

APPENDIX C-3

DEBENTURE

PRINCIPAL SUM: ●

DATE: ●

ARTICLE 1.0 PROMISE TO PAY

1.1 Promise to Pay: This **Debenture** is issued by the **General Partner**, subject to Section 3.3, as continuing security for the due, prompt and complete payment, performance and satisfaction by the **General Partner** 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 thereof and whether incurred prior to, at the time of or subsequent to the execution of this **Debenture**) to and in favour of **Hydro** incurred in connection with, under or pursuant to the **Project Financing Agreement**, and any of the other **Loan Documents**, including in connection with, under or pursuant to this **Debenture** (collectively, subject to Section 1.2, the "**Obligations Secured**") up to a maximum principal amount of ●, in lawful money of Canada, being the principal amount secured hereby, subject to the provisions of Section 1.3. All such amounts demanded by **Hydro** including any other amounts due and payable hereunder shall, from and after such demand, bear interest at the **Overdue Rate**. No demand by **Hydro** shall preclude it from any further demands made pursuant hereto or pursuant to the **Project Financing Agreement**.

1.2 Limited Partnership: It is acknowledged and agreed by the **General Partner** that the **General Partner** executes and grants this **Debenture** to **Hydro** in the **General Partner's** capacity as the sole general partner of the **Limited Partnership** and in that regard:

- (a) the **Obligations Secured** shall be the 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 **Debenture**) of the **Limited Partnership** to **Hydro**, which are incurred by the **General Partner** on behalf of the **Limited Partnership** or otherwise incurred by the **Limited Partnership** in connection with, under or pursuant to the **Project Financing Agreement** and any of the other **Loan Documents**, including in connection with, under or pursuant to this **Debenture**, it being acknowledged and agreed that all of the indebtedness, liabilities and obligations incurred by the **General Partner** under this **Debenture** have been and will be incurred for and on behalf of the **Limited Partnership**;
- (b) the properties and assets, real and personal, tangible or intangible, and businesses and undertakings, present and future, and all interest in the foregoing which are or become subject to the mortgages, charges and **Security Interests** hereby constituted or provided for shall be those held or acquired by the **General Partner** on behalf of the **Limited Partnership** or otherwise held or acquired by the **Limited Partnership**; and

- (c) unless otherwise expressly stated, each reference to the **General Partner** in this **Debenture** shall be deemed to also be a reference to the **Limited Partnership**.

1.3 **Maximum Principal Amount:** It is acknowledged and agreed that in the event that the amount of the indebtedness of the **General Partner** under the **Project Financing Agreement** exceeds • the **General Partner** shall, if required to do so by **Hydro**, enter into a written agreement in the form and content acceptable to **Hydro** which will alter the face amount of this **Debenture** accordingly and the maximum principal amount secured hereby and such agreement shall be registered against the title to any real property against which this **Debenture** has previously been registered, at the cost of the **General Partner**.

1.4 **Interpretation:** In this **Debenture**, unless there is something in the subject matter or text that is inconsistent therewith, all capitalized terms used herein that are not otherwise defined shall have the meaning ascribed thereto in the **Project Financing Agreement**. Wherever used herein in relation to the rights and remedies of **Hydro** the terms "**Real Property**", "**Mortgaged Property**", "**Assigned Property**" and "**Charged Premises**" shall, where the context permits, mean the whole or any part or parts thereof. When "this **Debenture**", "these presents", "hereto", "herein", "hereof", "hereby", "hereunder" and any similar expressions are used they refer to this **Debenture** and the Schedule(s) attached hereto as they may be amended or supplemented from time to time, and not to any particular Article, section or other portion hereof.

In addition, the following terms shall have the following meanings:

- (a) "**Assigned Property**" means collectively all the undertaking, property and assets assigned, transferred and set over pursuant to Subsection 2.1(c);
- (b) "**Charged Premises**" means collectively the **Assigned Property** and **Mortgaged Property**;
- (c) "**Contract**" means each of the agreements and contracts to which the **General Partner** is a party to including the **Leases** and **PPA**;
- (d) "**Excluded Collateral**" means the respective right, title, interest or benefit of the **General Partner** in any of the **Charged Premises** which by **Law** cannot be assigned or charged or which requires the consent of any third party to such assignment or charge or which, if assigned or charged, would give rise to a default, penalty or right of termination;
- (e) "**General Partner**" means •, in its capacity as general partner of the **Limited Partnership** pursuant to the terms of the **Limited Partnership Agreement**;
- (f) "**Hydro**" means The Manitoba Hydro-Electric Board, a crown corporation continued by *The Manitoba Hydro Act*, (Manitoba) as amended from time to time;
- (g) "**Leases**" means:

- (i) every existing and future lease or sublease of and agreement to lease or sublease of the whole or any portion of the interest of the **General Partner** in the **Secured Properties**;
- (ii) every existing and future tenancy, agreement as to use, occupation and licence in respect of the whole or any portion of the interest of the **General Partner** in the **Secured Properties**, whether or not pursuant to any written lease, sublease, agreement or licence;
- (iii) every existing and future guarantee or indemnity of all or any of the obligations of any existing or future **Tenant** of the whole or any portion of the interest of the **General Partner** in the **Secured Properties**; and
- (iv) every existing and future assignment of a **Tenant's** interest and rights in respect of the whole or any portion of the interest of the **General Partner** in the **Secured Properties** and every existing and future agreement to assume the obligations of **Tenants** in respect of the whole or any portion of the interest of the **General Partner** in the **Secured Properties**;

in each case, as amended, modified, supplemented or restated from time to time;

