

**TRANSMISSION LANDS LEASE**

This Lease made in duplicate the 28<sup>th</sup> day of June, 2006.

BETWEEN:

**WUSKWATIM POWER LIMITED PARTNERSHIP**  
**By its General Partner 5022649 Manitoba Ltd.**  
(hereinafter referred to as the "Landlord")

OF THE FIRST PART

- and -

**THE MANITOBA HYDRO-ELECTRIC BOARD**  
(hereinafter referred to as the "Tenant")

OF THE SECOND PART

WITNESSETH that in consideration of the mutual covenants, conditions and agreements herein contained, the Landlord and the Tenant covenant and agree as follows:

ARTICLE I

**DEFINITIONS**

A. **Definitions:** In this Lease the Landlord and Tenant agree that:

1. "Additional Rent" means all amounts except Basic Rent payable by the Tenant under this Lease including all amounts payable to the Landlord hereunder or to any lawful authority on behalf of, or as designated by, the Landlord, whether or not specifically designated as Additional Rent elsewhere in this Lease.
2. "Rental Year" means twelve (12) calendar months commencing on the first day of the Term or the anniversary date thereof.

3. "Rent" means Basic Rent and Additional Rent.
4. "Transmission Leased Lands" means the land shown in blue horizontal lines and described as "Wuskwatim Transmission Project Permanent Land Requirements" on the attached drawing marked as Schedule "A".
5. "Transformer Station" means the works of the Tenant to be situated on the Transmission Leased Lands including but not limited to foundations, steel structures, transformers, wires, cables, audio visual communication cables, conduits, pipes, trenches, buildings, storage areas and all things necessary for the transformation and distribution of electrical energy.

## ARTICLE II

### DEMISE, TERM AND CONDITION PRECEDENT

- A. Demise: The Landlord, in consideration of the rents, covenants, agreements and conditions herein to be paid, observed and performed by the Tenant, does hereby demise and lease to the Tenant the Transmission Leased Lands.
- B. Term: The Tenant shall have and hold the Transmission Leased Lands for that period of time commencing on the date upon which the Transmission Leased Lands are transferred from the Government of Manitoba to the Landlord (herein called the "Commencement Date") and terminating on the date the Tenant is no longer obligated to transform and transmit electrical energy from the Wuskwatim Generating Station.

## ARTICLE III

RENT, TAXES AND OTHER CHARGES

- A. The Tenant shall pay to the Landlord the entire amount of the Basic Rent and Additional Rent as hereinafter provided.
- B. Basic Rent: The Tenant shall pay to the Landlord an annual rental of One Dollar (\$1.00) (hereinafter called the "Basic Rent"). Basic rent is payable annually in advance of the day and month of the Commencement Date, the first of such payments to be made within 10 days of the Commencement Date.
- C. Interest on Amounts in Arrears: Whenever the Tenant defaults in the payment of any Rent (including interest thereon, if any) payable hereunder by the Tenant to the Landlord, the same shall bear interest at the annual Prime Lending Rate of The Royal Bank of Canada at its main office in the City of Winnipeg, in effect at the date of default, and such interest shall be due and payable on demand as Additional Rent reserved hereunder.
- D. Default: If the Rent hereby reserved or any other sum which the Tenant is required to pay pursuant to this Lease is not paid on the day appointed for the payment thereof, the Landlord shall address a written notice of default to the Tenant and the Tenant shall have 15 days from the date of receipt of such notice to correct the breach. The Landlord shall not under any circumstances, except by means of qualified personnel, operate the Transformer Station or otherwise use or interfere with the Tenant's equipment or fixtures.
- E. Taxes and Other Charges and Costs: The Tenant will pay as Additional Rent, as and when due to an authority, to the extent the Tenant is legally obligated to pay:

1. All taxes (excluding income taxes of Landlord), licenses, rates, duties and assessments imposed, or levied by any lawful authority to which taxes, licenses, rates, duties and assessments, the Tenant is legally obligated to pay during the Term and relating to the Transmission Leased Lands or to the use of the Transmission Leased Lands by the Tenant and relating to personal property and all business and other improvements owned or installed by the Tenant in, or affixed to the Transmission Leased Lands.
  2. The Tenant shall furnish to the Landlord on request evidence satisfactory to the Landlord of payments of any charges or expenses aforesaid.
- F. Irregular Periods: If, for any reason, it becomes necessary to calculate Basic Rent or Additional Rent or any part thereof for irregular periods an appropriate pro rata adjustment will be made on a daily basis in order to compute such rent for such irregular periods as at the end thereof.

