repaid under the Equity Credit Facility (except as dealt with under subsection (2) above). (For greater certainty, any of the said amounts owing under the Equity Credit Facility on the Maturity Date shall be required to be repaid on the Maturity Date in accordance with Section 2.5). Such Distributions shall be paid to Hydro pursuant to TPC's irrevocable assignment and direction of all such Distributions to Hydro as provided for under the Security Documents until the Total Outstandings under the Equity Credit Facility and any accrued and unpaid interest thereon and all other amounts owing to Hydro under the Equity Credit Facility have been repaid in full. It is acknowledged that Hydro shall have no right to sue TPC on the personal covenant to pay any of the said amounts and that Hydro's sole recourse for payment shall be to the Collateral in accordance with the provisions of the Loan Documents. The amount of any repayment shall be a permanent reduction of the Equity Credit Facility Commitment.

- (6) Notwithstanding any other provision of this Agreement, if, after Final Closing and all mandatory payment obligations have been met by TPC in accordance with the provisions of this Agreement, the number of TPC's Loan Units is not greater than or equal to the number of TPC's Cash Units or if TPC owns only TPC's Cash Units, all of the interest that accrued on the outstanding Equity Credit Advances under the Equity Credit Facility during the Construction Period (including any interest that accrued on an Equity Credit Advance that was repaid on Final Closing), and which remains unpaid on the Final Closing Date, shall, subject to TPC's right to prepay the said amount in accordance with the provisions of this

Agreement, be paid solely through Hydro receiving all Distributions from time to time on TPC's Cash Units. Such Distributions shall be paid to Hydro pursuant to TPC's irrevocable assignment and direction of all such Distributions to Hydro as provided for under the Security Documents until all of the said accrued interest as at the Final Closing Date has been repaid in full, and upon repayment in full of the said interest amount, Hydro shall have no further right to any Distributions on TPC's Cash Units for repayment of Equity Credit Advances or interest thereon provided that TPC is not in default under the provisions of the Loan Documents. It is acknowledged that Hydro shall have no right to sue TPC on the personal covenant to pay any of the said amounts and that Hydro's sole recourse for payment shall be to the Collateral in accordance with the provisions of the Loan Documents.

2.7 Optional Reductions.

- (1) TPC may subject to the provisions of this Agreement, including Section 2.7(2) and Section 4.6 as adjusted for the applicable Market Make-whole Payment in accordance with Section 13.9, prepay, in whole or in part, only with Approved Funds, the Total Outstandings under the Equity Credit Facility, at any time, without penalty.
- (2) Each partial prepayment made by TPC under the Equity Credit Facility shall be in a minimum aggregate principal amount of \$200,000 and in an integral multiple of \$100,000.

**ARTICLE III
CASH CALL CREDIT FACILITY**

3.1 Cash Call Credit Facility.

Hydro agrees, on the terms and conditions of this Agreement, to make available to TPC at any time after the Final Closing Date the Cash Call Credit Facility by making such Advances to TPC as may be requested by TPC at any time and from time to time after the Final Closing Date hereunder in accordance with this Agreement.

3.2 Credit Facility Commitment and Facility Limit.

- (1) Hydro shall not be obliged to make any Cash Call Credit Advance or Cash Call Credit Advances which would cause the Total Outstandings under the Cash Call Credit Facility to be greater than the Cash Call Credit Facility Commitment provided that if no Event of Default has otherwise occurred that remains outstanding and uncured at that time, Hydro shall advance in accordance with the provisions of this Agreement as a Cash Call Credit Advance to TPC, upon request, the lesser of the amount requested by TPC and the amount hereunder which would, when advanced, cause the Total Outstandings with respect to the Cash Call Credit Facility to equal, but not exceed, the Cash Call Credit Facility Commitment.
- (2) The Cash Call Credit Facility may be drawn upon by TPC at any time after the Final Closing Date if an amount is required to be paid by TPC to the Limited Partnership pursuant to TPC's Operating Cash Call Requirements subject to the terms and conditions of this Agreement.
- (3) The Cash Call Credit Facility is a non-revolving credit and the principal amount of any Advance that is repaid may not be re-borrowed and shall be a permanent reduction of the Cash Call Credit Facility Commitment.
- (4) Any amount of TPC's Operating Cash Call Requirements that TPC pays to the Limited Partnership using funds that are not funded by an Advance under the

Cash Call Credit Facility shall be a permanent reduction of the Cash Call Credit Facility Commitment.

3.3 Available Advances.

- (1) Hydro shall, on the terms and conditions of this Agreement, make the Cash Call Credit Advances available to TPC under the Cash Call Credit Facility in accordance with Section 4.2.
- (2) All Cash Call Credit Advances requested hereunder shall be made available to TPC in accordance with Article IV.

3.4 Use of Proceeds.

TPC shall use the proceeds of Advances under the Cash Call Credit Facility only for payment to the Limited Partnership of all amount(s) required to be paid to the Limited Partnership by TPC, in its capacity as a limited partner of the Limited Partnership, for capital contributions in accordance with and subject to the provisions of the Limited Partnership Agreement pursuant to demands made by the General Partner:

- (a) on or after the first Anniversary Date; and
- (b) on or after the Final Closing but prior to the first Anniversary Date if such capital amount is required by the Limited Partnership to fund shortfalls in operating revenues or due to other matters relating to the business of the Limited Partnership other than on account of costs related to the construction of the Wuskwatim Project (collectively, “**TPC’s Operating Cash Call Requirements**”, and individually, “**TPC’s Operating Cash Call Requirement**”);

other than such of TPC's Operating Cash Call Requirements that TPC elects to pay to the Limited Partnership using Approved Funds and not through the proceeds of Cash Call Credit Advances (in which event such amounts shall form part of TPC's Invested Cash, being either TPC's Own Funds or TPC's Third Party Funds as determined by Hydro in accordance with Section 10.2(11) after Hydro's receipt from TPC of the Limited Partnership Payment Certification). For greater certainty, where TPC's Operating Cash Call Requirement is received by TPC, and TPC does not intend to use a Cash Call Credit Advance to fund such capital contribution, it shall forward a Limited Partnership Payment Certification to Hydro in accordance with Section 10.2(11). If Hydro approves the proposed payment, TPC shall pay directly to the Limited Partnership the amount of TPC's Operating Cash Call Requirement no later than three (3) Business Days prior to the due date specified in the demand notice from the General Partner. If the Limited Partnership Payment Certification is not approved by Hydro or if TPC did not forward a Limited Partnership Payment Certification to Hydro in accordance with the requirements of Section 10.2(11) or otherwise intended to fund the capital amount through a Cash Call Credit Advance, it shall issue a Borrowing Notice to Hydro for such amount in accordance with the provisions of this Agreement (if Hydro has not received confirmation at least two (2) Business Days prior to the due date specified in the demand notice from the General Partner that the capital contribution has been paid, a Borrowing Notice shall have been deemed to have been received by Hydro from TPC for the amount of the capital contribution and Hydro shall proceed to fund TPC's Operating Cash Call Requirement as an Cash Call Credit Advance in accordance with Section 4.2. Hydro shall provide notice to TPC of any amount so advanced to the Limited Partnership on behalf of TPC.) No Advances shall be made to TPC under the Cash Call Credit Facility at any time prior to the Final Closing Date nor on or after the Maturity Date.

3.5 Repayment on the Maturity Date.

- (1) The Total Outstandings, if any, under the Cash Call Credit Facility and all accrued and unpaid interest thereon and all other amounts owing to Hydro under the Cash Call Credit Facility shall become due and payable on the Maturity Date and subject to Hydro making an early demand for payment pursuant to Section

12.1 following an Event of Default, TPC shall repay on the Maturity Date the Total Outstandings, if any, and all accrued and unpaid interest thereon and all other amounts owing to Hydro under the Cash Call Credit Facility. It is acknowledged that Hydro shall have no right to sue TPC on the personal covenant to pay any of the said amounts and that Hydro's sole recourse for payment shall be to the Collateral in accordance with the provisions of the Security Documents.

- (2) Notwithstanding the provisions of Section 3.5(1) but subject to the provisions of Section 3.5(3), if on the Maturity Date, TPC is not in default in respect of any material provision of the Loan Documents, that proportion of the Total Outstandings under the Cash Call Credit Facility on the Maturity Date and all accrued and unpaid interest thereon and all other amounts owing to Hydro under the Cash Call Credit Facility that is equal to (A) divided by (B) where (A) equals the Total Outstandings under the Cash Call Credit Facility on the Maturity Date and all accrued and unpaid interest thereon and all other amounts owing to Hydro under the Cash Call Credit Facility multiplied by the number of TPC's Cash Units on the Maturity Date; and (B) is the number of TPC's Units on the Maturity Date (the "**Cash Unit Portion**") will be repaid to Hydro solely through Hydro receiving all Distributions from time to time on TPC's Units. The Distributions on TPC's Units shall be applied as follows: first, in payment of all costs and expenses owing to Hydro in connection with the Cash Unit Portion of the Cash Call Credit Facility; second, in payment of all accrued and unpaid interest under the Cash Unit Portion of the Cash Call Credit Facility; and third, in repayment of all principal amounts that have not been repaid under the Cash Unit Portion of the Cash Call Credit Facility. Such Distributions shall be paid to Hydro pursuant to TPC's irrevocable assignment and direction of all such Distributions to Hydro as provided for in the Security Documents, until all such amounts have been repaid in full. Provided TPC is not in default in respect of any material provision of the Loan Documents (including the continued payment of the Distributions on TPC's Units to Hydro as provided for herein), no further or other payments by TPC to

Hydro under this Cash Call Credit Facility will be required and TPC will be deemed in good standing in respect of its payment obligations under the Cash Call Credit Facility. For greater certainty, TPC shall continue to be bound by all provisions of the Loan Documents subsequent to the Maturity Date for such period of time as any amount is owing to Hydro under either of the Credit Facilities.

- (3) Section 3.5(2) shall not affect TPC's obligation to repay on the Maturity Date that proportion of the Total Outstandings under the Cash Call Credit Facility on the Maturity Date and all accrued and unpaid interest thereon and all other amounts owing to Hydro under the Cash Call Credit Facility equal to (A) divided by (B) where (A) equals the Total Outstandings under the Cash Call Credit Facility on the Maturity Date and all accrued and unpaid interest thereon and all other amounts owing to Hydro under the Cash Call Credit Facility multiplied by TPC's Loan Units on the Maturity Date; and (B) is the total number of TPC's Units on the Maturity Date.

3.6 Mandatory Repayments during the Term of the Agreement.

- (1) If, on any day, Hydro notifies TPC that the Total Outstandings under the Cash Call Credit Facility exceeds the Cash Call Credit Facility Commitment (the "**Cash Call Over-Drawn Amount**"), TPC shall repay to Hydro, an amount sufficient to reduce the said Total Outstandings to an amount equal to or less than the Cash Call Credit Facility Commitment. It is acknowledged that Hydro shall have no right to sue TPC on the personal covenant to pay any of the said amounts and that Hydro's sole recourse for payment shall be to the Collateral in accordance with the provisions of the Loan Documents.
- (2) At any time prior to the Maturity Date, provided that TPC is not in default of any provision of the Loan Documents and subject to TPC's right to make prepayment

in accordance with the provisions of this Agreement, the Cash Call Over-Drawn Amount and all accrued and unpaid interest thereon will during the term of this Agreement be repaid to Hydro solely through Hydro receiving all Distributions from time to time on TPC's Units. The Distributions on TPC's Units shall be applied as follows: first, in payment of all costs and expense owing to Hydro in connection with the Cash Call Over-Drawn Amount; second, in payment of all accrued and unpaid interest on the Cash Call Over-Drawn Amount; and third, in repayment of the Cash Call Over-Drawn Amount. Such Distributions shall be paid to Hydro pursuant to an irrevocable assignment and direction of all such Distributions as provided for under the Security Documents until the Cash Call Over-Drawn Amount has been repaid in full.

- (3) In addition to all other mandatory repayment obligations provided for in this Agreement and subject to TPC's right to make prepayments in accordance with the provisions of this Agreement, TPC shall throughout the term of this Agreement repay to Hydro all of the Total Outstandings under the Cash Call Credit Facility and all accrued and unpaid interest thereon, and all other amounts owing to Hydro under the Cash Call Credit Facility, solely through Hydro receiving all Distributions from time to time on TPC's Units. The Distributions on TPC's Units shall be applied as follows: first, in repayment of all costs and expenses owing to Hydro in connection with the Cash Call Credit Facility; second, in payment of all accrued and unpaid interest under the Cash Call Credit Facility (except as dealt with under subsection (2) above); and third, in repayment of all principal amounts that have not been repaid under the Cash Call Credit Facility (except as dealt with under subsection (2) above). (For greater certainty, this shall not affect the repayment requirements specified in Section 3.5(3) on the Maturity Date.) Such Distributions shall be paid to Hydro pursuant to TPC's irrevocable assignment and direction of all such Distributions to Hydro as provided for under the Security Documents until all such amounts have been

repaid in full. The amount of such repayment shall be a permanent reduction of the Cash Call Credit Facility.

3.7 Priority of Distribution Payments.

- (1) The priority for the application of payments made to Hydro through Distributions during the term of this Agreement and prior to the Maturity Date on all or a portion of TPC's Units (as determined in accordance with the applicable provisions) shall be as follows:
 - (a) first, to the payments to be made to Hydro pursuant to the provisions of the Revenue Advance Consolidation Agreement (and the security provided to Hydro pursuant to the provisions of that agreement in respect of the Distributions on TPC's Units), which shall have priority over any payments to be made out of Distributions on TPC's Units and the security provided to Hydro pursuant to the provisions of this Agreement, and accordingly, any such payments to Hydro pursuant to the provisions of the Revenue Advance Consolidation Agreement shall not constitute an Event of Default hereunder;
 - (b) second, to payments to be made to Hydro pursuant to Section 2.6(6);
 - (c) third, to payments to be made to Hydro pursuant to Section 3.6(2);
 - (d) fourth, to payments to be made to Hydro pursuant to Section 3.6(3);
 - (e) fifth, to the payments to be made to Hydro pursuant to Section 2.5(1) of the NCN Financing Agreement (and the security provided to Hydro pursuant to the provisions of that agreement in respect of the Distributions on TPC's Units), and, accordingly, any such payments to Hydro pursuant to the NCN Financing Agreement shall not constitute an Event of Default;

- (f) sixth, to the payments to be made to Hydro pursuant to Section 2.5(2) of the NCN Financing Agreement and the security provided to Hydro pursuant to the provisions of that agreement in respect of the Distributions on TPC's Units, and any such payments to Hydro pursuant to the NCN Financing Agreement shall not constitute an Event of Default hereunder;
 - (g) seventh, to payments to be made to Hydro pursuant to Section 2.6(2); and
 - (h) eighth, to payments to be made to Hydro pursuant to Section 2.6(5).
- (2) The priority for payments made to Hydro through Distributions commencing on the Maturity Date on TPC's Units shall be as follows:
- (a) first, to the payments to be made to Hydro pursuant to the provisions of the Revenue Advance Consolidation Agreement (and the security provided to Hydro pursuant to the provisions of that agreement in respect of the Distributions on TPC's Units), which shall have priority over any payments to be made out of Distributions on TPC's Units after the Maturity Date (and the security provided to Hydro pursuant to the provisions of this Agreement) and accordingly, any such payments to Hydro pursuant to the provisions of the Revenue Advance Consolidation Agreement shall not constitute an Event of Default hereunder;
 - (b) second, to payments to be made to Hydro pursuant to Section 2.6(6);
 - (c) third, to the payments to be made to Hydro pursuant to Section 3.5(2); and
 - (d) fourth, to the payments to be made to Hydro pursuant to the provisions of the NCN Financing Agreement (and the security provided to Hydro pursuant to the provisions of that Agreement in respect of Distributions on TPC's Units).

- (3) For so long as no Event of Default has occurred that remains outstanding and uncured, and provided that Distributions on TPC's Units are applied in accordance with Section 3.7(1) prior to the Maturity Date, and in accordance with Section 3.7(2) after the Maturity Date, pursuant to the irrevocable assignment and direction of the Distributions on TPC's Units to Hydro under the Security Documents as and when such Distributions are paid by the Limited Partnership (in the discretion of the General Partner), TPC shall have no other payment obligation under the Credit Facilities or in respect of any amounts (whether principal, interest, costs or otherwise) due thereunder (except at Maturity Date in respect of such amounts as are stated to be due and payable on the Maturity Date).

3.8 Optional Reductions.

- (1) TPC may, subject to the provisions of this Agreement, including Sections 3.8(2) and Section 4.6 as adjusted for the applicable Market Make-whole Payment in accordance with Section 13.9, prepay, in whole or in part, only with Approved Funds, the Total Outstandings under the Cash Call Credit Facility, at any time without penalty.
- (2) Each partial repayment made by TPC under the Cash Call Credit Facility shall be in a minimum aggregate principal amount of \$200,000 and in an integral multiple of \$100,000.

**ARTICLE IV
LOAN ADVANCES**

4.1 The Advances.

- (1) Hydro agrees, on the terms and conditions of this Agreement, to make Advances to TPC under the Equity Credit Facility at any time and from time to time prior to the first Anniversary Date, and under the Cash Call Credit Facility at any time and from time to time after the Final Closing Date, on any Business Day.
- (2) Until repaid in full, each Advance shall be the Type of Advance specified in the applicable Borrowing Notice.

4.2 Procedure for Borrowing.

- (1) Where TPC wishes to receive one or more Advance(s) under one or both of the Credit Facilities, notice (the “**Borrowing Notice**”) shall be given by TPC to Hydro not later than 10:00 a.m. (Winnipeg time), at least two (2) Business Days but not more than ten (10) Business Days prior to the date of the proposed Advance(s). Each Borrowing Notice shall be irrevocable and binding on TPC and shall be in substantially the form of Schedule B and shall specify:
 - (a) the requested date of the Advance(s); and
 - (b) the amount of each Advance by Type of Advance and the aggregate amount of the Advances comprising such Borrowing.