- (h) **"Limited Partnership"** means the Keeyask Hydropower Limited Partnership created pursuant to the **Limited Partnership Agreement** for the purposes of carrying on the **Business**;
- (i) **"Mortgaged Property"** means collectively all of the undertaking, property and assets mortgaged and charged pursuant to Subsection 2.1(a) and all of the undertaking, property and assets granted, conveyed, pledged, assigned, transferred, mortgaged and charged pursuant to Subsections 2.1(b), (d) and (e);
- (j) **"Obligations Secured"** has the meaning set out in Section 1.1;
- (k) **"Overdue Rate"** means the rate of interest payable on overdue amounts owing by the **General Partner** to **Hydro** in accordance with Section 9.2 of the **Project Financing Agreement**;
- (l) **"Permitted Liens"** has the meaning set out in the **Project Financing Agreement** and for the purposes of this **Debenture**, including specifically those liens and encumbrances listed in Schedule "B";
- (m) **"Project Financing Agreement"** means the project financing agreement entered into between the **Limited Partnership** and **Hydro** dated •, as the same may be amended, supplemented, restated, extended, renewed, or superseded from time to time pursuant to which **Hydro** established the **Credit Facilities** in favour of the **Limited Partnership**;
- (n) **"Real Property"** has the meaning set out in Section 2.1(a);

- (o) **"Revenues"** means all rents, revenues, income, insurance proceeds, expropriation proceeds, other proceeds and other monies to which the **General Partner** may from time to time be entitled from all sources which pertain to or are derived from the **Real Property** or any part thereof including, without limitation, all income and proceeds (whether in cash or on credit) received or receivable by or on behalf of the **General Partner** in respect of the use, occupancy or enjoyment of any **Real Property** or any part thereof or for the sale of goods or the provision of services on, at or from any **Real Property** or from judgments, settlements or other resolutions of disputes relating to the ownership, use, construction, development, operation, maintenance or management of any **Real Property**;
- (p) **"Secured Properties"** means, collectively, those lands and premises, the legal descriptions of which are as set forth in Schedule A attached hereto, together with all rights and privileges appertaining thereto and all buildings, improvements and structures now or hereafter constructed or placed therein, thereunder or thereon;
- (q) **"Security Interests"** means the grants, conveyances, charges, pledges, transfers, assignments and security interests created pursuant to 2.1; and
- (r) **"Tenant"** means any lessee, sublessee, licensee or grantee of a right of use or occupation under a **Lease** and its successors and permitted assigns.

ARTICLE 2.0 **SECURITY**

2.1 **Security:** As security for the due and timely payment and performance of the **Obligations Secured**, but subject to the **Permitted Liens**, the **General Partner**:

- (a) mortgages and charges as and by way of a first fixed specific mortgage and charge to and in favour of **Hydro**, its successors and assigns, all of its right, title, estate and interest, present and future, in and to:
 - (i) the freehold and leasehold interest in the **Secured Properties** including, without limitation, any leasehold interest and any ground **Lease**;
 - (ii) all buildings, erections, structures, improvements and fixtures now or hereafter constructed or placed in, under or upon any of the **Secured Properties**;
 - (iii) all easements, rights-of-way, licences and privileges appurtenant or appertaining to the **Secured Properties**; and
 - (iv) all interests in any of the foregoing and all benefits and rights to be derived by the **General Partner** in respect thereof (collectively, the **"Real Property"**);
- (b) grants, conveys, mortgages, charges, pledges, assigns and creates a security interest in, as and by way of a fixed and specific mortgage, charge, pledge, assignment and security interest to and in favour of **Hydro** of all of its right, title, estate and interest, present and future, in and to any and all personal property in

which a security interest can be taken, reserved, created or granted whether under *The Personal Property Security Act* (Manitoba), or otherwise under any statute or **Law** or in equity and which is now or at any time hereafter owned by the **General Partner** or in which the **General Partner** now has or at any time hereafter acquires any interest of any nature whatsoever and which in each case is used exclusively in relation to or situated on, and which relates exclusively to the **Real Property**, including, without in any way limiting the generality of the foregoing:

- (i) all materials, supplies, machinery, equipment, fixtures, inventory, vehicles, furniture, tools, accessories and appliances now or hereafter owned or acquired by or on behalf of the **General Partner** and every interest therein which the **General Partner** now has or hereafter acquires, wheresoever situate;
- (ii) all present and future accounts (including, without limitation, cash collateral accounts), accounts receivable, money (including, without limitation, all money in any bank accounts), intangibles, claims, contract rights, demands, chattel papers, instruments, documents, notes and choses in action, together with any and all security therefor, including, without limiting the generality of the foregoing, all present and future mortgages receivable, debentures, bonds, promissory notes, bills of exchange, judgments and book debts, now due or hereafter to become due to or owned by the **General Partner**, together with all securities, documents, computer disks, tapes, software or records now or hereafter owned by the **General Partner** and representing or evidencing the said debts, accounts, accounts receivable, claims, contract rights, demands and choses in action and all other rights and benefits in respect thereof;
- (iii) all rights, agreements, licenses, permits, consents, policies, approvals, development agreements, building contracts, performance bonds, purchase orders, plans, patents, trademarks, trade names, copyrights and other industrial and intellectual property, goodwill, know-how, rights to carry on business and specifications presently owned and hereafter acquired by the **General Partner** in respect of or in any way relating exclusively to the development or construction of the **Real Property** or any part thereof;
- (iv) all present and future computer hardware, software and programs, and all rights, agreements, licences, permits and consents in respect of or in any way relating to such computer hardware, software and programs including, without limitation, all paper cards, magnetic tapes, discs, diskettes, drums or magnetic bubbles and whether permanently installed in hardware or crystallized in firmware;
- (v) all shares, stocks, warrants, bonds, debentures, debenture stock, partnership interests, **General Partner** interests, joint venture interests or other securities investments now or hereafter owned by the **General Partner**;
- (vi) all of the **Revenues**; and

