

SCHEDULE 1-5

CNPLP FINANCING AGREEMENT

between

CREE NATION PARTNERS LIMITED PARTNERSHIP,

– and –

THE MANITOBA HYDRO-ELECTRIC BOARD.

DATED ●

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SCHEDULE 1-5

CNPLP FINANCING AGREEMENT

THIS MEMORANDUM OF AGREEMENT made this ● day of ●, ●.

BETWEEN:

CREE NATION PARTNERS LIMITED PARTNERSHIP,
(hereinafter referred to as the “**CNPLP**”),

– and –

THE MANITOBA HYDRO-ELECTRIC BOARD,
(hereinafter referred to as “**Hydro**”).

This **CNPLP Financing Agreement** witnesses that in consideration of the covenants and agreements herein contained the parties to this **CNPLP Financing Agreement** agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Defined Terms

For the purposes of this **CNPLP Financing Agreement**, 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 shall have corresponding meanings:

“**Advance**” means any one of the **Advances**.

“**Advances**” means advances of money made by **Hydro** under this **CNPLP Financing Agreement** in **Canadian Dollars**.

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

“**Assignment Conditions**” means:

- (a) the **CNPLP** is the registered owner and sole beneficial owner of and has good and marketable title to and is lawfully possessed of all of the **CNPLP’s Class K Assigned Common Units** or the **CNPLP’s Class K Assigned Preferred Units**, as applicable, free and clear of all **Liens** except the **Permitted Liens** and such other **Liens** as **Hydro**, on the **Final Closing Date**, may in its unfettered discretion accept in writing;
- (b) the **CNPLP** has the full right to sell and transfer all of the **CNPLP’s Class K Assigned Common Units** or the **CNPLP’s Class K Assigned Preferred Units**, as applicable, to **Hydro**;
- (c) no person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming any agreement, option, understanding, commitment or right for the purchase from the **CNPLP** of any of the **CNPLP’s Class K Assigned Common Units** or the **CNPLP’s Class K Assigned Preferred Units**, as applicable, other than **Hydro**;
- (d) no **Person** has any written or oral agreement, option, understanding or commitment or any right capable of becoming any agreement, option, understanding, commitment or right for the purchase of any of the **CNPLP’s Class K Assigned Common Units** or the **CNPLP’s Class K Assigned Preferred Units**, as applicable; and
- (e) the consummation of the transactions contemplated by the exercise of the transactions contemplated in sections 2.6 and 2.10, as applicable, will not result in the creation or imposition of any **Lien** on any of the **CNPLP’s Class K Assigned Common Units** or the **CNPLP’s Class K Assigned Preferred Units**, as

applicable, other than such **Liens** as **Hydro**, on the **Final Closing Date**, may in its unfettered discretion accept in writing.

“**Auditors**” means such firm of chartered accountants as may be selected by the directors of the **CNPLP’s General Partner** from time to time to audit the **CNPLP**, provided that such firm of chartered accountants is qualified to perform audits in the Province of Manitoba.

“**Authorization**” means, with respect to any **Person**, any authorization, order, permit, approval, grant, licence, consent, right, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decree, by-law, rule or regulation of any **Governmental Entity** having jurisdiction over such **Person**.

“**Banker’s Acceptance Rate**” means the closing rate on any particular day for a one (1) month **Canadian Dollar** banker’s acceptance as traced in Bloomberg using the “Canadian Deposit Offered Rate 01 index”.

“**Bipole III**” means the proposed new **HVDC** transmission line contemplated to be constructed by **Hydro** in the Province of Manitoba and generally known as Bipole III, and all associated convertor stations and communication-related facilities and high voltage alternating current transmission lines required to connect such facilities to the rest of the **Integrated Power System**, and all switching, transformer stations and related works to be located at the northern and southern terminals of the proposed new **HVDC** transmission line and such additional high voltage alternating current transmission lines and facilities that are constructed as part of the proposed new **HVDC** transmission line, without regard to the inclusion of the **Keeyask Generating Station** as part of the **Integrated Power System**.

“**Borrowing Notice**” means a notice provided by or deemed to be provided by the **CNPLP** to **Hydro** when the **CNPLP** wishes to receive an **Advance** under one or more of the **Credit Facilities**.

“**Business Day**” means a day on which banks are open for business in the City of Winnipeg, but does not include a Saturday, Sunday or statutory holiday in the Province of Manitoba.

“**Canada**” means Her Majesty the Queen in Right of Canada.

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

“**Capital Contribution**” means, with respect to a **Limited Partner** or the **General Partner**, the amount in cash or other property contributed to the **Limited Partnership** by a **Limited Partner** or the **General Partner**.

“**Capital Requirements**” means all funds required by the **Limited Partnership** to carry on the business and affairs of the **Limited Partnership** and includes the completion of the planning and the design and the ownership, construction, operation, maintenance and control of the **Keeyask Project** and any activities incidental or related thereto, carried on with a view to earning a profit, including funds to satisfy obligations incurred or paid or payable by the **Limited Partnership**, including to **Hydro**, or paid by **Hydro** on behalf of the **Limited Partnership**, in connection with the **Keeyask Project**, excluding the **Keeyask Transmission Facilities Capital Amount**.

“**Capital Stock**” means, with respect to any **Person**, any and all shares, interests, participation or equivalent interest in (however designated) the equity (including, without limitation, common shares, preferred shares, trust units and partnership interests) of such **Person** and any rights, warrants or options to subscribe for or acquire an equity interest in such **Person**.

“**Cash Call**” means a demand made on **Partners** by the **General Partner** pursuant to the **LP Agreement** for an additional capital contribution.

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

“**Class E Unit**” means a **Unit** in the **Limited Partnership** designated as a Class E Unit, having the rights, privileges, restrictions and conditions set out in the **LP Agreement**, which are summarized in Section 4.1.2 of the **JKDA**.

“**Class K Common Unit**” means a **Class K Unit** in respect of which no **Preferential Distribution Notice** has been delivered to the **General Partner** and no **Final Closing Preferred Unit Adjustments** have occurred, as provided in subsection 5.3.7 of the **JKDA** and in the **LP Agreement**.

“**Class K Preferred Unit**” means a **Class K Unit** in respect of which a **Preferential Distribution Notice** has been delivered to the **General Partner** and a **Final Closing Preferred Unit Adjustments** have occurred, as provided in subsection 5.3.7 of the **JKDA** and in the **LP Agreement**.

“**Class K Unit**” means a **Unit** in the **Limited Partnership**, designated as a Class K Unit, having the rights, privileges, restrictions and conditions set out in the **LP Agreement**, which are summarized in Section 4.1.2 of the **JKDA**.

“**Class M Unit**” means a **Unit** in the **Limited Partnership** designated as a Class M Unit, having the rights, privileges, restrictions and conditions set out in the **LP Agreement**, which are summarized in Section 4.1.2 of the **JKDA**.

“**CNP**” means **TCN and War Lake**.

“**CNPLP**” means the **Cree Nation Partners Limited Partnership** created pursuant to the **CNPLP Agreement**.

“**CNPLP Agreement**” means the limited partnership agreement, dated • between the **CNPLP’s General Partner, TCN and War Lake**.

“**CNPLP Business**” means the business of the **CNPLP** which consists of owning the **CNPLP’s Units**, being a limited partner in the **Limited Partnership** and making, planning and carrying out such other investment, administrative and business decisions as may be ancillary thereto and carrying out such functions and fulfilling such obligations as are required or permitted pursuant to the provisions of this **CNPLP Financing Agreement** and the **JKDA**.

“**CNPLP Financing Agreement**” means this loan agreement and all Appendixes and

instruments in amendment or confirmation of it.

“**CNPLP Loan Document**” means any one of the **CNPLP Loan Documents**.

“**CNPLP Loan Documents**” means this **CNPLP Financing Agreement**, the **Security Documents**, and all other agreements, certificates and instruments delivered or given pursuant to or in connection with this **CNPLP Financing Agreement**.

“**CNPLP Total Outstandings**” means, at any time:

- (a) with respect to the **Construction Credit Facility**, the aggregate amount in **Canadian Dollars** of all outstanding **Advances** thereunder, including all accrued and unpaid interest and all unpaid fees, costs, expenses and indemnity claims arising under this **Credit Facility**, at such time;
- (b) with respect to the **Common Unit Distribution Credit Facility**, the aggregate amount in **Canadian Dollars** of all outstanding **Advances** thereunder, including all accrued and unpaid interest and all unpaid fees, costs, expenses and indemnity claims arising under this **Credit Facility**, at such time;
- (c) with respect to the **Operating Credit Facility**, the aggregate amount in **Canadian Dollars** of all outstanding **Advances** thereunder, including all accrued and unpaid interest and all unpaid fees, costs, expenses and indemnity claims arising under this **Credit Facility**, at such time; and
- (d) with respect to the **Credit Facilities**, the aggregate of the **CNPLP Total Outstandings** under the **Credit Facilities**.

“**CNPLP’s Class K Assigned Common Units**” means that number of the **Class K Common Units** of the **CNPLP** that are irrevocably assigned and transferred to **Hydro** in accordance with section 2.10(1)(a).

“**CNPLP’s Class K Assigned Preferred Units**” means that number of the **Class K Preferred Units** of the **CNPLP** that are irrevocably assigned and transferred to **Hydro** in accordance with section 2.6(2)(a) as a condition of the valid exercise of a **Preferential Distribution Notice**.

“**CNPLP’s Class K Units**” means, at any time, all of the **Class K Units** owned by the **CNPLP**.

“**CNPLP’s Construction Requirement**” means any of the **Capital Contributions** comprising the **CNPLP’s Construction Requirements**, provided that in respect of the **Capital Contribution** to be made on the **Initial Closing Date** it is the amount required to be paid by the **CNPLP** to the **Limited Partnership**, pursuant to **Cash Calls** on the **CNPLP’s Class K Units**, less the amount of the **CNPLP’s Initial Closing Cash**.

“**CNPLP’s Construction Requirements**” means the aggregate of the **Capital Contributions** required to be paid by the **CNPLP**, at any time on or prior to the **Final Closing Date**, to the **Limited Partnership**, pursuant to **Cash Calls** on the **CNPLP’s Class K Units**, less the amount of the **CNPLP’s Initial Closing Cash**.

“**CNPLP’s Final Closing Cash**” means the amount of the **Construction Credit Facility** that is

repaid by the **CNPLP**, using **CNPLP's Permitted Funds**, on the **Final Closing Date**, in accordance with section 2.5(1).

“**CNPLP's General Partner**” means • in its capacity as the general partner of the **CNPLP**, pursuant to the terms of the **CNPLP Agreement**.

“**CNPLP's Initial Closing Cash**” means the actual cash amount paid by the **CNPLP** to the **Limited Partnership** on the **Initial Closing Date** (and not through an **Advance**) to fund the **Capital Contributions** required to be made by the **CNPLP** on the **Initial Closing Date** in respect of the **CNPLP's Class K Units** pursuant to a **Cash Call** on the **CNPLP's Class K Units**.

“**CNPLP's Invested Cash**” means on any particular day, the sum of all amounts invested by the **CNPLP** in the **Limited Partnership**. For greater certainty **CNPLP's Invested Cash**:

- (a) is comprised of:
 - (i) all of **CNPLP's Permitted Funds** used by the **CNPLP** to repay any principal amount under a **Credit Facility** in accordance with section 3.7; and
 - (ii) all payments made by the **CNPLP** to the **Limited Partnership** in accordance with Subsection 5.4.4 of the **JKDA**, but
- (b) does not include:
 - (i) any amount for interest, fees, costs, expenses or indemnity reimbursed or paid to **Hydro** hereunder; and
 - (ii) the proceeds of any **Advances**.

“**CNPLP's Operating Requirement**” means any of the **Capital Contributions** comprising the **CNPLP's Operating Requirements**.

“**CNPLP's Operating Requirements**” means the aggregate of the **Capital Contributions** required to be paid by the **CNPLP**, at any time after the **Final Closing Date**, to the **Limited Partnership**, pursuant to **Cash Calls** on the **CNPLP's Class K Units**.

“**CNPLP's Permitted Funds**” means funds to be used by the **CNPLP** to repay any principal amount under a **Credit Facility**, in accordance with section 3.7, that:

- (a) in connection with the **CNPLP**, directly or indirectly, obtaining the said funds, no **Debt** amount or other form of obligation, was created, incurred, assumed, or suffered to exist, directly or contingently or otherwise by the **CNPLP**, the **CNPLP's General Partner**, **TCN**, or **War Lake**, except **Debt** or other form of obligation:
 - (i) to a Crown corporation, agency, department or instrumentality of **Canada** or **Manitoba**; or
 - (ii) to the **Tataskweyak Trust**; or

- (iii) to the **Mooseocoot Trust**; or
 - (iv) that was obtained pursuant to a guarantee from a Crown corporation, agency, department or instrumentality of **Canada** or **Manitoba**; or
 - (v) incurred by **TCN** or **War Lake**, in respect of which there is no recourse by the lender to the **CNPLP** or to any of the securities of or issued by the **CNPLP** or to any of the **CNPLP's Units**; and
- (b) were not obtained by the **CNPLP**, directly or indirectly, from any **Person**:
- (i) due to, or as a result of the **CNPLP**, the **CNPLP's General Partner**, **TCN**, or **War Lake** providing or agreeing to provide, at any time, directly or indirectly, an order to pay in respect of, or a **Lien** on, any of the **CNPLP's Units**, or any **Distributions** on the **CNPLP's Units**, or any **Property** of the **CNPLP**, or any **Capital Stock** of the **CNPLP**, or any **Corporate Distributions** of the **CNPLP**; or
 - (ii) due to, or as a result of the **CNPLP**, the **CNPLP's General Partner**, **TCN**, or **War Lake** conferring or agreeing to confer, at any time, directly or indirectly, an ownership or proprietary interest of any kind upon any **Person**, other than the **CNPLP**, the **CNPLP's General Partner** (subject to the **CNPLP's General Partner** having only a registered interest and/or a nominal beneficial interest), **TCN**, or **War Lake** in any of the **CNPLP's Units**, or in any **Distributions** on the **CNPLP's Units**, or in any **Property** of the **CNPLP**, or in any **Capital Stock** of the **CNPLP**, or in any **Corporate Distributions** of the **CNPLP**.

“**CNPLP's Units**” means, at any time, all of the **Units** owned by the **CNPLP**.

“**Collateral**” means the **CNPLP's Units**, including all rights under the **CNPLP's Units** including the right to receive **Distributions** thereon, and any interest related to the **CNPLP's Units** and the **Distributions** thereon in respect of which **Hydro** has or will have or is intended to have a **Lien** pursuant to the **Security Documents**.

“**Common Unit Distribution Credit Advance Calculation Date**” means the calendar day that is one-hundred and fifty (150) calendar days after the first fiscal year end of the **Limited Partnership** to occur after the **Final Closing Date**.

“**Common Unit Distribution Credit Advances**” means an **Advance** under the **Common Unit Distribution Credit Facility**.

“**Common Unit Distribution Credit Facility**” means the non-revolving credit facility to be made available to the **CNPLP** by **Hydro** in accordance with the terms of this **CNPLP Financing Agreement**.

“**Construction Conditions**” means those conditions described in subsection 8.1.4 of the **JKDA** to be satisfied prior to the **Limited Partnership** commencing construction of the **Keeyask Project**.

“**Construction Credit Advance**” means an **Advance** under the **Construction Credit Facility**.

“**Construction Credit Facility**” means the non-revolving credit facility to be made available to the **CNPLP** by **Hydro** in accordance with the terms of this **CNPLP Financing Agreement**.

“**Construction Notice**” means a notice in writing to be given by **Hydro** pursuant to subsection 8.1.3 of the **JKDA** confirming that in its opinion all of the **Construction Conditions** have been satisfied and specifying a **Construction Start Date** not earlier than forty-five (45) days from the date of the notice.

“**Construction Start**” means the commencement of construction on the access road or camp infrastructure for the **Keeyask Project**.

“**Construction Start Date**” means the date specified in the **Construction Notice** on or after which, subject to the terms of the **JKDA**, a **Construction Start** may occur.

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

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

“**Credit Facilities**” means the **Construction Credit Facility**, **Common Unit Distribution Credit Facility** and the **Operating Credit Facility**, and a “**Credit Facility**” means any one of the **Credit Facilities**, as the context requires.

“**Credit Facility Repayment Certification**” means a certificate signed by a duly authorized officer of the **CNPLP’s General Partner**, which certifies as to the source of the money to be used by the **CNPLP** to make the proposed repayment to **Hydro** in accordance with section 3.7.

“**Debt**” with regard to any **Person** means, without duplication:

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

“**Debt Ratio**” means at any time the ratio (expressed as a percentage) of (1) **Debt**, net of the funds on deposit with **Hydro** pursuant to section 6.1(5) of the **Project Financing Agreement**

and cash and marketable securities, to (2) **Debt**, net of the funds on deposit with **Hydro** pursuant to section 6.1(5) of the **Project Financing Agreement** and cash and marketable securities, plus **Equity Capital** minus **Special Reserves**.

“**Distributable Cash**” means in respect of any particular **Fiscal Year**, the amount, if any, determined by the **General Partner** to be in excess of that amount required to maintain the **Limited Partnership’s** required **Debt Ratio** at seventy-five (75%) percent after contributing to any **Special Reserves**.

“**Distributions**” means any form of distribution of cash by the **Limited Partnership** to the **CNPLP**, including the return of capital to the **CNPLP**.

“**Environment Act Proposal Form**” means the application pursuant to *The Environment Act* (Manitoba) for a licence for the **Keeyask Project** to be submitted to Manitoba Conservation.

“**Equity Capital**” means at any time the cumulative balance of the **Partners’** capital accounts, including amounts designated for **Special Reserves**.

“**Event of Default**” has the meaning specified in section 11.1.

“**Final Closing**” means the completion of the **Final Closing Transaction** on the **Final Closing Date**.