Subject to the terms and conditions of this Agreement, Hydro will make such funds available to TPC by forwarding immediately available funds in the amount of the Advance(s) directly to the Limited Partnership Account for and on behalf of TPC on the specified date for each such Advance. Hydro shall provide written

notice to TPC and the General Partner that the funds have been forwarded to the Limited Partnership Account on TPC's behalf in accordance with the Borrowing Notice.

- (2) TPC authorizes the General Partner to provide to Hydro concurrent notice of any TPC's Construction Cash Call Requirement and any TPC's Operating Cash Call Requirement. The said notice shall be deemed to be a Borrowing Notice from TPC to Hydro for an Equity Credit Advance or Cash Call Credit Advance, as applicable, for the amount specified in the said notice, to be paid on the due date specified in the said notice. Hydro shall forward the amount of the Equity Credit Advance or Cash Call Credit Advance to the Limited Partnership Account for the credit of TPC unless at least two (2) Business Days prior to the due date specified in the said the notice Hydro receives written notice from the General Partner that the Limited Partnership has received the full amount of the TPC's Construction Cash Call Requirement or TPC's Operating Cash Call Requirement, as applicable. Hydro shall provide notice to TPC of any payment made to the Limited Partnership Account for the credit of TPC.

4.3 Interest on Advances.

Each Advance shall bear interest at the rate applicable to each Type of Advance determined in accordance with this Article IV from the date such Advance is made to the date such Advance is repaid or as otherwise stipulated in this Agreement.

4.4 Interest on Equity Credit Advances.

Subject to Section 13.3, each Equity Credit Advance, or the amount thereof remaining outstanding from time to time, shall bear interest and such interest shall be calculated and payable in the following manner:

- (a) Any Equity Credit Advance forwarded to the Limited Partnership Account for the credit of TPC during the Construction Period shall:
 - (i) until the Final Closing Date bear interest at a variable rate (expressed as a percentage rate per annum) equal to the Canadian Dollar Floating Rate in effect from time to time plus one (1%) percent per annum compounded monthly (not in advance), calculated (but not compounded) daily and shall accrue interest at that rate until the Final Closing Date. Hydro shall provide TPC with notice of the Canadian Dollar Floating Rate applicable to each such Equity Credit Advance, and its supporting calculations therefore, which shall constitute, in the absence of error, prima facie evidence of the Canadian Dollar Floating Rate applicable to each such Advance;
 - (ii) from and after the Final Closing Date, the Total Outstandings under the Equity Credit Facility, plus all accrued and unpaid interest thereon, and all other amounts owing to Hydro under the Equity Credit Facility as at the Final Closing Date shall bear interest at a fixed interest rate (expressed as a percentage rate per annum) equal to the Canadian Thirty Year Rate in effect on the Final Closing Date plus one (1%) percent per annum, calculated and compounded semi-annually (not in advance) from and after the Final Closing Date and shall accrue interest at that rate until the tenth Anniversary Date. Hydro shall provide TPC with notice of the Canadian Thirty Year Rate applicable to the amount of the Equity Credit Advances

then outstanding and all accrued and unpaid interest thereon and all other amounts owing to Hydro in respect thereto, and its supporting calculations therefore, which shall constitute, in the absence of error, prima facie evidence of the applicable Canadian Thirty Year Rate;

- (iii) from and after the tenth Anniversary Date, the Total Outstandings under the Equity Credit Facility, plus all accrued and unpaid interest thereon, and all other amounts owing to Hydro under the Equity Credit Facility, as at the tenth Anniversary Date shall bear interest at a fixed interest rate (expressed as a percentage rate per annum) equal to the Canadian Thirty Year Rate in effect on the Final Closing Date plus three (3%) percent per annum calculated and compounded semi-annually (not in advance);

Hydro shall provide TPC with notice of the Canadian Thirty Year Rate applicable to the amount of the Equity Credit Advances then outstanding, and all accrued and unpaid interest thereon and all other amounts owing to Hydro in respect thereto and its supporting calculations therefor, which shall constitute, in the absence of error, prima facie evidence of the applicable Canadian Thirty Year Rate; and

- (iv) subject to the provisions of this Agreement (including payments made through Distributions under Article II and TPC's right to make prepayments in accordance with the provisions of this Agreement), the accrued interest, and all other amounts owing to Hydro under the Equity Credit Facility, shall only become due and payable on the Maturity Date.
- (b) Any Equity Credit Advance forwarded to the Limited Partnership Account for the credit of TPC after the Final Closing Date and prior to the first Anniversary Date shall, from the date of the Advance until the tenth Anniversary Date, bear interest at the interest rate established pursuant to paragraph (ii) of Section 4.4.(a) and,

from and after the tenth Anniversary Date, bear interest at the interest rate established pursuant to paragraph (iii) of Section 4.4(a), the provisions of which shall apply, *mutatis mutandis*, to such Advances and, subject to the provisions of this Agreement (including payments made through Distributions under Article II and TPC's right to make prepayments in accordance with the provisions of this Agreement), the accrued interest, and all other amounts owing to Hydro under the Equity Credit Facility, shall only become due and payable on the Maturity Date.

4.5 Interest on Cash Call Credit Advances.

Subject to Section 13.3, each Cash Call Credit Advance or the amount thereof remaining outstanding from time to time shall bear interest at a fixed interest rate per annum (expressed as a percentage rate per annum) equal at all times for that Cash Call Credit Advance to the Canadian Ten Year Rate in effect on the date that the said Cash Call Credit Advance is forwarded to the Limited Partnership Account for the credit of TPC, plus three (3%) percent per annum calculated and compounded semi-annually commencing from and after the date of the Advance and shall only become due and payable, subject to the provisions of this Agreement (including payments made through Distributions under Article III and TPC's right to make prepayments in accordance with the provisions of this Agreement), on the Maturity Date. Hydro shall provide TPC with notice of the Canadian Ten Year Rates applicable to each Cash Call Credit Advance together with its supporting calculations therefor, which shall constitute, in the absence of error, prima facie evidence of the applicable Canadian Ten Year Rates to each such Advance.

4.6 Repayment Notice.

Mandatory repayments pursuant to Sections 2.6(3) and (4) and optional repayment to reduce the Total Outstandings under the Credit Facilities pursuant to Sections 2.7 and/or 3.7 shall be made upon at least seven (7) Business Days' notice (but not more than twenty (20) Business Days' notice) to Hydro (each such notice a "**Repayment Notice**"). As a condition

of any Repayment Notice and the aforesaid payments being made to Hydro, TPC shall deliver to Hydro, at least thirty (30) calendar days prior to the proposed date that TPC intends to make the repayment, a statutory declaration signed by a duly authorized officer of TPC (each such statutory declaration a “**Credit Facility Repayment Certification**”) which shall certify as to the source of the money to be used to make the proposed repayment and shall disclose all material information relating to the money to be used in respect of the proposed repayment and shall attach notarized copies of all material documents, together with a copy of the proposed Repayment Notice. The proposed Repayment Notice shall be in the form of Schedule A annexed hereto, and shall specify: (A) the proposed date of such repayment; and (B) the aggregate principal amount of the proposed repayment. Hydro shall have the right to request from TPC, within five (5) calendar days of receipt of the Credit Facility Repayment Certification, such additional information and notarized copies of documents relating to the monies to be used in respect of the proposed repayment as it may require, acting reasonably, and to receive such written consents and waivers from TPC to obtain additional information and documents from any other Person relating to the monies to be used in respect of the proposed repayment as Hydro may request, acting reasonably. Hydro shall be required to confirm in writing within twenty (20) calendar days of receipt of the Credit Facility Repayment Certification whether or not it will accept the Credit Facility Repayment Certification, unless the time period is extended by Hydro, acting reasonably, due to Hydro awaiting receipt of the additional information and documents as it may have requested in connection with the Credit Facility Repayment Certification. If Hydro accepts the Credit Facility Repayment Certification, TPC shall be permitted to issue the Repayment Notice in the form attached to the Credit Facility Repayment Certification, and if such Credit Facility Repayment Notice is given, TPC shall: (A) pay Hydro, in accordance with such Repayment Notice, the amount of the repayment, and provide with the said payment, a statutory declaration signed by a duly authorized officer of TPC certifying there has been no material change to any of the information or documents provided by TPC in the Credit Facility Repayment Certification or obtained by Hydro concerning the monies being paid to Hydro, including the source of the monies; and (B) pay to Hydro all accrued interest on the Credit Facility in respect of which the repayment is being made, to the date of such repayment. (For greater certainty, any principal amount repaid pursuant to the Repayment Notice are Approved

Funds and form part of TPC's Invested Cash but does not include any amount on account of the payment of accrued interest on the Credit Facility in respect of which the repayment is being made). TPC shall not make the repayment without providing the said statutory declaration. Hydro shall be required to accept the Credit Facility Repayment Certification if Hydro determines, acting reasonably, that the monies being used for the repayment fall within the definition of TPC's Own Funds based on Hydro's analysis of the information disclosed and documents provided or otherwise obtained by Hydro. If based on Hydro's analysis, acting reasonably, Hydro determines that the monies fall within the definition of TPC's Third Party Funds, then Hydro is entitled, acting reasonably, to reject or accept the Credit Facility Repayment Certification. In making that determination, Hydro will consider, the source of the monies, the terms of any financing, any repayment requirements associated with the monies that have been provided, whether or not any Person has recourse against TPC's Units in the event of default in respect of any financing associated with obtaining the monies and, if so, the likelihood of that right being exercised. If Hydro rejects the Credit Facility Repayment Certification, TPC shall not be entitled to proceed with the proposed repayment. If Hydro accepts the Credit Facility Repayment Certification, the payment can be made and the funds will be Approved Funds and once the payment is made, it shall form part of TPC's Invested Cash. For greater certainty, any funds used by TPC from time to time to pay any interest, costs, expenses or indemnity claims properly due to Hydro hereunder having regard for Section 5.14 of the PDA, shall not require certification or approval hereunder as Approved Funds.

4.7 Evidence of Debt and Determination of Interest Rates and Fees.

- (1) The indebtedness of TPC in respect of all Advances hereunder shall be evidenced by the account records maintained by Hydro, which shall be prima facie evidence of such indebtedness for all purposes, absent error. Hydro shall indemnify and save harmless TPC for losses suffered or costs incurred by TPC due to Hydro's failure to correctly record or calculate any amount, rate, date or other data (including calculations to determine any amount) in the account records or in statements or notices issued to TPC where such failure was due to the gross

negligence or willful misconduct of Hydro or any person for whom Hydro is responsible at law. Notwithstanding the foregoing, the failure of Hydro to correctly record or calculate, rate, date or other data (including calculations to determine any amount) in the account records or in statements or notices issued to TPC hereunder shall not, however, affect the obligation of TPC to pay amounts due hereunder to Hydro in accordance with this Agreement.

- (2) For purposes of the *Interest Act* (Canada):
 - (a) whenever any interest under this Agreement is calculated using a rate based on a period of time other than a calendar year, such rate determined pursuant to such calculation, when expressed as an annual rate, is equivalent to (x) the applicable rate based on such period of time multiplied by (y) the actual number of days in the calendar year in which the period for which such interest or fee is calculated ends, and divided by (z) the number of days in such period of time;
 - (b) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement; and
 - (c) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.
- (3) Within ten (10) Business Days of the last day of each month during this Agreement, Hydro shall provide to TPC a written statement setting out the following information as at the last day of each month:
 - (a) the Total Outstandings under the Equity Credit Facility, together with the following information:
 - (i) opening balances;

- (ii) closing balances;
 - (iii) Advances provided during the month;
 - (iv) principal repaid during the month, if applicable;
 - (v) interest paid by TPC, and applicable interest rate(s) charged to TPC (together with the date(s) of any change(s) from floating rate(s) to fixed rate(s) charged on such Advances pursuant to the terms of this Agreement), during the month; and
 - (vi) any costs charged by Hydro to TPC during the month, and any reimbursements made by TPC to Hydro during the month for costs charged by Hydro to TPC.
- (b) the Total Outstandings under the Cash Call Credit Facility, together with the following information:
- (i) opening balances;
 - (ii) closing balances;
 - (iii) Advances provided during the month;
 - (iv) principal repaid during the month, if applicable;
 - (v) interest paid by TPC, and applicable interest rate(s) charged to TPC during the month; and

- (vi) any costs charged by Hydro to TPC during the month, and any reimbursements made by TPC to Hydro during the month for costs charged by Hydro to TPC.

ARTICLE V OPTIONS TO SELL TPC'S UNITS

5.1 TPC's Options to Sell.

TPC shall, in accordance with and subject to the terms of this Agreement have the following rights to require Hydro, upon the exercise by TPC of any such right, to purchase all or some of TPC's Units as hereinafter specified, and each such right is exercisable by TPC at the time and in the manner specified in this Article V (and, for greater certainty, the exercise of the Final Closing Sale Right with respect to less than all of TPC's Units shall not preclude TPC from exercising the Term Sale Right, the Twenty-Fifth Anniversary Sale Right or the Maturity Sale Right, in respect of any of TPC's Units still owned by TPC after exercise of the Final Closing Sale Right):

- (a) on the Final Closing Date, conditional only on TPC being in compliance with all of the Final Closing Sale Conditions, a one time right (the "**Final Closing Sale Right**") to sell only to Hydro, all of TPC's Units owned by TPC on the Final Closing Date or such other number of TPC's Units as TPC may elect to sell to Hydro on the Final Closing Date (the "**Final Closing Sale Units**"), and upon the exercise of such right, Hydro shall purchase all, and not less than all, of the Final Closing Sale Units from TPC in accordance with and subject to the provisions of this Agreement, provided that TPC shall not have the right to sell less than all of TPC's Units if TPC is not in compliance with Section 2.6(3)(a);
- (b) if the Initial Closing Conditions have been satisfied in the manner contemplated in the PDA and the Initial Closing has occurred, but the Limited Partnership has not made a Substantial Construction Start within five (5) years of the Date of the

PDA, or makes a Substantial Construction Start but halts construction pursuant to Section 2.6 of the PDA and has not restarted construction of the Wuskwatim Project within five (5) years of the date that construction was halted (the date upon which the applicable five year period has lapsed is referred to herein as the “**Non-Completion Date**”), TPC shall have a one time right, conditional only on TPC being in compliance with all of the Non Completion Closing Conditions (the “**Non-Completion Sale Right**”), exercisable at any time on or after the Non-Completion Date and before the date that is twenty (20) calendar days after the Non-Completion Date, to sell only to Hydro all of TPC’s Units (but not less than all of TPC’s Units) owned by TPC on the Non-Completion Date (the “**Non-Completion Sale Units**”) and upon the exercise of such right, Hydro shall purchase all, and not less than all, of the Non-Completion Sale Units from TPC in accordance with and subject to the provisions of this Agreement;

- (c) on the twenty-fifth Anniversary Date, a one time right, conditional only on TPC being in compliance with all of the Twenty-Fifth Anniversary Sale Conditions (the “**Twenty-Fifth Anniversary Sale Right**”) to sell only to Hydro, all of TPC’s Units (but not less than all of TPC’s Units) owned by TPC on the twenty-fifth Anniversary Date (the “**Twenty-Fifth Anniversary Sale Units**”), and upon the exercise of such right, Hydro shall purchase all, and not less than all, of the Twenty-Fifty Anniversary Sale Units from TPC in accordance with and subject to the provisions of this Agreement;
- (d) on the Maturity Date, a one time right, conditional only on TPC being in compliance with all of the Maturity Sale Conditions (the “**Maturity Sale Right**”) to sell only to Hydro, all of TPC’s Units (but not less than all of TPC’s Units) owned by TPC on the Maturity Date (the “**Maturity Sale Units**”), and upon the exercise of such right, Hydro shall purchase all, and not less than all, of the Maturity Sale Units from TPC in accordance with and subject to the provisions of this Agreement; and

- (e) at any time on or prior to the Maturity Date, a one time right, conditional only on TPC being in compliance with the Term Sale Conditions, (the “**Term Sale Right**”) to sell only to Hydro, all of TPC’s Units (but not less than all of TPC’s Units) owned by TPC on the date of exercise of such right (the “**Term Sale Units**”), and upon any exercise of such right, Hydro shall purchase all, and not less than all, of the Term Sale Units from TPC in accordance with the provisions of this Agreement.

Provided the Final Closing Sale Right, Non-Completion Sale Right, Twenty-Fifth Anniversary Sale Right, Maturity Sale Right or Term Sale Right is exercised by TPC in the manner set out herein, and subject only to TPC’s compliance with the Final Closing Sale Conditions, Non-Completion Sale Conditions, Twenty-Fifth Anniversary Sale Conditions, Maturity Sale Conditions, or Term Sale Conditions, as applicable, Hydro hereby agrees to purchase all of the Final Closing Sale Units, Non-Completion Sale Units, Twenty-Fifth Anniversary Sale Units, Maturity Sale Units or Term Sale Units, as applicable, in accordance with and subject to the terms of this Agreement.