- (vii) the benefit of any guarantees or indemnities relating to all or part of the property referred to in paragraph 2.1(b)(vi);

and with respect to paragraphs 2.1(b)(i) to (vii) inclusive, in, to and under all amendments, extensions, renewals, replacements and substitutions of any of the foregoing, all increases, additions and accessions thereto and all rights, remedies, powers, easements, privileges and claims of the **General Partner** thereunder (whether arising pursuant thereto or available to the **General Partner at Law** or in equity) including without limitation, the right of the **General Partner** to enforce the foregoing and the obligations of the other parties thereto and to give or withhold any and all consents, requests, directions, approvals, extensions and/or waivers thereunder;

- (c) assigns, transfers and sets over unto and in favour of **Hydro**, its successors and assigns, as and by way of a general assignment, all of its right, title, estate and interest present and future, in and to the proceeds of any and all existing or future insurance policies pertaining to the **Real Property** or the property and assets referred to in subsections 2.1(b) and 2.1(c)(i) and any insurance referred to in the **Project Financing Agreement** (but excluding worker's compensation insurance and third party liability insurance) and all proceeds of expropriation or similar taking of the **Real Property** or any part or parts thereof and all benefit, power and advantage of the **General Partner** to be derived therefrom provided that all such proceeds shall be held and applied in accordance with the **Project Financing Agreement**;
- (d) grants, conveys, mortgages, charges, pledges, assigns and creates a security interest in, as and by way of a fixed and specific mortgage, charge, pledge, assignment and security interest to and in favour of **Hydro**, its successors and assigns, all of its right, title, estate and interest, present and future, in and to all personal property in any form (including money) derived, directly or indirectly, from any dealing with the property referred to in subsections 2.1(a) to (c), inclusive, or proceeds therefrom or that indemnifies or compensates for all or part of such property or proceeds therefrom that is destroyed and damaged; and
- (e) grants, conveys, mortgages, charges, pledges and assigns as and by way of a floating charge to and in favour of **Hydro** all of the undertaking, property, assets, rights, entitlements, benefits and privileges, both real and personal, moveable and immovable, of every nature and kind, now or at any time and from time to time hereafter existing and owned by the **General Partner** (except such property and assets as are validly and effectively subject to any fixed and specific mortgage and charge or assignment, transfer or security interest created hereby), and which in each case is used exclusively in relation to or situated on, and which relates exclusively to the **Real Property**;

provided that the **Security Interests** created pursuant to this Section 2.1 shall not:

- (i) extend or apply to any personal property which is "Consumer Goods", as such term is defined in *The Personal Property Security Act* (Manitoba), or
- (ii) extend to the last day of the term of any lease or any agreement therefore now held or hereafter acquired by the **General Partner**, as lessee, but should such **Security Interests** become enforceable the **General Partner**

shall thereafter stand possessed of such last day and shall hold it in trust for **Hydro** for the purpose of this **Debenture** and assign and dispose thereof as **Hydro** shall, for such purpose, direct. Upon any sale of such leasehold interest or any part thereof, **Hydro**, for the purpose of vesting the aforesaid one day residue of such term or renewal thereof in any purchaser or purchasers thereof, shall be entitled by deed or writing to appoint such purchaser or purchasers or any other **Person** or **Persons** as new trustee or trustees of the aforesaid residue of any such term or renewal thereof in the place of the **General Partner** and to vest the same accordingly in the new trustee or trustees so appointed free and discharged from any obligation respecting the same.

TO HAVE AND TO HOLD the **Charged Premises** and all rights hereby conferred unto **Hydro**, its successors and assigns, for the uses and purposes and with the powers and authorities, which are in addition to and not a substitution for those in the **Project Financing Agreement** and subject to the terms and conditions set forth herein and in the **Project Financing Agreement**.

2.2 Excluded Collateral: Notwithstanding anything contained in this **Debenture**, the **Security Interests** contained herein in respect of the **Charged Premises**, other than the **Charged Premises** referred to in Section 2.1(a), shall not extend or attach to the **Excluded Collateral**. The **General Partner** agrees that, at the reasonable request of **Hydro** from time to time, it will use commercially reasonable efforts to obtain such consents in respect of the **Excluded Collateral** and to the transfer or assignment of the **Excluded Collateral** to any third party who may acquire an interest in the **Charged Premises** as a result of the exercise by **Hydro** of its remedies hereunder. Upon such consent being obtained, the **Security Interests** contained herein shall apply to such **Excluded Collateral** without regard to this Section 2.2 and without the necessity of any further assurance to affect the **Security Interests** contained herein in respect thereto. Until such consent is obtained, the **General Partner** shall, to the extent that it may do so by **Law** or under the terms of the **Excluded Collateral** and without giving rise to any default, penalty or right of termination, hold all right, title, benefit and interest to be derived therefrom in trust for **Hydro** as additional security, as if the **Security Interests** contained herein applied, and shall deliver up such right, title, benefit and interest to **Hydro** forthwith upon the occurrence and during the continuance of an **Event of Default**.