“**Final Closing Date**” means the first **Business Day** which is one-hundred and eighty (180) days following the **Final Completion Date**, or such earlier or later date as may be agreed to by the **Parties**.

“**Final Closing Preferred Credit**” shall have the meaning ascribed thereto in section 1.2.2 of the **JKDA**.

“**Final Closing Preferred Unit Adjustment**” shall have the meaning ascribed thereto in section 1.2.2 of the **JKDA**.

“**Final Closing Purchase Right**” means the right of **Hydro** to purchase all of the **CNPLP’s** **Units**, if at the **Final Closing Date**, the **CNPLP** has not by that date either made the mandatory payment required pursuant to section 2.5(1), or exercised its **Final Closing Sale Right**.

“**Final Closing Sale Right**” means the one time right of the **CNPLP** to sell only to **Hydro** all of the **CNPLP’s** **Units** on the **Final Closing Date**, subject to the **CNPLP** being in compliance with all of the **Sale Conditions**.

“**Final Closing Transaction**” means all of the steps to occur and the matters and things to be done or performed on the **Final Closing Date**, as set forth in section 4.6 of the **JKDA**.

“**Final Completion Date**” means the day on which the last of the turbines comprising the **Keeyask Generating Station** is fully commissioned and comes into service, as evidenced by a commissioning certificate issued in respect of that unit by **Hydro’s** commissioning engineer, or such earlier or later date as may be agreed to by the **Parties**.

“**Fiscal Year**” means the financial year established from time to time for the **Limited**

Partnership in accordance with the terms of the **LP Agreement**.

“**FLCNKII**” means Fox Lake Cree Nation Keeyask Investments Inc., a corporation that is wholly owned by **Fox Lake** and **Fox Lake** is the sole registered owner of all of the capital stock of the **FLCNKII**.

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

“**Fox Lake**” means Fox Lake Cree Nation.

“**GAAP**” means accounting principles generally accepted in Canada as recommended by the Canadian Accounting Standards Board or any successor **Person** at such time.

“**General Partner**” means ●, in its capacity as the general partner of the **Limited Partnership**, pursuant to the terms of the **LP Agreement**.

“**Governmental Entity**” means, other than **Hydro**, any:

- (a) federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign;
- (b) any agent, commission, board, or authority of any of the foregoing; or
- (c) any body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing.

“**Guarantee Fee**” means for any particular day, the fee, expressed as a percentage rate per annum charged as of such day by **Manitoba** to **Hydro**, as a fee, that is applicable to **Manitoba’s** guarantee of **Hydro’s Canadian Dollar** borrowings.

“**HVDC**” means high voltage direct current.

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

“**Hydro Act**” means *The Manitoba Hydro Act* (Manitoba), as amended from time to time.

“**Initial Closing**” means the completion of the **Initial Closing Transaction** on the **Initial Closing Date**.

“**Initial Closing Conditions**” means all of the conditions to be satisfied prior to or on the **Initial Closing**, as set forth in Article 16 of the **JKDA**.

“**Initial Closing Date**” means the first **Business Day** that is thirty (30) days following the delivery of a **Construction Notice** by **Hydro**, or such earlier or later date as the **Parties** may agree.

“**Initial Closing Transaction**” means all of the transaction steps to occur and the matters and things to be done or performed on the **Initial Closing Date** as set forth in section 4.4 of the **JKDA**, subject to the satisfaction of the **Initial Closing Conditions**.

“**Integrated Power System**” means the system of hydraulic, thermal and other electric generation and power transmission facilities in the Province of Manitoba owned and operated or operated by **Hydro** or from which **Hydro** purchases the energy generated by that facility, which system is interconnected with other power systems, which for greater certainty does not include the **Tie-Lines** interconnecting such system with the other power systems.

“**JKDA**” means the Joint Keeyask Development Agreement dated • made between each of the **Keeyask Cree Nations** and **Hydro**.

“**JKDA Termination Purchase Right**” means the right and obligation of **Hydro** to purchase all of the **CNPLP’s Units** in the event of a termination of the **JKDA**.

“**Keeyask Cree Nations**” means **TCN** and **War Lake**, operating as **CNP**, **York Factory** and **Fox Lake**.

“**Keeyask Generating Station**” means the proposed hydro-electric generating station forming part of the **Keeyask Project** and consisting of a complex of structures, including the powerhouse, spillway, dam, dyke and transition structures, used in the production of electricity.

“**Keeyask Project**” means the **Keeyask Generating Station** and all related works, excluding the **Keeyask Transmission Project** and **Bipole III**, but including all channels, excavations, camps, storage areas, local roads and access roads, to be located in the vicinity of Gull Rapids, just upstream from the point at which the Nelson River flows into Stephens Lake, all of which are more particularly described in the **Project Description** and which, if built, will contribute approximately six hundred and ninety-five (695) **MW**, at rated capacity, to the **Integrated Power System**.

“**Keeyask Transmission Facilities**” means all incremental transmission facilities and incremental communication-related facilities to be constructed to connect with the **Keeyask Project**, excluding **Bipole III**, but including all northern high voltage alternating current collector transmission lines, switching and transformer stations and related works, as determined by **Hydro** (Transmission and Distribution Business Unit), required to connect the **Keeyask Project** to **Bipole III**, and all north south alternating current transmission lines, switching and transformer stations and related works, as determined by **Hydro** (Transmission and Distribution Business Unit).

“**Keeyask Transmission Facilities Capital Amount**” means obligations of the **Limited Partnership** for capital construction costs related to the **Keeyask Transmission Facilities** due to **Hydro** pursuant to either or both the **Interconnection and Operating Agreement** and the **PPA**, in accordance with the principles set forth in subsection 10.2.2 of the **JKDA**.

“**Keeyask Transmission Project**” means **Hydro’s** proposed project to develop the **Keeyask**

Transmission Facilities.

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

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

“**Limited Partner**” means one of **Hydro**, the **CNPLP**, **FLCNKII**, and **YFFNLP**, as the context requires, in their capacity as limited partners of the **Limited Partnership**, and “**Limited Partners**” means all of **Hydro**, the **CNPLP**, **FLCNKII**, and **YFFNLP** in their capacity as limited partners of the **Limited Partnership**.

“**Limited Partnership**” means the Keeyask Hydropower Limited Partnership created pursuant to the **LP Agreement**, to carry on business and affairs of the **Limited Partnership** and includes the completion of the planning and the design and the ownership, construction, operation maintenance and control of the **Keeyask Project** and any activities incidental or related thereto, carried on with a view to earning a profit.

“**LP Agreement**” means the limited partnership agreement, dated • between the **General Partner**, **Hydro**, the **CNPLP**, **FLCNKII**, and **YFFNLP**.

“**Manitoba**” means Her Majesty the Queen in Right of Manitoba.

“**Maturity Date**” means the fiftieth **Anniversary Date**.

“**Moosecoot Trust**” means the trust settled by **War Lake** on the terms and for the purposes set out in the Trust Indenture dated the 20th day of April, 2004, made between **War Lake**, the named trustees, **Manitoba** and **Hydro**.

“**MW**” means megawatts, being one million watts of electricity.

“**Notice of Purchase**” means the notice provided by **Hydro** to the **CNPLP** when **Hydro** wishes to exercise the **Final Closing Purchase Right**, or the **JKDA Termination Purchase Right**.

“**Notice of Sale**” means the notice provided by the **CNPLP** to **Hydro** when the **CNPLP** wishes to exercise the **Final Closing Sale Right**.

“**Obligations**” has the meaning specified in section 10.1.

“**Operating Credit Advance**” means an **Advance** under the **Operating Credit Facility**.

“**Operating Credit Facility**” means the non-revolving credit facility to be made available to the

CNPLP by **Hydro** in accordance with the terms of this **CNPLP Financing Agreement**.

“**Partner**” means the **General Partner** or any **Limited Partner**.

“**Party**” means any one of **Hydro, TCN, War Lake, York Factory** and **Fox Lake** which has approved and signed the **JKDA** in accordance with the **Ratification Protocol**.

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

- (a) **Liens** for **Taxes**, assessments or governmental charges or levies not at the time due and delinquent or the validity of which is being contested at the time by the **Person** in good faith by proper legal proceedings if, in **Hydro’s** opinion:
 - (i) adequate security has been provided to ensure the payment of such **Taxes**, assessments, governmental charges or levies; or
 - (ii) adequate reserves with respect thereto are maintained on the consolidated books of such **Person**, in accordance with **GAAP**; and
 - (iii) in each case, such **Liens** will not materially interfere with the use of the affected **Property** by such **Person** or involve any immediate danger of the sale, forfeiture or loss of such affected **Property**;
- (b) **Liens** resulting from any judgment rendered or **Claim** filed against such **Person** that such **Person** shall be contesting in good faith by proper legal proceedings if, in **Hydro’s** opinion:
 - (i) adequate security has been provided to ensure the payment of such judgment or **Claim**; or
 - (ii) adequate reserves with respect thereto are maintained on the consolidated books of such **Person**, in accordance with **GAAP**; and
 - (iii) in each case, such **Liens** will not materially interfere with the use of the affected **Property** by such **Person** or involve any immediate danger of the sale, forfeiture or loss of such affected **Property**;
- (c) undetermined **Liens** arising in the ordinary course of business which have not at such time been filed pursuant to **Law** against such **Person** or which relate to obligations not due or delinquent;
- (d) **Liens** arising in the ordinary course of business which are not registered against title to the **Collateral** and are not overdue for a period of more than thirty (30) days or which are being contested at the time by the **Person** in good faith by proper legal proceedings if, in **Hydro’s** opinion:
 - (i) adequate security has been provided to ensure payment of such **Liens**; or
 - (ii) adequate reserves with respect thereto are maintained on the consolidated books of such **Person** in accordance with **GAAP**; and

- (iii) in each case, such **Liens** will not materially interfere with the use of the affected **Property** by the **Person** or involve any immediate danger of the sale forfeiture or loss of such affected **Property**;
- (e) any **Lien**, payment of which has been provided for by the depositing with **Hydro** of an amount in cash, or the obtaining of a surety bond satisfactory to **Hydro**, in its absolute discretion, sufficient in either case to pay or discharge such **Lien** and which deposit or bond **Hydro** is authorized to use or draw upon for that purpose;
- (f) **Liens** securing **Purchase Money Debt** provided that:
 - (i) such **Liens** shall extend only to the specific **Property** of the **Person** acquired with the proceeds of such **Purchase Money Debt** (and not any portion of the **Collateral**); and
 - (ii) recourse in respect of such **Liens** shall be limited to such specific **Property**;
- (g) **Liens** in favour of **Hydro** created by the **Security Documents** or pursuant to the **Revenue Advance Agreement**;
- (h) **Liens** permitted pursuant to section 5.5.3 of the **JKDA**; or
- (i) any other **Lien** approved in writing in advance by **Hydro**, in its unfettered discretion.

“**Person**” means an individual, partnership, limited partnership, corporation, trust, unincorporated association, syndicate, joint venture, band within the meaning of the *Indian Act* (Canada) or other entity or a Crown corporation, agency, department, or instrumentality of the government of Canada or the government of any province or municipality in Canada.

“**PPA**” means the Power Purchase Agreement dated the same date as this **CNPLP Financing Agreement** between the **Limited Partnership** and **Hydro**, whereby the **Limited Partnership** will sell to **Hydro** and **Hydro** will purchase from the **Limited Partnership** the capacity of and the energy generated by the **Keeyask Generating Station**, as amended or replaced from time to time.

“**Preferential Distribution Notice**” means a notice to be delivered to the **General Partner** by a holder of **Class K Common Units** electing to have its **Class K Common Units** treated on and after the **Final Closing Date** as **Class K Preferred Units** and to receive preferential distributions on such **Units**, in accordance with the provisions of the **LP Agreement**.

“**Project Description**” means the detailed description of the **Keeyask Project**, attached as Schedule 7-1 to the **JKDA**.

“**Project Financing Agreement**” means an agreement dated the same date as this **CNPLP Financing Agreement** between the **Limited Partnership** and **Hydro** whereby **Hydro** agrees to provide debt financing to the **Limited Partnership**.

“**Property**” means, with respect to any **Person**, any interest of such **Person** in any land or

property or asset of every kind, wherever situate, whether now owned or hereafter acquired, whether real or immovable, personal, movable or mixed, tangible or corporeal, intangible or incorporeal, including **Capital Stock** in any other **Person**.

“**Purchase Money Debt**” means, with respect to any **Person**, all obligations of such **Person** incurred to finance the acquisition of **Property** (which shall not include any improvement or addition to any existing **Property**), and forms part of the **Collateral**.

“**Ratification Protocol**” means the agreement entered into between the **Parties** dated July 29, 2008, setting out, among other things, agreed upon terms for the filing of the **Environment Act Proposal Form**, agreed upon processes for the ratification of the **JKDA** and, following ratification, agreed upon terms for the execution of the **JKDA**.

“**Repayment Notice**” means a written notice to **Hydro** from the **CNPLP** providing notice of a proposed repayment being made by the **CNPLP**.

“**Revenue Advance**” means an advance of funds made by **Hydro** to be used for activities related to pre-project training, as follows:

- (a) in respect of **TCN**, the sum of three hundred and fifty thousand (\$350,000) dollars on or about December 14, 2000 and the sum of one million one hundred and twenty five thousand (\$1,125,000) dollars on or about May 24, 2001; and
- (b) in respect of **War Lake**, the sum of one hundred and twenty five thousand (\$125,000) dollars on or about December 2, 2003.

“**Revenue Advance Agreement**” means an agreement between **CNP**, the **CNPLP** and **Hydro** dated ●, amending, consolidating and restating the terms for repayment of the **Revenue Advances**.

“**Revenue Advance Obligations**” means all of 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 thereof and whether incurred prior to, at the time of or subsequent to the execution of the **Revenue Advance Agreement**) of **CNPLP** to **Hydro** incurred in connection with, under or pursuant to the **Revenue Advance Agreement** and any documents provided pursuant thereto.

“**Sale**” means a transaction of purchase and sale of all of the **CNPLP’s Units** pursuant to Article 4 or Article 5.

“**Sale Conditions**” means:

- (a) the **CNPLP** is the registered owner and sole beneficial owner of and has good and marketable title to and is lawfully possessed of all of the **CNPLP’s Units** free and clear of all **Liens** except the **Permitted Liens**, and **Liens** which will be paid in full and discharged out of the proceeds of the **Sale**, to **Hydro’s** satisfaction, acting reasonably, and such other **Liens** as **Hydro**, on the closing date of the **Sale**, may

in its unfettered discretion accept in writing;

- (b) the **CNPLP** has the full right to sell and transfer all of the **CNPLP's Units** to **Hydro**;
- (c) no **Person** has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming any agreement, option, understanding, commitment or right for the purchase from the **CNPLP** of any of the **CNPLP's Units** other than **Hydro**;
- (d) no **Person** has any written or oral agreement, option, understanding or commitment or any right capable of becoming any agreement, option, understanding, commitment or right for the purchase of any of the **CNPLP Units**; and
- (e) the consummation of the transactions contemplated by the exercise of the **Final Closing Sale Right, Final Closing Purchase Right** or **JKDA Termination Right** (as applicable) will not result in the creation or imposition of any **Lien** on any of the **CNPLP's Units**, other than such **Liens** which will be paid in full and discharged out of the proceeds of the **Sale**, to **Hydro's** satisfaction, acting reasonably, and such other **Liens** as **Hydro**, on the closing date of the **Sale**, may in its unfettered discretion accept in writing.

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

“**Short-Term Borrowing Cost**” means, for any month, **Hydro's** actual weighted borrowing costs, not including any **Guarantee Fee** attributable to those borrowing costs, expressed as a percentage rate per annum for all of **Hydro's Canadian Dollar** borrowings outstanding during that month which have a term expiring, or are due to be paid, within three hundred and sixty-four (364) days of the date that each such borrowing was first incurred by **Hydro**. **Hydro's** “actual weighted borrowing costs” shall be calculated on the basis of the actual amount of interest that has accrued during that month divided by the “weighted principal amount” of all borrowing(s) which accrued interest during that month. The “weighted principal amount” for each borrowing is equal to the principal amount of each borrowing multiplied by the number of days the borrowing was outstanding during that month divided by three hundred and sixty-five (365).

“**Special Reserves**” means that portion of the **Limited Partnership's** retained earnings allocated by the **General Partner** to meet the estimated future costs of major capital expenditures planned to be incurred no later than five (5) years from the date when such reserves were initially established, save and except for the estimated future capital costs of de-commissioning of the **Keeyask Project** which can be included in such allocation, provided that they are included no earlier than twenty-five (25) years prior to the expected date of de-commissioning, and such other amounts as are designated by the **Partners** in accordance with the **LP Agreement**.

“**Tataskweyak Trust**” means the trust settled by **TCN** on the terms and for the purposes set out in the Trust Indenture dated the June 24, 1992, made between **TCN**, the named

trustees, **Canada, Manitoba and Hydro.**

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

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

“**Ten Year Canada Bond Rate**” means, at any particular date, that rate of interest, expressed as a percentage rate per annum, which a non-callable Government of Canada bond denominated in **Canadian Dollars** would carry if issued on such date at 10:00 a.m. (Winnipeg time) by the Government of Canada at one hundred (100%) percent of its principal amount for a term of ten (10) years, with the rate of interest being determined by **Hydro** obtaining three (3) rate quotations for the yield on that date of publicly traded **Canadian Dollar** non-callable Government of Canada reference bonds with a ten (10) year term, as adjusted by the financial institutions that have provided the three (3) rate quotations to reflect the assumed issue date and the ten (10) year term and using the median rate of the three (3) rate quotations obtained.

“**Ten Year Manitoba Bonds**” means a non-callable bond of the Province of Manitoba denominated in **Canadian Dollars** issued by **Manitoba**, at one hundred (100%) percent of the principal amount for a term of ten (10) years.

