

**SCHEDULE 12-1**

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**REVENUE ADVANCE AGREEMENT**

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between

**TATASKWEYAK CREE NATION and WAR LAKE FIRST NATION, operating as  
CREE NATION PARTNERS,**

-and-

**THE MANITOBA HYDRO-ELECTRIC BOARD,**

-and-

**CREE NATION PARTNERS LIMITED PARTNERSHIP.**

**DATED    •    , 200 .**

**SCHEDULE 12-1**  
**REVENUE ADVANCE AGREEMENT (CNPLP)**

THIS MEMORANDUM OF AGREEMENT made the \*\* day of \*\*, \*\*.

BETWEEN:

**TATASKWEYAK CREE NATION and WAR LAKE FIRST NATION**  
**operating as CREE NATION PARTNERS,**

-and-

**THE MANITOBA HYDRO-ELECTRIC BOARD,**

-and-

**CNP LIMITED PARTNERSHIP.**

**WHEREAS:**

- A. **TCN and Hydro entered into the TCN Advance Agreements, pursuant to which Hydro agreed to provide the TCN Advances to TCN on the terms and conditions set out in the TCN Advance Agreements;**
- B. **War Lake and Hydro entered into the War Lake Advance Agreement, pursuant to which Hydro agreed to provide the War Lake Advance to War Lake on the terms and conditions set out in the War Lake Advance Agreement;**
- C. **The parties hereto wish to amend and restate the TCN Advance Agreements the War Lake Advance Agreement and consolidate such agreements into this Agreement in the manner and on the terms and conditions set forth in this Agreement;**

**NOW THEREFORE** in consideration of the premises and of the payment of the sum of one (\$1) dollar by each party to the other, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

## ARTICLE 1

### INTERPRETATION

1.1 Unless the context otherwise requires, the following terms, when the first letter is capitalized and the term is in bold, shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings, and where the first letter of the term is capitalized and the term is in bold but not set out below, the term shall have the meaning accorded to it in the **JKDA**:

“**Advances**” means, collectively, the **TCN Advances** and the **War Lake Advance**.

“**Assignment and Pledge**” an irrevocable assignment to be given by **CNPLP** in favour of **Hydro** of all **CNPLP’s Distributions**, up to the aggregate amount of the **TCN Advances** and the **War Lake Advance**, plus interest on such **Advances** as provided in this Agreement, which irrevocable assignment shall include an assignment and pledge to **Hydro** and a grant to **Hydro** of a security interest in all of **CNPLP’s Units**, as provided in the **CNLP KCN Financing Agreement**.

“**CNP**” means **TCN** and **War Lake** operating as **Cree Nation Partners**.

“**CNPLP**” means **Cree Nation Partners Limited Partnership** created pursuant to a limited partnership agreement dated the \* day of \*\*, 200\*, made between \*\*, as general partner, and **TCN** and **War Lake** as limited partners.

“**CNPLP Financing Agreement**” means a financing agreement to be entered into between **Hydro** and **CNPLP** whereby **Hydro** makes certain credit facilities available to **CNPLP** on the terms and conditions set out therein.

“**Distributions**” means all distributions which **CNPLP** is or may become entitled to receive as a **Limited Partner**.

“**Hydro**” means The Manitoba Hydro-Electric Board.

“**JKDA**” means the Joint Keeyask Development Agreement between **Hydro**, **York Factory**, **Fox Lake** and **CNP**, relating to the creation of the **Keeyask LP** and the development and operation of the **Keeyask Project**, including all schedules and all amendments thereto and extensions thereof.

“**Keeyask LP**” means the Keeyask Hydro Power Limited Partnership.

“**Maturity Date**” means the fiftieth anniversary of the **Final Closing Date**.

“**Prime Rate**” means a rate of interest per annum equal to the **Prime Rate** of interest established and published from time to time by the Royal Bank of Canada for commercial borrowings.

“**TCN**” means Tataskweyak Cree Nation, formerly known as Split Lake Cree Nation.

“**TCN Advances**” means the **Advance** in the sum of three hundred and fifty thousand (\$350,000) dollars made by **Hydro** to **TCN** pursuant to an agreement dated December 12, 2000, and the **Advance** in the sum of one million one hundred and twenty-five (\$1,125,000) dollars made by **Hydro** to **TCN** pursuant to an agreement dated May 24, 2001.

“**TCN Advance Agreements**” means the agreements evidencing the **TCN Advances**, dated December 12, 2000 and May 24, 2001, respectively.

“**Units**” mean issued and outstanding units in the **Keeyask LP**.