2.3 Representations and Warranties of the General Partner:

- (a) The **General Partner** represents and warrants to **Hydro** as follows:
 - (i) Address: The address of its chief executive office is: •; and
 - (ii) Location of Charged Premises: With the exception of inventory in transit, all tangible assets comprising the **Charged Premises** are situate at the **Real Property** or the chief executive office;
- (b) Registration, Licenses and Qualifications: The **General Partner** is a corporation, duly incorporated, properly organized and validly existing under the **Laws** of Manitoba and is duly registered and qualified to do business under such **Laws**;
- (c) Authority and Power: The **General Partner** has full power and lawful authority, to enter into this **Debenture**;

- (d) No Actions: Except as disclosed to **Hydro** in writing, there is no action or proceeding pending or to the knowledge of the **General Partner** threatened against the **General Partner** before any court, administrative agency, tribunal, arbitrator, government or governmental agency or any fact known to the **General Partner** and not disclosed to **Hydro** which may question the validity of this **Debenture** or its ability to perform its obligations under this **Debenture**;
- (e) Non-Conflict: Neither the execution nor the performance of this **Debenture** requires the approval of any regulatory agency having jurisdiction over the **General Partner**, other than those that have been, or by the **Final Closing Date** will be duly obtained nor is this **Debenture** in contravention of or in conflict with the articles, by-laws or resolutions of the directors or shareholders of the **General Partner** or of the provisions of any material agreement to which the **General Partner** is a party or by which any of its property may be bound or of any statute, regulation, by-law, ordinance or other **Law**, or to the best of its knowledge of any judgement, decree, award, ruling or order to which the **General Partner** or any of its property may be subject;
- (f) Ownership of Charged Premises Free of Charges: The **General Partner** is the registered owner of or has rights in the **Charged Premises** free and clear of all **Liens** whatsoever other than the **Permitted Liens**; and
- (g) Enforceability: This **Debenture** constitutes a valid and legally binding obligation of the **General Partner** enforceable against it in accordance with its terms, subject to general equitable principles, including the fact that the availability of equitable remedies, such as injunctive relief and specific performance, is in the discretion of the court.

2.4 Survival of Representations and Warranties: The foregoing representations and warranties shall survive for so long as any of the **Obligations Secured** remain unpaid or unfulfilled, as the case may be, and, notwithstanding any investigation made by or on behalf of **Hydro**, shall continue in full force and effect for the benefit of **Hydro** during such period.

2.5 Covenants of the General Partner: So long as any of the **Obligations Secured** shall remain unpaid or unfulfilled, as the case may be, or **Hydro** has obligations to provide the **Credit Facilities** pursuant to the **Project Financing Agreement**, the **General Partner** covenants and agrees with **Hydro** as follows:

- (a) No Accessions: The **General Partner** shall prevent any **Charged Premises** from being or becoming an accession to any property not subject to the **Security Interests** created by this **Debenture**; and
- (b) Registrations: **Hydro** may effect all registrations, filings, recordings and all renewals thereof and all re-registrations, re-filings and re-recordings of or in respect of this **Debenture** and the **Security Interests** created hereby in such offices of public record and at such times as may be necessary or of advantage in perfecting, maintaining and protecting the validity, effectiveness and priority hereof and of the **Security Interests** created hereby.

ARTICLE 3.0
RIGHTS AND REMEDIES

3.1 Remedies Upon Default: Upon the occurrence of and during the continuance of any **Event of Default**, **Hydro** may do any one or more of the following:

- (a) by written notice to the **General Partner** declare the **Obligations Secured** to be immediately due and payable without the necessity of presentment for payment, or notice of non-payment and of protest (all of which are hereby expressly waived by the **General Partner**);
- (b) proceed to exercise any and all rights under this **Debenture** or under any of the other **Loan Documents** and any other document or instrument executed pursuant to this **Debenture** or any other rights otherwise available to it whether under this **Debenture** or any of the other **Loan Documents** or otherwise, including enforcement of this **Debenture**;
- (c) take any action or proceeding authorized or permitted by this **Debenture** or under any of the other **Loan Documents** or by **Law** or equity, and file or cause to be filed on its behalf such proofs of claim and other documents as may be necessary or desirable to have its claims lodged in any bankruptcy, winding-up or other judicial proceeding relative to the **General Partner**;
- (d) enter upon and, subject to applicable **Law**, take possession of, disable or remove all of the **Charged Premises** or any part or parts thereof with power, among other things (subject to applicable **Law**), to exclude the **General Partner**, to preserve and maintain the **Charged Premises** and make additions and replacements thereto, to receive rents, income and profits of all kinds and pay therefrom all reasonable expenses of maintaining, completing, repairing, preserving and protecting and operating the **Charged Premises** and all charges, payment of which may be necessary to preserve or protect the **Charged Premises**, and enjoy and exercise all powers necessary to the performance of all functions made necessary or advisable by possession, including, without limitation, power to advance its own moneys at a variable interest rate equal to the **Overdue Rate** in effect, from time to time, and enter into contracts and undertake obligations for the foregoing purposes upon the security hereof;
- (e) whether or not **Hydro** has taken possession of the **Charged Premises** or any of it, take proceedings in any court of competent jurisdiction for sale or foreclosure of all or any part of the **Charged Premises** or sell, lease or otherwise dispose thereof, either as a whole or in separate parcels, at public auction, by public tender or by private sale, with only such notice as may be required by **Law**, either for cash or upon credit, at such time and upon such terms and conditions as **Hydro** may determine acting reasonably and in good faith and enter into, rescind or vary any contract for the sale, lease or other disposition of any of the **Charged Premises** and sell, lease or dispose thereof again without being answerable for any loss occasioned thereby and **Hydro** may execute and deliver to any purchaser of the **Charged Premises** or any part thereof good and sufficient deeds and documents for the same;