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

- (a) the **Ten Year Canada Bond Rate**, as at 10:00 a.m. (Winnipeg time), for such day; and
- (b) the difference between the **Ten Year Canada Bond Rate** in effect on that date and the rate of interest, expressed as a percentage rate per annum, for **Ten Year Manitoba Bonds** had **Ten Year Manitoba Bonds** been issued by **Manitoba** on that day, at 10:00 a.m. (Winnipeg time), including commission costs, with the rate of interest being determined by **Hydro** obtaining three (3) rate quotations for **Ten Year Manitoba Bonds** and using the median of the three (3) rate quotations obtained.

“**Thirty Year Canada Bond Rate**” means, at any particular date, that rate of interest, expressed as a percentage rate per annum, which a non-callable Government of Canada bond denominated in **Canadian Dollars** would carry if issued on such date at 10:00 a.m. (Winnipeg time) by the Government of Canada at one hundred (100%) percent of its principal amount for a term of thirty (30) years, with the rate of interest being determined by **Hydro** obtaining three (3) rate quotations for the yield on that date of publicly traded **Canadian Dollar** non-callable Government of Canada reference bonds with a thirty (30) year term, as adjusted by the financial institutions that have provided the three (3) rate quotations to reflect the assumed issue date and the thirty (30) year term, and using the median rate of the three (3) rate quotations obtained.

“**Thirty Year Manitoba Bonds**” means a non-callable bond of the Province of Manitoba denominated in **Canadian Dollars** issued by **Manitoba** at one hundred (100%) percent of the

principal amount for a term of thirty (30) years.

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

- (a) the **Thirty Year Canada Bond Rate**, as at 10:00 a.m. (Winnipeg time), for such day; and
- (b) the difference between the **Thirty Year Canada Bond Rate** in effect on that date and the rate of interest, expressed as a percentage rate per annum, for **Thirty Year Manitoba Bonds** had **Thirty Year Manitoba Bonds** been issued by **Manitoba** on that day, at 10:00 a.m. (Winnipeg time), including commission costs, with the rate of interest being determined by **Hydro** obtaining three (3) rate quotations for **Thirty Year Manitoba Bonds** and using the median of the three (3) rate quotations obtained.

“**Tie-Lines**” means at any particular time the transmission interconnection facilities which cross the border of the Province of Manitoba and any of the borders of Minnesota, North Dakota, Ontario and Saskatchewan, and which interconnect the **Integrated Power System** with other power systems in those states and provinces.

“**Units**” means all of the issued **Units** in the **Limited Partnership** and “**Unit**” means a unit representing an interest in the **Limited Partnership**.

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

“**YFFNLP**” means the York Factory First Nation Limited Partnership created pursuant to a limited partnership agreement dated the • day of •, •, with •, as the general partner, and **York Factory** as the limited partner.

“**York Factory**” means the York Factory First Nation.

1.2 Interpretation

This **CNPLP Financing Agreement** shall be interpreted in accordance with the following:

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

- (e) the expressions “the aggregate”, “the total”, “the sum” and expressions of similar meaning shall mean “the aggregate (or total or sum) without duplication”;
- (f) in the computation of periods of time, unless otherwise expressly provided, the word “from” means “from and including” and the words “to” and “until” mean “to but excluding”;
- (g) “Article”, “section” or other subdivision of this **CNPLP Financing Agreement** followed by a number refers to the specified Article, section or other subdivision of this **CNPLP Financing Agreement**;
- (h) “hereof”, “hereto” and “hereunder” and similar expressions refer to this **CNPLP Financing Agreement** and not to any particular Article, section or other subdivision;
- (i) accounting terms not specifically defined shall be construed in accordance with **GAAP**; and
- (j) the words “shall” and “will” when used in this **CNPLP Financing Agreement** are each obligatory in nature.

1.3 Interpretation of any other CNPLP Loan Documents

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

1.4 Severability

If any term or other provision of this **CNPLP Financing Agreement**, or any other **CNPLP Loan Document**, is invalid, illegal or incapable of being enforced by any rule or law, or public policy, so long as the economic or legal substance of the transactions contemplated hereby or thereby is not affected in any manner materially adverse to either party to this **CNPLP Financing Agreement**, all other conditions and provisions of this **CNPLP Financing Agreement**, or such other **CNPLP Loan Document** shall nevertheless remain in full force and effect, in which event the parties to this **CNPLP Financing Agreement** shall negotiate in good faith to modify this **CNPLP Financing Agreement**, or such other **CNPLP Loan Document**, so as to effect the original intent of the parties to this **CNPLP Financing Agreement** as closely as possible in an acceptable manner to the end that the transactions contemplated hereby or thereby are fulfilled to the fullest extent possible.

1.5 Entire Agreement

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

1.6 Waiver

No failure on the part of **Hydro** to exercise, and no delay in exercising, any right

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

1.7 Governing Law

This **CNPLP Financing Agreement** and each other **CNPLP Loan Document**, shall be governed by, and interpreted in accordance with, the laws of the Province of Manitoba and the federal laws of Canada applicable therein.

1.8 Incorporation of Appendixes

The following Appendixes are attached to and form part of this **CNPLP Financing Agreement**:

Appendix A	Repayment Notice
Appendix B	Borrowing Notice
Appendix C	Issued and Outstanding Capital Stock and Debt
Appendix D	Liabilities
Appendix E	Address for Notice
Appendix F	Security Documents
Appendix G	Authorizations
Appendix H	Hydro Act Provisions

1.9 Conflicts

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

1.10 Acknowledgment

The parties to this **CNPLP Financing Agreement** acknowledge that the **CNPLP** is a limited partnership under the laws of the Province 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 to this **CNPLP Financing Agreement** acknowledge that the obligations of the **CNPLP** shall not be personally binding upon, nor shall resort be had to, the property of any of the limited partners of the **CNPLP**, their successors and assigns, or to the property of **TCN** or **War Lake** and that resort shall only be had to the property of the **CNPLP** or the property of its general partner. The **CNPLP's General Partner** is the sole general partner of the **CNPLP**.

**ARTICLE 2
CREDIT FACILITIES**

2.1 Credit Facilities

Hydro agrees, on the terms and conditions of this **CNPLP Financing Agreement**, to make available to the **CNPLP**:

- (a) at any time on or after the **Initial Closing Date** to and including the **Final Closing Date**, the **Construction Credit Facility** by making such **Construction Credit Advances** to the benefit of the **CNPLP** from time to time in accordance with this **CNPLP Financing Agreement**;
- (b) at certain times after the **Initial Closing Date** to the **Final Closing Date**, and subject to certain conditions, after the **Final Closing Date**, the **Common Unit Distribution Credit Facility** by making such **Common Unit Distribution Credit Advances** to the benefit of the **CNPLP** from time to time in accordance with this **CNPLP Financing Agreement**; and
- (c) at any time after the **Final Closing Date**, the **Operating Credit Facility** by making such **Operating Credit Advances** to the benefit of the **CNPLP** as may be requested by the **CNPLP** hereunder from time to time in accordance with this **CNPLP Financing Agreement**.

2.2 Commitments and Facility Limits

Construction Credit Facility

- (1) Provided that, if no **Event of Default** has otherwise occurred that remains outstanding and uncured at that time, **Hydro** shall advance, pursuant to section 3.1, as a **Construction Credit Advance** an amount required to fund each of the **CNPLP's Construction Requirements**.

(2) **Common Unit Distribution Credit Facility**

Provided that, if no **Event of Default** has otherwise occurred that remains outstanding and uncured at that time, **Hydro** shall advance pursuant to section 3.1, as a **Common Unit Distribution Credit Advance**, subject to the terms and conditions of this **CNPLP Financing Agreement**, the following amounts:

- (a) on each anniversary date of the **Initial Closing Date** that occurs prior to the **Final Closing Date**, an amount determined according to the following formula:

$$(A - B) \times C$$

where,

A is the **Thirty Year Rate** on the applicable anniversary date;

B is one and one-half (1.5%) percent; and

C is \$1,350,000.

- (b) on the **Final Closing Date**, an amount determined according to the following formula:

$$((A - B) \times C) \times D$$

where,

A is the **Thirty Year Rate** on the **Final Closing Date**;

B is one and one-half (1.5%) percent;

C is \$1,350,000; and

D is a fraction, the numerator of which is the number of days from the anniversary date (that occurs prior to the **Final Closing Date**), of the **Initial Closing Date**, to the **Final Closing Date** and the denominator of which is 365 days.

- (c) on the **Common Unit Distribution Credit Advance Calculation Date**, only if there is determined to be an amount available on that date, after application of the following formula:

$$((A - B) \times (C + D)) - E$$

where,

A is the **Thirty Year Rate** on the **Common Unit Distribution Credit Advance Calculation Date**;

B is one and one-half (1.5%) percent;

C is \$1,350,000;

D is **CNPLP's Final Closing Cash**; and

E is the aggregate amount of all **Distributions** from the **Limited Partnership** on the **CNPLP's Class K Units** actually paid out to the **CNPLP** in respect of or on account of the first fiscal year end of the **Limited Partnership** to occur after the **Final Closing Date** (and not paid to **Hydro** pursuant to the irrevocable assignment under the **CNPLP Loan Documents**).

For greater certainty, if the subtraction of E in the above formula results in a difference that is zero (0) or a negative number, no **Common Unit Distribution Credit Advance** is available under this section 2.2(2)(c); and

- (d) on each anniversary date of the **Common Unit Distribution Credit Advance Calculation Date**, until the **Maturity Date**, only if there is determined to be an amount available on any of those dates, after application of the following formula:

$$((A - B) \times (C + D)) - E$$

where,

- A is the **Thirty Year Rate** on the applicable anniversary date;
- B is one and one-half (1.5%) percent;
- C is \$1,350,000;
- D is **CNPLP's Final Closing Cash**; and
- E is the aggregate amount of all **Distributions** from the **Limited Partnership** on the **CNPLP's Class K Units** actually paid out to the **CNPLP** for the fiscal year end of the **Limited Partnership** that occurred one-hundred and fifty (150) calendar days prior to the applicable anniversary date of the **Common Unit Distribution Credit Advance Calculation Date** (and not paid to **Hydro** pursuant to the irrevocable assignment under the **CNPLP Loan Documents**).

For greater certainty, if the subtraction of E in the above formula results in a difference that is zero (0) or a negative number, no **Common Unit Distribution Credit Advance** is available on the applicable anniversary of the **Common Unit Distribution Credit Advance Calculation Date**.

Operating Credit Facility

- (3) Provided that, if no **Event of Default** has otherwise occurred that remains outstanding and uncured at that time, the **Operating Credit Facility** may be drawn upon by the **CNPLP**, subject to the terms and conditions of this **CNPLP Financing Agreement**, from time to time after the **Final Closing Date** if an amount is required to be paid by the **CNPLP** to the **Limited Partnership** pursuant to an **CNPLP's Operating Requirement**.

2.3 Use of Proceeds

The proceeds of **Advances**:

- (a) under the **Construction Credit Facility** shall be used only for payment to the **Limited Partnership** of the **CNPLP's Construction Requirements**. The **CNPLP** agrees that all the **CNPLP's Construction Requirements** shall be funded as **Advances** under the **Construction Credit Facility**;
- (b) under the **Common Unit Distribution Credit Facility** shall be forwarded to the

account designated by the **CNPLP** for use by the **CNPLP**; and

- (c) under the **Operating Credit Facility** shall be used only for payment to the **Limited Partnership** of the **CNPLP's Operating Requirements**. No **Operating Credit Advances** shall be made in respect of any of the **CNPLP's Operating Requirements** that the **CNPLP** pays to the **Limited Partnership** in accordance with Subsection 5.4 of the **JKDA** (in which event such amounts shall form part of the **CNPLP's Invested Cash**). It is agreed that if **Hydro** has not received confirmation at least two (2) **Business Days** prior to the due date specified in the **Cash Call** from the **General Partner** giving rise to the **CNPLP Operating Requirement** that the **Capital Contribution** has been paid, a **Borrowing Notice** shall have been deemed to have been received by **Hydro** from the **CNPLP** for the amount of such **Capital Contribution** and **Hydro** shall proceed to fund the **CNPLP's Operating Requirement** as an **Operating Credit Advance** in accordance with section 3.1. **Hydro** shall provide notice to the **CNPLP** of any amount so advanced to the **Limited Partnership** on behalf of the **CNPLP**.

2.4 Repayment on the Maturity Date and Non-Recourse

Subject to **Hydro** making an early demand for payment pursuant to section 11.1 following an **Event of Default**, and subject to the mandatory repayments in section 2.5, the **CNPLP** shall repay, and there shall become due and payable on the **Maturity Date**, the **CNPLP Total Outstandings** under the **Credit Facilities**. It is acknowledged that **Hydro** shall have no right to sue the **CNPLP** on the personal covenant to pay any of the said amounts and that **Hydro's** sole recourse for payment shall be to the **Collateral** in accordance with the provisions of the **CNPLP Loan Documents**.

2.5 Mandatory Repayments during the Term of the CNPLP Financing Agreement

- (1) In addition to all other mandatory payment obligations provided for in this **CNPLP Financing Agreement**, on the **Final Closing Date**, the **CNPLP** shall repay:
- (a) not less than \$6,150,000 of outstanding **Advances** under the **Construction Credit Facility** using the **CNPLP's Permitted Funds**; or
 - (b) such amount in excess of \$6,150,000 as the **CNPLP** may elect to repay using the **CNPLP's Permitted Funds**, subject to such amount not exceeding \$13,650,000.
- (2) In addition to all other mandatory payment obligations provided for in this **CNPLP Financing Agreement**, the **CNPLP** shall throughout the term of this **CNPLP Financing Agreement** repay to **Hydro** the **CNPLP Total Outstandings** under the **Construction Credit Facility** and **Operating Credit Facility**, solely, through **Hydro** receiving:
- (a) up to and including that day that is the last day of the fiscal year end of the **Limited Partnership** that occurs after the 15th anniversary of the **Final Closing Date**, seventy (70%) percent of all **Distributions** declared or paid, from time to

time, on the **CNPLP's Class K Units**; and

- (b) after the date referred to in this section 2.5(2)(a), eighty (80%) percent of all **Distributions** declared or paid, from time to time, in that period on the **CNPLP's Class K Units** until the **Maturity Date** when the **CNPLP Total Outstandings** under the **Credit Facilities** shall be required to be repaid in full in accordance with section 2.4.
- (3) In addition to all other mandatory payment obligations provided for in this **CNPLP Financing Agreement**, the **CNPLP** shall throughout the term of this **CNPLP Financing Agreement** repay to **Hydro** the **CNPLP Total Outstandings** under the **Common Unit Distribution Credit Facility**, solely, through **Hydro** receiving:
 - (a) up to and including that day that is the last day of the fiscal year end of the **Limited Partnership** that occurs after the 15th anniversary of the **Final Closing Date**, thirty (30%) percent of all **Distributions** declared or paid, from time to time, on the **CNPLP's Class K Units**; and
 - (b) after the date referred to in this section 2.5(3)(a), twenty (20%) percent of all **Distributions**, declared or paid, from time to time, on the **CNPLP's Class K Units** until the **Maturity Date** when the **CNPLP Total Outstandings** under the **Credit Facilities** shall be required to be repaid in full in accordance with section 2.4.
- (4) The repayment of the **CNPLP Total Outstandings** under the **Credit Facilities** from **Distributions**, as referred to in sections 2.5(2) and (3), shall be paid to **Hydro** pursuant to the **CNPLP's** irrevocable assignment and direction of all such **Distributions** to **Hydro**, as provided for under the **Security Documents**, until the **CNPLP Total Outstandings** under the **Credit Facilities**, have been repaid in full. It is acknowledged that **Hydro** shall have no right to sue the **CNPLP** on the personal covenant to pay any of the said amounts and that **Hydro's** sole recourse for payment shall be to the **Collateral** in accordance with the provisions of the **CNPLP Loan Documents**.

2.6 Exercise of Preferential Distribution Notice

- (1) If the **CNPLP** delivers a **Preferential Distribution Notice** pursuant to section 5.3.6 of the **JKDA**, so as to become eligible to receive **Distributions** on the **CNPLP's Class K Units** in accordance with section 6.09(a) of the **LP Agreement** and provided the mandatory repayment in accordance with section 2.5(1) has been made and subject to the **CNPLP** complying with all of the provisions of this section 2.6 and all other conditions associated with the exercise of the **Preferential Distribution Notice** in accordance with the **LP Agreement** and the **JKDA**:
 - (a) the **CNPLP Total Outstandings** under the **Construction Credit Facility** that were not repaid on the **Final Closing Date** and all other amounts whatsoever owing by the **CNPLP** to **Hydro** under the **Construction Credit Facility** shall be

forgiven as of the **Final Closing Date**;

- (b) the **CNPLP Total Outstandings** under the **Common Unit Distribution Credit Facility** shall cease on the **Final Closing Date** to bear interest. The **CNPLP Total Outstandings** under the **Common Unit Distribution Credit Facility**, as at the **Final Closing Date**, shall be divided into five (5) equal amounts. Each of these five (5) equal amounts shall be repaid from each of the five (5) annual **Distributions** on the **CNPLP's Class K Units**, commencing with the first such **Distribution** to be paid after the **Final Closing Date**. Repayment from such **Distributions** is subject to the condition that the amount of any such repayment shall be reduced, to the extent necessary, such that after the application of the repayment amount or portion thereof, the **CNPLP** shall actually receive as a **Distribution** from the **Limited Partnership** on the **CNPLP's Units**, an amount that is not less than the amount determined according to the following formula:

$$(A - B) \times (C + D)$$

where,

- A is the **Thirty Year Rate** on the date the **Distribution** is to be paid to the **CNPLP**;
- B is one and one-half (1.5%) percent;
- C is \$1,350,000; and
- D is **CNPLP's Final Closing Cash**.