#### ARTICLE IV

##### QUALITY AND USE OF THE TRANSMISSION LEASED LANDS

- A. Possession of the Transmission Leased Lands: The Tenant shall receive possession of the Transmission Leased Lands on the Commencement Date or as otherwise mutually agreed to.
- B. Use of Transmission Leased Lands: The Tenant will not use or permit the Transmission Leased Lands or any part thereof to be used for any purpose other than the operation of a Transformer Station including buildings and storage areas, in connection with the distribution and maintenance of electrical energy services without the prior written consent of the Landlord.

- C. Quality: The Tenant shall operate its facilities on the Transmission Leased Lands in a manner consistent with the current state of the art of industrial safety and environmental protection standards.
  
- D. Refuse: The Tenant shall not place or leave, or permit to be placed or left, in or upon the Transmission Leased Lands, any trash, debris or refuse.
  
- E. Environmental Compliance: The Tenant shall comply with all applicable environmental statutes, regulations and guidelines from time to time in effect as may be applicable to the Tenant's operations and the Transmission Leased Lands.
  
- F. Improvements: For the purpose of the conduct of its operations as permitted under this Lease, the Tenant shall be entitled to fence the Transmission Leased Lands, and carry out such excavations and construction including without limitation the placement of foundations, steel structures, transformers, wires, cables, audio-visual communication cables, conduits, pipes, trenches, buildings and storage areas as may be required for the construction and operation of the Transformer Station and the distribution of electrical energy.

## ARTICLE V

### ASSIGNING, SUB-LETTING AND ENCUMBERING

The Tenant shall not assign or sublet or part with possession of any or all of the Transmission Leased Lands without prior written consent of the Landlord. Such consent shall, however, not be unreasonably withheld when requested in the event the Tenant assigns or sublets or parts with possession of all or any part of the Transmission Leased Lands to a company or branch of a company, or joint venture or partnership, in which the tenant, its successor or any wholly owned subsidiary owns, directly or indirectly, an interest. The Landlord's consent to such assignment, subletting or parting with possession does not constitute a waiver of the necessity

for the Tenant to obtain the prior consent of the Landlord to any subsequent assignment, subletting or parting with possession of the Transmission Leased Lands. Any approval thereof shall not relieve the Tenant of the Tenant's obligations and covenants contained in this Lease, or ancillary agreements unless specifically agreed between the Landlord and Tenant.

## ARTICLE VI

### COMPLIANCE WITH LAWS, BUILDERS' LIENS

- A. Compliance with Laws: The Tenant during the Term and at its own expense, will promptly comply, and will cause its employees, agents, licensees and invitees on or about the Transmission Leased Lands to comply with the requirements of every applicable law, rule, by-law, regulation, order, direction, ordinance and standard of every competent federal and provincial authority in force.
- B. Builders' Liens: The Tenant will not suffer or permit any lien under *The Builders' Liens Act* or like statute to be registered against title to the Transmission Leased Lands, by reason of work, services or materials supplied or claimed to have been supplied to the Tenant. If any such lien is registered or notice of claim for lien given to the Landlord, the Tenant will do all things necessary to obtain and register a discharge forthwith after the lien has come to the notice of the Tenant. If the Tenant desires to contest in good faith the amount or validity of any lien and has so notified the Landlord, and if the Tenant has paid into a court of competent jurisdiction to the credit of any lien action the amount of the lien claimed and costs, then the Tenant may contest the claim with due diligence, provided always that neither the Transmission Leased Lands nor the Tenant's leasehold interest therein shall thereby become liable to any forfeiture or sale or be otherwise in jeopardy. Nothing herein contained will be deemed to authorize the Tenant, or imply any consent or agreement on the part of the Landlord, to subject the Landlord's estate and interest in the Transmission Leased Lands to any lien.

The Tenant further agrees to indemnify the Landlord from any costs, claims, or charges directly or indirectly incurred for any lien, mortgage, judgment, execution or other claim or charge caused or occasioned by any party or parties, other than the Landlord, registered or charged against the Transmission Leased Lands or against any property of the Tenant located thereon.