- (f) require the **General Partner**, by notice in writing given by **Hydro** to the **General Partner**, to disclose to **Hydro** the location or locations of the **Charged Premises** and the **General Partner** agrees to make such disclosure when so required by **Hydro**;
- (g) enter any premises where the **Charged Premises** may be situated and take possession of the **Charged Premises** by any method permitted by **Law**;
- (h) carry on all or any part of the **Business** of the **General Partner**, to the exclusion of all others including the **General Partner**, enter upon, occupy and, subject to any requirements of **Law** and subject to any leases or agreements then in place, use all or any of the **Real Property**, premises, buildings, plant, undertaking, assets and other property comprising the **Charged Premises** for such time and in such manner as **Hydro** sees fit acting reasonably and in good faith, free of charge and, except to the extent required by **Law**, **Hydro** shall not be liable to the **General Partner** for any act, omission or negligence in so doing or for any rent, charges, depreciation or damages or other amounts incurred in connection therewith or resulting therefrom;
- (i) subject to the provisions in Section 3.9(a)(ii), borrow money for the purpose of carrying on the **Business** of the **General Partner** or for the maintenance, preservation or protection of the **Charged Premises** and mortgage, charge, pledge or grant a security interest in the **Charged Premises**, whether or not in priority to the **Security Interests** created by this **Debenture** to secure repayment of any money so borrowed;
- (j) where **Hydro** has taken possession of the **Charged Premises**, retain the **Charged Premises** irrevocably, to the extent not prohibited by **Law**, by giving notice thereof to the **General Partner** and to any other **Persons** required by **Law** in the manner provided by **Law**;
- (k) send or employ inspectors or agents to inspect, audit and report upon the value, state and condition of the **Charged Premises**;
- (l) subject to applicable **Law**, seize, collect, retain and administer the **Charged Premises** or any part or parts thereof in **Hydro's** discretion acting reasonably and in good faith;
- (m) pay any encumbrance, **Lien**, claim or charge that validly exists or has been threatened against any of the **Charged Premises** and any amounts determined to be validly existing shall, when so paid, together with any costs, charges and expenses incurred by **Hydro** (including, without limitation, legal fees and disbursements on a solicitor-client basis), be added to the **Obligations Secured** hereby and shall bear interest at a variable interest rate equal to the **Overdue Rate** in effect, from time to time;
- (n) take proceedings in any court of competent jurisdiction to enforce payment by the **General Partner** of the **Obligations Secured** or any deficiency remaining upon application of proceeds of realization which are actually received by **Hydro**;
- (o) exercise or pursue any other remedy or proceeding authorized or permitted hereby or by *The Personal Property Security Act* (Manitoba) or any similar personal property

security legislation or by any other legislation in any jurisdiction in which any of the **Charged Premises** is located or otherwise permitted by **Law** or equity; and

- (p) with or without entry into possession of the **Charged Premises**, or any part thereof, appoint a receiver (which term shall include a receiver and manager) of the **Charged Premises** or any part thereof and of the rents and profits thereof pursuant to and in accordance with the provisions of this **Debenture** and with or without security for the performance of the receiver's obligations and from time to time remove any receiver and appoint another in its stead. Upon the appointment of any such receiver or receivers from time to time, subject to applicable **Laws**, the following provisions shall apply:
- (i) every such receiver shall be the irrevocable agent of the **General Partner** for all purposes with respect to the **Charged Premises** including, without limitation, for the collection of all **Revenues** owing or earned in respect of the **Real Property** or any part thereof;
 - (ii) every such receiver may, in the discretion of **Hydro**, be vested with all or any of the powers and discretion of **Hydro** under this **Debenture**, including, without limitation, the power to carry on all or any part of the **Business** of the **General Partner** and to sell, lease or otherwise dispose of the **Charged Premises**, either as a whole or in separate parcels, at public auction, by public tender or by private sale, with only such notice as may be required by applicable **Laws**, either for cash or on credit, at such time and upon such terms and conditions as the receiver may and enter into, rescind or vary any contract for the sale, lease or other disposition of any of the **Charged Premises** and sell, lease or dispose thereof again without being answerable for any loss occasioned thereby and the receiver may execute and deliver to any purchaser of the **Charged Premises** or any part thereof good and sufficient deeds and documents for the same and such receiver shall also have the power to take proceedings in any court of competent jurisdiction for sale or foreclosure of all or any part of the **Charged Premises**;
 - (iii) **Hydro** may from time to time fix the remuneration of every such receiver provided same is reasonable and every such receiver shall be entitled to deduct the same out of the income from the **Charged Premises** or the proceeds of disposition of the **Charged Premises**;
 - (iv) the appointment of every such receiver by **Hydro** shall not, to the extent permitted by **Law**, incur or create any liability on the part of **Hydro** to the receiver in any respect and such appointment or anything which may be done by any such receiver or the removal of any such receiver or the termination of any such receivership shall not have the effect of constituting **Hydro** a mortgagee in possession in respect of the **Real Property** or any part thereof;
 - (v) every such receiver shall, from time to time, have the power to lease or otherwise deal with any portion of the **Charged Premises** which may become vacant or available for lease on such terms and conditions as such receiver may deem advisable acting reasonably and in good faith and shall have full power to complete any unfinished construction upon the **Real Property** (such power of the receiver to include, without limitation, the power to borrow funds in

the name of and on the credit of the **General Partner** for such purposes, which borrowings may be secured by the **Charged Premises**, or any part thereof, and which security shall have such priority as the receiver deems appropriate);

- (vi) every such receiver shall have full power to fully manage, develop, operate, lease, deal with agreements and **Leases**, construct, complete, repair, renovate or alter the **Real Property** or any part thereof on behalf of either or both the **General Partner** and to take all such actions as are required in the exercise of such powers including, without limitation, entering into, amending and terminating such contracts and other agreements relating to the **Charged Premises** as are necessary or advisable, in the opinion of the receiver, and the entering into, renewal, amendment, supplement or termination of any agreements and **Leases** as the receiver may deem appropriate acting reasonably and in good faith; the aforementioned power shall include the power to borrow money in the name of and on the credit of the **General Partner** for all such purposes (which borrowings may be secured by the **Charged Premises**, or any part thereof, and which security shall have such priority as the receiver deems appropriate);