5.2 Purchase Price.

- (1) The purchase price for the Final Closing Sale Units which are to be sold to, and purchased by, Hydro pursuant to exercise by TPC of the Final Closing Sale Right shall be determined as follows:
 - (a) if the Final Closing Sale Units constitute all of TPC’s Units, the purchase price shall be an amount equal to the sum of (A) and (B), where (A) is the aggregate of the Total Outstandings under the Equity Credit Facility, and all accrued and unpaid interest, costs and other amounts whatsoever owing by TPC or NCN to Hydro under this Agreement, the NCN Financing Agreement and the Loan Documents pursuant hereto and thereto, as of the Final Closing Date, and (B) is

TPC's Invested Cash as at the Final Closing Date. The purchase price as so determined shall be paid in full as follows:

- (i) by Hydro accepting the Final Closing Sale Units in full and final satisfaction of the Total Outstandings due to Hydro under the Credit Facilities, and of all accrued and unpaid interest, costs and all other amounts whatsoever owing by TPC or NCN to Hydro under this Agreement, the NCN Financing Agreement and the Loan Documents pursuant hereto and thereto, as of the Final Closing Date, and by Hydro fully and finally releasing and discharging TPC and NCN for all of the Obligations due to Hydro under this Agreement, the NCN Financing Agreement (the Obligations thereunder being as defined therein) and all Loan Documents hereunder and thereunder; and
 - (ii) by Hydro paying to TPC on the effective date of the sale of the Final Closing Sale Units, an amount in immediately available funds equal to TPC's Invested Cash, without interest, in accordance with Article VII and the payment effected thereby shall terminate the Credit Facilities and the Dividend Credit Facility (as defined under the NCN Financing Agreement).
- (b) if the Final Closing Sale Right is exercised in respect of less than all of TPC's Units and the number of the Final Closing Sale Units is less than or equal to the number of TPC's Loan Units, the purchase price shall be the sum of: (A) the amount determined by multiplying the Sale Fraction by the Final Closing Date Principal Obligations, where the "Sale Fraction" is the fraction, the numerator of which is the number of the Final Closing Sale Units and the denominator of which is the number of TPC's Loan Units; and (B) the amount determined by multiplying the Interest Sale Fraction by the Final Closing Date Interest Obligations, where the "Interest Sale Fraction" is the fraction, the numerator of

which is the number of Final Closing Sale Units and the denominator of which is the number of TPC's Units. The purchase price as so determined shall be paid in full as follows:

- (i) if the number of Final Closing Sale Units is less than the number of TPC's Loan Units, the Final Closing Sale Units shall be retained by Hydro in full and final satisfaction of:
 - (A) that portion of the Final Closing Date Principal Obligations equal to the Sale Fraction multiplied by the Final Closing Date Principal Obligations, and the repayment effected thereby shall (to the extent only of the Total Outstandings that are repaid) constitute a permanent reduction of the Equity Credit Facility Commitment; and
 - (B) that portion of the Final Closing Date Interest Obligations equal to the Interest Sale Fraction multiplied by the Final Closing Date Interest Obligations; and
- (ii) if the number of Final Closing Sale Units is equal to the number of TPC's Loan Units, the Final Closing Sale Units shall be retained by Hydro in full and final satisfaction of:
 - (A) all of the Final Closing Date Principal Obligations due to Hydro, and Hydro shall fully and finally release and discharge TPC for all of the Final Closing Date Principal Obligations due to Hydro, and the repayment effected thereby shall terminate the right of TPC to receive additional Equity Credit Advances ; and

- (B) that portion of the Final Closing Date Interest Obligations equal to the Interest Sale Fraction multiplied by the Final Closing Date Interest Obligation.

- (c) if the Final Closing Sale Right is exercised in respect of less than all of TPC's Units and the number of the Final Closing Sale Units is greater than the number of TPC's Loan Units, the purchase price shall be an amount equal to the sum of (A) and (B) and (C), where (A) is the Final Closing Date Principal Obligations, (B) is that portion of the Final Closing Date Interest Obligations equal to the Interest Sale Fraction multiplied by the Final Closing Date Interest Obligations; and (C) is TPC's Invested Cash multiplied by the fraction, the numerator of which is the number of TPC's Cash Units that are included in the Final Closing Sale Units and the denominator of which is the total number of TPC's Cash Units as at the Final Closing Date. The purchase price as so determined shall be paid in full as follows:
 - (i) by Hydro accepting the Final Closing Sale Units in full and final satisfaction of:
 - (A) all of the Final Closing Date Principal Obligations and by Hydro fully and finally releasing and discharging TPC for all of the Final Closing Date Principal Obligations due to Hydro; and
 - (B) that portion of the Final Closing Date Interest Obligations equal to the Interest Sale Fraction multiplied by the Final Closing Date Interest Obligations; and
 - (ii) by Hydro paying to TPC on the effective date of the sale of the Final Closing Sale Units, an amount in immediately available funds equal to TPC's Invested Cash multiplied by the fraction, the numerator of which is

the number of TPC's Cash Units that are included in the Final Closing Sale Units and the denominator of which is the total number of TPC's Cash Units as at the Final Closing Date, which amount shall be paid, without interest, in accordance with Article VII and the repayment effected thereby shall terminate the right of TPC to receive Equity Credit Advances.

- (2) The purchase price for the Non-Completion Sale Units which are sold to, and purchased by, Hydro pursuant to exercise by TPC of the Non-Completion Sale Right shall be an amount equal to the sum of (A) and (B), where (A) is the aggregate of the Total Outstandings under the Equity Credit Facility, and all accrued and unpaid interest, costs and all other amounts whatsoever owing by TPC or NCN to Hydro under this Agreement, the NCN Financing Agreement and the Loan Documents pursuant hereto and thereto, as of the Non-Completion Date, and (B) is TPC's Invested Cash as at the Non-Completion Date. The purchase price as so determined shall be paid in full as follows:
- (a) by Hydro accepting the Non-Completion Sale Units in full and final satisfaction of the Total Outstandings due to Hydro under the Equity Credit Facility and all accrued and unpaid interest, costs and other amounts whatsoever owing by TPC or NCN to Hydro under this Agreement, the NCN Financing Agreement and the Loan Documents pursuant hereto and thereto, as of the Non-Completion Date, and by Hydro fully and finally releasing and discharging TPC and NCN for all of the Obligations due to Hydro under this Agreement, the NCN Financing Agreement (the Obligations thereunder being as defined therein) and all Loan Documents hereunder and thereunder; and
 - (b) by Hydro paying to TPC on the effective date of the sale of the Non-Completion Sale Units, an amount in immediately available funds equal to TPC's Invested Cash, without interest, in accordance with Article VII and the repayment effected

thereby shall terminate the Credit Facilities and the Dividend Credit Facility (as defined under the NCN Financing Agreement).

- (3) The purchase price for the Twenty-Fifth Anniversary Sale Units which are sold to and purchased by, Hydro pursuant to the exercise by TPC of the Twenty-Fifth Anniversary Sale Right shall be an amount equal to the sum of (A) and (B), where (A) is the aggregate of the Total Outstandings under the Credit Facilities, the Total Outstandings under the NCN Financing Agreement (as defined therein) and all accrued and unpaid interest, costs and other amounts whatsoever owing by TPC or NCN to Hydro under this Agreement, the NCN Financing Agreement and the Loan Documents pursuant hereto and thereto, as of the twenty fifth Anniversary Date, and (B) is TPC's Invested Cash (specifically excluding any Government Funds which were a component of TPC's Invested Cash) as at the twenty fifth Anniversary Date. The purchase price as so determined shall be paid in full by Hydro as follows:
- (a) by Hydro accepting the Twenty-Fifth Anniversary Sale Units in full and final satisfaction of the Total Outstandings due to Hydro under the Credit Facilities hereunder and under the Dividend Credit Facility (as defined under the NCN Financing Agreement), and of all accrued and unpaid interest, costs and other amounts whatsoever owing by TPC or NCN to Hydro under this Agreement, the NCN Financing Agreement and the Loan Documents pursuant hereto and thereto, as of the twenty fifth Anniversary Date, and by Hydro fully and finally releasing and discharging TPC and NCN for all of the Obligations due to Hydro under this Agreement, the NCN Financing Agreement (the Obligations thereunder being as defined therein) and all Loan Documents hereunder and thereunder; and
 - (b) by Hydro paying to TPC on the effective date of the sale of the Twenty-Fifth Anniversary Sale Units, an amount in immediately available funds equal to TPC's Invested Cash (specifically excluding any Government Funds which were a

component of TPC's Invested Cash) without interest, in accordance with Article VII; and the repayment effected thereby shall terminate the Credit Facilities and the Dividend Credit Facility (as defined under the NCN Financing Agreement).

- (4) The purchase price for the Maturity Sale Units which are sold to and purchased by, Hydro pursuant to the exercise by TPC of the Maturity Sale Right shall be an amount equal to the sum of (A) and (B), where (A) is the aggregate of the Total Outstandings under the Credit Facilities, the Total Outstandings under the NCN Financing Agreement (as defined therein) and all accrued and unpaid interest, costs and other amounts whatsoever owing by TPC or NCN to Hydro under this Agreement, the NCN Financing Agreement and the Loan Documents pursuant hereto and thereto, as of the Maturity Date, and (B) is TPC's Invested Cash (specifically excluding any Government Funds which were a component of TPC's Invested Cash as at the Maturity Date). The purchase price as so determined shall be paid in full by Hydro as follows:
- (a) by Hydro accepting the Maturity Sale Units in full and final satisfaction of the Total Outstandings due to Hydro under the Credit Facilities hereunder and under the Dividend Credit Facility (as defined under the NCN Financing Agreement), and of all accrued and unpaid interest, costs and other amounts whatsoever owing by TPC or NCN to Hydro under this Agreement, the NCN Financing Agreement and the Loan Documents pursuant hereto and thereto, as of the Maturity Date, and by Hydro fully and finally releasing and discharging TPC and NCN for all of the Obligations due to Hydro under this Agreement, the NCN Financing Agreement (the Obligations thereunder being as defined therein) and all Loan Documents hereunder and thereunder; and
 - (b) by Hydro paying to TPC on the effective date of the sale of the Maturity Sale Units, an amount in immediately available funds equal to TPC's Invested Cash (specifically excluding any Government Funds which were a component of TPC's

Invested Cash) without interest, in accordance with Article VII; and the repayment effected thereby shall terminate the Credit Facilities and the Dividend Credit Facility (as defined under the NCN Financing Agreement).

- (5) The purchase price for the Term Sale Units which are sold to, and purchased by, Hydro, pursuant to the exercise by TPC of the Term Sale Right shall be an amount equal to the aggregate of the Total Outstandings under the Credit Facilities, the Total Outstandings under the NCN Financing Agreement (as defined therein) and all accrued and unpaid interest, costs and other amounts whatsoever owing by TPC or NCN to Hydro under this Agreement, the NCN Financing Agreement and the Loan Documents pursuant hereto and thereto, as of the effective date of the sale pursuant to the exercise by TPC of the Term Sale Right. The purchase price as so determined shall be paid in full by Hydro accepting the Term Sale Units in full and final satisfaction of the Total Outstandings due to Hydro under the Credit Facilities hereunder and under the Dividend Credit Facility (as defined under the NCN Financing Agreement), and of all accrued and unpaid interest, costs and other amounts whatsoever owing by TPC or NCN to Hydro under this Agreement, the NCN Financing Agreement and the Loan Documents pursuant hereto and thereto, as of the effective date of the sale pursuant to the exercise by TPC of the Term Sale Right, the NCN Financing Agreement (the Obligations thereunder being as defined therein) and all Loan Documents hereunder and thereunder and the repayment effected thereby shall terminate the Credit Facilities and the Dividend Credit Facility (as defined under the NCN Financing Agreement).
- (6) For greater certainty, whenever in this Agreement, Government Funds are to be excluded from TPC's Invested Cash, it is acknowledged that funds which were provided or advanced to TPC or NCN by Canada or Manitoba, or by any crown corporation, agency, department or instrumentality of Canada or Manitoba, and were used by TPC to repay any principal amount under a Credit Facility that Hydro has approved pursuant to a Credit Facility Repayment Certification, or to

make a payment to the Limited Partnership that Hydro has approved pursuant to a Limited Partnership Payment Certification, and were determined by Hydro to be TPC's Own Funds but not Government Funds pursuant and subject to the applicable approval process, shall be included as part of TPC's Invested Cash, including in determining the amount to be repaid to TPC under any provision hereof.

5.3 Exercise of Final Closing Sale Right, Non-Completion Sale Right, Twenty Fifth Anniversary Sale Right, Maturity Sale Right and Term Sale Right and Hydro's Notice Covenant.

The Final Closing Sale Right, the Non-Completion Sale Right, the Twenty Fifth Anniversary Sale Right and the Term Sale Right may only be exercised by giving notice to Hydro in the manner set out in Section 5.4 (a "Notice of Sale"). Hydro agrees to provide to TPC not less than forty five (45) calendar days, nor more than ninety (90) calendar days, prior written notice of the Final Closing Date or the Non-Completion Date, as applicable, and not less than forty five (45) calendar days, nor more than ninety (90) calendar days, prior written notice of the Twenty-Fifth Anniversary Date or the Maturity Sale Date, as applicable, which notice shall include the following information: (a) Hydro's calculation of the number of TPC's Units that are TPC's Loan Units and the number that are TPC's Cash Units as of the date of the notice (together with its supporting calculations); and (b) the Total Outstandings owing under each of the Credit Facilities, and the amount of any accrued interest and costs that is owing to Hydro, as of the notice date (having regard in respect of costs to Section 12.2).

5.4 Contents of a Notice of Sale.

A Notice of Sale shall only be effective if:

- (a) it is executed by TPC and it indicates the number of TPC's Units in respect of which TPC is exercising its right to sell and, if the number of TPC's Units in

respect of which its right to sell is being exercised is not specified in the Notice of Sale, TPC shall be deemed to be exercising its right to sell to Hydro all of TPC's Units;

- (b) for the exercise of the Final Closing Sale Right and subject to Hydro complying with its notice obligation in Section 5.3, the Notice of Sale must be delivered to Hydro at least twenty (20) calendar days (but not more than forty (40) calendar days) prior to the Final Closing Date, together with a statement from TPC:
 - (i) confirming TPC has elected to sell the Final Closing Sale Units pursuant to the Final Closing Sale Right; and
 - (ii) representing and warranting that each of the Final Closing Sale Conditions is true and correct in all material respects on that date and will be true and correct in all material respects on the Sale Closing Date;

which statements shall be certified as true and correct in all material respects by a duly authorized officer of TPC for and on behalf of TPC;

- (c) for the exercise of the Non-Completion Sale Right and subject to Hydro complying with its notice obligation in Section 5.3, the Notice of Sale must be delivered to Hydro not more than twenty (20) calendar days after the Non-Completion Date, together with a statement from TPC:
 - (i) confirming TPC has elected to sell the Non-Completion Sale Units pursuant to the Non-Completion Sale Right; and
 - (ii) representing and warranting that each of the Non-Completion Sale Conditions is true and correct in all material respects on that date and will be true and correct in all material respects on the Sale Closing Date;

which statements shall be certified as true and correct in all material respects by a duly authorized officer of TPC for and on behalf of TPC;

(d) for the exercise of the Twenty-Fifth Anniversary Sale Right, it is delivered to Hydro at least twenty (20) calendar days (but not more than forty (40) calendar days) prior to the Twenty-Fifth Anniversary Date, together with a statement from TPC:

- (i) confirming TPC has elected to sell the Twenty-Fifth Anniversary Sale Units pursuant to the Twenty-Fifth Anniversary Sale Right; and
- (ii) representing and warranting that each of the Twenty-Fifth Anniversary Sale Conditions is true and correct in all material respects on that date and will be true and correct in all material respects on the Sale Closing Date;

which statements shall be certified as true and correct in all material respects by a duly authorized officer of TPC for and on behalf of TPC;

(e) for the exercise of the Maturity Sale Right, it is delivered to Hydro at least twenty (20) calendar days (but not more than forty (40) calendar days) prior to the Maturity Date, together with a statement from TPC:

- (i) confirming TPC has elected to sell the Maturity Sale Units pursuant to the Maturity Sale Right; and
- (ii) representing and warranting that each of the Maturity Sale Conditions is true and correct in all material respects on that date and will be true and correct in all material respects on the Sale Closing Date;

which statements shall be certified as true and correct in all material respects by a duly authorized officer of TPC for and on behalf of TPC;

- (f) for the exercise of the Term Sale Right, it is delivered to Hydro at least twenty (20) calendar days (but not more than forty (40) calendar days) prior to the proposed effective date of the sale of the Term Sale Units pursuant to the exercise of the Term Sale Right, together with a statement from TPC:
 - (i) confirming TPC has elected to sell the Term Sale Units pursuant to the Term Sale Right; and
 - (ii) representing and warranting that each of the Term Sale Conditions is true and correct in all material respects on that date and will be true and correct in all material respects on the Sale Closing Date;

which statements shall be certified as true and correct in all material respects by a duly authorized officer of TPC for and on behalf of TPC.

5.5 Effect of the Notice of Sale and Closing Arrangements.

If a Notice of Sale is sent to Hydro in compliance with Section 5.4, then:

- (a) TPC shall be obligated to sell the applicable Sale Units to Hydro at the purchase price and in the manner determined in accordance with Section 5.2;
- (b) Hydro shall be obligated to purchase the applicable Sale Units from TPC at the purchase price and in the manner determined in accordance with Section 5.2; and
- (c) such Sale shall be completed on the date, at the place and in the manner determined in accordance with the provisions of Article VII.