## ARTICLE VII

### REPAIRS, MAINTENANCE AND CONSTRUCTION

- A. Repair and Maintenance: The Tenant, throughout the Term shall be responsible for the repair and maintenance of the Transformer Station including any works installed in the Transmission Leased Lands, including without limitation all fixtures, buildings, improvements, appurtenances and equipment therein and thereon that it owns, has erected or has placed on the Transmission Leased Lands, in such condition as is necessary to comply with all applicable laws and regulations.

## ARTICLE VIII

### SURRENDER OF PREMISES AND REMOVAL OF FIXTURES

- A. Surrender: Upon the expiration or earlier termination of this Lease or the Term and any period of overholding, the Tenant will surrender to the Landlord possession of the Transformer Leased Lands.
- B. Removal of Tenant's Equipment: The Tenant shall upon the expiration or earlier termination of this Lease or the Term unless otherwise agreed, remove the Transformer Station from the Transmission Leased Lands. The Tenant shall make good any damage or injury caused to the Transmission Leased Lands resulting from the installation or removal of the Transformer Station and restore the Transmission Leased Lands so as to comply with all applicable laws and regulations then in effect.

ARTICLE IX

ACCESS TO TRANSMISSION LEASED LANDS BY LANDLORD

The Tenant shall, from time to time, at a reasonable frequency, provide access to the Transmission Leased Lands to the Landlord for the purpose of carrying out inspections.

ARTICLE X

LIABILITY

- A. The Landlord shall not be liable for loss, damage or injury of any nature whatsoever, including death, that may be suffered or sustained by the Tenant or any employee, agent or customer of the Tenant or any other person who may be in or upon the Transmission Leased Lands, or for any loss, theft, or damage to any property belonging to the Tenant or to an employee, invitee, agent or customer of the Tenant or to any other person while such property is on the Transmission Leased Lands, except to the extent that the same is caused by or results from the actions of the Landlord or its agents or employees.
  
- B. The Tenant shall indemnify and save harmless the Landlord from and against all fines, suits, claims, demands, losses, costs, damages and expenses of every kind and nature which the Landlord shall or may incur or suffer or become liable, by reason of any breach, violation or nonperformance by the Tenant, its employees or agents, of any covenant, term or provision of this Lease or by reason of any injury occasioned to or suffered by any person or persons or any loss of or damage caused to any property by reason of any wrongful act, neglect or default on the part of the Tenant or on the part of any agent, contractor, employee or invitee of the Tenant except to the extent that such fine, suit, claim, demand, loss, cost, damage or expense was caused by or resulted from the actions of the Landlord, its agents or employees.



- C. The Tenant shall take out and keep in full force and effect in the name of the Tenant and the Landlord, as their respective interests appear, property insurance, which shall include coverage on property of every description and kind owned by the Tenant in an amount at least equal to the full, insurable replacement value thereof and comprehensive public liability insurance applying to all operations of the Tenant with respect to the occupancy by the Tenant of the Transmission Leased Lands with a limit of not less than \$10 Million per occurrence.

## ARTICLE XI

### EXPROPRIATION

If the whole or any part of the Transmission Leased Lands is expropriated, as between the parties hereto, their respective rights and obligations under this Lease shall continue until the day on which the expropriating authority takes possession thereof. If in the case of partial expropriation of the Transmission Leased Lands this Lease is not frustrated by operation of governing law and such expropriation does not render the Transmission Leased Lands unusable for the Tenant's purposes, the Basic Rent provided in Article III-B shall be reduced as of the date of taking possession in proportion to the relationship between the area of the Transmission Leased Lands so taken and the area remaining.

If, after the expropriating authority takes possession of the whole or part of the Transmission Leased Lands, the remaining Transmission Leased Lands are unsuitable for the Tenant's purposes, the Tenant may terminate the Lease on giving 30 days notice to the Landlord. It is understood and agreed that the Tenant's obligation to restore the Transmission Leased Lands as set out in Article VIII B shall continue to apply.

## ARTICLE XII

### QUIET ENJOYMENT

Subject to the Landlord's rights of access as mentioned herein, if the Tenant complies with its obligations under this Lease, the Tenant shall peaceably possess and enjoy the Lands during the Term without any interruption or disturbance from the Landlord or any person or persons claiming by, through or under the Landlord.