“**War Lake**” means **War Lake** First Nation.

“**War Lake Advance**” means the **Advance** in the sum of one hundred and twenty-five thousand (\$125,000) dollars made by **Hydro** to **War Lake** pursuant to an agreement dated December 2, 2003.

“**War Lake Advance Agreement**” means the agreement evidencing the **War Lake Advance**, dated December 2, 2003.

## ARTICLE 2

### THE ADVANCES

#### **Acknowledgement of Payment and Amount Outstanding**

2.1 **Hydro** and **TCN** acknowledge payment of the **TCN Advances** by **Hydro** to **TCN** on December 14, 2000 and May 24, 2001, respectively, and **Hydro** and **War Lake** acknowledge payment of the **War Lake Advance** by **Hydro** to **War Lake** on December 2, 2003, and acknowledge and agree that the full amount of the **TCN Advances** and the **War Lake Advance**, together with all interest accrued thereon, remains outstanding as of the date hereof.

## ARTICLE 3

### REPAYMENT AND SECURITY

#### Repayment

3.1 **TCN** hereby agrees to repay, or to cause **CNPLP** to repay, to **Hydro**, on demand, the total amount of the **TCN Advances**, being the sum of one million four hundred and seventy-five thousand (\$1,475,000) dollars, plus interest thereon or on the amount thereof from time to time outstanding, at the **Prime Rate**, calculated and compounded annually, not in advance, from the date of advance to the date of payment.

3.2 **War Lake** hereby agrees to repay, or to cause **CNPLP** to repay, to **Hydro**, on demand, the total amount of the **War Lake Advance**, being the sum of one hundred and twenty-five thousand (\$125,000) dollars, plus interest thereon or on the amount thereof from time to time outstanding, at the **Prime Rate**, calculated and compounded annually, not in advance, from the date of advance to the date of payment.

#### Security

3.3 As security for the repayment of the **TCN Advances** and the **War Lake Advance**, plus interest thereon calculated as aforesaid, **CNPLP** shall execute and deliver in favour of **Hydro** in form and content satisfactory to **Hydro**:

- (a) a guarantee of the due payment and discharge of all of **TCN's** indebtedness and liability to **Hydro** with respect to the repayment of the **TCN Advances** plus interest thereon as aforesaid, and a guarantee of the due payment and discharge of all of **War Lake's** indebtedness and liability to **Hydro** with respect to the repayment of the **War Lake Advance** plus interest thereon as aforesaid; and
- (b) the **Assignment and Pledge**.

#### Set-Off

3.4 **Hydro** may at any time and from time to time after demand, without notice to **TCN**, **War Lake** or **CNPLP**, any notice being expressly waived by each of them, set-off and compensate and apply any and all amounts of the **TCN Advances** and the **War Lake Advance** outstanding from time to time, together with interest thereon, against and on account of any indebtedness and liability of any nature or kind of **Hydro** to **TCN** or **War Lake**, as the case may be, or on

account of any indebtedness and liability of any nature or kind of **Hydro** to **CNPLP**, except for amounts payable or which may become payable, if any, by **Hydro** to **TCN** or to **War Lake**, as the case may be, pursuant to an adverse effects settlement, and any **Advances** to be made from time to time by **Hydro** to **CNPLP** pursuant to the **CNPLP Financing Agreement**.

### **Application of Distributions and Demand**

3.5 The parties agree that the **Advances**, together with interest thereon as hereinbefore provided, are repayable on demand. Notwithstanding the foregoing, the parties agree that:

- (a) if **CNPLP** owns **Class K Common Units**, on the **Final Closing Date** the amount of the **Advances**, together with all interest accrued and accruing thereon as hereinbefore provided, will be amortized over a twenty-five year period commencing on the tenth **Fiscal Year** ending following the **Final Closing Date** and ending on the first fiscal year ending following the thirty-fifth **Anniversary Date**. The blended annual payments for principal and interest so amortized will be paid in priority out of the seventy (70%) per cent, or eighty (80%) per cent, as the case may be, of all distributions on **CNPLP's Class K Common Units** being used to repay the **Construction Credit Facility** and the **Operating Credit Facility**, as described in subsection 5.3.16 of the **JKDA**. If the amount of such distributions in any year are less than the amount of the annual amortized payment owing by **CNPLP** in that year, then the amount of such deficiency will be paid in priority out of distributions in subsequent years, until the entire balance of the **Advances**, plus all interest as hereinbefore provided, is repaid in full, but no interest will be charged on overdue interest in the case of any such deficiency;
- (b) if **CNPLP** owns **Class K Preferred Units**, the amount of the **Advances**, together with all interest accrued and accruing thereon as hereinbefore provided, will be repaid in the same manner described in (a) above, except that the blended annual payments for principal and interest, so amortized, will be paid in priority out of the **Preferred Participating Distribution** on **CNPLP's Class K Preferred Units**.