**ARTICLE VI
OPTIONS TO PURCHASE TPC'S UNITS**

6.1 Hydro's Options to Purchase.

Hydro shall, in accordance with and subject to the terms of this Agreement have the following rights to require TPC, upon the exercise by Hydro of any such rights, to purchase all or some of TPC's Units as hereinafter specified, and each such right is exercisable by Hydro at the time and in the manner specified in this Article VI (and, for greater certainty, the exercise of the Final Closing Purchase Right with respect to less than all of TPC's Units shall not preclude Hydro from exercising the Adjustment Purchase Right in respect of any of TPC's Units still owned by TPC after exercise of the Final Closing Purchase Right):

- (a) if Hydro has complied with the notice requirement in Section 2.6(3) and at the Time of Final Closing, TPC is not in compliance with the Equity Credit Facility Final Closing Conditions and has not by that time either made the mandatory payments or contributions required pursuant to Section 2.6(3), or exercised its Final Closing Sale Right in such manner so as, to bring itself into compliance with the Equity Credit Facility Final Closing Conditions (the "**Final Closing Purchase Option Event**"), Hydro shall, in accordance with and subject to the terms of this Agreement, have the right (the "**Final Closing Purchase Right**") to purchase such number of TPC's Loan Units (except that the parties hereto agree that this right to purchase shall be extended to all of TPC's Units, if TPC is not in compliance with Section 2.6(3)(a)) as of the Final Closing Date as is required for TPC to be brought into compliance with the Equity Credit Facility Final Closing Conditions (but no more than that number) as of the Final Closing Date (the "**Final Closing Purchased Units**"). Upon the exercise of such rights, TPC shall sell all and not less than all of the Final Closing Purchased Units in accordance with the provisions of this Agreement;

- (b) if Hydro has complied with the notice requirement in Section 2.6(4) and at the Time of Adjustment, TPC is not in compliance with the Equity Credit Facility Adjustment Conditions and has not by that time either made the mandatory payments or contributions required pursuant to Section 2.6(4) (the “**Adjustment Purchase Option Event**”), Hydro shall in accordance with and subject to the terms of this Agreement, have the right (the “**Adjustment Purchase Right**”) to purchase such number of TPC’s Loan Units as of the first Anniversary Date as is required for TPC to be brought into compliance with the Equity Credit Facility Adjustment Conditions (but no more than that number) as of the first Anniversary Date (the “**Adjustment Purchased Units**”). Upon the exercise of such right, TPC shall sell all and not less than all of the Adjustment Purchased Units in accordance with the provisions of this Agreement; and
- (c) if a Non-Completion Date occurs and notwithstanding Hydro’s compliance with the notice requirement in section 5.3 hereof, by the date that is twenty-one (21) Business Days after the Non-Completion Date, Hydro has not received from TPC an effective Notice of Sale in accordance with Article V (the “**Non-Completion Purchase Option Event**”), Hydro shall, in accordance with and subject to the terms of this Agreement, have the right (the “**Non-Completion Purchase Right**”) to purchase all of TPC’s Units (the “**Non-Completion Purchased Units**”). Upon the exercise of such right, TPC shall sell all and not less than all of the Non-Completion Purchased Units in accordance with the provisions of this Agreement.

6.2 Purchase Price.

- (1) If TPC has complied with Section 2.6(3)(a), the purchase price for the Final Closing Purchased Units to be purchased by Hydro pursuant to the exercise of the Final Closing Purchase Right shall be the sum of: (A) the amount determined by multiplying the Purchase Fraction by the Final Closing Date Principal Obligations, where the “Purchase Fraction” for the purposes of this paragraph (1)

is the fraction, the numerator of which is the number of Final Closing Purchased Units and the denominator of which is the number of TPC's Loan Units; and (B) the amount determined by multiplying the Interest Purchase Fraction by the Final Closing Date Interest Obligations, where the "Interest Purchase Fraction" for the purposes of this paragraph (1) is the fraction, the numerator of which is the number of Final Closing Purchased Units and the denominator of which is the number of TPC's Units. The purchase price as so determined shall be paid in full as follows:

- (a) if the number of Final Closing Purchased Units is less than the number of TPC's Loan Units, the Final Closing Purchased Units shall be retained by Hydro in full and final satisfaction of: (i) that portion of the Final Closing Date Principal Obligations equal to the Purchase Fraction multiplied by the Final Closing Date Principal Obligations, and the repayment effected thereby shall (to the extent only of the Total Outstandings that are repaid) constitute a permanent reduction of the Equity Credit Facility Commitment; and (ii) that portion of the Final Closing Date Interest Obligations equal to the Interest Purchase Fraction multiplied by the Final Closing Date Interest Obligations;
- (b) if the number of Final Closing Purchased Units is equal to the number of TPC's Loan Units, the Final Closing Purchased Units shall be retained by Hydro in full and final satisfaction of: (i) all of the Final Closing Date Principal Obligations due to Hydro, and Hydro shall fully and finally release and discharge TPC for all of the Final Closing Date Principal Obligations due to Hydro; and the repayment effected thereby shall terminate the right of TPC to receive additional Equity Credit Advances; and (ii) that portion of the Final Closing Date Interest Obligations equal to the Interest Purchase Fraction multiplied by the Final Closing Date Interest Obligations.

- (2) If TPC has not complied with Section 2.6(3)(a), and Hydro has exercised its right to purchase all of TPC's Units, the purchase price for the Final Closing Purchased Units to be purchased by Hydro pursuant to the exercise of the Final Closing Purchase Right shall be an amount equal to the sum of (A) and (B), where (A) is the aggregate of the Total Outstandings under the Equity Credit Facility, and all accrued and unpaid interest, costs and all other amounts whatsoever owing by TPC or NCN to Hydro under this Agreement, the NCN Financing Agreement and the Loan Documents pursuant hereto and thereto, as of the Final Closing Date, and (B) is TPC's Invested Cash as at the Final Closing Date. The purchase price as so determined shall be paid in full by Hydro as follows:
- (a) by Hydro accepting the Final Closing Purchased Units in full and final satisfaction of the Total Outstandings due to Hydro under the Equity Credit Facility and of all accrued and unpaid interest, costs and other amounts whatsoever owing by TPC or NCN to Hydro under this Agreement, the NCN Financing Agreement and the Loan Documents pursuant hereto and thereto, as of the Final Closing Date, and by Hydro fully and finally releasing and discharging TPC and NCN for all of the Obligations due to Hydro under this Agreement, the NCN Financing Agreement (the Obligations thereunder being as defined therein) and all Loan Documents hereunder and thereunder; and
 - (b) by Hydro paying to TPC on the effective date of the sale of the Final Closing Purchased Units, an amount in immediately available funds equal to TPC's Invested Cash, without interest, in accordance with Article VII, and the payment effected thereby shall terminate the Credit Facilities and the Dividend Credit Facility (as defined under the NCN Financing Agreement).
- (3) The purchase price for the Adjustment Purchased Units to be purchased by Hydro pursuant to the exercise of the Adjustment Purchase Right shall be the sum of: (A) the amount determined by multiplying the Purchase Fraction by the Adjustment

Date Principal Obligations, where the “Purchase Fraction” for the purposes of this paragraph (3) is the fraction, the numerator of which is the number of Adjustment Purchased Units and the denominator of which is the number of TPC’s Loan Units, and the “Adjustment Date Principal Obligations” is the Total Outstandings under this Agreement and the Loan Documents pursuant hereto in respect of the Equity Credit Facility, and all unpaid costs and other amounts due and owing to Hydro under or in respect of the Equity Credit Facility, as at the Time of Adjustment, but not including accrued and unpaid interest; and (B) is the amount determined by multiplying the Interest Purchase Fraction by the Adjustment Date Interest Obligations, where the “Interest Purchase Fraction” for the purposes of this paragraph (3) is the fraction, the numerator of which is the number of Adjustment Purchased Units and the denominator of which is the number of TPC’s Units and the “Adjustment Date Interest Obligations” is the accrued and unpaid interest in respect of the Equity Credit Facility, as at the Time of Adjustment. The purchase price as so determined shall be paid in full as follows:

- (a) if the number of Adjustment Purchased Units is less than the number of TPC’s Loan Units, the Adjustment Purchased Units shall be retained by Hydro in full and final satisfaction of: (i) that portion of the Adjustment Date Principal Obligations equal to the Purchase Fraction multiplied by the Adjustment Date Principal Obligations, and the repayment effected thereby shall (to the extent only of the Total Outstandings that are repaid) constitute a permanent reduction of the Equity Credit Facility Commitment; and (ii) that portion of the Adjustment Date Interest Obligations equal to the Interest Purchase Fraction multiplied by Adjustment Date Interest Obligations; and
- (b) if the number of Adjustment Purchased Units is equal to the number of TPC’s Loan Units, the Adjustment Purchased Units shall be retained by Hydro in full and final satisfaction of: (i) all of the Adjustment Date Principal Obligations due to Hydro, and Hydro shall fully and finally release and discharge TPC in writing

for all of the Adjustment Date Principal Obligations due to Hydro, and the repayment effected thereby shall terminate the right of TPC to receive additional Equity Credit Advances; and (ii) that portion of the Adjustment Date Interest Obligations equal to the Interest Purchase Fraction multiplied by Adjustment Date Interest Obligations.

- (4) The purchase price for the Non-Completion Purchased Units to be purchased by Hydro pursuant to the exercise of the Non-Completion Purchase Right shall be an amount equal to the sum of (A) and (B), where (A) is the aggregate of the Total Outstandings under the Equity Credit Facility, and all accrued and unpaid interest, costs and all other amounts whatsoever owing by TPC or NCN to Hydro under this Agreement, the NCN Financing Agreement and the Loan Documents pursuant hereto and thereto, as of the Non-Completion Date, and (B) is TPC's Invested Cash as at the Non-Completion Date. The purchase price as so determined shall be paid in full by Hydro as follows:
- (a) by Hydro accepting the Non-Completion Purchased Units in full and final satisfaction of the Total Outstandings due to Hydro under the Equity Credit Facility and of all accrued and unpaid interest, costs and other amounts whatsoever owing by TPC or NCN to Hydro under this Agreement, the NCN Financing Agreement and the Loan Documents pursuant hereto and thereto, as of the Non-Completion Date, and by Hydro fully and finally releasing and discharging TPC and NCN for all of the Obligations due to Hydro under this Agreement, the NCN Financing Agreement (the Obligations thereunder being as defined therein) and all Loan Documents hereunder and thereunder; and
 - (b) by Hydro paying to TPC on the effective date of the sale of the Non-Completion Purchased Units, an amount in immediately available funds equal to TPC's Invested Cash, without interest, in accordance with Article VII, and the payment

effected thereby shall terminate the Credit Facilities and the Dividend Credit Facility (as defined under the NCN Financing Agreement).

6.3 Exercise of the Final Closing Purchase Right, Adjustment Purchase Right and Non-Completion Purchase Right.

The Final Closing Purchase Right, the Adjustment Purchase Right and the Non-Completion Purchase Right may only be exercised by giving Notice to TPC in the manner set out in Section 6.4 (the “**Notice of Purchase**”). It shall be a condition of exercise of any of Hydro’s rights under Article VI that Hydro comply with the applicable notice requirements of Section 5.3 hereof.

If TPC has received a Notice of Purchase from Hydro based on the exercise of the Final Closing Purchase Right or the Adjustment Purchase Right and TPC issues a Dispute Notice (as that term is defined in the PDA) within five (5) Business Days of TPC’s receipt of the Notice of Purchase which disputes that Hydro is entitled to exercise the Final Closing Purchase Right or Adjustment Purchase Right in the manner that it has been exercised (including, without limitation, on the basis that Hydro applied its discretion improperly or erroneously in denying all or a part of a proposed payment to be made by TPC pursuant to a Credit Facility Repayment Certification or Limited Partnership Payment Certification, and as a result of such alleged error, TPC was not permitted to make the payment to bring itself into compliance with Section 2.6(3) or Section 2.6(4), as applicable) Hydro shall not be entitled to proceed further with the purchase of all or any of TPC’s Units until such time as the dispute is finally resolved pursuant to Article XXI of the PDA. For greater certainty, no further proceedings shall be taken by Hydro in respect of the Notice of Purchase or in furtherance of the purchase of all or any of TPC’s Units, including acting on the power of attorney granted to Hydro pursuant to Section 7.4, until after a final determination is made in accordance with Article XXI of the PDA in respect of the Dispute Notice. Until the aforesaid final determination is made, TPC and Hydro agree that the General Partner shall holdback, in an interest-bearing escrow account, any Distributions that TPC would otherwise be entitled to receive on the Final Closing Purchased Units or Adjustment Purchased

Units, and the General Partner shall hold such Distributions in escrow pending the final determination of the Dispute Notice, whereupon the Distributions (and any interest income earned thereon) shall be released in accordance with the direction of the arbitrator appointed pursuant to Article XXI of the PDA.

6.4 Contents of the Notice of Purchase.

- (1) The Notice of Purchase shall only be effective for the exercise of the Final Closing Purchase Right if it:
 - (a) is sent or delivered to TPC after the occurrence of the Final Closing Purchase Option Event which entitles Hydro to exercise the Final Closing Purchase Right;
 - (b) indicates that pursuant to Section 6.4(1), Hydro is exercising its right to purchase from TPC the Final Closing Purchased Units;
 - (c) specifies the number of TPC's Units that constitute the Final Closing Purchased Units and the purchase price for the Final Closing Purchased Units, calculated in accordance with the provisions of this Agreement;
 - (d) is executed by Hydro; and
 - (e) is delivered to TPC not more than fourteen (14) calendar days after the Final Closing Date, together with a statement from Hydro confirming:
 - (i) that Hydro has elected to purchase the Final Closing Purchased Units pursuant to the Final Closing Purchase Right; and
 - (ii) that Hydro is not in default with respect to any material provision of the Loan Documents;

which statements shall be certified as true and correct in all material respects by a duly authorized officer of Hydro for and on behalf of Hydro.

- (2) The Notice of Purchase shall only be effective for the exercise of the Adjustment Purchase Right if it:
- (a) is sent or delivered to TPC after the occurrence of the Adjustment Purchase Option Event which entitles Hydro to exercise the Adjustment Purchase Right;
 - (b) indicates that pursuant to this Section 6.4(2), Hydro is exercising its right to purchase from TPC the Adjustment Purchased Units;
 - (c) specifies the number of TPC's Units that constitute the Adjustment Purchased Units and the purchase price for the Adjustment Purchased Units, calculated in accordance with the provisions of this Agreement;
 - (d) is executed by Hydro; and
 - (e) is delivered to TPC not more than fourteen (14) calendar days after the first Anniversary Date together with a statement from Hydro confirming:
 - (i) that Hydro has elected to purchase the Adjustment Purchased Units pursuant to the Adjustment Purchase Right; and
 - (ii) that Hydro is not in default with respect to any material provision of the Loan Documents;

which statements shall be certified as true and correct in all material respects by a duly authorized officer of Hydro for and on behalf of Hydro.

- (3) The Notice of Purchase shall only be effective for the exercise of the Non-Completion Purchase Right if it:
- (a) is sent or delivered to TPC after the occurrence of the Non-Completion Purchase Option Event which entitles Hydro to exercise the Non-Completion Purchase Right;
 - (b) indicates that pursuant to Section 6.4(3) Hydro is exercising its right to purchase from TPC the Non-Completion Purchased Units;
 - (c) specifies the number of TPC's Units that constitute the Non-Completion Purchased Units and the purchase price for the Non-Completion Purchase Units calculated in accordance with the provisions of this Agreement;
 - (d) is executed by Hydro; and
 - (e) is delivered to TPC not more than forty (40) calendar days after the Non-Completion Date, together with a statement from Hydro confirming:
 - (i) that Hydro has elected to purchase the Non-Completion Purchased Units pursuant to the Non-Completion Purchase Right; and
 - (ii) that Hydro is not in default with respect to any material provision of the Loan Documents;

which statements shall be certified as true and correct in all material respects by a duly authorized officer of Hydro for and on behalf of Hydro.

6.5 Effect of the Notice of Purchase and Closing Arrangements.

If a Notice of Purchase is sent to TPC in compliance with Section 6.4, then Hydro shall be obligated to purchase the applicable Purchased Units from TPC at the purchase price and in the manner determined in accordance with Section 6.2; and

- (a) TPC shall be obligated to sell the applicable Purchased Units to Hydro at the purchase price and in the manner determined in accordance with Section 6.2; and
- (b) such purchase and sale shall be completed on the date, at the place and in the same manner determined in accordance with the provisions of Article VII.

**ARTICLE VII
GENERAL TERMS AND CONDITIONS APPLICABLE TO ANY SALE**

7.1 Application and Terms and Condition.

The following provisions of this Article VII shall apply to any Sale pursuant to Article V or VI hereof:

(1) Closing Date and Sale.

The Sale shall be completed on the date and at the place determined in accordance with the provisions of this Article VII:

- (a) the Sale shall be completed:
 - (i) on the Final Closing Date if the Sale is pursuant to exercise of the Final Closing Sale Right;

- (ii) on the date that is twenty-eight (28) calendar days after the Final Closing Date if the Sale is pursuant to the exercise of the Final Closing Purchase Right;
- (iii) on the date that is twenty-eight (28) calendar days after the first Anniversary Date if the Sale is pursuant to the exercise of the Adjustment Purchase Right;
- (iv) on the date that is twenty-eight (28) calendar days after the Notice of Sale is issued if the Sale is pursuant to the exercise of the Non-Completion Sale Right;
- (v) on the date that is twenty-eight (28) calendar days after the Notice of Purchase is issued if the Sale is pursuant to the exercise of the Non-Completion Sale Right;
- (vi) on the twenty-fifth Anniversary Date if the Sale is pursuant to the exercise of the Twenty-Fifth Anniversary Sale Right;
- (vii) on the Maturity Date if the Sale is pursuant to the exercise of the Maturity Date Sale Right;
- (viii) On the date that is twenty-eight (28) calendar days after the Notice of Sale is issued if the Sale is pursuant to the exercise of the Term Sale Right;

as the case may be, provided, however, that the said Sale may occur on such other date that the parties may mutually agree upon (the “**Sale Closing Date**”); and

- (b) the place for the completion of the Sale shall be the head office of Hydro in connection with the Sale or if applicable the law office of the external legal counsel of Hydro or such other place as the parties may mutually agree upon.

(2) Closing Arrangements.