- (vii) no such receiver shall be liable to the **General Partner** to account for monies other than monies actually received by the receiver out of or in respect of the sale, lease, or operation of the **Charged Premises**, in whole or in part, or the **Business**, or otherwise in its capacity as receiver of the **General Partner's** assets and undertakings and out of such monies so received, every such receiver shall, subject to the further direction of **Hydro** and applicable **Laws**, in the following order pay:
 - (A) his remuneration aforesaid;

 - (B) all payments made or incurred by him in connection with the management, operation, construction, completion, repair or alteration of the **Charged Premises** or any part hereof in accordance with the provisions hereof;

 - (C) all payments of interest, principal and other money which may, from time to time, be or become charged upon the **Charged Premises** in priority to this **Debenture** and all taxes, insurance premiums and every other proper expenditure made or incurred by him in respect of the **Charged Premises** or any part thereof and in payment of all interest, fees and other similar amounts due or falling due hereunder and the balance to be applied upon the **Obligations Secured**; and

 - (D) at the discretion of the receiver, interest, principal and other monies which may from time to time constitute an encumbrance on the **Charged Premises** subsequent or subordinate to this **Debenture**;

- (viii) **Hydro** may at any time and from time to time terminate any such receivership by notice in writing to the **General Partner** and to any such receiver; and

- (ix) the receiver may carry out all actions and do all things that **Hydro** may do under this **Debenture** and in respect of the **Charged Premises** as if it were **Hydro** (it being agreed that such powers are not in any way limited by the foregoing provisions of this Subsection 3.1(p)).

3.2 Reference to Hydro Includes Receiver: For the purposes of Sections 3.1, 3.3, 3.5, 3.6, 3.8, and 3.9 a reference to **Hydro** shall, where the context permits include any receiver or receiver and manager or other agent on behalf of **Hydro**.

3.3 General Partner's Rights: Subject to the terms of the **Project Financing Agreement**, until the occurrence of an **Event of Default** which is continuing, the **General Partner** shall be entitled to deal with the **Charged Premises** and enforce, use and enjoy all of the benefits, advantages and powers thereunder and to receive and derive all rents, income and **Revenues** therefrom as if this **Debenture** had not been made. Upon the occurrence of an **Event of Default** which is continuing, **Hydro** may, but shall not be obligated to, exercise all rights, powers and authority granted to **Hydro** in respect of the **Charged Premises** in accordance with, and subject to, the terms hereof and with applicable **Laws**. In the event that **Hydro**, or a receiver (or manager) appointed pursuant to paragraph 3.1(p) hereof or otherwise, takes possession of, retains, operates, sells or leases any or all of the **Charged Premises**, or otherwise carries on, in whole or in part, the **Business** in accordance with Section 3.1 hereof, all **Revenues** and/or proceeds received by **Hydro** or such receiver (or manager) from such operation, sale lease or other dealing, or the fair market value of the **Charged Premises** so retained by **Hydro**, shall (after payment of reasonable costs and expenses incurred in connection with such operation, sale lease or other dealing) be applied in reduction of the **Obligations Secured** and any excess received or realized over and above the **Obligations Secured** shall be paid to the **General Partner** as and when received by **Hydro**.

3.4 Judgment: Neither the taking of any judgment nor the exercise of any power of seizure or sale shall operate to extinguish the liabilities of the **General Partner** to make payment of the principal hereby secured or interest thereon or other moneys owing hereunder nor shall such operate as a merger of any covenant or affect the right of **Hydro** to interest at the rate hereinbefore specified and any judgment shall bear interest at such rate.

3.5 Charge as Security:

- (a) It is expressly acknowledged and agreed that nothing herein contained shall obligate **Hydro** to assume or perform any obligation of the **General Partner** to any third party in respect of or arising out of any of the **Charged Premises**. **Hydro** may, however, only after an **Event of Default** and while any **Event of Default** continues, at its option, assume or perform any such obligations as **Hydro** considers necessary or desirable to obtain the benefit of the **Charged Premises** free of any set-off, deduction or abatement and any money expended by **Hydro** in this regard shall form part of and shall be deemed to form part of the **Obligations Secured** and bear interest at the rate stipulated hereunder.
- (b) The exercise by **Hydro** of its rights under this **Debenture** or the assumption after any **Event of Default** of certain obligations of the **General Partner** as referred to in Subsection 3.5(a) above shall not constitute or have the effect of making **Hydro** a mortgagee in possession. Care, control and management of the **Charged Premises** shall remain and shall be deemed to be with the **General Partner** in the absence of

clear and unequivocal action by **Hydro** depriving the **General Partner** of such care, control and management and the assumption thereof by **Hydro**.

3.6 Limitations on Hydro's Liability: Except as may be required by applicable **Laws** or under the **Project Financing Agreement**, **Hydro** will not be liable to the **General Partner** or any other **Person** for any failure or delay in exercising any of the rights of **Hydro** under this **Debenture** (including any failure to take possession of, collect, sell, lease or otherwise dispose of any **Charged Premises**, or to preserve rights against prior parties). Except as may be required by applicable **Laws** or under the **Project Financing Agreement**, neither **Hydro**, nor any receiver or agent of **Hydro** is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other **Persons** under any **Charged Premises** in its possession. Except as may be required by applicable **Laws** or under the **Project Financing Agreement**, neither **Hydro** nor any receiver or agent will be liable for any, and the **General Partner** will bear the full risk of all, loss or damage to any and all of the **Charged Premises** (including any **Charged Premises** in the possession of **Hydro** or any receiver or agent) caused for any reason other than the gross negligence or wilful misconduct of **Hydro** or such receiver or agent.