Any amount not repaid out of **Distributions** on the **CNPLP's Units** in any year due to the aforementioned condition shall be added as an additional payment to be made out of such **Distributions** in the following year (or years if the application of the aforementioned condition restricts the repayment in subsequent year(s)), until repaid in full. Such **Distributions** shall be paid to **Hydro** pursuant to the **CNPLP's** irrevocable assignment and direction of all such **Distributions** to **Hydro**, as provided for under the **Security Documents**, until the **CNPLP Total Outstandings** under the **Common Unit Distribution Credit Facility**, have been repaid in full. It is acknowledged that **Hydro** shall have no right to sue the **CNPLP** on the personal covenant to pay any of the said amounts and that **Hydro's** sole recourse for payment shall be to the **Collateral** in accordance with the provisions of the **CNPLP Loan Documents**; and

- (c) the **CNPLP** shall not be entitled to receive any additional **Advances** under any of the **Credit Facilities** and this **CNPLP Financing Agreement** shall terminate upon repayment of the amounts referred to in this section 2.6 (b).
- (2) As a condition of the valid exercise of the **Preferential Distribution Notice** by the **CNPLP**:
- (a) the **CNPLP** shall irrevocably assign and transfer to **Hydro**, that number of the

CNPLP's Class K Preferred Units, which will thereafter be deemed to be **Class K Common Units**, in accordance with section 5.3.7(c) of the **JKDA**, determined according to the following formula:

$$A - (B \times C/D)$$

where,

- A is the number of **Class K Common Units** owned by the **CNPLP** on the **Initial Closing Date**;
 - B is the aggregate number of all **Class M Units**, **Class E Units** and **Class K Common Units** issued and outstanding on the **Initial Closing Date**;
 - C is the total of \$1,350,000 and the **CNPLP's Final Closing Cash**, and the amount of the **Final Closing Preferred Credit** that was allocated to the capital account of the **CNPLP** by the **Limited Partnership**; and
 - D is twenty-five (25%) percent of the **Capital Requirements** at the **Final Closing Date**;
- (b) the **CNPLP's Class K Assigned Preferred Units** shall be assigned and transferred free and clear of all **Liens** except the **Permitted Liens** (the particulars of which have been identified in writing to **Hydro**) and such other **Liens** as **Hydro**, on the **Final Closing Date**, as **Hydro** may, in its unfettered discretion, accept in writing;
- (c) on the **Final Closing Date** the **CNPLP** shall deliver the following to **Hydro**:
- (i) the **Unit** certificate(s) for the **CNPLP's Class K Assigned Preferred Units** and a power of attorney appointing **Hydro** as attorney of the **CNPLP** to transfer all of the **CNPLP's Class K Assigned Preferred Units** to **Hydro**;
 - (ii) such other documents as **Hydro** may reasonably require to entitle **Hydro** to require the **General Partner** to register the transfer of all of the **CNPLP's Class K Assigned Preferred Units** to **Hydro** and to entitle **Hydro** to become the registered holder of all of the **CNPLP's Class K Assigned Preferred Units** on the books of the **Limited Partnership**, free and clear of all **Liens** except the **Permitted Liens** (the particulars of which have been identified in writing to **Hydro**) and such other **Liens** as **Hydro**, on the closing date of the transfer of all of the **CNPLP's Class K Assigned Preferred Units** as **Hydro** may, in its unfettered discretion, accept in writing;
 - (iii) a certificate bearing the **Final Closing Date**, in respect of all of the **CNPLP's Class K Assigned Preferred Units**, wherein the **CNPLP's**

General Partner certifies, as being true and correct, as at the **Final Closing Date**, the **Assignment Conditions**; and

- (iv) a certificate bearing the **Final Closing Date** wherein the **CNPLP's General Partner** certifies, as being true and correct, as at the **Final Closing Date** a statement to the effect that on such date the **CNPLP** is resident in Canada for the purposes of the *Income Tax Act* (Canada).
- (3) The **CNPLP's Class K Assigned Preferred Units** shall be assigned and transferred to **Hydro**, pursuant to this section 2.6, for the aggregate sum of one (\$1.00) dollar.

2.7 Optional Reductions

The **CNPLP** shall only be entitled, unless obligated to do so pursuant to the provisions of this **CNPLP Financing Agreement**, to prepay, in whole or in part, and only with the **CNPLP's Permitted Funds**, the **CNPLP Total Outstandings** under the **Credit Facilities** in the following circumstances:

- (a) prepayments may be made in accordance with Article 4;
- (b) **Construction Credit Advances** may only be prepaid commencing on the 30th anniversary of the **Final Closing Date**;
- (c) only those **Operating Credit Advances** that have been outstanding and unpaid for a minimum of ten (10) years may be prepaid; and
- (d) partial prepayments made pursuant to this section 2.7 (b) and (c) shall be in a minimum aggregate principal amount of \$200,000 and in an integral multiple of \$100,000.

2.8 Guarantee Fee

The **CNPLP** shall pay to **Hydro** annual fees on April 15 of each year during the term of this **CNPLP Financing Agreement** under each of the **Credit Facilities** an amount calculated in the following manner:

- (a) as part of the **Construction Credit Facility** an amount determined according to the following formula:

A x B

where,

A is the **Guarantee Fee** as at 10:00 a.m. (Winnipeg time) on the March 31st date that is immediately prior to the April 15th payment date; and

B is the **CNPLP Total Outstandings** with respect to the **Construction Credit Facility**, as at 10:00 a.m. (Winnipeg time) on

the March 31st date that is immediately prior to the April 15th payment date;

- (b) as part of the **Common Unit Distribution Credit Facility** an amount determined according to the following formula:

$$A \times B$$

where:

- A is the **Guarantee Fee** as at 10:00 am (Winnipeg time) on the March 31st date that is immediately prior to the April 15th payment date; and
- B is the **CNPLP Total Outstandings** with respect to the **Common Unit Distribution Credit Facility**, as at 10:00 am (Winnipeg time) on the March 31st date that is immediately prior to the April 15th payment date.

Provided that after the **Final Closing Date**, no additional fees shall accrue and be required to be paid on the **CNPLP Total Outstandings** with respect to the **Common Unit Distribution Credit Facility** if the **CNPLP** have delivered a **Preferential Distribution Notice** and the provisions of section 2.6(1) apply.

- (c) as part of the **Operating Credit Facility** an amount determined according to the following formula:

$$A \times B$$

where:

- A is the **Guarantee Fee** as at 10:00 a.m. (Winnipeg time) on the March 31st date that is immediately prior to the April 15th payment date; and
- B is the **CNPLP Total Outstandings** with respect to the **Operating Credit Facility**, as at 10:00 a.m. (Winnipeg time) on the March 31st date that is immediately prior to the April 15th payment date.

Notwithstanding the foregoing and subject to the provisions of this **CNPLP Financing Agreement** (including the requirement to make mandatory payments through **Distributions** on the **CNPLP's Class K Units** pursuant to Article 2) the fees to be paid to **Hydro** under each **Credit Facility** pursuant to this section 2.8 shall accrue as an amount owing to **Hydro** under each of the **Credit Facilities** and shall only become due and payable on the **Maturity Date**. For greater certainty the amount of unpaid fees that are accruing under each **Credit Facility** forms part of the **CNPLP Total Outstandings** under that **Credit Facility**.

2.9 Priority of Distribution Payments

- (1) The payments made out of **Distributions** as provided for in the **Revenue Advance Agreement** and in section 2.5(2), during the term of this **CNPLP Financing Agreement**, shall be applied as follows:
- (a) first, to the payments to be made to **Hydro** pursuant to the provisions of the **Revenue Advance Agreement** (and the security provided to **Hydro** pursuant to the provisions of that agreement in respect of the **Distributions**);
 - (b) second, in payment of all fees, costs and expenses owing to **Hydro** in connection with the **Operating Credit Facility**;
 - (c) third, in payment of all accrued and unpaid interest under the **Operating Credit Facility**;
 - (d) fourth, in payment of all fees, costs and expenses owing to **Hydro** in connection with the **Construction Credit Facility**;
 - (e) fifth, in payment of all accrued and unpaid interest under the **Construction Credit Facility**;
 - (f) sixth, in repayment of all principal amounts that have not been repaid under the **Operating Credit Facility**; and
 - (g) seventh, in repayment of all principal amounts that have not been repaid under the **Construction Credit Facility**.

It is agreed that where there is a reference to payment being made in respect of the **Operating Credit Facility** that the payment shall, in order of priority, be applied against or in respect of the **Operating Credit Advance** that has been outstanding for the longest period of time.

- (2) The payments made from **Distributions** under section 2.5(3), during the term of this **CNPLP Financing Agreement**, shall be applied as follows:
- (a) first, in payment of all fees, costs and expenses owing to **Hydro** in connection with the **Common Unit Distribution Credit Facility**;
 - (b) second, in payment of all accrued and unpaid interest under the **Common Unit Distribution Credit Facility**; and
 - (c) third, in repayment of all principal amounts that have not been repaid under the **Common Unit Distribution Credit Facility**.

It is agreed that where there is a reference to payment being made in respect of the **Common Unit Distribution Credit Facility** that the payment shall, in order of priority, be applied against or in respect of the **Common Unit Distribution Credit Advance** that has been outstanding for the longest period of time.

2.10 Class K Common Units and the CNPLP's Final Closing Cash

- (1) If the **CNPLP's Final Closing Cash** is less than \$13,650,000, the **CNPLP** shall:
- (a) irrevocably assign and transfer to **Hydro**, that number of the **CNPLP's Class K Common Units**, determined according to the following formula:

$$A \times (1 - B / C)$$

where:

- A is the aggregate number of **Class K Common Units** owned by the **CNPLP** on the **Initial Closing Date**;
- B is the total of \$1,350,000 and the **CNPLP's Final Closing Cash**; and
- C is \$15,000,000;
- (b) the **CNPLP's Class K Assigned Common Units** shall be assigned and transferred free and clear of all **Liens** except the **Permitted Liens** (the particulars of which have been identified in writing to **Hydro**) and such other **Liens** as **Hydro**, on the **Final Closing Date**, as **Hydro** may, in its unfettered discretion, accept in writing;
- (c) on the **Final Closing Date** the **CNPLP** shall deliver the following to **Hydro**:
- (i) the **Unit** certificate(s) for the **CNPLP's Class K Assigned Common Units** and a power of attorney appointing **Hydro** as attorney of the **CNPLP** to transfer all of the **CNPLP's Class K Assigned Common Units** to **Hydro**;
- (ii) such other documents as **Hydro** may reasonably require to entitle **Hydro** to require the **General Partner** to register the transfer of all of the **CNPLP's Class K Assigned Common Units** to **Hydro** and to entitle **Hydro** to become the registered holder of all of the **CNPLP's Class K Assigned Common Units** on the books of the **Limited Partnership**, free and clear of all **Liens** except the **Permitted Liens** (the particulars of which have been identified in writing to **Hydro**) and such other **Liens** as **Hydro**, on the closing date of the transfer of all of the **CNPLP's Class K Assigned Common Units** may, in its unfettered discretion, accept in writing;
- (iii) a certificate bearing the **Final Closing Date**, in respect of all of the **CNPLP's Class K Assigned Common Units**, wherein the **CNPLP's General Partner** certifies, as being true and correct, as at the **Final Closing Date**, the **Assignment Conditions**; and
- (iv) a certificate bearing the **Final Closing Date** wherein the **CNPLP's General Partner** certifies, as being true and correct, as at the **Final**

Closing Date a statement to the effect that on such date the **CNPLP** is resident in Canada for the purposes of the *Income Tax Act* (Canada).

- (2) The **CNPLP's Class K Assigned Common Units** shall be assigned and transferred to **Hydro**, pursuant to this section 2.10 for the aggregate sum of one (\$1.00) dollar.
- (3) If section 2.10(1)(a) applies, and subject to the **CNPLP** being in compliance with all of the provisions of this **CNPLP Financing Agreement**, including section 2.10(1)(a) hereof, that portion of the **CNPLP Total Outstandings** under the **Construction Credit Facility**, determined according to the following formula, shall be forgiven, as at the **Final Closing Date**:

$$A \times (1 - B / C)$$

where:

- A is the **CNPLP Total Outstandings** under the **Construction Credit Facility** as at the **Final Closing Date**, after payment of the **Final Closing Cash**;
- B is the total of \$1,350,000 and the **CNPLP's Final Closing Cash**;
and
- C is \$15,000,000.

**ARTICLE 3
LOAN ADVANCES**

3.1 Procedure for Borrowing

(1) Construction Credit Advances

The **CNPLP** authorizes the **General Partner** to provide to **Hydro** concurrent notice of payment being required in respect of the **CNPLP's Construction Requirements**. The said notice shall be deemed to be a **Borrowing Notice** from the **CNPLP** to **Hydro**:

- (a) for a **Construction Credit Advance**;
- (b) in the amount specified in the said notice; and
- (c) is to be paid on the due date specified in the said notice.

Subject to the terms and conditions of this **CNPLP Financing Agreement**, **Hydro** will make such funds available to the **CNPLP** by forwarding immediately available funds for and on behalf of the **CNPLP**, in the amount of the **Advance** directly to the account maintained by the **Limited Partnership** on the specified due date. **Hydro** shall provide written notice to the **CNPLP** and the **General Partner** that the funds have been forwarded, on the **CNPLP's** behalf, to the account maintained by the **Limited Partnership**.

(2) Common Unit Distribution Credit Advances

If the requirements of section 2.2(2) are met, such that the **CNPLP** is entitled to receive a **Common Unit Distribution Credit Advance** from **Hydro**, a **Borrowing Notice** shall have been deemed to have been received by **Hydro** for the amount of such **Advance**. **Hydro** shall within two (2) **Business Days** of the date that the amount of the **Advance** is determined, in accordance with section 2.2(2), make such funds available to the **CNPLP** by **Hydro** depositing the amount of the **Advance** to the **CNPLP** account designated by the **CNPLP**.

(3) Operating Credit Advances

A **Borrowing Notice** for **Operating Credit Advances** shall be given by the **CNPLP** to **Hydro** not later than 10:00 a.m. (Winnipeg time), at least two (2) **Business Days** prior to the date of the requested **Advance(s)**. Each **Borrowing Notice** shall:

- (a) be irrevocable and binding on the **CNPLP**;
- (b) be in substantially the form of Appendix B; and

- (c) specify the amount and requested date of the **Advance**.

Subject to the terms and conditions of this **CNPLP Financing Agreement**, **Hydro** shall make such funds available to the **CNPLP** by forwarding immediately available funds in the amount of the **Advance(s)** for and on behalf of the **CNPLP**, directly to the account maintained by the **Limited Partnership** on the specified date for each such **Advance**. **Hydro** shall provide written notice to the **CNPLP** and the **General Partner** that the funds have been forwarded on the **CNPLP's** behalf to the account maintained by the **Limited Partnership** in accordance with the **Borrowing Notice**.

- (4) The **CNPLP** authorizes the **General Partner** to provide to **Hydro** concurrent notice of payment being required in respect of the **CNPLP's Operating Requirements**. The said notice shall be deemed to be a **Borrowing Notice** from the **CNPLP** to **Hydro**:
 - (a) for an **Operating Credit Advance**;
 - (b) in the amount specified in the said notice; and
 - (c) is to be paid on the due date specified in the said notice.

Hydro shall forward the amount of the **Operating Credit Advance** on behalf of the **CNPLP**, to the account maintained by the **Limited Partnership** unless at least two (2) **Business Days** prior to the due date specified in the said notice **Hydro** receives written notice from the **General Partner** that the **Limited Partnership** has received the full amount of the **CNPLP's Operating Requirement**. **Hydro** shall provide notice to the **CNPLP** of any payment made on behalf of the **CNPLP** to the account maintained by the **Limited Partnership**.

3.2 Interest on Advances

Each **Advance** or the amount thereof remaining outstanding, from time to time, together with any accrued and unpaid interest on each **Advance**, shall bear interest at the rate applicable to each type of **Advance** determined in accordance with this Article 3 from the date such **Advance** is made to the date such **Advance** and applicable interest is repaid in full or as otherwise stipulated in this **CNPLP Financing Agreement**.

3.3 Interest on Construction Credit Advances

Each **Construction Credit Advance**, or the amount thereof remaining outstanding from time to time, plus all accrued and unpaid interest thereon, fees and all other amounts owing to **Hydro** under the **Construction Credit Facility**, shall bear interest and such interest shall be calculated and payable in the following manner:

- (a) each **Construction Credit Advance** forwarded to the account maintained by the **Limited Partnership**, for the credit of the **CNPLP**, and all accrued and unpaid interest thereon, fees and all other amounts owing to **Hydro** under the **Construction Credit Facility**, shall until the **Final Closing Date** bear interest at

the **Floating Rate** in effect from time to time during that period plus a fixed interest rate amount of two (2%) percent per annum. Such interest shall be calculated on the basis of monthly compounding (not in advance), calculated (but not compounded) daily and shall accrue interest at that rate until the **Final Closing Date**. **Hydro** shall provide the **CNPLP** with notice from time to time of the **Floating Rate** applicable from time to time to the **Construction Credit Advances**, and its supporting calculations therefore;

- (b) from and after the **Final Closing Date**, the **CNPLP Total Outstandings** under the **Construction Credit Facility**, and all other amounts owing to **Hydro** under the **Construction Credit Facility**, as at the **Final Closing Date** shall bear interest at a fixed interest rate (expressed as a percentage rate per annum) equal to the **Thirty Year Rate** in effect on the **Final Closing Date** plus a fixed interest amount of two (2%) percent per annum. Such interest shall be calculated and compounded semi-annually (not in advance). **Hydro** shall provide the **CNPLP** with notice of the **Thirty Year Rate** applicable to the amount of the **Construction Credit Advances** then outstanding and all accrued and unpaid interest thereon and all other amounts owing to **Hydro** in respect thereto, and its supporting calculations therefore; and
- (c) subject to the provisions of this **CNPLP Financing Agreement** (including the requirement to make mandatory repayments through **Distributions** on the **CNPLP's Class K Units** pursuant to Article 2) the accrued interest, fees and all other amounts owing to **Hydro** under the **Construction Credit Facility**, shall only become due and payable on the **Maturity Date**.