### ARTICLE XIII

#### PERFORMANCE OF TENANT'S COVENANTS, DEFAULTS AND BANKRUPTCY

A. Landlord may Perform Covenants: If the Tenant makes default in any of its material covenants and agreements herein, then the Landlord, without limiting any other remedy which it may have, will have the right to remedy any such default. In order to cure such default, the Landlord may take reasonable actions to cure the default and such things as may be incidental thereto, including, without limitation, the right to make repairs and to expend monies. The Tenant will forthwith reimburse the Landlord as Additional Rent hereunder the aggregate of all costs, interest, charges and expenses including without limitation legal fees on a solicitor and own client basis incurred by the Landlord in remedying any such default.

B. Right of Termination of the Landlord:

If and whenever:

1. The Tenant makes an assignment for the benefit of creditors or becomes bankrupt or insolvent, takes the benefit of, or becomes subject to any statutes that may be in force relating to bankrupt or insolvent debtors; or

2. Any certificate or order is made or granted for the winding-up or dissolution of the Tenant, voluntarily or otherwise, unless due to restructuring internal to the group of companies the Tenant is a part of; or
3. The Transmission Leased Lands at any time during the Term become vacant in consequence of abandonment by the Tenant or the removal of the Tenant by legal process for non-payment of rent, breach of covenant or any other cause,

then in any of the said cases, at the option of the Landlord, the Term shall become forfeited and void and the Landlord may re-enter the Transmission Leased Lands or any part thereof and repossess and enjoy the same as of its former estate. In the event the Landlord re-enters and takes possession the Landlord shall not, except by means of qualified personnel, operate the Transformer Station or otherwise use or interfere with the Tenant's equipment or fixtures. Such forfeiture shall be without prejudice to the right of the Landlord to recover arrears of rent or damages for any antecedent breach of the Tenant's covenants, obligations or agreements under this Lease. The Landlord shall, however, in such instances, use its reasonable efforts to mitigate its damages.

- C. Remedies of Landlord are Cumulative: The remedies of the Landlord under this Lease are cumulative and are in addition to any remedies of the Landlord at law or in equity. No remedy will be deemed to be exclusive and the Landlord may from time to time have recourse to one or more of all the available remedies specified herein or at law or in equity.
- D. Rights of Termination of Tenant: The Tenant shall have the right to terminate this Lease at any time in the event of breach by the Landlord of any material provision of this Lease, provided such breach has not been corrected by the Landlord within 60 days following service by the Tenant of written notice of default.

ARTICLE XIV

IMPOSSIBILITY OF PERFORMANCE

Whenever either the Landlord or Tenant is unable to fulfil any obligation hereunder by reason of being unable to obtain the materials, goods, equipment, service, utility or labour required to enable it to fulfil such obligation or by reason of any law or regulation or by reason of any other cause beyond its reasonable control, such party will be entitled to extend the time for fulfilment of such obligation by a time equal to the duration of the delay or restriction. The other party will not be entitled to any compensation for any inconvenience, nuisance or discomfort thereby occasioned or to cancel this Lease.

ARTICLE XV

OVERHOLDING

If the Tenant remains in possession of the Transmission Leased Lands after the expiration of this Lease and without the execution and delivery of a new lease, the Landlord may re-enter and take possession of the Transmission Leased Lands provided that while the Tenant remains in possession after the expiration of the Lease, if the Landlord accepts rent, the tenancy, in the absence of written agreement, will be from month to month only at a rent per month equal to one twelfth (1/12) of the annual Basic Rent set forth in this Lease, plus Additional Rent in each case payable in advance of the first day of each month and shall be subject to all terms of this Lease, except that the tenancy will be from month to month and a tenancy from year to year will not be created by implication of law.

ARTICLE XVI

MISCELLANEOUS

- A. Waiver: No waiver of any default will be binding unless acknowledged in writing by the Landlord and the Tenant.
  
- B. Condoning: Any condoning, excusing or overlooking by the Landlord or the Tenant of any default will not operate as a waiver of the Landlord's or Tenant's rights hereunder in respect of any subsequent default.
  
- C. Severability: If any provision of this Lease is illegal or invalid or unenforceable at law it will be deemed to be severed from this Lease and the remaining provisions will nevertheless continue to be in full force and effect.
  
- D. Headings: All headings in this Lease are inserted for convenience of reference only and will not affect the construction and interpretation of this Lease.
  