At or before the Sale Closing Date, TPC shall deliver the following to Hydro subject to Hydro complying with all required conditions on Hydro as set out in this Article VII, including payment to TPC in full of the purchase price for the Sale Units or Purchased Units (as applicable):

- (a) one or more certificates representing in the aggregate the Sale Units or Purchased Units (as applicable), duly endorsed in blank for transfer to Hydro (the “**Sale Certificate(s)**”) or power of attorney appointing Hydro as attorney of TPC to transfer the Sale Units or Purchase Units (as applicable) to Hydro, provided that where the number of Units represented by the Sale Certificate(s) exceed the number of Sale Units or Purchased Units (as applicable), the transfer of the Sale Units or Purchased Units (as applicable) to Hydro shall be conditional upon Hydro’s receipt from the Limited Partnership of a replacement certificate, (unless the Credit Facilities under this Agreement have been terminated and the Dividend Credit Facility, as that term is defined under the NCN Financing Agreement, has been terminated and there are no outstanding Obligations under this Agreement or under the NCN Financing Agreement, as defined under that agreement, in which event the said certificate shall be forwarded to TPC), confirming TPC’s ownership of that number of Units which is in excess of the number of Sale Units or Purchased Units (as applicable). Hydro is authorized to retain the replacement certificate(s) for such period of time as there are any outstanding Obligations under this Agreement or under the NCN Financing Agreement (as defined under that agreement) and Hydro agrees to provide copies to TPC of all of the said

certificates, together with confirmation in writing that it is holding the originals of the said certificates immediately upon receipt thereof;

- (b) such other documents as Hydro may reasonably require to entitle Hydro to require the General Partner to register the transfer of such Sale Units or Purchased Units, (as applicable), to Hydro and to entitle Hydro to become the registered holder of such Sale Units or Purchased Units (as applicable) on the books of the Limited Partnership, free and clear of all Liens except the Permitted Liens (the particulars of which have been identified in writing to Hydro to the extent that TPC is aware of the existence of such Permitted Liens) and such other Liens as at the Sale Closing Date as Hydro may, in its unfettered discretion, accept in writing;
- (c) a certificate bearing the date on which the Sale Closing Date occurs wherein TPC certifies:
 - (i) in respect of the Sale Units (if applicable) as being true and correct, each of the Final Closing Sale Conditions, the Non-Completion Sale Conditions, Term Sale Conditions the Twenty-Fifth Anniversary Sale Conditions, or the Maturity Sale Conditions, as applicable, as at the Sale Closing Date; and
 - (ii) in respect of the Purchased Units (if applicable) that TPC is the registered owner and sole beneficial owner of and has good and marketable title to and is lawfully possessed of the Purchased Units free and clear of all Liens except the Permitted Liens (the particulars of which have been identified in writing to Hydro to the extent that TPC is aware of the existence of such Permitted Liens) and such other Liens as at the Sale Closing Date as Hydro may, in its unfettered discretion, accept in writing, that TPC has the full right to sell and transfer the Purchased Units to Hydro and that no person has any written or oral agreement, option, understanding or

commitment, or any right or privilege capable of becoming any agreement, option, understanding, commitment or right for the purchase from TPC of the Purchased Units other than Hydro; and

- (d) a certificate bearing the closing date wherein TPC certifies, as being true, as at the Sale Closing Date a statement to the effect that on such date TPC is resident in Canada for the purposes of the *Income Tax Act*.

(3) Title and other TPC Covenants.

At the Sale Closing Date, TPC shall transfer and deliver to Hydro good and marketable title to such Sale Units or Purchased Units (as applicable), free and clear of all Liens except for the Permitted Liens (the particulars of which have been identified in writing to Hydro to the extent that TPC is aware of the existence of such Permitted Liens) and any other Liens that Hydro, in its unfettered discretion, agrees in writing at the Sale Closing Date that the Sale or Purchased Units (as applicable) may be subject to.

(4) Satisfaction of Purchase Price.

At the Sale Closing Date, Hydro shall satisfy the purchase price for the Sale Units or Purchased Units (as applicable), to be purchased from TPC in the manner provided for in this Agreement, and in the event that the Sale Units or Purchased Units (as applicable) constitute all of TPC's Units, Hydro shall arrange for discharge of all registrations in public registries made against TPC and/or NCN under the Security Documents pursuant to this Agreement and under the Security Documents pursuant to the NCN Financing Agreement (and the original Guarantee, as defined under the NCN Financing Agreement, shall be returned to TPC for cancellation).

7.2 Conditions to the Obligations of Hydro.

Notwithstanding anything herein contained, the obligations of Hydro to complete the Sale of the Sale Units or Purchased Units (as applicable), shall, until the Sale has been completed, be subject to the fulfillment of the following conditions and TPC covenants and agrees to perform and comply with each and everyone of such conditions insofar as such conditions relate to matters within the control of TPC:

- (1) all terms, covenants, agreements and conditions of this Agreement which are to be complied with or performed by TPC at or before the Sale Closing Date shall have been complied with and performed in all material respects in accordance with the terms of this Agreement prior to or at such time; and
- (2) at the Sale Closing Date, TPC shall, without limitation to all other obligations of TPC in respect of the Sale as set out in this Agreement execute and deliver to Hydro a certificate bearing the Sale Closing Date wherein a duly authorized officer of TPC shall certify as true, for and on behalf of TPC (and not in such officer's personal capacity), a statement to the effect that at such time the conditions set out in paragraph (1) above have been performed, complied with and fulfilled except as specifically disclosed in such certificate and the closing of the Sale shall not be effective unless and until Hydro accepts in writing any and all exceptions disclosed in such certificate.

The conditions applicable to a Sale of the Sale Units or Purchased Units (as applicable), contained in the foregoing provisions of this Section 7.2 are inserted for the exclusive benefit of Hydro in respect of the Sale of the Sale Units or Purchased Units (as applicable) and may be waived in whole or in part by Hydro at any time without prejudice to the right of Hydro to rely on all covenants and agreements and representations and warranties in this Agreement and all conditions contained in this Section 7.2, except to the extent that Hydro has in writing waived its right to rely on such covenants, agreements, representations, warranties or conditions. If any of the conditions applicable to a Sale of the Sale Units or Purchased Units (as applicable), and

contained in this Section 7.2 hereof shall not be fulfilled or complied with as herein provided, Hydro may, at its option:

- (a) terminate the obligations of TPC and Hydro in respect of the Sale of the Sale Units or Purchased Units, (as applicable) by notice in writing to TPC and in such event Hydro and TPC shall be released from all obligations hereunder in respect of the Sale of the Sale Units or Purchased Units (as applicable);
- (b) defer the completion of the Sale of the Sale Units or Purchased Units, (as applicable) to a new closing date (not to exceed three (3) months after the original closing date except by agreement in writing of the parties) to determine if the aforesaid conditions can be fulfilled or complied with; or
- (c) bring an action for specific performance or any other remedy which may be available to Hydro.

7.3 Conditions to the Obligations of TPC.

Notwithstanding anything herein contained, the obligations of TPC to complete the Sale of the Sale Units or Purchased Units, as applicable, shall, until the Sale has been completed, be subject to the fulfillment of the following conditions and Hydro covenants and agrees to perform and comply with each and every one of such conditions insofar as such conditions relate to matters within the control of Hydro:

- (1) all terms, covenants, agreements and conditions of this Agreement which are to be complied with or performed by Hydro at or before the Sale Closing Date shall have been complied with and performed in all material respects in accordance with the terms of this Agreement prior to or at such time; and

- (2) at the Sale Closing Date, Hydro shall, without limitation to all other obligations of Hydro in respect of the Sale as set out in this Agreement, execute and deliver to TPC a certificate bearing the Sale Closing Date wherein a duly authorized officer of Hydro shall certify as true, for and on behalf of Hydro (and not in such officer's personal capacity), a statement to the effect that the conditions set out in paragraph (1) above have been performed, complied with and fulfilled except as specifically disclosed in such certificate (and the closing of the Sale shall not be effective unless and until TPC accepts in writing any and all exceptions disclosed in such certificate).

The conditions applicable to a Sale of the Sale Units or Purchased Units (as applicable) contained in the foregoing provisions of this Section 7.3 are inserted for the exclusive benefit of TPC in respect of the Sale of the Sale Units or the Purchased Units (as applicable), and may be waived in whole or in part by TPC at any time without prejudice to the right of TPC to rely on all covenants and agreements and representations and warranties in this Agreement and all conditions contained in this Section 7.3 except to the extent that TPC has in writing waived its right to rely on such covenants, agreements, representations, warranties or conditions. If any of the conditions applicable to a Sale of the Sale Units or the Purchased Units (as applicable), and contained in this Section 7.3 shall not be fulfilled or complied with as herein provided, TPC may, at its option:

- (a) terminate the obligations of Hydro and TPC in respect of the sale of the Sale Units or the Purchased Units, (as applicable) by notice in writing to Hydro and in such event TPC and Hydro shall be released from all obligations hereunder in respect of the Sale of the Sale Units or Purchased Units;
- (b) defer the completion of the Sale of the Sale Units or the Purchased Units, (as applicable) to a new closing date (not to exceed three (3) months after the original closing date except by agreement in writing of the parties, to determine if the aforesaid conditions can be fulfilled or complied with; or

- (c) bring an action for damages or specific performance or any other remedy which may be available to TPC.

7.4 Power of Attorney.

Subject to payment of the purchase price to TPC and subject to Section- 6.3 hereof, TPC hereby irrevocably nominates, constitutes and appoints Hydro, its attorney and agent, for, in the name of and on behalf of TPC to do all acts and things and sign all documents (other than any releases of Hydro, the General Partner or the Limited Partnership) which are necessary or desirable to complete the Sale of the Sale Units or Purchased Units (as applicable) by TPC to perform, satisfy or discharge any obligations in relation to the Sale of the Sale Units or Purchased Units (as applicable) by TPC in connection with a Sale and, without limiting the foregoing, TPC acknowledges and agrees that Hydro is hereby granted authority to receive and accept delivery of and keep possession of, and to execute and deliver, in the name of and on behalf of TPC all such certificates, instruments and documents as may be necessary or desirable, (other than any releases of Hydro, the General Partner or the Limited Partnership) in the opinion of Hydro, acting reasonably, to complete any Sale of the Sale Units or Purchased Units (as applicable), or to perform, satisfy or discharge any obligations in relation to a Sale of the Sale Units or the Purchased Units, (as applicable). TPC hereby acknowledges and agrees that the appointment hereby made and the powers hereby granted are coupled with an interest and are and shall be irrevocable and to the extent permitted by applicable Laws shall survive the dissolution, insolvency or bankruptcy of TPC and may be exercised by Hydro in its own name or in the name of TPC and shall survive any assignment or purported assignment of TPC's Units by TPC and to the extent permitted by applicable laws, shall be binding upon the successors and permitted assigns of TPC.

If Hydro, as attorney on behalf of TPC completes the Sale of the Sale Units or Purchased Units, (as applicable), Hydro shall be entitled to have any proceeds of the Sale, to which TPC would otherwise be entitled to receive, paid to legal counsel for Hydro (as designated

by Hydro) to be held in trust for TPC, and to be retained by such legal counsel until TPC delivers to Hydro such documents as TPC is required to deliver under this Agreement to complete the Sale of the Sale Units or the Purchased Units (as applicable). Promptly upon the receipt of such documents by Hydro, Hydro's legal counsel shall pay the applicable proceeds, and deliver any other applicable closing documents to which TPC is entitled, to TPC, together with such interest as legal counsel may have earned on such proceeds.

ARTICLE VIII CONDITIONS OF LENDING

8.1 Conditions Precedent to Initial Advances

The obligation of Hydro to make Advances:

- (a) under the Equity Credit Facility commencing on the Initial Closing Date; and
- (b) under the Cash Call Credit Facility commencing after the Final Closing Date;

are subject to the following conditions to be fulfilled or performed at or prior to Initial Closing Date, which conditions are for the exclusive benefit of Hydro and may be waived in whole or in part by Hydro:

- (1) **Deliveries.** Hydro shall have received, at or prior to the time of the making of any Advances on the Initial Closing Date, the following, each dated such day as is satisfactory to Hydro:
 - (a) certified copies of: (i) constating documents and by-laws of TPC; and (ii) resolutions of the board of directors of TPC approving the entering into of this Agreement and each of the other Loan Documents by TPC and the completion of all transactions contemplated hereunder and thereunder;

- (b) certificate of the secretary of TPC certifying the names and true signatures of the Persons authorized to sign this Agreement and each of the other Loan Documents on behalf of TPC;
- (c) certificate of status with respect to TPC;
- (d) this Agreement, duly executed and delivered as required by TPC;
- (e) the Security Documents creating a first charge security interest on TPC's Units and the Distributions on TPC's Units, in form and substance satisfactory to Hydro, acting reasonably;
- (f) original certificate(s) for TPC's Units, together with duly executed power of attorney in respect of TPC's Units (to be held by Hydro pursuant to the terms of the Security Documents), together with an irrevocable direction from TPC, directing and authorizing the General Partner that all certificates for any TPC's Units issued subsequent to Initial Closing, shall not be forwarded to TPC but shall immediately be forwarded directly to Hydro (to be held by Hydro pursuant to the terms of the Security Documents). All original certificates shall be returned to TPC after the Credit Facilities under this Agreement have been terminated and the Dividend Credit Facility (as that term is defined in the NCN Financing Agreement) has been terminated and there are no outstanding Obligations under this Agreement or under the NCN Financing Agreement (as defined in that Agreement);
- (g) evidence of the registration of the Security Documents in all offices where such registration, filing or recording is necessary or desirable to protect any rights or remedies of Hydro thereunder and receipt of legal opinions of registration counsel in form and substance acceptable to Hydro, provided however that Hydro shall

use its commercially reasonable efforts to complete all such registrations and to obtain the required evidence and opinions from its legal counsel in advance of the Initial Closing Date;

- (h) legal opinions of counsel to TPC confirming the due authorization, execution and, delivery of this Agreement and each of the other Loan Documents to which TPC is a party subject to the customary qualifications and assumptions for such opinions (but, for greater certainty, no opinions as to enforceability will be required from legal counsel to TPC);
 - (i) a copy of each Material Agreement, which shall each be in form and substance acceptable to Hydro, in its discretion, acting reasonably;
 - (j) duly completed Schedules C, D and E to this Agreement in form and substance satisfactory to Hydro, acting reasonably; and
 - (k) such other certificates and documentation as Hydro may reasonably request to give effect to this Agreement.
- (2) **No Material Adverse Business Effect.** No event, condition or circumstance has arisen which would have a Material Adverse Business Effect.
- (3) **Due Diligence.** Hydro shall have completed its due diligence in respect of TPC and the Material Agreements, and shall be satisfied with the results of such due diligence, in its sole discretion.
- (4) **Authorizations.** Hydro has received all Authorizations that it requires for the due performance of the Loan Documents (which Authorizations are as specified in Schedule H) with the sole exception that Hydro will require additional borrowing

authority from Manitoba under applicable legislation for amounts to be borrowed by Hydro after August 31, 2006, to fund Advances requisitioned by TPC by Borrowing Notices thereafter (the “**Additional Borrowing Authorizations**”). Hydro covenants and agrees to use its best efforts to obtain such Additional Borrowing Authorizations as may be required by it from time to time for the due and timely performance of its covenants under the Loan Documents.

- (5) **PDA.** All of the conditions set forth in Article XIII of the PDA have been fulfilled or performed.
- (6) **TPC’s Cash Subscription Payment.** TPC’s Cash Subscription Payment must be a minimum amount of \$1,000,000.
- (7) **Other Conditions.** The conditions set forth in Section 8.2 shall have been fulfilled or performed.

8.2 Additional Conditions Precedent to Initial Advance.

The obligation of Hydro to make Advances under the Credit Facilities is subject to the following conditions to be fulfilled or performed at or prior to the Final Closing Date, which conditions are for the exclusive benefit of Hydro and may be waived in whole or in part by Hydro:

- (1) **PDA.** All of NCN’s and TPC’s obligations to be performed or fulfilled on or before the Final Closing Date pursuant to the PDA have been fulfilled or

performed and NCN and TPC are in compliance with all of the provisions of the PDA.

- (2) **NCN Financing Agreement.** All of NCN's and TPC's obligations to be performed or fulfilled on or before the Final Closing Date pursuant to the provisions of the NCN Financing Agreement have been fulfilled or performed, and NCN and TPC are in compliance with all of the provisions of the NCN Financing Agreement.

8.3 Conditions of all Advances.

At any time, the obligation of Hydro to make an Advance shall be subject to the following conditions being satisfied on the date of such Advance, which conditions are for the exclusive benefit of Hydro and may be waived in whole or in part by Hydro, in its sole discretion:

- (1) **Credit Facility Commitment Limits.** The Total Outstandings under the Credit Facility in respect of which the Advance is requested in the Borrowing Notice shall not, prior to or after giving effect to the Advance, exceed the Credit Facility Commitment for such Credit Facility.
- (2) **Truth of Representations and Warranties.** The representations and warranties of TPC contained in this Agreement and in any other Loan Document to which TPC is a party, shall be true and correct as of the date on which such Advance is made with the same force and effect as if such representations and warranties had been made on and as of such date; provided that, to the extent the disclosure in the representations and warranties is no longer true and correct, TPC shall be entitled to update such disclosure to Hydro, and if such disclosure is not materially adverse, it must be approved by Hydro.

- (3) **Performance of Covenants.** TPC shall have fulfilled or complied with all covenants herein contained or contained in any other Loan Document to be performed or caused to be performed by it at or prior to the date of such Advance.
- (4) **No Event of Default.** No Event of Default shall have occurred and be continuing.
- (5) **Authorizations.** Hydro has obtained such borrowing authority (including the Additional Borrowing Authorizations) as may be required by it from time to time for the due and timely performance of its covenants under the Loan Documents, including in order to enable it to make the Advances requisitioned from time to time by TPC by Borrowing Notices.
- (6) **No Change in Laws.** No Law or change in any Law shall have been introduced or enacted, the effect of which will be to prohibit Hydro from making any Advance.
- (7) **Limited Partnership.** TPC is a limited partner in the Limited Partnership.
- (8) **Borrowing Notice.** Hydro shall have received a Borrowing Notice in compliance with this Agreement.