3.4 Interest on Common Unit Distribution Credit Advances

Each **Common Unit Distribution Credit Advance**, or the amount thereof remaining outstanding from time to time, plus all accrued and unpaid interest thereon, fees and all other amounts owing to **Hydro** under the **Common Unit Distribution Credit Facility**, shall bear interest and such interest shall be calculated and payable in the following manner:

- (a) each **Common Unit Distribution Credit Advance** forwarded to the account maintained by the **CNPLP**, and all accrued and unpaid interest thereon, fees and all other amounts owing to **Hydro** under the **Common Unit Distribution Credit Facility**, shall until the **Final Closing Date** bear interest at the **Floating Rate** in effect from time to time during that period plus a fixed interest rate amount of two (2%) percent per annum. Such interest shall be calculated on the basis of monthly compounding (not in advance), calculated (but not compounded) daily and shall accrue interest at that rate until the **Final Closing Date**. **Hydro** shall provide the **CNPLP** with notice from time to time of the **Floating Rate** applicable from time to time to the **Common Unit Distribution Credit Advances**, and its supporting calculations therefore;
- (b) from and after the **Final Closing Date**, the **CNPLP Total Outstandings** under the **Common Unit Distribution Credit Facility**, and all other amounts owing to **Hydro** under the **Common Unit Distribution Credit Facility**, as at the **Final Closing Date** shall bear interest at a fixed interest rate (expressed as a percentage

rate per annum) equal to the **Thirty Year Rate** in effect on the **Final Closing Date** plus a fixed interest amount of two (2%) percent per annum. For **Common Unit Distribution Credit Advances** received after the **Final Closing Date**, each such **Common Unit Distribution Credit Advance**, shall bear interest at a fixed interest rate (expressed as a percentage rate per annum) equal to the **Thirty Year Rate** in effect on the date such **Advance** is deposited to the **CNPLP** account plus a fixed interest amount of two (2%) percent per annum. Such interest shall be calculated and compounded semi-annually (not in advance). **Hydro** shall provide the **CNPLP** with notice of the **Thirty Year Rate** applicable to the amount of each **Common Unit Distribution Credit Advance** then outstanding and all accrued and unpaid interest thereon and all other amounts owing to **Hydro** in respect thereto, and its supporting calculations therefore; and

- (c) subject to the provisions of this **CNPLP Financing Agreement** (including the requirement to make mandatory repayments through **Distributions** on the **CNPLP's Class K Units** pursuant to Article 2) the accrued interest, fees and all other amounts owing to **Hydro** under the **Common Unit Distribution Credit Facility**, shall only become due and payable on the **Maturity Date**.

3.5 Interest on Operating Credit Advances

Each **Operating Credit Advance** or the amount thereof remaining outstanding from time to time plus all accrued and unpaid interest thereon, fees and all other amounts owing to **Hydro** under the **Operating Credit Facility**, shall bear interest at a fixed interest rate per annum (expressed as a percentage rate per annum) equal at all times for that **Operating Credit Advance** to the **Ten Year Rate** in effect on the date that the said **Operating Credit Advance** is forwarded on behalf of the **CNPLP** to the account maintained by the **Limited Partnership** plus a fixed interest amount of two (2%) percent per annum. Such interest shall be calculated and compounded semi-annually (not in advance) commencing from and after the date of the **Advance**. Such interest shall only become due and payable, subject to the provisions of this **CNPLP Financing Agreement** (including the requirement to make mandatory repayments through **Distributions** on the **CNPLP's Class K Units**) on the **Maturity Date**. **Hydro** shall provide the **CNPLP** with notice of the **Ten Year Rates** applicable to each **Operating Credit Advance** together with its supporting calculations therefore.

3.6 Interest during a Construction Halt

Hydro agrees that commencing on the date that construction is halted pursuant to section 8.1.6 of the **JKDA** and up to the date, if any, when construction is restarted pursuant to section 8.1.8 of the **JKDA**, all interest charges under the **Construction Credit Facility** and **Common Unit Distribution Credit Facility** shall be suspended, without prejudice to the rights of either party to this **CNPLP Financing Agreement** other than with respect to such suspension of interest during such time period.

3.7 Repayment

(1) Repayment Notice

The mandatory repayment pursuant to section 2.5(1) and optional repayments

pursuant to section 2.7 shall be made pursuant to a **Repayment Notice**. The proposed **Repayment Notice** shall be provided to **Hydro** at least two (2) **Business Days** prior to the proposed payment date in the form of Appendix A attached to this **CNPLP Financing Agreement**, and shall specify the:

- (a) proposed date of such repayment; and
- (b) amount of the proposed repayment.

(2) **Credit Facility Repayment Certification**

As a condition of any **Repayment Notice** and the proposed repayment being made to **Hydro**, the **CNPLP** shall deliver to **Hydro**, at least thirty (30) calendar days prior to the proposed date that the **CNPLP** intends to make the repayment, a **Credit Facility Repayment Certification**. The **Credit Facility Repayment Certification** shall also disclose all material information relating to the money to be used in respect of the proposed repayment and shall attach notarized copies of all material documents, together with a copy of the proposed **Repayment Notice**. **Hydro** shall:

- (a) have the right to request from the **CNPLP**, within five (5) calendar days of receipt of the **Credit Facility Repayment Certification**, such additional information and notarized copies of documents relating to the monies to be used in respect of the proposed repayment as it may require, acting reasonably;
- (b) also be entitled to receive such written consents and waivers from the **CNPLP** to obtain additional information and documents from any other **Person** relating to the monies to be used in respect of the proposed repayment as **Hydro** may request, acting reasonably; and
- (c) be required to confirm in writing within twenty (20) calendar days of receipt of a **Credit Facility Repayment Certification** provided in accordance with this section 3.7(2) whether or not it will accept the **Credit Facility Repayment Certification** on the basis that the monies to be used in respect of the proposed repayment constitute the **CNPLP's Permitted Funds**. The time period may be extended by **Hydro**, acting reasonably, due to **Hydro** awaiting receipt of the additional information and documents it may have requested in connection with the **Credit Facility Repayment Certification**.

(3) **Repayment**

If **Hydro** accepts the **Credit Facility Repayment Certification**, the **CNPLP** shall be entitled to issue the **Repayment Notice** in the form attached to the **Credit Facility Repayment Certification**, and if such **Repayment Notice** is given, the **CNPLP** shall pay to **Hydro**, in accordance with such **Repayment Notice**, the amount of the repayment. At the time the payment is made a certificate signed by a duly authorized officer of the **CNPLP's General Partner** shall be provided and it shall certify on behalf of the **CNPLP's General Partner** there has been no

material change to any of the information or documents:

- (a) provided by the **CNPLP** in respect of the **Credit Facility Repayment Certification**; or
- (b) obtained by **Hydro** and disclosed by **Hydro** to the **CNPLP** concerning the monies being paid to **Hydro**, including the source of the monies.

The **CNPLP** shall not make the repayment without providing the said certification. If **Hydro** makes a determination that the monies proposed to be used do not constitute **CNPLP's Permitted Funds** and does not accept the **Credit Facility Repayment Certification**, then subject to the **CNPLP** referring the matter to dispute resolution in accordance with section 13.1 and the arbitrator appointed pursuant to the dispute resolution process determining otherwise, the **CNPLP** shall not be entitled to make the proposed repayment with the proposed monies and the requirements of this section 3.7 must again be complied with before the **CNPLP** proposes to make a repayment. If an arbitrator appointed as provided above makes a determination that the **CNPLP** should have been able to make the proposed repayment with the proposed monies, then the **CNPLP** shall be entitled in accordance with the provisions of this **CNPLP Financing Agreement** to make the proposed repayment with the proposed monies as though it had been permitted to do so at the required time.

3.8 Evidence of Debt and Determination of Interest Rates and Fees

- (1) The indebtedness of the **CNPLP** in respect of all **Advances** hereunder shall be evidenced by the account records maintained by **Hydro**. The failure of **Hydro** to correctly record any amount or date shall not, however, affect the obligation of the **CNPLP** to pay amounts due hereunder to **Hydro** in accordance with this **CNPLP Financing Agreement**.
- (2) For purposes of the *Interest Act* (Canada):
 - (a) whenever any interest or fee under this **CNPLP Financing Agreement** is calculated using a rate based on a period of time other than a calendar year, such rate determined pursuant to such calculation, when expressed as an annual rate, is equivalent to (a) the applicable rate based on such period of time multiplied by (b) the actual number of days in the calendar year in which the period for which such interest or fee is calculated ends, and divided by (c) the number of days in such period of time;
 - (b) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this **CNPLP Financing Agreement**; and
 - (c) the rates of interest stipulated in this **CNPLP Financing Agreement** are intended to be nominal rates and not effective rates or yields.

ARTICLE 4 SALE RIGHT

4.1 Final Closing Sale Right

The **CNPLP** shall be entitled to exercise the **Final Closing Sale Right**, in accordance with and subject to the terms and conditions of this **CNPLP Financing Agreement**. Upon the exercise of the **Final Closing Sale Right**, **Hydro** shall purchase all, and not less than all of the **CNPLP's Units** from the **CNPLP** and the **CNPLP** shall sell all and not less than all of the **CNPLP's Units** to **Hydro** in accordance with and subject to the terms and conditions of this **CNPLP Financing Agreement**.

4.2 Purchase Price

The purchase price for all of the **CNPLP's Units** which are to be sold by the **CNPLP**, and purchased by **Hydro** pursuant to the exercise by the **CNPLP** of the **Final Closing Sale Right** shall be an amount equal to the sum of (a) and (b), where (a) is the aggregate of the **CNPLP Total Outstandings** under the **Credit Facilities** plus all other amounts whatsoever owing by the **CNPLP** to **Hydro** under the **CNPLP Loan Documents**, as of the closing date of the **Sale** and (b) is the **CNPLP's Invested Cash** as of the closing date of the **Sale**. The purchase price shall be paid in full as follows:

- (a) by **Hydro** accepting all of the **CNPLP's Units** in full and final satisfaction of the **CNPLP Total Outstandings** due to **Hydro** under the **Credit Facilities** plus all other amounts whatsoever owing by the **CNPLP** to **Hydro** under the **CNPLP Loan Documents**, as of the closing date of the **Sale**, and by **Hydro** fully and finally releasing and discharging the **CNPLP** from all of the **Obligations**; and
- (b) by **Hydro** paying to the **CNPLP** on the closing date of the **Sale** an amount in immediately available funds equal to the **CNPLP's Invested Cash**, without interest, in accordance with Article 6 and the payment affected thereby shall terminate the **Credit Facilities**.

4.3 Exercise of Final Closing Sale Right

The **Final Closing Sale Right** may only be exercised by the **CNPLP** giving a **Notice of Sale** to **Hydro** in the manner set out in section 4.4.

4.4 Contents of a Notice of Sale

A **Notice of Sale** shall only be effective for the exercise of the **Final Closing Sale Right** if:

- (a) it is executed by the **CNPLP** and is sent or delivered to **Hydro** after events have occurred or arisen, in accordance with this **CNPLP Financing Agreement** that result in the **CNPLP** being entitled to exercise the **Final Closing Sale Right**;

- (b) it indicates that the **CNPLP** is exercising its right to sell to **Hydro** all of the **CNPLP's Units** and if the number of the **CNPLP's Units** is not specified in the **Notice of Sale**, the **CNPLP** shall be deemed to be exercising its right to sell to **Hydro** all of the **CNPLP's Units**; and
- (c) it is delivered to **Hydro** at least twenty (20) calendar days (but not more than thirty (30) calendar days) prior to the **Final Closing Date**, together with a statement from the **CNPLP General Partner**:
 - (i) confirming the **CNPLP** has elected to sell all of the **CNPLP's Units** pursuant to the **Final Closing Sale Right**; and
 - (ii) representing and warranting that each of the **Sale Conditions** is true and correct in all material respects on that date and will be true and correct in all material respects on the closing date of the **Sale**;

which statements shall be certified as true and correct in all material respects by a duly authorized officer of the **CNPLP General Partner** for and on behalf of the **CNPLP**.

4.5 Effect of the Notice of Sale and Closing Arrangements

If a **Notice of Sale** is sent to **Hydro** in compliance with section 4.4, then:

- (a) the **CNPLP** shall be obligated to sell all of the **CNPLP's Units** to **Hydro** at the purchase price and in the manner determined in accordance with section 4.2;
- (b) **Hydro** shall be obligated to purchase all of the **CNPLP's Units** from the **CNPLP** at the purchase price and in the manner determined in accordance with section 4.2; and
- (c) such **Sale** shall be completed on the date, at the place and in the manner determined in accordance with the provisions of Article 6.

ARTICLE 5
PURCHASE RIGHTS

5.1 Final Closing Purchase Right and JKDA Termination Purchase Right

Hydro shall in accordance with and subject to the terms and conditions of this **CNPLP Financing Agreement**:

- (a) be entitled to exercise the **Final Closing Purchase Right**; and
- (b) be obligated to exercise the **JKDA Termination Purchase Right**.

Upon the exercise of the **Final Closing Purchase Right** or the **JKDA Termination Purchase Right** (as applicable) the **CNPLP** shall sell all, and not less than all of the **CNPLP's Units** to **Hydro** and **Hydro** shall purchase all, and not less than all of the **CNPLP's Units** from the **CNPLP** in accordance with and subject to the terms and conditions of this **CNPLP Financing Agreement**.

5.2 Purchase Price

The purchase price for all of the **CNPLP's Units** which are to be purchased by **Hydro** and sold by the **CNPLP** pursuant to the exercise by **Hydro** of the **Final Closing Purchase Right** or the **JKDA Termination Purchase Right** (as applicable) shall be an amount equal to the sum of (a) and (b), where (a) is the aggregate of the **CNPLP Total Outstandings** under the **Credit Facilities**, plus all other amounts whatsoever owing by the **CNPLP** to **Hydro** under the **CNPLP Loan Documents**, as of closing date of the **Sale** and (b) is the **CNPLP's Invested Cash** as of the closing date of the **Sale**. The purchase price shall be paid in full as follows:

- (a) by **Hydro** accepting all of the **CNPLP's Units** in full and final satisfaction of the **CNPLP Total Outstandings** due to **Hydro** under the **Credit Facilities** plus all other amounts whatsoever owing by the **CNPLP** to **Hydro** under the **CNPLP Loan Documents**, as of the closing date of the **Sale** and by **Hydro** fully and finally releasing and discharging the **CNPLP** from all of the **Obligations**; and
- (b) by **Hydro** paying to the **CNPLP** on the closing date of the **Sale**, an amount in immediately available funds equal to the **CNPLP's Invested Cash**, without interest, in accordance with Article 6, and the payment effected thereby shall terminate the **Credit Facilities**.

5.3 Exercise of the Final Closing Purchase Right, and JKDA Termination Purchase Right

The **Final Closing Purchase Right** and the **JKDA Termination Purchase Right** may only be exercised by **Hydro** giving a **Notice of Purchase** to the **CNPLP** in the manner set out in section 5.4.

5.4 Contents of the Notice of Purchase

- (1) A **Notice of Purchase** shall only be effective for the exercise of the **Final Closing Purchase Right** or the **JKDA Termination Purchase Right** if:
- (a) it is executed by **Hydro** and is sent or delivered to the **CNPLP** after events have occurred or arisen, in accordance with this **CNPLP Financing Agreement** that result in **Hydro** being entitled to exercise the **Final Closing Purchase Right** or being obligated to exercise the **JKDA Termination Purchase Right**;
 - (b) it indicates that **Hydro** is exercising its right to purchase from the **CNPLP** all of the **CNPLP's Units** and if the number of the **CNPLP's Units** is not specified in the **Notice of Sale**, **Hydro** shall be deemed to be exercising its right or its right and obligation, as applicable, to purchase from the **CNPLP** all of the **CNPLP's Units**;
 - (c) for the exercise of the **Final Closing Purchase Right**, the **Notice of Purchase** must be delivered to the **CNPLP**, together with a statement from **Hydro** confirming:
 - (i) that **Hydro** has elected to purchase all of the **CNPLP's Units** pursuant to the **Final Closing Purchase Right**; and
 - (ii) that **Hydro** is not in default with respect to any material provision of the **CNPLP Loan Documents**;

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

- (d) for the exercise of the **JKDA Termination Purchase Right**, the **Notice of Purchase** must be delivered to the **CNPLP** not more than forty (40) calendar days after the date of the termination of the **JKDA**, together with a statement from **Hydro** confirming:
 - (i) that **Hydro** is proceeding to purchase all of the **CNPLP's Units** pursuant to the **JKDA Termination Purchase Right**; and
 - (ii) that **Hydro** is not in default with respect to any material provision of the **CNPLP Loan Documents**;

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

5.5 Effect of the Notice of Purchase and Closing Arrangements

If a **Notice of Purchase** is sent to the **CNPLP** in compliance with section 5.4, then:

- (a) **Hydro** shall be obligated to purchase all of the **CNPLP's Units** from the **CNPLP** at the purchase price and in the manner determined in accordance with section 5.2;
- (b) the **CNPLP** shall be obligated to sell all of the **CNPLP's Units** to **Hydro** at the purchase price and in the manner determined in accordance with section 5.2; and
- (c) such **Sale** shall be completed on the date, at the place and in the manner determined in accordance with the provisions of Article 6.