3.7 General Partner Remains Liable under Accounts and Contracts: Notwithstanding any provision of this **Debenture**, the **General Partner** will remain liable under each of the **Contracts** to pay and satisfy all indebtedness, liabilities and other monetary obligations of the **General Partner** and to observe and perform all the conditions and obligations which are to be paid, satisfied, observed and performed by the **General Partner** thereunder, all in accordance with the terms of each such **Contract**. **Hydro** will have no obligation or liability under any account or monetary obligation (or any **Contract** giving rise thereto) or **Contract** by reason of or arising out of this **Debenture** or the receipt by **Hydro** of any payment relating to any such account or monetary obligation or **Contract** pursuant hereto, and in particular (but without limitation), **Hydro** will not be obligated in any manner to perform any of the obligations of the **General Partner** under or pursuant to any account or monetary obligation (or any **Contract** giving rise thereto) or under or pursuant to any **Contract**, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any account or monetary obligation (or any **Contract** giving rise thereto) or under any **Contract**, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time.

3.8 Dealings by Hydro: **Hydro** will not be obliged to exhaust its recourse against the **General Partner** or any other **Person** or against any other security it may hold in respect of the **Obligations Secured** before realizing upon or otherwise dealing with the **Charged Premises** pursuant to this **Debenture**. **Hydro** may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the **General Partner** and any other **Person**, and with any or all of the **Charged Premises**, and with other security and sureties, as **Hydro** may see fit, all without prejudice to the **Obligations Secured** or to the rights and remedies of **Hydro** under this **Debenture** or any of the other **Loan Documents**. The powers conferred on **Hydro** under this **Debenture** are solely to protect the interests of **Hydro** in the **Charged Premises** and will not impose any duty upon **Hydro** to exercise any such powers.

3.9 Possession of Charged Premises: Where any **Charged Premises** is in the possession of **Hydro** or any receiver or agent:

- (a) **Hydro** shall only have the duty of care with respect to such **Charged Premises** as would a reasonable and prudent owner, including the duty to use reasonable care in the custody and preservation thereof, provided that **Hydro** need not take any steps

of any nature to defend or preserve the rights of the **General Partner** therein against the claims or demands of others or to preserve rights therein against prior parties; and

- (b) **Hydro** may, at any time following the occurrence of an **Event of Default** which is continuing, grant or otherwise create a security interest in such **Charged Premises** upon any terms provided that such terms do not impair the rights of the **General Partner** to redeem such **Charged Premises**.

3.10 After Acquired Property: The **General Partner** covenants and agrees that, if and to the extent that any of its rights, titles, estates and interests in any of the **Charged Premises** is not acquired until after delivery of this **Debenture**, this **Debenture** shall nonetheless apply thereto and the **Security Interests** of **Hydro** hereby created shall attach to such **Charged Premises** at the same time as the **General Partner** acquires rights therein, without the necessity of any further mortgage, charge, pledge, assignment or assurance and thereafter such **Charged Premises** shall be subject to the **Security Interests** created hereby in accordance with the provisions of Section 2.1 hereof.

3.11 Attachment: The **General Partner** hereby acknowledges and agrees that value has been given for the granting of the Security Interests created hereby and that there is no agreement between the **General Partner** and **Hydro**, express or implied, to postpone the attachment of the **Security Interests** created hereby except in respect of after acquired property forming part of the **Charged Premises** with respect to which the **Security Interests** created hereby shall attach at the same time as the **General Partner** acquires rights therein or thereto.

ARTICLE 4.0 **GENERAL PROVISIONS**

4.1 Cumulative and Waivers: For greater certainty, it is expressly understood and agreed that the rights and remedies of **Hydro** hereunder or under any other document or instrument executed pursuant to this **Debenture** are cumulative and are in addition to and not in substitution for any rights or remedies provided by **Law** or by equity; and any single or partial exercise by **Hydro** of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in this **Debenture** or other document or instrument executed pursuant to this **Debenture** shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which **Hydro** may be lawfully entitled for such default or breach. Any waiver by **Hydro** of the strict observance, performance or compliance with any term, covenant, condition or agreement herein contained and any indulgence granted either expressly or by course of conduct by **Hydro** shall be effective only in the specific instance and for the purpose for which it was given and shall be deemed not to be a waiver of any rights and remedies of **Hydro** under this **Debenture** or other document or instrument executed pursuant to this **Debenture** as a result of any other default or breach hereunder or thereunder.

4.2 Termination: **Hydro** covenants and agrees with the **General Partner** that, if the **General Partner** pays the **Obligations Secured** and the **General Partner** performs, satisfies and extinguishes all other **Obligations Secured** and if **Hydro** has no further obligations to provide or continue to provide the **Credit Facilities** to the **General Partner** pursuant to the **Project Financing Agreement, as the case may be**, this **Debenture** shall be and become fully ended and terminated and all right, title, interest and benefit of the **General Partner** in, to, under or in respect of the **Charged Premises**, assigned by the **General Partner** to, or held by it in trust for, **Hydro**

hereunder shall automatically revert to the **General Partner**, or its successors or assigns, and all covenants and agreements of the **General Partner** hereunder shall be at an end and **Hydro**, upon the request and at the expense of the **General Partner**, shall execute such instruments, discharges or re-assignments and give such notification or assurances as the **General Partner** may properly require to fully release, discharge and cancel this **Debenture** in the circumstances.

4.3 Notice: Subject to the last sentence of this Section 4.3, any demand, notice, consent or other communication to be made or given hereunder shall be in writing and may be made or given by personal delivery or by facsimile transmission or other electronic means of communication addressed to the respective parties as follows:

to the **General Partner**, at:

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to **Hydro**, at:

Manitoba Hydro
Attention: General Counsel

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or to such other address or facsimile number as any party may from time to time notify to the others in accordance with this Section 4.3. Any demand, notice, consent or communication made or given by personal delivery shall be conclusively deemed to have been made or given on the day of actual delivery thereof, or, if made or given by facsimile transmission or other electronic means of communication, on the first **Business Day** following the transmittal thereof may be registered in connection with any security interest created under this **Debenture**.