**ARTICLE IX
REPRESENTATIONS AND WARRANTIES**

9.1 Representations and Warranties.

To induce Hydro to make Advances available hereunder, TPC represents and warrants to Hydro that each of the following representations and warranties is true and correct:

- (1) **Status and Power.** TPC is a corporation duly incorporated and organized and validly subsisting under the Laws of Manitoba and has full corporate power and capacity to own its property and carry on its Business. TPC is duly qualified, licenced or registered to carry on business in Manitoba.
- (2) **Authorization.** TPC has full power and capacity and full legal right to enter into and perform its obligation under this Agreement and each of the other Loan Documents to which it is or will be a party, and has or will have by the Initial Closing Date taken all action necessary to be taken by it to authorize such acts.
- (3) **Enforceability of Agreement.** This Agreement and any other Loan Document to which TPC is a party constitutes legal, valid and binding obligations of TPC enforceable against it in accordance with their respective terms, subject only to any limitation under applicable Laws relating to (a) bankruptcy, insolvency, reorganization, moratorium or creditors' rights generally; and (b) the discretion that a court, or an arbitrator duly appointed under Article XXI of the PDA, may exercise in the granting of equitable remedies.
- (4) **Government Approval and Regulation.** No Authorization or approval or other action by, and no notice to or filing with, any Governmental Entity or other Person (other than those that have been, or by the Initial Closing Date will be,

duly obtained or made) is required for the due execution, delivery or performance by TPC of any Loan Document to which TPC is a party.

- (5) **Litigation.** There is no material action, suit or proceeding which has been commenced (Notice of which has been served on TPC), or to the best of the knowledge of TPC, pending or threatened against TPC before or by any Governmental Entity, or before any arbitrator or board, which would prevent TPC from performing its obligations under any of the Loan Documents to which it is a party. TPC is not in default with respect to any judgment, order, writ, injunction, decree, or award of any court, arbitrator, board or other Governmental Entity, nor is there any judgment, order, writ, injunction, decree, or award which would prevent TPC from performing its obligations under any of the Loan Documents to which it is a party.
- (6) **Imposition of Lien.** The consummation of the transactions hereby contemplated and the compliance with the terms, conditions and provisions of this Agreement and each of the other Loan Documents will not result in the creation or imposition of any Lien on any Property of TPC except as otherwise permitted by this Agreement.
- (7) **No Other Material Facts.** None of:
- (a) this Agreement;
 - (b) any of the other Loan Documents; or

- (c) any certificate or statement in writing which has been supplied by or on behalf of TPC and is a document that is required to be delivered to Hydro pursuant to the provisions of the Agreement or any of the other Loan Documents;

contains any untrue statement of a material fact, or omits any statement of a material fact necessary in order to make the statements contained herein or therein not misleading.

- (8) **Restrictive Documents.** TPC is not subject to, or a party to, any restriction in its constating documents or by-laws, any Notice, any Law, any Claim, any contract or instrument, any Lien, or any other restriction of any kind or character which would prevent the consummation of the transactions contemplated by this Agreement or any other Loan Documents or compliance by TPC with the terms, conditions and provisions hereof or thereof or the continuing operation of the Business.

- (9) **Title to Property.** TPC is the registered owner and sole beneficial owner of and has good and marketable title to and is lawfully possessed of its Property free and clear of all Liens, except Permitted Liens. TPC has full right to mortgage, pledge, charge and assign to Hydro the Collateral. No Person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming any agreement, option, understanding, commitment or right for the purchase from TPC of the Collateral other than Hydro.

- (10) **Compliance with Laws.** TPC is in material compliance with all applicable Laws.

- (11) **No Breach of Contracts.** Schedule D will be completed and provided by TPC to Hydro on or before the Initial Closing Date, and will, upon completion and deliver thereof, contain a complete and accurate list of all agreements to which TPC is a party in connection with the Corporate Distributions of TPC, the Capital Stock of TPC, the equity interest that NCN has in TPC, TPC's Units and Distributions on TPC's Units, and any other agreement to which TPC is a party creating liabilities or obligations upon any Person over the term of the agreement in excess of \$75,000, or is otherwise material to TPC (collectively, the "**Material Agreements**"). TPC has provided, or will on or before the Initial Closing Date provide, copies of all of the Material Agreements, including amendments, or additions thereto, to Hydro. On the date of execution of each of the Future Material Agreements (as defined below in Section 10.1(14)), Schedule D hereto shall be deemed to be amended to include such Future Material Agreements and such Future Material Agreements shall be deemed to be "Material Agreements" for the purposes of this Agreement from and after such execution date, without the necessity of any further action by any of the parties hereto. Each Material Agreement is, or will on before Initial Closing Date be, in full force and effect, unamended (except as disclosed to Hydro), and there exists no default, or event, occurrence, condition or act (including the completion of the transactions contemplated in this Agreement and the other Loan Documents) which, with the giving of Notice, the lapse of time or the happening of any other event or condition, would become a default thereunder. TPC has not violated or breached, in any respect, any of the terms or conditions of any Material Agreements and, to the best of the knowledge of TPC, all the material covenants to be performed by any other party thereto have been performed in all material respects.
- (12) **Books and Records.** All books and records of TPC have been fully, properly and accurately kept and completed in accordance with GAAP and there are no material inaccuracies or discrepancies of any kind contained or reflected therein.

(13) **Tax Liability.** Except for any Taxes which are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books:

- (a) TPC has in a timely manner filed all tax returns, elections, filings and reports with respect to Taxes required by Law to be filed by it and such returns, elections, filings and reports are true, complete and correct;
- (b) TPC has paid, or reserved in its financial statements, all Taxes which are due and payable, and has paid all assessments and reassessments and all other Taxes, governmental charges penalties, interest and fines due and payable by it;
- (c) TPC has no liability, contingent or otherwise, for Taxes, except Taxes not now due and payable with respect to ordinary operations during the current fiscal period adequate provision for the payment of which has been made; and
- (d) TPC has paid as and when due all applicable Taxes and remitted as required by Law all applicable Taxes and deductions and any interest or penalties related thereto.

(14) **Shareholder.** NCN is the beneficial owner of all of the Capital Stock of TPC free and clear of all Liens except Permitted Liens. The Capital Stock of TPC is owned by the Chief or a Councillor of NCN, as bare trustee for NCN. No Person has any written or oral agreement, option, understanding or commitment or any right capable of becoming any agreement, option, understanding, commitment, or right for purchase of any of the Capital Stock of TPC or to receive payment based on the value of any such Capital Stock. The issued and outstanding Capital Stock and Debt (excluding Debt under this Agreement) of TPC and the registered and

beneficial holders of such Capital Stock and Debt (excluding Debt under this Agreement) are, or will upon completion of delivery of Schedule C be, as described in Schedule C, which will be completed and provided by TPC to Hydro on or before the Initial Closing Date. Hydro acknowledges that the NCN Deed of Assignment shall not be deemed to be a breach of this representation.

- (15) **Liabilities.** TPC does not have any liabilities, whether accrued, absolute, contingent or otherwise, of any kind or nature whatsoever, except as otherwise disclosed in Schedule E, which will be completed and provided by TPC to Hydro on or before the Initial Closing Date or pursuant to the Loan Documents, and except incurred after the date hereof in compliance with this Agreement and the Loan Documents.
- (16) **No Event of Default.** No Event of Default has occurred, nor has any event or condition occurred which, with the giving of Notice or passage of time, or both, would constitute an Event of Default under the Loan Documents. No default has occurred not has any event or condition occurred which, with the giving of Notice or passage of time, or both, would constitute a default under any one or more Material Agreements which could result in the acceleration of amounts owing by TPC under any such Material Agreements.
- (17) **Financial Information.** The financial statements of TPC furnished to Hydro pursuant to this Agreement have been prepared in accordance with GAAP consistently applied, and present fairly the financial portion of TPC as at the dates thereof and the results of TPC's operations for the periods then ended. All balance sheets, all statements of operations, shareholders' equity and cash flow and all other financial information of TPC furnished pursuant to Section 10.1(1)

have been and will for periods following the Initial Closing be prepared in accordance with GAAP, consistently applied, and do or will present fairly the consolidated financial position of TPC as at the dates thereof and the results of their operations for the periods then ended.

- (18) **Resident of Canada.** TPC is a resident of Canada for the purposes of the Income Tax Act (Canada).

Each of the representations and warranties contained in this Section 9.1 shall be deemed to be continually repeated by TPC at the time of each Advance.

9.2 Survival of Representations and Warranties.

All the representations and warranties of TPC contained in Section 9.1 shall survive the execution and delivery of this Agreement and shall continue in full force and effect until all amounts owing hereunder have been repaid and the Credit Facilities have been terminated notwithstanding any investigation made at any time by or on behalf of Hydro.

9.3 Representations by Hydro.

To induce TPC to enter into this Agreement, Hydro represents and warrants to TPC that each of the following representations and warranties is true and correct:

- (1) Hydro is a corporation duly incorporated and organized and validly subsisting under the Laws of Manitoba and has the corporate power and authority to own or lease its property and to enter into this Agreement and each of the other Loan Documents to which it is a party and to perform its obligations hereunder and thereunder.

- (2) This Agreement and the Loan Documents to which Hydro is a party have been duly authorized, executed and delivered by Hydro and are legal, valid and binding obligations of Hydro, enforceable against Hydro by TPC to the extent that TPC is a party thereto, in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency and other Laws affecting the rights of creditors generally, and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction, or, by this Agreement, at the discretion of the arbitrator.
- (3) Subject only to obtaining the Authorizations described in Schedule H, the execution and delivery of this Agreement and each of the Loan Documents to which Hydro is a party and the consummation the transactions herein provided for by Hydro will not result in:
- (a) the breach or violation of any other provisions of or constitute a default under or conflict with or cause the acceleration of any obligation of Hydro under:
 - (i) any contract to which Hydro is a party or by which it, or any of its property, is bound;
 - (ii) any provision of the constating documents, by-laws or resolutions of the Board of Directors (or any committee thereof) or shareholders of Hydro;
 - (iii) any judgment, decree, order or award of any court, governmental body or arbitrator having jurisdiction over Hydro; or
 - (iv) any applicable law, statute, ordinance, regulation or rule, including, without limitation, the *Hydro Act*; or

- (b) the creation or imposition of any Lien on any investment transaction or any of the property or assets of Hydro;
- (4) Hydro is a resident of Canada for the purposes of the Income Tax Act (Canada).
- (5) None of:
 - (a) this Agreement;
 - (b) any of the Loan Documents; or
 - (c) any certificate or statement in writing which has been supplied by or on behalf of Hydro and is a document that is required to be delivered to TPC pursuant to the provisions of this Agreement or any of the other Loan Documents;

contains any untrue statement of a material fact, or omits any statement of a material fact necessary in order to make the statements contained herein or therein not misleading.
- (6) There is no requirement for Hydro to make any filing with, give any notice to or obtain any license, permit, certificate, registration, authorization, consent or approval of any government regulatory authority as a condition to the lawful consummation by Hydro of the transaction contemplated by this Agreement and each other Loan Document to which it is a party, except as described in Schedule H.

Each of the representations and warranties contained in this Section 9.3 shall be deemed to be continually repeated by Hydro at the time of each Advance.

9.4 Survival of Representations and Warranties.

All the representations and warranties of Hydro contained in this Article IX shall survive the execution and delivery of this Agreement and shall continue in full force and effect until all amounts owing hereunder have been repaid and the Credit Facilities have been terminated notwithstanding any investigation made at any time by or on behalf of TPC.

**ARTICLE X
COVENANTS OF TPC**

10.1 Affirmative Covenants.

So long as any amount owing under the Loan Documents remains unpaid or Hydro has any Credit Facility Commitment under this Agreement, and unless Hydro shall otherwise consent, TPC shall:

- (1) **Financial Reporting and Deliveries.** Cause to be delivered to Hydro the following documents:

Annual Financial Statements

- (a) as soon as available, and in any event within one hundred and twenty (120) days after the end of each Financial Year, the audited financial statements (including, at a minimum, a balance sheet, income statement and statement of changes in financial position) of TPC for such Financial Year, in accordance with GAAP and subject to an unqualified opinion of the Auditors;

Quarterly Financial Statements

- (b) as soon as available, and in any event within sixty (60) days after the end of each Financial Quarter (excluding the last Financial Quarter of a Financial Year), the

unaudited financial statements (including, at a minimum, a balance sheet, income statement and statement of changes in financial position) of TPC, prepared in accordance with GAAP.

- (2) **Additional Reporting and Deliveries.** Cause to be delivered to Hydro, following documents, in form and substance satisfactory to Hydro, acting reasonably:
- (a) a copy of each management letter or report submitted to the board of directors (or any committee thereof) or senior management of any of TPC by the Auditors in connection with any annual, interim or special audit made by them of the books of TPC, together with the related response of TPC to be delivered promptly upon the issuance of the response by TPC;
 - (b) promptly after the occurrence of each Event of Default, a statement of TPC setting forth the details of such Event of Default and the action which TPC proposes to take or have taken with respect thereto;
 - (c) promptly after the commencement thereof, Notice of Claims which have been commenced against TPC (notice of which has been served on TPC, or to the best of the knowledge of TPC, have been commenced or are pending or threatened against TPC, for amounts which exceed \$75,000 in the aggregate at any time or affect any of the Collateral;
 - (d) promptly after the occurrence of any material development with respect to any Claims referred to in Section 10.1(2)(c), and in any event within three (3) Business Days after TPC obtains knowledge of the occurrence thereof, Notice thereof to Hydro, and, to the extent Hydro requests them, copies of all documentation relating thereto; and

- (e) such other information and reports relating to TPC, the Collateral or the Business, as Hydro may from time to time reasonably request.

- (3) **Corporate Existence.** Preserve and maintain TPC's corporate existence.

- (4) **Compliance with Laws.** Comply, in all material respects, with the requirements of all applicable Laws.

- (5) **Payment of Taxes, Claims and Governmental Licence Fees.** Pay and discharge, before the same shall become delinquent:
 - (a) all Taxes, governmental assessments, charges or levies and Claims imposed upon it or upon any of its Property;

 - (b) all lawful Claims which, if unpaid, might by Law become a Lien upon its Property, in each case except for any such Tax, assessment, charge, levy or Claim which would result in a Lien which is a Permitted Lien; and

 - (c) all fees payable to Governmental Entities or other authorities in connection with all governmental licences issued to and held by TPC, (if any).

- (6) **Keeping of Books.** Keep proper books, records and accounts, in which full and correct entries shall be made of all of TPC's financial transactions in accordance with GAAP.

- (7) **Visitation and Inspection.** If, in the reasonable opinion of Hydro, an Event of Default has or may have occurred, at any reasonable time or times and upon reasonable prior notice given to TPC by Hydro permit Hydro or any of its authorized representatives, full and reasonable access to the premises of TPC and obtain any consents and waivers from any Person necessary, in the reasonable

opinion of Hydro to ensure such access, for the purposes of inspecting (and, where required, taking copies of) the business, financial and computer records of TPC and to discuss the business, affairs, finances and accounts of, and the compliance by TPC with the terms of this Agreement and the other Loan Documents with the management and Auditors thereof.

- (8) **Protect Hydro Liens.** At all times take all action and supply Hydro with all such information reasonably necessary to allow Hydro to create, maintain, perfect, protect and preserve the Liens provided for under the Security Documents and confer upon Hydro the security interest intended to be created thereby.
- (9) **Payments.** Subject to Section 3.7(3), pay all amounts of principal, interest, costs and expenses on the dates, at the times and at the places specified in this Agreement or under any other Loan Document, but subject to the provisions of Section 12.2 in respect of costs and expenses.
- (10) **Use of Proceeds.** Apply the proceeds of the Credit Facilities only in accordance with Sections 2.4 and 3.4.
- (11) **Payment of Preferred Claims.** Pay, as and when due, any and all amounts which may result in a Lien on the Collateral under applicable Law (other than a Permitted Lien), whether or not such Lien is entitled to priority over the Liens in favour of Hydro under the Security Documents.
- (12) **Loan Documents.** Execute and deliver to Hydro the Loan Documents.
- (13) **Material Agreements.** Comply with the provisions of all of the Materials Agreements. In respect of each Material Agreement executed by TPC after the date hereof (each a “**Future Material Agreement**”), provide to Hydro a certified true copy of each Future Material Agreement.

- (14) **Notice of Defaults.** TPC shall immediately notify Hydro:
- (a) of any Event of Default or of any event, occurrence, condition or act which, with the giving of Notice, the lapse of time or the happening of any other event or condition, would become an Event of Default, or of any material default (either by TPC or by any other party) under any Material Agreement or of any event which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a material default under or would otherwise allow the termination of any Material Agreement, and thereafter provide Hydro with all information reasonably requested by Hydro from time to time concerning the status thereof;
 - (b) on becoming aware of the occurrence of any litigation, dispute, arbitration, proceeding, labour or industrial dispute, the result of which if determined adversely would have a Material Adverse Business Effect on the ability of TPC to perform its obligations under this Agreement and the other Loan Documents, and thereafter provide Hydro with all information reasonably requested by Hydro concerning the status thereof.
- (15) **Further Assurances.** Upon request of Hydro, acting reasonably, duly execute and deliver or cause to be duly executed and delivered to Hydro such further instruments and other documents and do and cause to be done such further acts as may be necessary or desirable in the opinion of Hydro, acting reasonably, to carry out more effectively the provisions and purposes of the Loan Documents.

10.2 Negative Covenants.

So long as any amount owing under the Loan Documents remains unpaid or Hydro has any Credit Facility Commitment under this Agreement and unless Hydro, as the case may be, shall otherwise consent, TPC agrees not to:

- (1) **Business Activity.** Engage in any business activity except the Business.
- (2) **Liens.** Create, incur, assume or suffer to exist, any Lien on TPC's Property, including the Collateral and the Capital Stock of TPC other than Permitted Liens.
- (3) **Disposal of Property.** Dispose of any of the Collateral without the prior written consent of Hydro.
- (4) **Debt.** Allow, except with the prior consent of Hydro, any Debt to be created, incurred, assumed or suffered to exist, directly or contingently or otherwise, other than:
 - (a) Debt to Hydro;
 - (b) unsecured current liabilities incurred and payable in the ordinary course of the Business and not represented by any note, bond or debenture; or
 - (c) Purchase Money Debt, provided that the payments under such Purchase Money Debt do not exceed, in any one year period, \$15,000.
- (5) **Mergers.** Reorganize, amalgamate, merge, consolidate or otherwise enter into any form of business combination with any other Person.