ARTICLE 6
GENERAL TERMS AND CONDITIONS APPLICABLE TO ANY SALE

6.1 **Applicable Terms and Conditions**

The following provisions of this Article 6 shall apply to any **Sale** pursuant to Article 4 or 5:

(1) **Closing Date and Sale**

The **Sale** shall be completed on the date and at the place determined in accordance with the provisions of this Article 6:

- (a) the **Sale** shall be completed:
 - (i) on the **Final Closing Date** if the **Sale** is pursuant to the exercise of the **Final Closing Sale Right**;
 - (ii) on the date that is twenty-eight (28) calendar days after the **Notice of Purchase** is issued if the **Sale** is pursuant to the exercise of the **Final Closing Purchase Right**;
 - (iii) on the date that is twenty-eight (28) calendar days after the **Notice of Purchase** is issued if the **Sale** is pursuant to the exercise of the **JKDA Termination Purchase Right**;

as the case may be, provided, however, that the said **Sale** may occur on such other date that the parties to this **CNPLP Financing Agreement** may mutually agree upon; and

- (b) the place for the completion of the **Sale** shall be the head office of **Hydro** or such other place as the parties to this **CNPLP Financing Agreement** may mutually agree upon.

(2) **Closing Arrangements**

At or before the closing of the **Sale**, the **CNPLP** shall deliver the following to **Hydro** subject to **Hydro** complying with all required conditions on **Hydro** as set out in this Article 6, including payment by **Hydro** to the **CNPLP** in full of the purchase price for all of the **CNPLP's Units**:

- (a) the **Unit** certificate(s) for all of the **CNPLP's Units** and a power of attorney appointing **Hydro** as attorney of the **CNPLP** to transfer all of the **CNPLP's Units** to **Hydro**;
- (b) such other documents as **Hydro** may reasonably require to entitle **Hydro** to require the **General Partner** to register the transfer of all of the **CNPLP's Units** to **Hydro** and to entitle **Hydro** to become the registered holder of all of the

CNPLP's Units on the books of the **Limited Partnership**, free and clear of all **Liens** except the **Permitted Liens** (the particulars of which have been identified in writing to **Hydro**) and **Liens** which will be paid in full and discharged out of the proceeds of the **Sale**, to **Hydro's** satisfaction, acting reasonably, and such other **Liens** as **Hydro**, on the closing date of the **Sale**, may in its unfettered discretion accept in writing;

- (c) a certificate bearing the date on which the **Sale** occurs wherein, in respect of all of the **CNPLP's Units**, the **CNPLP's General Partner** certifies, as being true and correct, as at the closing date of the **Sale**, the **Sale Conditions**; and
- (d) a certificate bearing the date on which the **Sale** occurs wherein the **CNPLP's General Partner** certifies, as being true and correct, as at the closing date of the **Sale** a statement to the effect that on such date the **CNPLP** is resident in Canada for the purposes of the *Income Tax Act* (Canada).

(3) **Title and other CNPLP Covenants**

At the closing date of the **Sale**, the **CNPLP** shall transfer and deliver to **Hydro** good and marketable title to all of the **CNPLP's Units**, free and clear of all **Liens** except for the **Permitted Liens** (the particulars of which have been identified in writing to **Hydro**) and any other **Liens** that **Hydro**, in its unfettered discretion, agrees in writing at the closing date of the **Sale** that any of the **CNPLP's Units** may be subject to.

(4) **Satisfaction of Purchase Price**

At the closing date of the **Sale**, **Hydro** shall satisfy the purchase price for all of the **CNPLP's Units**, to be purchased from the **CNPLP** in the manner provided for in this **CNPLP Financing Agreement**, and **Hydro** shall arrange for the discharge of all registrations in public registries made against the **CNPLP** under the **CNPLP Loan Documents** pursuant to this **CNPLP Financing Agreement**.

6.2 Conditions to the Obligations of Hydro

Notwithstanding anything herein contained the obligations of **Hydro** to complete the **Sale**, until the **Sale** has been completed, are subject to the fulfillment of the following conditions and the **CNPLP** covenants and agrees to perform and comply with each and every one of such conditions insofar as such conditions relate to matters within the control of the **CNPLP**:

- (1) all terms, covenants, agreements and conditions of this **CNPLP Financing Agreement** which are to be complied with or performed by the **CNPLP** at or before the closing date of the **Sale** shall have been complied with and performed in all material respects in accordance with the terms of this **CNPLP Financing Agreement** prior to or at such time; and
- (2) at the closing date of the **Sale**, the **CNPLP** shall, without limitation to all other obligations of the **CNPLP** in respect of the **Sale** as set out in this **CNPLP Financing Agreement**, execute and deliver to **Hydro** a certificate bearing the

closing date of the **Sale** wherein a duly authorized officer of the **CNPLP's General Partner** shall certify as true, for and on behalf of the **CNPLP** (and not in such officer's personal capacity), a statement to the effect that at such time the conditions set out in paragraph (1) above have been performed, complied with and fulfilled except as specifically disclosed in such certificate (and the closing of the **Sale** shall not be effective unless and until **Hydro** accepts in writing any and all exceptions disclosed in such certificate).

The conditions applicable to a **Sale** contained in the foregoing provisions of this section 6.2 are inserted for the exclusive benefit of **Hydro** in respect of the **Sale** and may be waived in whole or in part by **Hydro** at any time. If any of the conditions applicable to a **Sale** and contained in this section 6.2 hereof shall not be waived, fulfilled or complied with as herein provided, **Hydro** may, at its option:

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

6.3 Conditions to the Obligations of the CNPLP

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

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

The conditions applicable to a **Sale** contained in the foregoing provisions of this section 6.3 are inserted for the exclusive benefit of the **CNPLP** in respect of the **Sale**, and may be waived in whole or in part by the **CNPLP** at any time. If any of the conditions applicable to a **Sale** and contained in this section 6.3 shall not be waived, fulfilled or complied with as herein provided, the **CNPLP** may, at its option:

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

6.4 Power of Attorney

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

If **Hydro**, as attorney on behalf of the **CNPLP** completes the **Sale**, **Hydro** shall be entitled to have any proceeds of the **Sale**, to which the **CNPLP** would otherwise be entitled to receive, paid to legal counsel for **Hydro** (as designated by **Hydro**) to be held in trust for the **CNPLP**, and to be retained by such legal counsel until the **CNPLP** delivers to **Hydro** such documents as the **CNPLP** is required to deliver under this **CNPLP Financing Agreement** to document the completion of the **Sale**. Promptly upon the receipt of such documents by **Hydro**, **Hydro's** legal counsel shall pay the applicable proceeds, and deliver any other applicable closing documents to which the **CNPLP** is entitled, to the **CNPLP**, together with such interest as legal counsel may have earned on such proceeds.

ARTICLE 7
CONDITIONS OF LENDING

7.1 **Conditions Precedent to Initial Advances**

The obligation of **Hydro** to make **Advances**:

- (a) under each of the **Construction Credit Facility** and the **Common Unit Distribution Credit Facility**, commencing on the **Initial Closing Date**; and
- (b) under the **Operating Credit Facility** commencing after the **Final Closing Date**;

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

- (1) **Deliveries.** **Hydro** shall have received, at or prior to the time of the making of any **Advances** on the **Initial Closing Date**, the following, each dated such day as is satisfactory to **Hydro**:
 - (a) certified copies of:
 - (i) the **CNPLP Agreement** (and any amendments thereto or restatements thereof);
 - (ii) the declaration of registration of the **CNPLP** as filed in the Companies Office (Manitoba);
 - (iii) the resolutions of the board of directors of the **CNPLP's General Partner** approving the entering into of this **CNPLP Financing Agreement** by the **CNPLP's General Partner** for and on behalf of the **CNPLP** and each other **CNPLP Loan Document** to which the **CNPLP** is a party and the completion of all transactions contemplated hereunder and thereunder;
 - (iv) constating documents and by-laws of the **CNPLP's General Partner**, resolutions of the board of directors of the **CNPLP's General Partner** approving the entering into of the other **CNPLP Loan Documents** to which it is a party in its personal capacity and the completion of all transactions contemplated hereunder and thereunder;
 - (b) a certificate of the Secretary of the **CNPLP's General Partner** certifying the names and true signatures of the persons authorized to sign on behalf of the **CNPLP**, the **CNPLP Loan Documents** to which the **CNPLP** is a party and to sign the other **CNPLP Loan Documents** to which the **CNPLP's General Partner** is a party in its personal capacity;
 - (c) a certificate of status, with respect to the **CNPLP's General Partner** and the

CNPLP;

- (d) fully executed copies of this **CNPLP Financing Agreement**, duly executed and delivered by the **CNPLP**;
 - (e) the **Security Documents** duly executed creating a first charge security interest on the **CNPLP's Units** and all rights arising under the **CNPLP's Units** including the **Distributions** on the **CNPLP's Units** and any interest related to the **CNPLP's Units**, in the form attached as Appendix F satisfactory to **Hydro**, acting reasonably;
 - (f) original certificate(s) for the **CNPLP's Units**, together with duly executed power of attorney in respect of the **CNPLP's Units** (to be held by **Hydro** pursuant to the terms of the **Security Documents**), together with an irrevocable direction from the **CNPLP**, directing and authorizing the **General Partner** that all certificates for any of the **CNPLP's Units** issued subsequent to **Initial Closing**, shall not be forwarded to the **CNPLP** but shall immediately be forwarded directly to **Hydro** (to be held by **Hydro** pursuant to the terms of the **Security Documents**). All original certificates shall be returned to the **CNPLP** after the **Credit Facilities** under this **CNPLP Financing Agreement** have been terminated and there are no outstanding **Obligations** under this **CNPLP Financing Agreement**;
 - (g) evidence of the registration of the **Security Documents** in all offices where such registration, filing or recording is necessary or desirable to protect any rights or remedies of **Hydro** thereunder and receipt of legal opinions of registration counsel in form and substance acceptable to **Hydro**, provided however that **Hydro** shall use its commercially reasonable efforts to complete all such registrations and to obtain the required evidence and opinions from its legal counsel in advance of the **Initial Closing Date**;
 - (h) legal opinions of counsel to the **CNPLP** confirming the due authorization, execution and, delivery of this **CNPLP Financing Agreement** and each of the other **CNPLP Loan Documents** to which the **CNPLP** is a party subject to the customary qualifications and assumptions for such opinions (but, for greater certainty, no opinions as to enforceability will be required from legal counsel to the **CNPLP**); and
 - (i) such other certificates and documentation as **Hydro** may reasonably require to give effect to this **CNPLP Financing Agreement**.
- (2) **Authorizations.** **Hydro** has received all **Authorizations** that it requires for the due performance of the **CNPLP Loan Documents**, which as of the date of this **CNPLP Financing Agreement** consist of the **Authorizations** listed in Appendix G. **Hydro** covenants and agrees to use its best efforts to obtain such **Authorizations**.
- (3) **JKDA.** All of the conditions set forth in Article 16 of the **JKDA** have been fulfilled or performed.

7.2 Conditions of all Advances

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

- (1) **Truth of Representations and Warranties.** The representations and warranties of the **CNPLP** contained in this **CNPLP Financing Agreement** and in any other **CNPLP Loan Document** to which the **CNPLP** is a party, shall be true and correct as of the date on which such **Advance** is made with the same force and effect as if such representations and warranties had been made on and as of such date; provided that, to the extent the disclosure in the representations and warranties is no longer true and correct, the **CNPLP** shall be entitled to update such disclosure to **Hydro**, and if such disclosure is not materially adverse, it will be accepted by **Hydro**.
- (2) **Performance of Covenants.** The **CNPLP's General Partner** (as general partner for and on behalf of the **CNPLP**) and, where applicable, in its personal capacity, shall have fulfilled or complied with all covenants herein contained or contained in any other **CNPLP Loan Document** to be performed or caused to be performed by it at or prior to the date of such **Advance**.
- (3) **JKDA.** All of the material obligations of **TCN, War Lake** and the **CNPLP** to be performed or fulfilled on or before the earlier of the date of the **Advance** or the **Final Closing Date** pursuant to the **JKDA** have been fulfilled or performed and **TCN, War Lake** and the **CNPLP** are in compliance with all of the material provisions of the **JKDA**.
- (4) **No Event of Default.** No **Event of Default** shall have occurred and be continuing.
- (5) **Authorizations.** **Hydro** has received all **Authorizations** that it requires for the due performance of the **CNPLP Loan Documents**, which as of the date of this **CNPLP Financing Agreement** consist of the **Authorizations** listed in Appendix G. **Hydro** covenants and agrees to use its best efforts to obtain such **Authorizations**.
- (6) **No Change in Laws.** No **Law** or change in any **Law** shall have been introduced or enacted, the effect of which will be to prohibit **Hydro** from making any **Advance**.
- (7) **Limited Partnership.** The **CNPLP** is a limited partner in the **Limited Partnership**.
- (8) **Borrowing Notice.** **Hydro** shall have received or shall have been deemed to have received a **Borrowing Notice** pursuant to and in compliance with this **CNPLP Financing Agreement**.

**ARTICLE 8
REPRESENTATIONS AND WARRANTIES**

8.1 Representations and Warranties

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

(1) **Status and Power**

- (a) The **CNPLP** is a limited partnership duly organized and validly subsisting as a limited partnership in good standing under the laws of the Province of Manitoba and has full partnership power and capacity to own its property and to carry on its **CNPLP Business**, through the **CNPLP's General Partner**. The **CNPLP** is duly registered to carry on business in the Province of Manitoba; and
- (b) The **CNPLP's General Partner** is a corporation duly incorporated and organized, validly subsisting under the laws of the Province of Manitoba and has full corporate power and capacity to own its property and carry on its business and to act as the general partner of the **CNPLP**. The **CNPLP's General Partner** is duly registered to act as the general partner of the **CNPLP**.

(2) **Authorization.**

- (a) The **CNPLP's General Partner** has full power and capacity and full legal right to enter into and perform, as general partner for and on behalf of the **CNPLP**, the obligations of the **CNPLP** under all of the **CNPLP Loan Documents** and has, or will have by the **Initial Closing Date**, taken all action necessary to be taken by it to authorize such acts; and
- (b) The **CNPLP's General Partner** has full power and capacity and full legal right, in its personal capacity, to enter into and perform its obligations under all of the **CNPLP Loan Documents** to which it is or will be a party in its personal capacity, and has or will have by the **Initial Closing Date** taken all action necessary to be taken by it to authorize such acts.

(3) **Enforceability of Agreement.**

- (a) This **CNPLP Financing Agreement** and any other **CNPLP Loan Document** to which the **CNPLP** is a party constitutes legal, valid and binding obligations of the **CNPLP** enforceable against it in accordance with their respective terms, subject only to any limitation under applicable **Laws** relating to:
 - (i) bankruptcy, insolvency, reorganization, moratorium or creditors' rights generally; and

- (ii) the discretion that a court, may exercise in the granting of equitable remedies;
- (b) Any **CNPLP Loan Document** to which the **CNPLP's General Partner** in its personal capacity is a party constitutes legal, valid and binding obligations of the **CNPLP's General Partner** enforceable against it in accordance with their respective terms, subject only to any limitation under applicable **Laws** relating to:
 - (i) bankruptcy, insolvency, reorganization, moratorium or creditors' rights generally; and
 - (ii) the discretion that a court, may exercise in the granting of equitable remedies.
- (4) **Government Approval and Regulation.** No **Authorization** or approval or other action by, and no notice to or filing with, any **Governmental Entity** or other **Person** (other than those that have been, or by the **Initial Closing Date** will be, duly obtained or made) is required for the due execution, delivery or performance by the **CNPLP's General Partner** as general partner for and on behalf of the **CNPLP** and, where applicable, in its personal capacity, of any **CNPLP Loan Document** to which the **CNPLP's General Partner** (as general partner for and on behalf of the **CNPLP**) and, where applicable, in its personal capacity, is a party.
- (5) **Litigation.** There is no material action, suit or proceeding which has been commenced (notice of which has been served on the **CNPLP** or the **CNPLP's General Partner**), against the **CNPLP** or the **CNPLP's General Partner** before or by any **Governmental Entity**, or before any arbitrator or board, which prevents the **CNPLP** or the **CNPLP's General Partner** as general partner for and behalf of the **CNPLP** or, where applicable, in its personal capacity, from performing its obligations under any of the **CNPLP Loan Documents** to which it is a party. Neither the **CNPLP** nor the **CNPLP's General Partner** is in default with respect to any judgment, order, writ, injunction, decree, or award of any court, arbitrator, board or other **Governmental Entity**, nor is there any judgment, order, writ, injunction, decree, or award which prevents the **CNPLP** or the **CNPLP General Partner** from performing its obligations under any of the **CNPLP Loan Documents** to which it is a party.
- (6) **Imposition of Lien.** The consummation of the transactions hereby contemplated and the compliance with the terms, conditions and provisions of this **CNPLP Financing Agreement** and each of the other **CNPLP Loan Documents** will not result in the creation or imposition of any **Lien** on any **Property** of the **CNPLP** or the **CNPLP's General Partner** except as otherwise permitted by this **CNPLP Financing Agreement**.
- (7) **No Other Material Facts.** None of:
 - (a) this **CNPLP Financing Agreement**;

- (b) any of the other **CNPLP Loan Documents**; or
- (c) any certificate or statement in writing which has been supplied by or on behalf of the **CNPLP** (including by the **CNPLP's General Partner** or a duly authorized representative thereof) or the **CNPLP's General Partner** in its personal capacity and is a document that is required to be delivered to **Hydro** pursuant to the provisions of the **CNPLP Financing Agreement** or any of the other **CNPLP Loan Documents**;

contains any untrue statement of a material fact.

(8) **Restrictive Documents.**

- (a) The **CNPLP** is not subject to, or a party to, any restriction in the **CNPLP Agreement**, any notice, any **Law**, any **Claim**, any contract or instrument, any **Lien**, or any other restriction of any kind or character which would prevent the consummation of the transactions contemplated by this **CNPLP Financing Agreement** or any other **CNPLP Loan Documents** or compliance by the **CNPLP** with the terms, conditions and provisions hereof or thereof or the continuing operation of the **CNPLP Business**; and
- (b) The **CNPLP's General Partner** is not subject to, or a party to, any restriction in its constating documents or by-laws, any notice, any **Law**, any **Claim**, any contract or instrument, any **Lien**, or any other restriction of any kind or character which would prevent the consummation of the transactions contemplated by this **CNPLP Financing Agreement** or any other **CNPLP Loan Documents** or compliance by the **CNPLP's General Partner** with the terms, conditions and provisions hereof or thereof or the continuing operation of the **CNPLP Business**.