4.4 Applicable Laws: This Debenture shall be governed in all respects by the **Laws** of the Province of Manitoba and the **Laws** of Canada applicable therein.

4.5 Attornment: The **General Partner** submits to the non-exclusive jurisdiction of any court in the Province of Manitoba in any action or proceeding arising out of or relating to this **Debenture**, and the **General Partner** irrevocably agrees that all claims in respect of any such action or proceeding may be heard and determined in any such court.

4.6 Valid and Continuing Security: This **Debenture** shall not be considered as satisfied or discharged by an intermediate payment of part of the **Obligations Secured** but shall constitute and be a continuing security to **Hydro** for a current or running account and shall be in addition to, and not in substitution for, any other security now or hereafter held by **Hydro**.

4.7 Judgment: Neither the taking of any judgment nor the exercise of any power of seizure or sale shall operate to extinguish the liability of the **General Partner** to perform the **Obligations Secured** nor shall such operate as a merger of any covenant or affect the right of **Hydro** to receive interest at a variable interest rate equal to the **Floating Rate** in effect, from time to time and any judgment shall bear interest at such rate.

4.8 No Merger of Estates: There shall not be deemed to be any merger of this **Debenture**, nor of the rights and interests of **Hydro** hereunder, with the estate in any **Charged Premises** or with the reversion or rights and interests of the **General Partner** or **Hydro** under any instrument affecting the **Charged Premises** by reason only of the fact that the same **Person** may own or acquire, directly or indirectly, two or more estates, rights or interests in the **Charged Premises** until all **Persons** having any interest under this **Debenture**, the estate in the **Charged Premises** or with the reversion or rights and interests of the **General Partner** or **Hydro** under any instrument affecting the **Charged Premises**, by an appropriate instrument, so declare and provide.

4.9 Severability: If any term, covenant, obligation or agreement contained in this **Debenture**, or the application thereof to any **Person** or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this **Debenture** or the application of such term, covenant, obligation or agreement to **Persons** or circumstances other than those held to be invalid or unenforceable, shall not be affected thereby and each term, covenant, obligation or agreement herein contained shall be separately valid and enforceable to the fullest extent permitted by **Law**.

4.10 Perfection of Security: The **General Partner** authorizes **Hydro** to file such financing statements and other documents and do such acts, matters and things (including completing and adding schedules identifying all or any part of the **Charged Premises**) as **Hydro** may consider appropriate to perfect and continue the security created by this **Debenture**, and to protect and preserve the interest of **Hydro** in the **Charged Premises**.

4.11 Trust Monies: All monies collected or received by or on behalf of the **General Partner** after an **Event of Default** which is continuing which are proceeds from the disposition of the whole or any part of the **Charged Premises** shall be received in trust for **Hydro** and shall be forthwith paid to **Hydro**.

4.12 Project Financing Agreement Paramount: In the event of any conflict, inconsistency, ambiguity or difference between the provisions of this **Debenture** and of the **Project Financing Agreement**, then the provisions of the **Project Financing Agreement** shall govern and be paramount, and any such provision in this **Debenture** shall be deemed to be amended to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference. Notwithstanding the foregoing, if there is any right or remedy of **Hydro** set out in this **Debenture** or any part thereof which is not set out or provided for in the **Project Financing Agreement**, such additional right or remedy shall not constitute a conflict or inconsistency.

4.13 Acknowledgment: The parties hereto acknowledge that the **Limited Partnership** is a limited partnership under the **Laws** of Manitoba, a limited partner of which is only liable for any of its liabilities or any of its losses to the extent of the amount that the limited partner has contributed or agreed to contribute to the capital of the limited partnership and the limited partner's pro rata share of any undistributed income. The parties hereto acknowledge that the obligations of the **Limited Partnership** shall not be personally binding upon, nor shall resort be had to, the property of any of the **Limited Partners**, their successors and assigns, or the property of the **Keeyask Cree Nations** and that resort shall only be had to the property of the **Limited Partnership** or the property of its general partner. The **General Partner** is the sole general partner of the **Limited Partnership**.

4.14 Successors: This **Debenture** and all its provisions shall enure to the benefit of **Hydro** and its successors and assigns, and shall be binding upon the **General Partner** and its successors and permitted assigns.

4.15 Acknowledgement: The **General Partner** acknowledges having received a true copy of this **Debenture**.

4.16 Discharges and Transfers: Notwithstanding anything elsewhere contained in this **Debenture** to the contrary, **Hydro** is and shall be, until a Transfer of Mortgage has been registered in the Portage la Prairie Land Titles Office naming another party, the sole party entitled to:

- (a) receive and collect all money payable under this **Debenture**;
- (b) execute discharges and transfers of this **Debenture**; and
- (c) undertake any mortgage sale and foreclosure proceedings pursuant to this **Debenture**.

4.17 The Farm Lands Ownership Act: The registration of this instrument does not contravene the provisions of *The Farm Lands Ownership Act* (Manitoba) because the land described in this **Debenture** is not farm land as defined in *The Farm Lands Ownership Act* (Manitoba).

IN WITNESS OF WHICH the **General Partner** has duly executed this **Debenture** the ●

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Per: _____

**SCHEDULE A TO DEBENTURE
LEGAL DESCRIPTION**

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IN WITNESS OF WHICH the **General Partner** has duly executed this Schedule to the **Debenture** this •.

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Per: _____

**SCHEDULE B TO DEBENTURE
PERMITTED LIENS**

IN WITNESS OF WHICH the **General Partner** has duly executed this Schedule to the **Debenture** this ●.

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Per: _____