- (6) **Guarantees and Indemnities.** Guarantee or indemnify or give financial assistance in respect of any contingent liability in respect of any Debt or any other obligations or liabilities of any other Person at any time other than TPC's guarantee of the Debt owed by NCN to Hydro under the NCN Financing Agreement.
- (7) **Dividends.**
- (a) Declare or pay any dividends or other distributions after Hydro has provided notice to TPC that an Event of Default has occurred; or
- (b) Declare or pay any dividends or other distributions, in any other circumstances if, after declaring or paying such Dividends or other distributions, TPC would not be able to meet its Obligations under the Loan Documents.
- (8) **Financial Year and Auditors.** Change its Financial Year end or its Auditors
- (9) **Change in Constatng Documents or Capital Stock.**
- (a) Make any change in the constating documents or by-laws of TPC as delivered to Hydro which would:
- (i) amend the authorized shares or other equity securities of TPC;
- (ii) otherwise be detrimental to the rights or interests of Hydro under any of the Loan Documents.

- (b) Issue any Capital Stock in TPC that would cause an Event of Default to occur or that would cause a Change of Control of TPC.

- (10) **Material Agreements.** Amend, supplement, terminate or waive, or enter into any forbearance from exercising any rights with respect to, any of the terms of any Material Agreement in a manner which would cause a Material Adverse Business Effect or an Event of Default hereunder.

- (11) **Limited Partnership Payments.** Make any payment to the Limited Partnership unless at least thirty (30) calendar days prior to the proposed date TPC intends to make the payment to the Limited Partnership it delivers to Hydro a statutory declaration signed by a duly authorized officer of TPC (each such statutory declaration a “**Limited Partnership Payment Certification**”) which shall certify as to the source of the money to be used to make the proposed payment to the Limited Partnership and shall disclose all material information relating to the money to be used in respect of the proposed payment and shall attach notarized copies of all material documents. Hydro shall have the right to request from TPC, within five (5) calendar days of receipt of the Limited Partnership Payment Certification such additional information and notarized copies of documents relating to the monies to be used in respect of the proposed payment as it may require, acting reasonably, and to receive such written consents and waivers from TPC to obtain additional information and documents from any other Person relating to the monies to be used in respect of the proposed payment as Hydro may request, acting reasonably. Hydro shall be required to confirm in writing within twenty (20) calendar days of receipt of the Limited Partnership Payment Certification whether or not it will accept the Limited Partnership Payment Certification, unless the time period is extended by Hydro, acting reasonably, due

to Hydro awaiting receipt of the additional information and documents as it may have requested in connection to the Limited Partnership Payment Certification.

If Hydro accepts the Limited Partnership Payment Certification, TPC shall be permitted to make the proposed payment to the Limited Partnership on the condition it provides to Hydro (with concurrent notice to Hydro of the payment that is made to the Limited Partnership and for greater certainty the payment will under this Agreement be Approved Funds and will form part of TPC's Invested Cash), a statutory declaration signed by a duly authorized officer of TPC certifying there has been no material change to any of the information or documents provided by TPC in the Limited Partnership Payment Certification or obtained by Hydro concerning the monies being paid to the Limited Partnership, including the source of the monies. TPC shall not make the payment without providing the said statutory declaration. Hydro shall be required to accept the Limited Partnership Payment Certification, if Hydro determines, acting reasonably, that the monies being used for the payment fall within the definition of TPC's Own Funds or based on Hydro's analysis of the information disclosed and documents provided or otherwise obtained by Hydro. If based on Hydro's analysis, acting reasonably, Hydro determines that the said monies fall within the definition of TPC's Third Party Funds, then Hydro is entitled, acting reasonably, to reject or accept the Limited Partnership Payment Certification. In making that determination, Hydro will consider the source of the monies, the terms of any financing, any repayment requirements associated with the monies that have been provided, whether or not any Person has recourse against TPC's Units in the event of default in respect of any financing associated with obtaining the monies and, if so, the likelihood of that right being exercised. If Hydro rejects the Limited Partnership Payment Certification, TPC shall not be entitled to proceed with the proposed payment. If Hydro accepts the Limited Partnership's Payment

Certification, the payment can be made and the funds will be Approved Funds and once the payment is made, it shall form part of TPC's Invested Cash.

- (12) **Change of Control.** There shall be no Change of Control.
- (13) **Change of Registered Owner.** Change the registered owner of the Capital Stock of TPC to any person other than the Chief or a Councillor of NCN, as bare trustee for NCN, or change the form of bare trustee declaration prior to obtaining the written consent of Hydro to the change.

10.3 Cross-Default.

Any Event of Default (as defined in the NCN Financing Agreement) by TPC or by NCN shall be deemed to be an Event of Default hereunder.

ARTICLE XI SECURITY

11.1 Security.

TPC shall execute and deliver the Security Documents to which it is a party, with each of the said Security Documents to be in form and substance satisfactory to Hydro, acting reasonably, as and when required hereunder or under the Loan Documents as continuing collateral security in the Collateral for the due, prompt and complete payment, performance and satisfaction by TPC of all of its indebtedness, liabilities and obligations of every nature whatsoever (whether present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time due or accruing due, wheresoever and howsoever incurred, including any ultimate unpaid balance thereof, in any currency, and whether incurred prior to, at the time of or subsequent to the execution of this Agreement) to Hydro, in connection with this Agreement and the other Loan Documents (collectively, the "**Obligations**").

Notwithstanding anything to the contrary herein, this Agreement shall be interpreted in all respects having regard for the fact that, and the Security Documents shall provide that, (a) Hydro has a first charge security interest on TPC's Units and the Distributions on TPC's Units and any interest related to TPC's Units and the said Distributions; and (b) Hydro's sole recourse for payment of the Obligations shall be to the Collateral in accordance with the provisions of this Agreement, and for greater certainty, it shall have no right to sue TPC or NCN on any personal covenant to pay all or any of the Obligations. Without limiting the generality of the foregoing, it is agreed, and the Security Documents shall provide that if TPC is in default of the repayment provisions specified in Section 2.5, Hydro's sole recourse for the payment of the Total Outstandings under (and all other amounts owing to Hydro for costs, interest or otherwise in connection with) the Equity Credit Facility on the Maturity Date shall be to TPC's Loan Units and the Distributions thereon, and that if TPC is in default of repayment provisions specified in Section 3.5(3), Hydro's sole recourse for payment of the Total Outstandings under (and all other amounts owing to Hydro for costs, interests or otherwise in connection with) the Cash Call Credit Facility on the Maturity Date which are attributable to Cash Call Credit Advances made in respect of TPC's Loan Units shall be to TPC's Loan Units and the Distributions thereon.

11.2 Registrations.

- (1) Hydro, in its sole discretion, may register, file or record the Liens constituted by the Security Documents in all jurisdictions where such registration, filing, or recording is necessary or of advantage to the creation, perfection, preservation or protection of such Liens.

- (2) Hydro may renew such registrations, filings and recordings from time to time as and when required or of advantage, in the sole discretion of Hydro, to keep them in full force and effect. TPC acknowledges that the forms of the Security Documents have been prepared based upon the Laws of the jurisdictions indicated

therein as being applicable thereto in effect at the date hereof and that such Laws may change. TPC agrees that, following prior notice to and consultation with TPC, upon direction from Hydro, shall have the right to require that the forms of the Security Documents be amended, restated or supplemented, to reflect any changes in such Laws, whether arising as a result of statutory amendments, court decisions or other similar changes, in order to confer upon Hydro the Liens in the Collateral intended to be created by the Security Documents, in the sole discretion of Hydro. For greater certainty, nothing in this Agreement can be used by Hydro or TPC to expand or reduce or otherwise change the scope of the Property comprising the Collateral as defined herein or to confer upon Hydro a right to sue TPC or NCN on a personal covenant to pay all or any of the Obligations, or to require any guarantees, indemnities or covenants from NCN or any other Person in respect of the Obligations or otherwise.

ARTICLE XII EVENTS OF DEFAULT

12.1 Events of Default.

If any of the following events, conditions or circumstances (each an “**Event of Default**”) shall occur and be continuing:

- (a) TPC shall fail to pay any portion of the principal or interest or any costs or other amounts due hereunder or under any of the other Loan Documents on the date when due hereunder, and such amount remains unpaid for a period of six (6) Business Days after Hydro notifies TPC that the amount is overdue, provided however, that this provision shall be read in conjunction with Section 12.2 and with the provisions in this Agreement and the other Loan Documents which provide that, for so long as no Event of Default has occurred that remains outstanding and uncured, all such payments to Hydro are to be made solely

through the irrevocable assignment and direction to Hydro of the Distributions on TPC's Units (or portion thereof, as applicable hereunder) prior to the Maturity Date (and, in certain circumstances hereunder, after the Maturity Date), and from no other source, such that for so long as the Distributions are so assigned and directed and are paid over to Hydro as and when declared by the General Partner of the Limited Partnership pursuant to the irrevocable assignment and direction in favour of Hydro, TPC shall be deemed to be in compliance with its covenants to pay for all purposes hereunder and under the other Loan Documents. The parties hereto acknowledge that neither TPC nor NCN control the timing or amount of such Distributions, and as such, there may be periods of time during which there are no or few Distributions to be paid over to Hydro in accordance with the irrevocable assignment and direction to Hydro, and this shall not be construed to be an Event of Default hereunder;

- (b) any representation or warranty or certification made or deemed to be made by TPC pursuant to or in connection with any of the Loan Documents delivered to Hydro shall prove to have been incorrect in any material respect when made or deemed to have been made;
- (c) TPC shall fail to perform or observe any other term, covenant or agreement contained in any of the Loan Documents on its part to be performed or observed and such failure shall remain unremedied for fifteen (15) Business Days (the "**Cure Period**") after written notice thereof shall have been given to TPC by Hydro; provided that the length of the Cure Period shall be extended by Hydro in its unfettered discretion where TPC demonstrates to Hydro that the breach is not capable of being cured within fifteen (15) Business Days but provides Hydro, within ten (10) Business Days, with a plan for curing the breach within sixty (60) calendar days and in good faith implements such plan;

- (d) any of the Loan Documents, at any time, is not or ceases to be valid or enforceable in whole or in part, or if any Lien intended to be created by any of the Security Documents is not or ceases to be a valid and perfected Lien having the ranking or priority contemplated thereby, or if the validity or enforceability of any of the Loan Documents or the validity or perfection of any such Lien shall be contested by any party thereto or any other Person (unless such contestation by such party or other Person is being opposed diligently, in good faith and by proper legal proceedings by Hydro with the assistance of TPC and Hydro covenants to oppose such contestation in good faith where there is a reasonable prospect of success), or if any Person (other than Hydro or the Limited Partnership) obtains any interest in the Collateral or any part thereof (except Permitted Liens); provided however, that this provision shall only be invoked where Hydro, acting reasonably, has determined that its inability to enforce the said Lien with its intended ranking or priority cannot be cured by Hydro within a reasonable period of time or without Hydro being adversely affected notwithstanding that TPC has provided a written undertaking to assist Hydro in the manner set out therein to cure the inability of Hydro to enforce the said Lien with its intended ranking or priority;

- (e) with respect to Debt of TPC under any one or more agreements other than the Debt under the Loan Documents,
 - (i) TPC shall fail to pay any principal, interest or other amount pursuant to the agreements governing such other Debt in an aggregate amount in excess of \$75,000 (or the equivalent amount in another currency) when such amount becomes due and payable (whether by scheduled maturity, required repayment, acceleration, demand or otherwise) and such failure shall continue after any applicable grace period specified in such agreement or agreements; or

- (ii) any other event, condition or circumstance shall occur and shall continue after any applicable grace period specified in such agreement or agreements, if the effect of such event, condition or circumstance is to accelerate the maturity of such other Debt in an aggregate amount in excess of \$75,000 (or the equivalent amount in another currency); or
 - (iii) other Debt of TPC in an aggregate amount in excess of \$75,000 (or the equivalent amount in another currency) shall be declared to be due and payable prior to the stated maturity thereof under any such agreement or agreements;
- (f) the occurrence of any default, or any event or condition which, with the giving of notice or passage of time, or both, would constitute a default by TPC under any Material Agreement, and such default shall continue unremedied after any applicable grace period specified in such Material Agreement;
- (g) TPC shall:
 - (i) become insolvent;
 - (ii) admit in writing its inability to pay its debts generally or shall make a general assignment for the benefit of creditors;
 - (iii) file a notice of intention to file a proposal under any Law relating to bankruptcy, insolvency or reorganization or relief of debtors;
 - (iv) institute or have instituted against it any proceeding seeking (x) to adjudicate it a bankrupt or insolvent, (y) any liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any Law relating to bankruptcy, insolvency or

reorganization or relief of debtors, or (z) the entry of an order for relief or the appointment of a Receiver, interim Receiver, Receiver and manager, assignee, liquidator, sequestrator, trustee or other similar official for it or for any substantial part of its Property, and in the case of any such proceeding instituted against it (but not instituted by it), it shall not be dismissed or stayed within forty-five (45) days of its commencement or issuance or any of the actions sought in such proceeding (including the entry of an order for relief against it or the appointment of a Receiver, trustee, custodian or other similar official for it or for any substantial part of its Property) shall occur; or

- (v) take any corporate action to authorize any of the foregoing actions;

- (h) a Notice is sent to or received by TPC from any creditor with respect to the intention of such creditor to enforce a Lien on:
 - (i) any of the Collateral; or
 - (ii) any Property of TPC (other than the Collateral) unless such notice is being contested in good faith by appropriate legal proceedings and such notice has not resulted in, or does not involve, any danger of the sale, forfeiture or loss of any of the Collateral;

- (i) any one or more judgments or orders in excess of \$75,000 (or the equivalent in another currency) in the aggregate, or any one or more orders, directives, letters of credit or other communications from any Governmental Entity which may be reasonably likely to require TPC to expend an amount in excess of \$75,000 (or the equivalent amount in another currency) in the aggregate shall be rendered against TPC, and either:

- (i) enforcement proceedings shall have been commenced by any creditor upon any such judgment(s) or order(s); or
- (ii) there shall be any period of ten (10) consecutive Business Days during which a stay of enforcement of any such judgment or order, directive, letter or other communication by reason of a pending appeal or otherwise, shall not be in effect;
- (j) the audited financial statements of TPC in respect of any Financial Year are qualified in any material adverse respect by the Auditors;
- (k) the occurrence of a Change of Control;
- (l) the loss, suspension or failure to renew any licence or permit held by TPC or any agreement to which TPC is a party the effect of which would prohibit or otherwise restrict TPC from conducting all or a material part of the Business;
- (m) TPC is enjoined or restrained in any material way by an order of any Governmental Entity, arbitrator or board in Canada or elsewhere from conducting all or a material part of the Business;
- (n) the occurrence of a Material Adverse Business Effect;
- (o) the occurrence of an Event of Default committed by TPC or NCN (as such term is defined in the NCN Financing Agreement); or
- (p) the occurrence of any event, condition or circumstance which, with the giving of notice or passage of time, or both, would constitute an Event of Default after the expiration of, in the case of a Loan Document, the applicable Cure Period or in the case of any other agreement, the applicable cure period (if any) thereunder;

then, and in any such event, Hydro shall be entitled by written notice to TPC to: (i) terminate the obligation of Hydro to make further Advances under the Credit Facilities; and/or (ii) demand repayment of all indebtedness of TPC to Hydro under the Credit Facilities, whereupon the principal amount of all outstanding Advances and other amounts payable thereunder shall become forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by TPC (except such notices as may be required under applicable Laws). Provided, however, that Hydro shall only have recourse to the Collateral for the repayment of the Obligations, and further provided, however, that upon any Event of Default specified in Section 12.1(g), the obligation of Hydro to make Advances hereunder shall automatically terminate.

12.2 Expenses of Hydro.

Upon the occurrence of any Event of Default which has not been waived and is continuing, Hydro may take any action Hydro considers advisable, acting reasonably, to remedy the effect of such Event of Default. All reasonable expenses, costs and charges incurred by or on behalf of Hydro in connection with: (i) any remedial action taken pursuant to this Section; or (ii) the realization of the Collateral, including all reasonable fees, court costs, Receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment of the Collateral, in all cases shall be added to and form a part of the Obligations, but subject always to the provision that Hydro's sole recourse for payment of the Obligations shall be to the Collateral, as set out herein. For greater certainty, for so long as there is no Event of Default hereunder, Section 5.14 of the PDA shall govern the payment of Hydro's costs and expenses properly recoverable hereunder.

12.3 Remedies Cumulative.

The remedies provided for in this Agreement and each of the Loan Documents are cumulative and do not exclude any other right or remedy provided by Law (except that there shall be no right of Hydro to sue TPC or NCN on any personal covenant to pay, it being acknowledged that Hydro's sole recourse is to the Collateral).

12.4 Allocations.

For greater certainty, the parties agree that any expenses or costs that are, by the terms of this Agreement, reimbursable to Hydro shall be allocated as follows: if the expense or cost is incurred by Hydro prior to or on the Adjustment Date or is incurred by Hydro after the Adjustment Date but in respect of a matter arising in connection with the Equity Credit Facility, it shall be allocated to the Equity Credit Facility. If the expense or cost is incurred by Hydro after the Adjustment Date (except where it is incurred in respect of a matter arising in connection with the Equity Credit Facility), it shall be allocated to the Cash Call Credit Facility.

**ARTICLE XIII
PAYMENTS, COMPUTATIONS AND INDEMNITIES**

13.1 Timing of Payments under this Agreement.

- (1) Unless otherwise expressly provided in this Agreement, TPC shall make any payment required to be made by it to Hydro by depositing the amount of such payment in Hydro's Account not later than 11:00 a.m. (Winnipeg time) on the date such payment is due.