(9) **Title to Property.**

- (a) The **CNPLP** is the registered owner and sole beneficial owner of and has good and marketable title to and is lawfully possessed of its **Property** free and clear of all **Liens**, except **Permitted Liens** and the **CNPLP's General Partner** for and on behalf of the **CNPLP** has full right to mortgage, pledge, charge and assign to **Hydro** the **Collateral**. No **Person** has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming any agreement, option, understanding, commitment or right for the purchase from the **CNPLP** any of the **Collateral** other than **Hydro**; and
- (b) The **CNPLP's General Partner** for and on behalf of the **CNPLP** has full right to mortgage, pledge, charge and assign to **Hydro** the **Collateral**. No **Person** has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming any agreement, option, understanding, commitment or right for the purchase from the **CNPLP's General Partner** any of the **Collateral** other than **Hydro**.

(10) **Compliance with Laws.** The **CNPLP** and the **CNPLP's General Partner** are in material compliance with all applicable **Laws**.

- (11) **Tax Liability.** Except for any **Taxes** which are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with **GAAP** shall have been set aside on its books:
- (a) the **CNPLP's General Partner** has, for and behalf of the **CNPLP** and its personal capacity, in a timely manner filed all tax returns, elections, filings and reports with respect to **Taxes** required by **Law** to be filed by it and such returns, elections, filings and reports are true, complete and correct;
 - (b) the **CNPLP's General Partner** has, for and behalf of the **CNPLP** and its personal capacity, paid, or reserved in its financial statements, all **Taxes** which are due and payable, and has paid all assessments and reassessments and all other **Taxes**, governmental charges penalties, interest and fines due and payable by it;
 - (c) neither the **CNPLP** or the **CNPLP's General Partner** has any liability, contingent or otherwise, for **Taxes**, except **Taxes** not now due and payable with respect to ordinary operations during the current fiscal period or adequate provision for the payment of which has been made; and
 - (d) the **CNPLP's General Partner** has, for and behalf of the **CNPLP** and its personal capacity, paid as and when due all applicable **Taxes** and remitted as required by **Law** all applicable **Taxes** and deductions and any interest or penalties related thereto.
- (12) **Unit Holders.** **TCN** and **War Lake** are the registered and beneficial owners of all of the **Capital Stock** of the **CNPLP** free and clear of all **Liens** except **Permitted Liens**. No **Person** has any written or oral agreement, option, understanding or commitment or any right capable of becoming any agreement, option, understanding, commitment, or right for the purchase of any of the **Capital Stock** of the **CNPLP** or to receive payment based on the value of any such **Capital Stock**. The issued and outstanding **Capital Stock** and **Debt** (excluding **Debt** under this **CNPLP Financing Agreement**) of the **CNPLP** and the registered and beneficial holders of such **Capital Stock** and **Debt** (excluding **Debt** under this **CNPLP Financing Agreement**), are as described in Appendix C. Appendix C will be completed and provided by the **CNPLP** to **Hydro** on **Initial Closing**, and the information to be contained in Appendix C is represented and warranted by the **CNPLP** to be in compliance with the provisions of the **CNPLP Loan Documents**.
- (13) **Liabilities.** The **CNPLP** does not have any liabilities, whether accrued, absolute, contingent or otherwise, of any kind or nature whatsoever, except as otherwise disclosed in Appendix D. Appendix D will be completed and provided by **CNPLP** to **Hydro** on **Initial Closing**, and the information to be contained in Appendix D is represented and warranted by the **CNPLP** to be in compliance with the provisions of the **CNPLP Loan Documents** or pursuant to the **CNPLP Loan Documents**, and except incurred after the date hereof in compliance with the **CNPLP Loan Documents**.
- (14) **No Event of Default.** No **Event of Default** has occurred, nor has any event or

condition occurred which, with the giving of notice or passage of time, or both, would constitute an **Event of Default** under the **CNPLP Loan Documents**.

- (15) **Financial Information.** The financial statements of the **CNPLP** furnished to **Hydro** pursuant to this **CNPLP Financing Agreement** have been prepared in accordance with **GAAP** consistently applied, and present fairly the financial position of the **CNPLP** as at the dates thereof and the results of the **CNPLP's** operations for the periods then ended. All balance sheets, all statements of operations, shareholders' equity and cash flow and all other financial information of the **CNPLP** furnished pursuant to section 8.1(1) have been and will for periods following the **Initial Closing** be prepared in accordance with **GAAP**, consistently applied, and do or will present fairly the consolidated financial position of the **CNPLP** as at the dates thereof and the results of their operations for the periods then ended.
- (16) **Resident of Canada.** The **CNPLP** is a resident of Canada for the purposes of the Income Tax Act (Canada).

Each of the representations and warranties contained in this section 8.1 shall be deemed to be continually repeated by the **CNPLP** at the time of each **Advance**.

8.2 Survival of Representations and Warranties.

All the representations and warranties of the **CNPLP** contained in section 8.1 shall survive the execution and delivery of this **CNPLP Financing Agreement** and shall continue in full force and effect until all amounts owing hereunder have been repaid and the **Credit Facilities** have been terminated notwithstanding any investigation made at any time by or on behalf of **Hydro**.

8.3 Representations by Hydro.

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

- (1) **Hydro** is a corporation duly incorporated and organized and validly subsisting under the **Laws** of the Province of Manitoba and has the corporate power and authority to own or lease its property and to enter into this **CNPLP Financing Agreement** and each of the other **CNPLP Loan Documents** to which it is a party and to perform its obligations hereunder and thereunder, subject to the provisions of the **Hydro Act**. As of the date of this **CNPLP Financing Agreement** the applicable provisions of the **Hydro Act** are those listed in Appendix H.
- (2) This **CNPLP Financing Agreement** and the **CNPLP Loan Documents** to which **Hydro** is a party have been duly authorized, executed and delivered by **Hydro** and are legal, valid and binding obligations of **Hydro**, enforceable against **Hydro** by the **CNPLP** to the extent that the **CNPLP** is a party thereto, in accordance with their terms, except as enforcement may be limited by the provisions of the **Hydro Act** and by bankruptcy, insolvency and other **Laws** affecting the rights of

creditors generally, and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction. As of the date of this **CNPLP Financing Agreement** the applicable provisions of the **Hydro Act** are those listed in Appendix H.

Each of the representations and warranties contained in this section 8.3 shall be deemed to be continually repeated by **Hydro** at the time of each **Advance**.

8.4 Survival of Representations and Warranties.

All the representations and warranties of **Hydro** contained in this Article 8 shall survive the execution and delivery of this **CNPLP Financing Agreement** and shall continue in full force and effect until all amounts owing hereunder have been repaid and the **Credit Facilities** have been terminated notwithstanding any investigation made at any time by or on behalf of the **CNPLP**.

**ARTICLE 9
COVENANTS OF THE CNPLP**

9.1 Affirmative Covenants

So long as any amount owing under the **CNPLP Loan Documents** remains unpaid or **Hydro** has any obligation to make **Advances** under this **CNPLP Financing Agreement**, and unless **Hydro** shall otherwise consent, the **CNPLP** shall:

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

Annual Financial Statements

- (a) as soon as available, and in any event within one hundred and twenty (120) days after the end of each fiscal year of the **CNPLP**, the audited financial statements (including, at a minimum, a balance sheet, income statement and statement of changes in financial position) of the **CNPLP** for such fiscal year, in accordance with **GAAP**;

Quarterly Financial Statements

- (b) as soon as available, and in any event within sixty (60) days after the end of each financial quarter (excluding the last fiscal quarter of a fiscal year of the **CNPLP**), the unaudited financial statements (including, at a minimum, a balance sheet, income statement and statement of changes in financial position) of the **CNPLP**, prepared in accordance with **GAAP**

- (2) **Additional Reporting and Deliveries.** Cause to be delivered to **Hydro**, the following documents, in form and substance satisfactory to **Hydro**, acting reasonably:

- (a) promptly after the occurrence of each **Event of Default**, a statement of the **CNPLP** setting forth the details of such **Event of Default** and the action which the **CNPLP** proposes to take or have taken with respect thereto;

- (b) promptly after the commencement thereof, notice of **Claims** which have been commenced against the **CNPLP** (notice of which has been served on the **CNPLP** or the **CNPLP's General Partner**, or to the best of the knowledge of the **CNPLP** or the **CNPLP's General Partner**) have been commenced or are pending or threatened against the **CNPLP**, for amounts which exceed \$100,000 (which amount will be adjusted annually for inflation from the **Final Closing Date** based on the Consumer Price Index (Manitoba)) in the aggregate at any time or affect any portion of the **Collateral**;

- (c) promptly after the occurrence of any material development with respect to any **Claims** referred to in section 9.1(2)(b), and in any event within three (3) **Business**

Days after the **CNPLP** or the **CNPLP's General Partner** obtains knowledge of the occurrence thereof, notice thereof to **Hydro**, and, to the extent **Hydro** requests them, copies of all documentation relating thereto; and

- (d) such other information and reports relating to the **CNPLP**, the **Collateral** or the **CNPLP Business**, as **Hydro** may from time to time reasonably request.
- (3) **Existence.** Preserve and maintain the **CNPLP's** partnership existence and the **CNPLP's General Partner's** corporate existence.
- (4) **Compliance with Laws.** Comply, in all material respects, with the requirements of all applicable **Laws**.
- (5) **Payment of Taxes, Claims and Governmental Licence Fees.** Pay and discharge, before the same shall become delinquent:
 - (a) all **Taxes**, governmental assessments, charges or levies and **Claims** imposed upon it or upon any of its **Property**;
 - (b) all lawful **Claims** which, if unpaid, might by **Law** become a **Lien** upon its **Property**, in each case except for any such **Tax**, assessment, charge, levy or **Claim** which would result in a **Lien** which is a **Permitted Lien**; and
 - (c) all fees payable to **Governmental Entities** or other authorities in connection with all governmental licences issued to and held by the **CNPLP** or the **CNPLP's General Partner**.
- (6) **Keeping of Books.** Keep proper books, records and accounts, in which full and correct entries shall be made of all of the **CNPLP's** financial transactions in accordance with **GAAP**.
- (7) **Visitation and Inspection.** If, in the reasonable opinion of **Hydro**, an **Event of Default** has or may have occurred, at any reasonable time or times and upon reasonable prior notice given to the **CNPLP** by **Hydro** permit **Hydro** or any of its authorized representatives, full and reasonable access to the premises of the **CNPLP** and obtain any consents and waivers from any **Person** necessary, in the reasonable opinion of **Hydro** to ensure such access, for the purposes of inspecting (and, where required, taking copies of) the business, financial and computer records of the **CNPLP** and to discuss the business, affairs, finances and accounts of, and the compliance by the **CNPLP** with the terms of this **CNPLP Financing Agreement** and the other **CNPLP Loan Documents** with the management and **Auditors** thereof.
- (8) **Protect Hydro Liens.** At all times take all action and supply **Hydro** with all such information reasonably necessary to allow **Hydro** to create, maintain, perfect, protect and preserve the **Liens** provided for under the **Security Documents** and confer upon **Hydro** the security interest intended to be created thereby.
- (9) **Payments.** Pay all amounts of principal, interest, fees, costs and expenses on the

dates, at the times and at the places specified in this **CNPLP Financing Agreement** or under any other **CNPLP Loan Document**.

- (10) **Use of Proceeds.** Permit the application of the proceeds of the **Credit Facilities** only in accordance with section 2.3.
- (11) **Payment of Preferred Claims.** Pay, as and when due, any and all amounts which may result in a **Lien** on the **Collateral** under applicable **Law** (other than a **Permitted Lien**), whether or not such **Lien** is entitled to priority over the **Liens** in favour of **Hydro** under the **Security Documents**.
- (12) **CNPLP Loan Documents.** Execute and deliver to **Hydro** the **CNPLP Loan Documents**.
- (13) **Notice of Defaults.** The **CNPLP** shall immediately notify **Hydro**:
 - (a) of any **Event of Default** or of any event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become an **Event of Default**; and
 - (b) on becoming aware of the occurrence of any litigation, dispute, arbitration, proceeding, labour or dispute, the result of which if determined adversely would have an adverse effect on the ability of the **CNPLP** to perform its obligations under this **CNPLP Financing Agreement** and the other **CNPLP Loan Documents**, and

in either case, thereafter provide **Hydro** with all information reasonably requested by **Hydro** concerning the status thereof.

- (14) **Further Assurances.** Upon request of **Hydro**, acting reasonably, duly execute and deliver or cause to be duly executed and delivered to **Hydro** such further instruments and other documents and do and cause to be done such further acts as may be necessary or desirable in the opinion of **Hydro**, acting reasonably, to carry out more effectively the provisions and purposes of the **CNPLP Loan Documents**.

9.2 Negative Covenants

So long as any amount owing under the **CNPLP Loan Documents** remains unpaid or **Hydro** has any obligation to make **Advances** under this **CNPLP Financing Agreement** and unless **Hydro**, as the case may be, shall otherwise consent, the **CNPLP** agrees not to:

- (1) **Business Activity.** Engage in any business activity except the **CNPLP Business**.
- (2) **Liens.** Create, incur, assume or suffer to exist, any **Lien** on the **CNPLP's Property**, including the **Collateral** and the **Capital Stock** of the **CNPLP** other than **Permitted Liens**.
- (3) **Disposal of Property.** Dispose of any of the **Collateral**, except as expressly

permitted pursuant to the provisions of this **CNPLP Financing Agreement**, without the prior written consent of **Hydro**.

- (4) **Debt.** Allow, except with the prior written consent of **Hydro**, any **Debt** to be created, incurred, assumed or suffered to exist, directly or contingently or otherwise, other than:
 - (a) **Debt to Hydro;**
 - (b) unsecured current liabilities incurred and payable in the ordinary course of the **CNPLP Business** and not represented by any note, bond or debenture; or
 - (c) **Purchase Money Debt**, provided that the payments under such **Purchase Money Debt** do not exceed, in any one year period, \$50,000 (which amount will be adjusted annually for inflation from the **Final Closing Date** based on the Consumer Price Index (Manitoba)).
- (5) **Mergers.** Neither the **CNPLP** nor the **CNPLP's General Partner** shall reorganize, amalgamate, merge, consolidate or otherwise enter into any form of business combination with any other **Person**.
- (6) **Guarantees and Indemnities.** Guarantee or indemnify or give financial assistance in respect of any contingent liability in respect of any **Debt** or any other obligations or liabilities of any other **Person** at any time.
- (7) **Change in Constating Documents and Partnership Units.** Make any change in the **CNPLP Agreement** which would be detrimental to the rights or interests of **Hydro** under any of the **CNPLP Loan Documents**.
- (8) **Limited Partnership Payments.** Make any payment to the **Limited Partnership** except in accordance with the provisions of section 5.4 of the **JKDA**.
- (9) **Change of Registered Owner.** Change the registered and beneficial owners of the **Capital Stock** of the **CNPLP** from **TCN** and **War Lake**.

ARTICLE 10 SECURITY

10.1 Security

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

Notwithstanding anything to the contrary herein, this **CNPLP Financing Agreement** shall be interpreted in all respects having regard for the fact that and the **Security Documents** shall provide that:

- (a) **Hydro** has a first charge security interest on the **CNPLP's Units** and all rights under the **CNPLP's Units**, including the rights to **Distributions** on the **CNPLP's Units** and any interest related to the **CNPLP's Units** and the rights to the said **Distributions**; and
- (b) **Hydro's** sole recourse for payment of the **Obligations** shall be to the **Collateral** in accordance with the provisions of this **CNPLP Financing Agreement**, and for greater certainty, it shall have no right to sue the **CNPLP** on any personal covenant to pay all or any of the **Obligations** or to sue **TCN** or **War Lake** for payment of all or any of the **Obligations**.

10.2 Registrations

- (1) **Hydro**, in its sole discretion, may register, file or record the **Liens** constituted by the **Security Documents** in all jurisdictions where such registration, filing, or recording is necessary or of advantage to the creation, perfection, preservation or protection of such **Liens**.
- (2) **Hydro** may renew such registrations, filings and recordings from time to time as and when required or of advantage, in the sole discretion of **Hydro**, to keep them in full force and effect. The **CNPLP** acknowledges that the forms of the **Security Documents** have been prepared based upon the **Laws** of the

jurisdictions indicated therein as being applicable thereto in effect at the date hereof and that such **Laws** may change. The **CNPLP** agrees that, following prior notice to and consultation with the **CNPLP**, upon direction from **Hydro**, shall have the right to require that the forms of the **Security Documents** be amended, restated or supplemented, to reflect any changes in such **Laws**, whether arising as a result of statutory amendments, court decisions or other similar changes, in order to confer upon **Hydro** the **Liens** in the **Collateral** intended to be created by the **Security Documents**, in the sole discretion of **Hydro**.