- E. Notices: Wherever it is required or permitted that notice or demand be given or served by either party, the same shall be in writing and shall be forwarded as follows:

- 1. To the Landlord: Wuskwatim Power Limited Partnership  
Att: 5022649 Manitoba Ltd.  
P.O. Box 815  
820 Taylor Avenue  
Winnipeg, Manitoba Hydro R3C 2P4  
Fax: (204) 474-4947
  
- 2. To the Tenant: Manitoba Hydro  
P.O. Box 815  
WINNIPEG, Manitoba  
R3C 2P4  
Attention: Manager, Property Department

Fax: (204) 453-6236

Notice will have been deemed to have been delivered:

- i) If delivered by hand, upon receipt;
- ii) If sent by electronic transmission immediately upon confirmation of completed transmission, provided that in the event such transmission is made on a weekend day or public holiday or outside business hours, delivery shall have been deemed to have been made on the next business day; or
- iii) If sent by registered mail, four (4) days after the mailing thereof, provided that, if there is postal strike or other disruptions such notice will be delivered by hand or other electronic transmission.

F. Signing of Leases: No contractual or other rights will exist or be created between the Landlord and Tenant until such time as all parties to this Lease have executed the same.

G. Relationship: Nothing herein contained will at any time create or be construed as creating a joint venture, partnership or relationship between the parties other than that of Landlord and Tenant.


H. Governing Law: This Lease will be construed and governed by the laws of the Province of Manitoba.

I. Gender: Words in the singular will include the plural and words in the masculine gender will include feminine and neuter genders and *vice versa*, where the context so requires.

- J. Enuring Effect: This Lease and everything herein contained will ensure to the benefit of and be binding upon the parties hereto and each of their respective successors and permitted assigns.
- K. Acceptance of Lease: That the Tenant does hereby accept this Lease of the Transmission Leased Lands to be held by it as Tenant and subject to the conditions, restrictions and covenants hereinbefore set forth.
- L. Entire Agreement: The Tenant acknowledges that there are no covenants, representations, warranties, agreements or conditions, expressed or implied, collateral or otherwise forming part of or in any way affecting or relating to this Lease, except as expressly set out herein, and this Lease constitutes the entire agreement between the Landlord and the Tenant and may not be modified except as herein explicitly provided or by subsequent agreement in writing executed by the Landlord and the Tenant.
- M. Counterparts: This Lease can be executed in counterparts which when considered together shall be one agreement.
- N. Treaty and Aboriginal Rights: Nothing in this lease is intended to alter aboriginal or treaty rights recognized and affirmed under section 35 of the *Constitution Act, 1982*, except to the extent that, in respect of the Wuskwatim Project, the Nisichawayasihk Cree Nation has expressly consented in a certain Project Development Agreement signed in 2006.

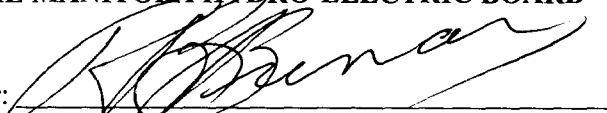
IN WITNESS WHEREOF the parties have executed this Lease as of the date first above written.

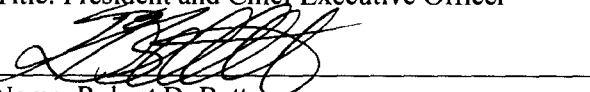
**WUSKWATIM POWER LIMITED PARTNERSHIP**  
By its General Partner 5022649 Manitoba Ltd.

Per:   
Name: Ken R. F. Adams  
Title: Chairman

Date: JUNE 23, 2000

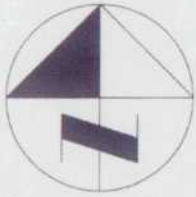
**THE MANITOBA HYDRO-ELECTRIC BOARD**

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

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

Date: JUNE 28, 2000





**LEGEND:**

-  WUSKWATIM GENERATION PROJECT LAND REQUIREMENTS - OWNED BY THE PARTNERSHIP
-  WUSKWATIM GENERATION PROJECT ACCESS ROAD LAND REQUIREMENTS - OWNED BY THE PARTNERSHIP
-  WUSKWATIM TRANSMISSION PROJECT CONSTRUCTION & PERMANENT LAND REQUIREMENTS - EASEMENT
-  MANITOBA HYDRO EASEMENT FOR CRD
-  WUSKWATIM TRANSMISSION PROJECT PERMANENT LAND REQUIREMENTS - LEASED

SCHEDULE A

WUSKWATIM  
LAKE

BURNTWOOD

RIVER

0 1 2 3

kilometres