- (2) Unless otherwise expressly provided in this Agreement and subject to the provision by Hydro of the requisite notice to TPC and the General Partner as set out in Section 4.2(1), Hydro shall make any Advance or other payment to TPC hereunder by crediting or causing the crediting of the Limited Partnership

Account for TPC with the amount of such Advance on the date such Advance is to be made.

13.2 Payments on Non-Business Days.

Whenever any payment hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be.

13.3 Overdue Amounts.

All amounts owed by TPC which are not paid when due (whether at stated maturity, on demand, by acceleration or otherwise) shall bear interest (both before and after judgment), from the date on which such amount is due until such amount is paid in full, payable on demand, at a rate per annum equal at all times to the rate in effect on the date the said amounts are due and unpaid.

13.4 Application of Payments, Repayments and Prepayments.

All amounts received by Hydro from or on behalf of TPC, including from realization by Hydro on the Collateral of the Security, and not previously applied pursuant to this Agreement shall be applied:

- (a) first, in reduction of TPC's obligation to pay any costs and expenses, which are due and owing to Hydro and reimbursable or indemnity amounts or Losses which have been determined by a court of competent jurisdiction or by arbitration to be due and owing to Hydro;

- (b) second, in reduction of TPC's obligation to pay any unpaid interest accrued on the principal amount of Advances;
- (c) third, in reduction of TPC's obligation to pay any amounts due and owing on account the principal amount of all Advances; and
- (d) fourth, to be held in escrow by Hydro in an interest-bearing account on account, and up to the amount, of any written claim by Hydro then issued and outstanding seeking reimbursement or indemnity hereunder for Losses, pending determination by a court of competent jurisdiction or by arbitration as to the amount (if any) which is due and owing to Hydro hereunder (in which event, such funds and any interest earned thereon shall be dealt with in accordance with the order of the court of competent jurisdiction or arbitrator, as the case may be); and
- (e) fifth, to TPC or such other Persons as may lawfully be entitled to the remainder or as any court of competent jurisdiction may otherwise direct.

13.5 Computations of Interest and Fees.

- (1) All computations of interest shall be made by Hydro, taking into account the actual number of days occurring in the period for which such interest is payable pursuant to Sections 4.4(a)(i) and on the basis of a year of 365 days, except for interest payable under Sections 4.4(a)(ii), 4.4(a)(iii), 4.4(b) and 4.5, in respect of which the computation of interest shall be made based on a semi-annual interest computation and not by the number of days in the six (6) month period.
- (2) Notwithstanding any provision to the contrary contained in this Agreement, in no event shall the aggregate "interest" (as defined in Section 347 of the *Criminal Code* (Canada), as the same may be amended, replaced or re-enacted from time to time) payable under this Agreement exceed the maximum amount of interest on the "credit advanced" (as defined in that Section) under this Agreement lawfully

permitted under that Section and, if any payment, collection or demand pursuant to this Agreement in respect of “interest” (as defined in that Section) is determined to be contrary to the provisions of that Section, such payment, collection or demand shall be refunded to TPC. For purposes of this Agreement, the effective annual rate of interest shall be determined in accordance with generally accepted actuarial practices and principles over the term that the relevant Credit Facilities are outstanding on the basis of annual compounding of the lawfully permitted rate of interest and, in the event of any dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by Hydro will be conclusive for the purposes of such determination.

- (3) Each determination by Hydro of any amount payable hereunder by TPC shall be prima facie evidence of the amount payable for all purposes absent error.

13.6 Indemnity for Change in Circumstances.

- (1) If with respect to Hydro:
- (a) any change in Law, or any change in the interpretation or application by any Governmental Entity of any Law occurring or becoming effective after the date hereof; or
 - (b) any compliance by Hydro with any direction or requirement having the force of Law of any Governmental Entity made or becoming effective after the date hereof, in either case shall have the effect of causing Loss to Hydro by:
 - (i) increasing the actual cost to Hydro of performing its obligations under this Agreement or in respect of any Advance; or

- (ii) reducing any amount otherwise properly payable to Hydro under this Agreement or in respect of any Advance by any amount that Hydro deems material acting reasonably (other than pursuant to Section 13.5(2));

then Hydro may give notice to TPC specifying the nature of the event giving rise to such Loss and TPC shall, within twenty (20) Business Days of demand, pay such amounts as Hydro may specify is necessary to compensate Hydro for such Loss. A certificate as to the amount of any such Loss, submitted in good faith by Hydro to TPC shall be prima facie evidence of the amount of such Loss for all purposes, absent error.

- (2) Except as required by applicable Law, TPC shall make all payments under this Agreement to Hydro without deducting or withholding of any Taxes. To the extent that deduction or withholding of Taxes is required by applicable Law, TPC will:
 - (a) promptly notify Hydro of such requirement;
 - (b) pay to the appropriate authority the full amount required to be so withheld or deducted before penalties attach thereto or interest accrues thereon;
 - (c) promptly forward to Hydro an official receipt or other documentation reasonably satisfactory to Hydro evidencing such payment to such authority; and
 - (d) pay to Hydro an additional amount so that Hydro receives the full amount it would have received had no such deduction or withholding been required.

If any Taxes are directly asserted against Hydro with respect to any payment under this Agreement, Hydro may pay such Taxes and TPC shall promptly pay

such additional amount (including any penalties, interest and expenses) necessary so that the net amount received by Hydro after the payment of such Taxes, including any Taxes on such additional amounts, shall equal the amount Hydro would have received had Hydro not paid such Taxes.

TPC will indemnify Hydro for all incremental Taxes, interest or penalties that Hydro must pay if TPC fails to deduct or withhold any Taxes when due or to send Hydro the required receipts or other documentation.

Hydro acknowledges that in respect of this Section 13.6(2), Taxes shall not include any income taxes that may be payable by Hydro. Hydro shall remain solely obligated to pay and shall save TPC and NCN harmless from any income taxes that may be asserted against Hydro or payable by Hydro, including with respect to any payments or amounts received or made under this Agreement.

13.7 Indemnity.

- (1) TPC hereby agrees to indemnify, exonerate and hold Hydro and its officers, directors, employees, agents and other representatives (in this Section 13.7(1), the “**Indemnified Parties**”) free and harmless from and against any and all Claims, demands, actions, causes of action, suits, losses, costs (including all documentary, recording, filing, mortgage duties), charges, liabilities and damages, and expenses in connection therewith (irrespective of whether such Indemnified Party is a party to the action for which such indemnification hereunder is sought), and including reasonable legal fees and disbursements (collectively, in this Section 13.7(1), the “**Indemnified Liabilities**”) paid, incurred or suffered by, or asserted against, the Indemnified Parties or any of them or, with respect to, or as a direct or indirect result of: (i) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of any Advances obtained hereunder; or (ii) the execution, delivery, performance or enforcement of this Agreement or any of the

Loan Documents, except for such Indemnified Liabilities that a court of competent jurisdiction determines or rules to be on account of the relevant gross negligence or willful misconduct of the Indemnified Party or any Person for whom such Indemnified Party is responsible at law (in which event, such Party shall indemnify TPC, and its officers and directors, for all Indemnified Liabilities paid, incurred or suffered by or asserted against any of them arising out of such gross negligence or willful misconduct).

- (2) All obligations provided for in this Section 13.7 shall not be reduced or impaired by any investigation made by or on behalf of Hydro.
- (3) If, for any reason, the obligations of TPC pursuant to this Section 13.7 shall be unenforceable, TPC agrees to make the maximum contribution to the payment and satisfaction of each obligation that is permissible under Law, except to the extent that a court of competent jurisdiction determines such obligations arose on account of the gross negligence or willful misconduct of Hydro or any Person for whom Hydro is responsible at law (in which event such Party shall indemnify TPC, and its officers and directors for all Indemnified Liabilities paid, incurred or suffered by or asserted against any of them arising out of such gross negligence or willful misconduct).

13.8 Contribution.

If any provision in any of the Loan Documents providing for indemnification by TPC (the “**Indemnitor**”) in favour of Hydro or any of the Indemnified Parties (as defined in Section 13.7) (the “**Indemnitee**”) is found by reason of the occurrence of an event, other than the gross negligence or wilful misconduct of the Indemnitee, to be unenforceable by a court of competent jurisdiction in a final judgment that has become non-appealable, then the Indemnitor shall contribute to the amount paid or payable by the Indemnitee which is subject to the indemnification provision in such proportion as is appropriate to reflect not only the relative

benefits received by the Indemnitor on the one hand and the Indemnitee on the other hand but also the relative fault of the Indemnitor and the Indemnitee but only to the extent that such contribution is consistent with the terms of the final judgment. The rights of contribution herein provided shall be in addition to and not in derogation of any other right to contribution which the Indemnitee may have under this Agreement or applicable Laws.

13.9 Market Make-whole Payment

In the event of a voluntary payment of principal by TPC to Hydro hereunder prior to the date on which such payment is due and payable (other than any payment of interest or costs whatsoever or any payment out of Distributions, including payments of principal pursuant to any of Sections 2.6(2), 2.6(5), 2.6(6), 3.6(2) and 3.6(3) from Distributions on TPC's Units from time to time), the principal amount of the repayment shall be adjusted by the amount determined in the following manner:

- (a) **Equity Credit Advances.** An amount calculated by Hydro on the Business Day preceding the date of repayment equal to the applicable Canada Yield Price on the Business Day preceding the date of the payment less the principal amount of the Equity Credit Advances that are being repaid. For greater certainty, if the amount so determined is a positive number it shall increase the principal amount to be repaid by that amount, and if it is a negative number it shall reduce the principal amount to be repaid by that amount.

- (b) **Cash Call Credit Advances.** An amount calculated by Hydro on the Business Day preceding the date of repayment equal to the applicable Canada Yield Price on the Business Day preceding the date of the payment less the principal amount of the Cash Call Credit Advances that are being repaid. For greater certainty, if the amount so determined is a positive number it shall increase the principal amount to be repaid by that amount, and if it is a negative number it shall reduce the principal amount to be repaid by that amount.

13.10 **Confirmation of Limited Recourse.**

For greater certainty, Hydro acknowledges that nothing in this Article XIII shall in any way detract from the limited recourse nature of Hydro's security and remedies hereunder, as set out in Section 11.1 hereof.

**ARTICLE XIV
DISPUTE RESOLUTION**

14.1 **Dispute Resolution.**

Each of the parties to the Agreement agrees that any disputes or claims arising out of this Agreement shall be determined solely in accordance with the dispute resolution process set out in Article XXI of the PDA and it shall not bring any action in respect of any matter arising hereunder, other than pursuant to Article XXI of the PDA, against any other party.

**ARTICLE XV
GENERAL PROVISIONS**

15.1 **Notices.**

- (1) All notices provided for in this Agreement or in the other Loan Documents shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by facsimile, charges prepaid, at or to the applicable addresses or facsimile numbers, as the case may be, set opposite the party's name in Schedule F hereto or at or to such other address or addresses or facsimile number or numbers as any party hereto may from time to time designate to the other parties in such manner. Any communication which is personally delivered as aforesaid 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 was

made during 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. Any communication which is transmitted by facsimile as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during 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 transmission.

- (2) Each Borrowing Notice and Repayment Notice shall be irrevocable and binding on TPC.

15.2 Time of the Essence.

Time shall be of the essence of this Agreement.

15.3 Third Party Beneficiaries.

Each party hereto intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person, other than the parties hereto and the Persons contemplated in Section 13.7 or Section 15.7, and no Person, other than the parties hereto and the Persons contemplated in Section 13.7 or Section 15.7, shall be entitled to rely on the provisions hereof in any action, suit, proceeding, hearing or other forum. For greater certainty, nothing in this Section 15.3 is intended to prevent or restrict the Taskinigaph Trust from receiving Dividends declared by the Board of Directors of TPC pursuant to the NCN Deed of Assignment subject always to TPC's compliance with the covenants, representations and warranties of this Agreement.

15.4 Enurement.

This Agreement shall enure to the benefit of and be binding upon the parties hereto. This Agreement shall be binding upon any assigns and enure to the benefit of any permitted assigns.

15.5 Counterparts.

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument.

15.6 Knowledge.

Where any representation or warranty contained in this Agreement or any other Loan Documents is expressly qualified by reference to the “best of the knowledge” of TPC, or where any other reference is made herein or in any Loan Document to “the knowledge” of TPC, it shall be deemed to refer to the best of the knowledge of the members of the Board of Directors of TPC.

15.7 Assignment.

Neither this Agreement nor the rights and obligations hereunder shall be assignable or transferable by TPC or Hydro, except that Hydro may assign this Agreement to any Affiliate, on the condition that notwithstanding the assignment, Hydro will remain jointly and severally liable with the said Affiliate, for compliance with the covenants of Hydro under this Agreement.


15.8 Non-Merger.

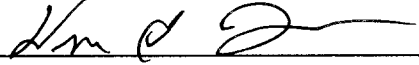
Except as otherwise expressly provided in this Agreement, the covenants, representations and warranties of the parties contained in this Agreement and any of the other

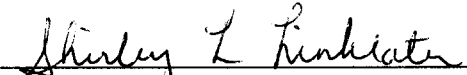
Loan Documents shall not merge on and shall survive the Initial Closing and the Final Closing and the making of any Advance, and notwithstanding such Initial Closing and Final Closing or Advance, or any investigation made by or on behalf of any party, shall continue in full force and effect. Neither the Initial Closing or the Final Closing nor the making of any Advance shall prejudice any right of one party against any other party in respect of anything done or omitted hereunder or under any of the other Loan Documents or in respect of any right to damages or other remedies.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, on the date first above written.

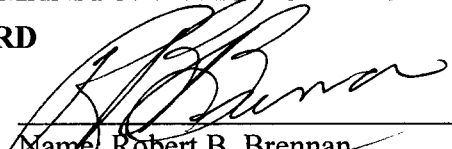
TASKINIGAHP POWER CORPORATION

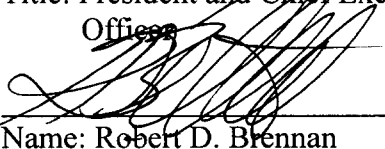
Per: 
Name: Jerry Trimrose
Title: President

Per: 
Name: William Elvis Thomas
Title: Vice- President

Per: 
Name: Shirley L. Linklater
Title: Secretary-Treasurer

THE MANITOBA HYDRO-ELECTRIC BOARD

Per: 
Name: Robert B. Brennan
Title: President and Chief Executive Officer

Per: 
Name: Robert D. Brennan
Title: Assistant Corporate Secretary

SCHEDULE A
REPAYMENT NOTICE

TO: THE MANITOBA HYDRO-ELECTRIC BOARD (“Hydro”)
FROM: TASKINIGAHP POWER CORPORATION (“TPC”)

This Repayment Notice is delivered to you pursuant to Section 4.6 of the financing agreement (the “TPC Financing Agreement”) dated ●, 2006 between TPC, as borrower, and Hydro, as lender. All capitalized terms used in this Repayment Notice and defined in the TPC Financing Agreement shall have the meanings defined in the TPC Financing Agreement.

1. TPC hereby gives notice of repayment as follows:
 - (a) Date of repayment: _____
 - (b) Type of Advance: _____
 - (c) Amount of principal being repaid: _____

TASKINIGAHP POWER CORPORATION

Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE B

BORROWING NOTICE

To: THE MANITOBA HYDRO-ELECTRIC BOARD (“Hydro”)

From: TASKINIGAHP POWER CORPORATION (“TPC”)

This Borrowing Notice is delivered to you pursuant to Section 4.2(1) of the financing agreement (the “TPC Financing Agreement”) dated ●, 2006 between TPC, as borrower, and Hydro, as lender. All capitalized terms used in this Borrowing Notice and defined in the TPC Financing Agreement shall have the meanings defined in the TPC Financing Agreement.

1. TPC hereby requests an Advance as follows:

(a) Date of Advance: _____

(b) Amount of Advance: _____

(c) Type of Advance: _____

(d) Payment Instructions: _____

2. TPC hereby certifies that :

(a) All of the representations and warranties of TPC contained in Section 9.1 of the TPC Financing Agreement are true and correct in all material respects on and as of the date hereof as though made on and as of the date hereof (other than those representations and warranties in Section 9.1 which are specifically limited to a particular date) and except as disclosed in writing to, and accepted in writing by Hydro.

(b) All of the covenants of TPC contained in Article X of the TPC Financing Agreement together with all of the conditions precedent to an Advance in Article VII of the TPC Financing Agreement (to the extent they are within TPC’s control) have been complied with or met in all materials respects, except as disclosed in writing to, and accepted in writing by Hydro.

- (c) No Event of Default has occurred and is continuing on the date hereof nor will any Event of Default occur as a result of the aforementioned Advance, except as disclosed in writing to, and accepted in writing by Hydro.

DATED:

TASKINIGAHP POWER CORPORATION

Per: _____

Name:

Title:

Per: _____

Name:

Title:

SCHEDULE C

ISSUED AND OUTSTANDING CAPITAL STOCK AND DEBT

To be provided on Initial Closing

SCHEDULE D

MATERIAL AGREEMENTS

To be provided on Initial Closing

SCHEDULE E

LIABILITIES

To be provided on Initial Closing

SCHEDULE F

ADDRESS FOR NOTICE

Taskinigahp Power Corporation
Attention: President
General Delivery
Nelson House, MB
R0B 1A0

Fax: (204) 484-2392

Manitoba Hydro
Attention: General Counsel
3rd Floor – 820 Taylor Avenue
Winnipeg, MBR3C 2P4

Fax: (204) 474-4947

SCHEDULE G

LIST OF SECURITY DOCUMENTS

1. TPC Security Agreement
2. Pledge of TPC's Units
3. Limited Power of Attorney granted by TPC respecting TPC's Units

SCHEDULE H

AUTHORIZATIONS – HYDRO

1. Order in Council as required pursuant to the provisions of the Hydro Act.
2. Such Additional Borrowing Authorizations required from time to time.