ARTICLE 11
EVENTS OF DEFAULT

11.1 **Events of Default**

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

- (a) the **CNPLP** shall fail to pay any portion of the principal or interest or any costs, fees, or expenses or other amounts due hereunder or under any of the other **CNPLP Loan Documents** on the date when such amounts are due hereunder or thereunder, and such amount remains unpaid for a period of ten (10) **Business Days** after **Hydro** notifies the **CNPLP** that the amount is overdue, provided however, that this provision shall be read in conjunction with the provisions in this **CNPLP Financing Agreement** and the other **CNPLP Loan Documents** which provide that, during the term of this **CNPLP Financing Agreement** and for so long as no **Event of Default** has occurred that remains outstanding and uncured, all such payments to **Hydro** are to be made solely through the irrevocable assignment and direction to **Hydro** of the **Distributions** on the **CNPLP’s Class K Units**;
- (b) any representation or warranty or certification made or deemed to be made by the **CNPLP** or the **CNPLP’s General Partner**, pursuant to or in connection with any of the **CNPLP Loan Documents** delivered to **Hydro** shall prove to have been incorrect in any material respect when made or deemed to have been made;
- (c) the **CNPLP** or the **CNPLP’s General Partner** in its personal capacity shall fail to perform or observe any other term, covenant or agreement contained in any of the **CNPLP Loan Documents** on its part to be performed or observed and such failure shall remain unremedied for twenty (20) **Business Days** after written notice thereof shall have been given to the **CNPLP** by **Hydro**; provided that the length of the twenty (20) **Business Day** time period may be extended by **Hydro** in its unfettered discretion, where the **CNPLP** demonstrates to **Hydro** that the breach is not capable of being cured within twenty (20) **Business Days** but provides **Hydro**, within twenty-five (25) **Business Days**, with a plan for curing the breach within sixty (60) calendar days and in good faith implements such plan;
- (d) any of the **CNPLP Loan Documents**, and the material obligation of the **CNPLP** under any of the **CNPLP Loan Documents**, at any time, is not or ceases to be valid or enforceable by **Hydro** in whole or in part, or if any **Lien** intended to be created by any of the **Security Documents** is not or ceases to be a valid and perfected **Lien** having the ranking or priority contemplated thereby, or if the validity or enforceability of any of the **CNPLP Loan Documents** or the validity or perfection of any such **Lien** shall be contested by any party thereto or any other **Person** (unless such contestation by such party or other **Person** is being opposed

diligently, in good faith and by proper legal proceedings by **Hydro** with the assistance of the **CNPLP** and **Hydro** covenants to oppose such contestation in good faith where there is a reasonable prospect of success) or if any **Person** (other than **Hydro**) obtains any interest in the **Collateral** or any part thereof (except **Permitted Liens**) provided however, that this provision shall only be invoked where **Hydro**, acting reasonably, has determined that its inability to enforce the said **Lien** with its intended ranking or priority cannot be cured by **Hydro** within a reasonable period of time or without **Hydro** being adversely affected notwithstanding that the **CNPLP** has provided a written undertaking to assist **Hydro** in the manner set out therein to cure the inability of **Hydro** to enforce the said **Lien** with its intended ranking or priority;

- (e) with respect to **Debt** of the **CNPLP** under any one or more agreements other than the **Debt** under the **CNPLP Loan Documents**:
 - (i) the **CNPLP** shall fail to pay any principal, interest or other amount pursuant to the agreements governing such other **Debt** in an aggregate amount in excess of \$100,000 (which amount will be adjusted annually for inflation from the **Final Closing Date** based on the Consumer Price Index (Manitoba)) when such amount becomes due and payable (whether by scheduled maturity, required repayment, acceleration, demand or otherwise) and such failure shall continue after any applicable grace period specified in such agreement or agreements; or
 - (ii) any other event, condition or circumstance shall occur and shall continue after any applicable grace period specified in such agreement or agreements, if the effect of such event, condition or circumstance is to accelerate the maturity of such other **Debt** in an aggregate amount in excess of \$100,000 (which amount will be adjusted annually for inflation from the **Final Closing Date** based on the Consumer Price Index (Manitoba)); or
 - (iii) other **Debt** of the **CNPLP** in an aggregate amount in excess of \$100,000 (which amount will be adjusted annually for inflation from the **Final Closing Date** based on the Consumer Price Index (Manitoba)) shall be declared to be due and payable prior to the stated maturity thereof under any such agreement or agreements;
- (f) the **CNPLP** or the **CNPLP's General Partner** shall:
 - (i) shall make a general assignment for the benefit of creditors;
 - (ii) file a notice of intention to file a proposal under any **Law** relating to bankruptcy, insolvency or reorganization or relief of debtors;
 - (iii) institute or have instituted against it any proceeding seeking (a) to adjudicate it a bankrupt or insolvent, (b) any liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any **Law** relating to bankruptcy, insolvency or

reorganization or relief of debtors, or (c) the entry of an order for relief or the appointment of a receiver, interim receiver, receiver and manager, assignee, liquidator, sequestrator, trustee or other similar official for it or for any substantial part of its **Property**, and in the case of any such proceeding instituted against it (but not instituted by it), it shall not be dismissed or stayed within thirty (30) days of its commencement or issuance or any of the actions sought in such proceeding (including the entry of an order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its **Property**) shall occur; or

- (iv) take any action to authorize any of the foregoing actions;
- (g) a notice is sent to or received by the **CNPLP** or the **CNPLP's General Partner** from any creditor with respect to the intention of such creditor to enforce a **Lien** on:
 - (i) any of the **Collateral**; or
 - (ii) any **Property** of the **CNPLP** (other than the **Collateral**),
unless such notice is being contested in good faith by appropriate legal proceedings and such notice has not resulted in, or does not involve, any danger of the sale, forfeiture or loss of any of the **Collateral**;
- (h) any one or more judgments or orders in excess of \$75,000 (which amount will be adjusted annually for inflation from the **Final Closing Date** based on the Consumer Price Index (Manitoba)) in the aggregate, or any one or more orders, directives, letters of credit or other communications from any **Governmental Entity** which may be reasonably likely to require the **CNPLP** to expend an amount in excess of \$75,000 (which amount will be adjusted annually for inflation from the **Final Closing Date** based on the Consumer Price Index (Manitoba)) in the aggregate shall be rendered against the **CNPLP**, and either:
 - (i) enforcement proceedings shall have been commenced by any creditor upon any such judgment(s) or order(s); or
 - (ii) there shall be any period of ten (10) consecutive **Business Days** during which a stay of enforcement of any such judgment or order, directive, letter or other communication by reason of a pending appeal or otherwise, shall not be in effect;
- (i) any change in the registered and beneficial owners of the **Capital Stock** of the **CNPLP** from **TCN** and **War Lake**;
- (j) the loss, suspension or failure to renew any licence or permit held by the **CNPLP** or any agreement to which the **CNPLP** is a party (which is final and not subject to any further appeals) the effect of which would prohibit or otherwise restrict the **CNPLP** from conducting all or a material part of the **CNPLP Business**;

- (k) the **CNPLP** is enjoined or restrained in any material way by an order (which is final and not subject to any further appeals) of any **Governmental Entity**, arbitrator or board in Canada or elsewhere from conducting all or a material part of the **CNPLP Business**; or
- (l) the occurrence of any event, condition or circumstance which, with the giving of notice or passage of time, or both, would constitute an **Event of Default** after the expiration of, in the case of a **CNPLP Loan Document**, the applicable cure period, if any, thereunder;

then, and in any such event, **Hydro** shall be entitled by written notice to the **CNPLP** to:

- (i) terminate the obligation of **Hydro** to make further **Advances** under the **Credit Facilities**; and/or
- (ii) demand repayment of all indebtedness of the **CNPLP** to **Hydro** under the **Credit Facilities**, whereupon the principal amount of all outstanding **Advances** and other amounts payable thereunder shall become forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the **CNPLP**; and/or
- (iii) enforce the **Liens** constituted by the **Security Documents** and any other security now or hereafter held by **Hydro**. Provided, however, that **Hydro** shall only have recourse to the **Collateral** for the repayment of the **Obligations**, and further provided, however, that upon any **Event of Default** specified in section 11.1(f), the obligation of **Hydro** to make **Advances** hereunder shall automatically terminate.

11.2 Expenses of Hydro

Upon the occurrence of any **Event of Default** which has not been waived and is continuing, **Hydro** may take any action **Hydro** considers advisable, acting reasonably, to remedy the effect of such **Event of Default**. All reasonable expenses, costs and charges incurred by or on behalf of **Hydro** in connection with:

- (a) any remedial action taken pursuant to this **CNPLP Financing Agreement**;
- (b) any obligation of the **CNPLP** or the **CNPLP's General Partner** to **Hydro** hereunder or under any other **CNPLP Loan Documents**; or
- (c) the realization of the **Collateral**, including all reasonable fees, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment of the **Collateral**, in all cases shall be added to and form a part of the **Obligations**.

11.3 Remedies Cumulative

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

11.4 Allocations

For greater certainty, the parties to this **CNPLP Financing Agreement** agree that any expenses or costs that are, by the terms of this **CNPLP Financing Agreement**, reimbursable to **Hydro** shall be allocated as follows:

- (a) if the expense or cost is incurred by **Hydro** prior to or on the **Final Closing Date** but in respect of a matter arising in connection with the **Construction Credit Facility**, it shall be allocated to the **Construction Credit Facility**; and
- (b) if the expense or cost is incurred by **Hydro** after the **Final Closing Date** (except where it is incurred in respect of a matter arising in connection with the **Construction Credit Facility**), it shall be allocated to the **Operating Credit Facility**.

ARTICLE 12
PAYMENTS, COMPUTATIONS AND INDEMNITIES

12.1 Timing of Payments under this Agreement

Unless otherwise expressly provided in this **CNPLP Financing Agreement**:

- (1) the **CNPLP** shall make any payment required to be made by it to **Hydro** by depositing the amount of such payment in the account maintained by **Hydro**, (the particulars of which account shall be in accordance with the advice provided by **Hydro** from time to time) not later than 11:00 a.m. (Winnipeg time) on the date such payment is due; and
- (2) subject to the provision by **Hydro** of the requisite notice to the **CNPLP** and the **General Partner** as set out in section 3.1.3, **Hydro** shall make any **Advance** or other payment to the **CNPLP** hereunder by crediting or causing the crediting for the **CNPLP**, the account maintained by the **Limited Partnership** with the amount of such **Advance** on the date such **Advance** is to be made.

12.2 Payments on Non-Business Days

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

12.3 Overdue Amounts

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

12.4 Application of Payments and Repayments

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

- (a) first, in reduction of the **CNPLP's** obligation to pay any costs, fees and expenses, which are due and owing to **Hydro** and reimbursable or indemnity amounts or losses which are due and owing to **Hydro**;
- (b) second, in reduction of the **CNPLP's** obligation to pay any unpaid interest accrued on the principal amount of **Advances** or any other amount owing hereunder;

- (c) third, in reduction of the **CNPLP's** obligation to pay any amounts due and owing on account the principal amount of all **Advances**;
- (d) fourth, in reduction of any other obligation or amount owing to **Hydro** under this **CNPLP Financing Agreement** or under any of the other **CNPLP Loan Documents**; and
- (e) fifth, to the **CNPLP** or such other **Persons** as may lawfully be entitled to the remainder or as any court of competent jurisdiction may otherwise direct.

12.5 Computations of Interest and Fees

- (1) All computations of interest shall be made by **Hydro**, taking into account the actual number of days occurring in the period for which such interest is payable pursuant to sections 3.3(a) and 3.4(a) and on the basis of a year of 365 days, except for interest payable under sections 3.3(b), 3.4(b) and 3.5, in respect of which the computation of interest shall be made based on a semi-annual interest computation and not by the number of days in the six (6) month period.
- (2) Notwithstanding any provision to the contrary contained in this **CNPLP Financing Agreement**, in no event shall the aggregate "interest" (as defined in section 347 of the *Criminal Code* (Canada), as the same may be amended, replaced or re-enacted from time to time) payable under this **CNPLP Financing Agreement** exceed the maximum amount of interest on the "credit advanced" (as defined in that section) under this **CNPLP Financing Agreement** lawfully permitted under that section and, if any payment, collection or demand pursuant to this **CNPLP Financing Agreement** in respect of "interest" (as defined in that section) is determined to be contrary to the provisions of that section, such payment, collection or demand shall be refunded to the **CNPLP**. For purposes of this **CNPLP Financing Agreement**, the effective annual rate of interest shall be determined in accordance with generally accepted actuarial practices and principles over the term that the relevant **Credit Facilities** are outstanding on the basis of annual compounding of the lawfully permitted rate of interest and, in the event of any dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by **Hydro** will be conclusive for the purposes of such determination.
- (3) Each determination by **Hydro** of any amount payable hereunder by the **CNPLP** shall be prima facie evidence of the amount payable for all purposes absent error.

12.6 Indemnity

- (1) The **CNPLP** hereby agrees to indemnify, exonerate and hold **Hydro**, in its capacity as lender under this **CNPLP Financing Agreement** and its officers, directors, employees, agents and other representatives (in this section 12.6(1), the "**Indemnified Parties**") free and harmless from and against any and all **Claims**, demands, actions, causes of action, suits, losses, costs (including all documentary, recording, filing, mortgage duties), charges, liabilities and damages, and expenses in connection with **Hydro** being a lender under this **CNPLP Financing**

Agreement (irrespective of whether such **Indemnified Party** is a party to the action for which such indemnification hereunder is sought), and including reasonable legal fees and disbursements (collectively, in this section 12.6(1), the “**Indemnified Liabilities**”) paid, incurred or suffered by, or asserted against, the **Indemnified Parties** or any of them or, with respect to, or as a direct or indirect result of:

- (a) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of any **Advances** obtained hereunder; or
 - (b) the execution, delivery, performance or enforcement of this **CNPLP Financing Agreement** or any of the **CNPLP Loan Documents**, except for such **Indemnified Liabilities** that a court of competent jurisdiction determines or rules to be on account of the relevant gross negligence or willful misconduct of the **Indemnified Party**.
- (2) All obligations provided for in this section 12.6 shall not be reduced or impaired by any investigation made by or on behalf of **Hydro**.
- (3) If, for any reason, the obligations of the **CNPLP** pursuant to this section 12.6 shall be unenforceable, the **CNPLP** agrees to make the maximum contribution to the payment and satisfaction of each obligation that is permissible under **Law**, except to the extent that a court of competent jurisdiction determines such obligations arose on account of the gross negligence or willful misconduct of **Hydro**.

12.7 Contribution

If any provision in any of the **CNPLP Loan Documents** providing for indemnification by the **CNPLP** (the “**Indemnitor**”) in favour of **Hydro** or any of the **Indemnified Parties** (as defined in section 12.6) (the “**Indemnitee**”) is found by reason of the occurrence of an event, other than the gross negligence or willful misconduct of the **Indemnitee**, to be unenforceable by a court of competent jurisdiction in a final judgment that has become non-appealable, then the **Indemnitor** shall contribute to the amount paid or payable by the **Indemnitee** which is subject to the indemnification provision in such proportion as is appropriate to reflect not only the relative benefits received by the **Indemnitor** on the one hand and the **Indemnitee** on the other hand but also the relative fault of the **Indemnitor** and the **Indemnitee**. The rights of contribution herein provided shall be in addition to and not in derogation of any other right to contribution which the **Indemnitee** may have under this **CNPLP Financing Agreement** or applicable **Laws**.

ARTICLE 13
DISPUTE RESOLUTION

13.1 **Dispute Resolution**

Each of the parties to this **CNPLP Financing Agreement** agrees that any disputes or claims arising out of this **CNPLP Financing Agreement** shall be determined solely in accordance with the dispute resolution process set out in Article 19 of the **JKDA** and it shall not bring any action in respect of any matter arising hereunder, other than pursuant to Article 19 of the **JKDA**, against the other party to this **CNPLP Financing Agreement**.

ARTICLE 14
GENERAL PROVISIONS

14.1 **Notices**

- (1) All notices provided for in this **CNPLP Financing Agreement** or in the other **CNPLP Loan Documents** shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by facsimile, charges prepaid, at or to the applicable addresses or facsimile numbers, as the case may be, set opposite the party to this **CNPLP Financing Agreement's** name in Appendix E hereto or at or to such other address or addresses or facsimile number or numbers as any party to this **CNPLP Financing Agreement** may from time to time designate to the other parties in such manner. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a **Business Day** and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the **Business Day** next following such date of delivery. Any communication which is transmitted by facsimile as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a **Business Day** and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the **Business Day** next following such date of transmission.
- (2) Each **Borrowing Notice** and **Repayment Notice** shall be irrevocable and binding on the **CNPLP**.

14.2 **Time of the Essence**

Time shall be of the essence of this **CNPLP Financing Agreement**.

14.3 **Third Party Beneficiaries**

The parties to this **CNPLP Financing Agreement** hereto intend that this **CNPLP Financing Agreement** shall not benefit or create any right or cause of action in or on behalf of any **Person**, other than the parties hereto and the **Persons** contemplated in section 12.6 or section 14.7, and no **Person**, other than the parties hereto and the **Persons** contemplated in section 12.6 or section 14.7, shall be entitled to rely on the provisions hereof in any action, suit, proceeding, hearing or other forum.

14.4 **Enurement**

This **CNPLP Financing Agreement** shall enure to the benefit of and be binding upon the parties to this **CNPLP Financing Agreement** and their respective successors and permitted assigns.

14.5 **Counterparts**

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

14.6 **Knowledge**

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

14.7 **Assignment**

Neither this **CNPLP Financing Agreement** nor the rights and obligations hereunder shall be assignable or transferable by the **CNPLP** or **Hydro**, except that **Hydro** may assign this **CNPLP Financing Agreement** to any affiliate, provided that such assignment shall not relieve **Hydro** of its obligations and liabilities hereunder.

14.8 **Non-Merger**

Except as otherwise expressly provided in this **CNPLP Financing Agreement**, the covenants, representations and warranties of the parties contained in this **CNPLP Financing Agreement** and any of the other **CNPLP Loan Documents** shall not merge on and shall survive the **Initial Closing** and the **Final Closing** and the making of any **Advance**, and notwithstanding such **Initial Closing** and **Final Closing** or **Advance**, or any investigation made by or on behalf of any party, shall continue in full force and effect. Neither the **Initial Closing** or the **Final Closing** nor the making of any **Advance** shall prejudice any right of one party against any other party in respect of anything done or omitted hereunder or under any of the other **CNPLP Loan Documents** or in respect of any right to damages or other remedies.

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

**CREE NATION PARTNERS LIMITED
PARTNERSHIP**, by its general partner •

Per: _____

Per: _____

**THE MANITOBA HYDRO-ELECTRIC
BOARD**

Per: _____

Per: _____