## ARTICLE 4

### FURTHER ASSURANCES AND REPORTING

#### Further Assurances

4.1 Each of **CNP** and **CNPLP** hereby agree that, from time to time subsequent to the date of this Agreement, each of them will, at the request of **Hydro**, execute and deliver all such documents and do all such other acts and things as **Hydro**, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or of any agreement or other document executed pursuant to this Agreement or any of the obligations intended to be created hereby or thereby.

#### Discharge

4.2 **Hydro** agrees to release and discharge all assignments and security hereunder and any related registrations when all amounts owing to it hereunder have been repaid in full.

#### Similar Agreements

4.3 **Hydro** agrees that if it agrees to amend, revise, vary, or alter the terms of the **Fox Lake Revenue Advance Agreement** in a manner which creates more favourable terms for **Fox Lake** in respect of **Revenue Advances** than those granted to **CNP** hereunder, **Hydro** shall offer the same or similar terms to **CNP**.



**ARTICLE 5**  
**MISCELLANEOUS**

**Termination of Prior Agreements**

5.1 This Agreement supersedes and replaces each of the **TCN Advance Agreements** and **War Lake Advance Agreement** and the **TCN Advance Agreements** and the **War Lake Advance Agreement** shall be deemed to have been terminated as of the date hereof.

**Time**

5.2 Time shall be of the essence in this Agreement.

**Amendments**

5.3 No amendment, change to, or modification of this Agreement is valid unless it is in writing and signed by all of the parties hereto.

**Laws**

5.4 This Agreement will be interpreted, implemented and enforced in accordance with the laws in force in the Province of Manitoba.

**Notice**

5.5 All notices and other communication provided for in this Agreement shall be in writing, and shall be given by personal delivery or sent by registered mail or facsimile, charges pre-paid and confirmed by telephone, to the applicable addresses or facsimile numbers set out in this section, or to addresses or facsimile numbers which a party may from time to time designate to the other parties. Any such communication shall be deemed to have been validly and effectively given on the date of such delivery, if such date is a business day and such delivery has been made during the normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the business day next following such date of delivery. The addresses for the parties are:

To **CNP:**

Manager of Future Development

Tataskweyak Cree Nation  
General Delivery  
Split Lake, Manitoba, R0B 1P0

Fax Number:

Manager of Future Development  
**War Lake** First Nation  
General Delivery  
Ilford, Manitoba, R0B 0S0

Fax Number:

General Counsel for the CNP  
c/o Campbell, Marr LLP  
10 Donald Street  
Winnipeg, Manitoba, R3C 1L5

To **CNPLP**:

**CNPLP**  
Attention: President  
General Delivery  
Split Lake MB ROB 1PO  
Fax Number: 204-

To **Hydro**:

Manitoba Hydro  
Attention: General Counsel  
3<sup>rd</sup> Floor, 820 Taylor Avenue  
Winnipeg Manitoba, R3C 2P4  
Fax Number: 204-474-4947

### **Binding Effect, Enurement**

5.6 This Agreement and the covenants contained herein will enure to and be binding upon the successors and any permitted assigns of the parties hereto.

### **Headings**

5.7 The headings contained in this Agreement are for convenience of reference only and will not affect the interpretation of this Agreement.

**Counterparts**

5.8 This Agreement may be executed in several counterparts each of which when executed shall be an original and all of which taken together shall be deemed to constitute one and the same instrument.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement as of the date first above written.

**TATASKWEYAK CREE NATION**

\_\_\_\_\_  
Chief •

\_\_\_\_\_  
Councillor •

\_\_\_\_\_  
Councillor •

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Councillor •

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Councillor •

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Councillor •

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Councillor •

**WAR LAKE FIRST NATION**

\_\_\_\_\_  
Chief •

\_\_\_\_\_  
Councillor •

\_\_\_\_\_  
Councillor •

**CREE NATION PARTNERS LIMITED  
PARTNERSHIP, by its General Partner, \*\***

Per: \_\_\_\_\_

Per: \_\_\_\_\_

**THE MANITOBA HYDRO-ELECTRIC  
BOARD**

Per: \_\_\_\_\_

Per: \_\_\_\_\_