

APPENDIX C-1

DIRECTION AND ACKNOWLEDGEMENT

This Direction and Acknowledgement (“**Direction and Acknowledgement**”) is made as of the •

TO: THE MANITOBA HYDRO-ELECTRIC BOARD,
a Crown corporation continued by
The Manitoba Hydro Act (Manitoba)

 (“**Hydro**”)

RE: Project Financing Agreement entered into between KEEYASK HYDROPOWER LIMITED PARTNERSHIP, a limited partnership formed under the laws of the Province of Manitoba (the “**Limited Partnership**”) and **Hydro** dated • , as such agreement may be amended, supplemented, restated, extended, renewed, or superseded from time to time (the “**Project Financing Agreement**”)

WHEREAS the **Limited Partnership** is entitled to be the sole beneficial owner of the lands and premises more particularly described in Schedule “A” hereto (the “**Real Property**”);

AND WHEREAS • (the “**General Partner**”) is the sole general partner of the **Limited Partnership** and, in such capacity, is entitled to be the registered owner of the **Real Property** as the nominee of, and bare trustee for and on behalf of, the **Limited Partnership**;

AND WHEREAS the **General Partner** has no beneficial right, title or interest in the **Real Property** (except to the extent of its interest as a partner in the **Limited Partnership**) and acts in relation thereto in accordance with the terms and provisions of the Limited Partnership Agreement dated • , between the **General Partner**, the Cree Nation Partners Limited Partnership, FLCN Keyask Investments Inc., and the York Factory First Nation Limited Partnership (the “**Limited Partnership Agreement**”);

AND WHEREAS pursuant to the provisions of the **Project Financing Agreement**, the **Limited Partnership** has agreed, in consideration of the **Credit Facilities** established thereunder, to cause the **General Partner** to provide a debenture to **Hydro** to secure the obligations of the **Limited Partnership** to **Hydro** under the **Project Financing Agreement**, which debenture, subject to the terms thereof, has a maximum principal amount of • (the “**Debenture**”);

AND WHEREAS the parties have entered into this **Direction and Acknowledgement** for the purpose of confirming certain matters relevant to the transactions contemplated by the **Project Financing Agreement**;

AND WHEREAS as a condition of **Hydro** entering into the **Project Financing Agreement** and making **Advances** thereunder, **Hydro** requires the **Limited Partnership** and the **General Partner** to provide this **Direction and Acknowledgement**;

NOW THEREFORE in consideration of **Hydro** entering into the **Project Financing Agreement** and making **Advances** thereunder and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the **Limited Partnership** and the **General Partner** agree, warrant and covenant as follows:

1. In this **Direction and Acknowledgement** (including in the recitals hereto), unless something in the subject matter or context is inconsistent therewith, all capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed thereto in the **Project Financing Agreement**.
2. The **General Partner** represents and warrants as follows to **Hydro** and acknowledges and confirms that **Hydro** is relying upon such representations and warranties:
 - (a) the **General Partner** is a bare trustee of the **Real Property** and holds legal title to the **Real Property** solely for the benefit of the **Limited Partnership**;
 - (b) the **General Partner** has no interest in the **Real Property** except as bare trustee thereof as aforesaid, and except to the extent of its interest as a partner in the **Limited Partnership**; and
 - (c) the **General Partner** has the authority to execute and deliver to **Hydro** the **Debenture** in accordance with the provisions thereof.
3. The **Limited Partnership** hereby acknowledges and agrees that the grants, conveyances, mortgages, charges, pledges, assignments and security interests (collectively, the "**Security Interest**") given by the **General Partner** from time to time in respect of property (both real, including, without limitation, the **Real Property**, and personal) under the **Debenture** (the "**Mortgaged Property**") in favour of **Hydro** shall be effective for all purposes:
 - (a) to bind the **Limited Partnership's** interest in the **Mortgaged Property** to the same effect as if the **Limited Partnership** had executed the **Debenture** in respect of the **Mortgaged Property**; and
 - (b) to provide all remedies and rights arising from or relating to the **Mortgaged Property** against the **Limited Partnership** and against its

interest in the **Mortgaged Property** as are provided to **Hydro** under the **Debenture**.

4. Each of the **Limited Partnership** and **General Partner** acknowledges that this **Direction and Acknowledgement** has been delivered free of any conditions save and except any contained in the **Project Financing Agreement** and that this **Direction and Acknowledgement** is in addition to and not in substitution for any other **Loan Documents** now held or which may hereafter be held by **Hydro** to secure the **Obligations** under the **Project Financing Agreement**.
5. Each of the **Limited Partnership** and the **General Partner** covenants and agrees with **Hydro** that the directions, agreements and acknowledgements of the **Limited Partnership** hereunder shall be irrevocable and shall continue and be of full force and effect, for so long as any **Obligations** shall remain unpaid or outstanding under, or **Hydro** has the obligation to extend or continue to extend, the **Credit Facilities** to the **Limited Partnership** pursuant to the **Project Financing Agreement**.
6. This **Direction and Acknowledgement** shall be governed by and construed in accordance with the laws of the Province of Manitoba and the federal laws of Canada applicable therein.
7. This **Direction and Acknowledgement** shall not be registered against the titles to the **Real Property**.
8. To the extent there is any conflict or inconsistency between this **Direction and Acknowledgement** and the **Project Financing Agreement**, the **Project Financing Agreement** shall govern. The acknowledgement in Section 1.10 of the **Project Financing Agreement** is incorporated herein by reference.
9. This **Direction and Acknowledgement** shall enure to the benefit of and be binding upon the parties hereto.
10. The preamble and recitals hereto form an integral part hereof.
11. The **Limited Partnership** and the **General Partner** shall make, execute or deliver all such further acts, documents and things as may be necessary or desirable to implement the true intent of this **Direction and Acknowledgement**.

IN WITNESS WHEREOF the **General Partner** and the **Limited Partnership** have executed this **Direction and Acknowledgement** as of the day above written.

**KEYYASK HYDROPOWER LIMITED
PARTNERSHIP**, by its **General Partner**, •

Per: _____

Per: _____

SCHEDULE "A"
LEGAL DESCRIPTION
OF REAL PROPERTY