

SCHEDULE 4-1

SUBSCRIPTION AGREEMENT (MANITOBA HYDRO)

between

KEEYASK HYDRO POWER LIMITED PARTNERSHIP,

- and -

THE MANITOBA HYDRO-ELECTRIC BOARD.

DATED • , 200•.

SCHEDULE 4-1

SUBSCRIPTION AGREEMENT (HYDRO)

THIS SUBSCRIPTION AGREEMENT made the • day of •, 200•.

BETWEEN:

KEEYASK HYDRO POWER LIMITED PARTNERSHIP,

(hereinafter called the “**KHLP**”)

OF THE FIRST PART,

- and -

THE MANITOBA HYDRO-ELECTRIC BOARD,

(hereinafter called “**Hydro**”),

OF THE SECOND PART.

WHEREAS the **KHLP** proposes to issue and sell to **Hydro**, and **Hydro** proposes to purchase from **KHLP**, units representing an investment of capital in **KHLP**;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the covenants and agreements of the parties herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party, the parties hereby covenant and agree as follows:

1. **Defined Terms**

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

“**KHLP**” means the Keeyask Hydro Power Limited Partnership, established pursuant to the **LP Agreement**.

2. **Subscription for Units**

Hydro hereby subscribes for 7,499 **Class M Units** in **KHLP** on the terms and as described in the **LP Agreement** and in the **JKDA** and tenders herewith its cheque in the amount of \$8,249 in full

payment of the aggregate subscription price for the said **Units**.

3. **LP Agreement**

In consideration of the **General Partner** accepting this subscription and conditional thereon, **Hydro** agrees to execute the **LP Agreement**.

4. **Representations and Warranties**

Hydro represents and warrants to the **KHLP** as follows and acknowledges that **KHLP** is relying on such representations and warranties in entering into the **LP Agreement** with **Hydro**:

- (a) **Hydro** is acquiring **Units** voluntarily for its own account as principal for investment purposes and not with a view to or for the resale, distribution or fractionalization thereof in whole or in part;
- (b) no person has any direct or indirect beneficial interest in its **Units**;
- (c) **Hydro** acknowledges receipt of the **LP Agreement** and the **JKDA** and that it has reviewed and fully understand such agreements and has had the opportunity to ask and have answered any and all questions which it may have had with respect to the **Business**, the **Units** and the subscription hereby made and the **JKDA**;
- (d) **Hydro** is not a member of the public in relation to **KHLP**, and as a result does not require the type of information and disclosure that a prospectus or offering memorandum would provide;
- (e) **Hydro** understands that the subscription hereby contemplated is being effected upon a basis exempt from the registration and prospectus requirements of *The Securities Act* (Manitoba) and, as a result, the remedies of rescission and damages that may otherwise be available to it under that Act had a prospectus or offering memorandum been delivered to it are not available;
- (f) **Hydro** understands and agrees that there is no market for the sale or transfer of **Units**, and that, even if permitted under the **LP Agreement**, sales or transfers of **Units** is restricted under the provisions of the Securities Regulation to *The Securities Act* (Manitoba);
- (g) **Hydro** will execute and deliver all documentation as may be required by applicable securities legislation to permit the purchase of the **Units** on the terms herein set forth; and
- (h) no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with **Hydro's** subscription for **Units** based upon arrangements made by or on behalf of it.

5. **Reliance Upon Representations, Warranties, Covenants and Acknowledgments**

Hydro acknowledges and agrees that the representations, warranties, covenants, acknowledgments and agreements made by it herein are made with the intention that they may be relied upon by the **General Partner** and **KHLP** in determining **Hydro's** eligibility to purchase **Units** under relevant securities legislation. **Hydro** further agrees that by accepting the **Units** subscribed for by it, **Hydro** shall be representing and warranting that the foregoing representations, warranties, covenants, acknowledgments and agreements apply with the same force and effect as if they had been made by **Hydro** at the time of **Initial Closing** and at the time of **Final Closing**. **Hydro** hereby undertakes to notify the **General Partner**, at the address set out in the notice provisions below, immediately of any change in any representation, warranty, covenant or other information set forth herein which takes place prior to the **Initial Closing** or the **Final Closing**. The representations, warranties and covenants contained herein shall survive the **Initial Closing** and the **Final Closing** of the transactions contemplated thereby and will continue in full force and effect notwithstanding any subsequent disposition by **Hydro** of its **Units**.

6. **Indemnity**

Hydro agrees to indemnify **KHLP** and the **General Partner** against all losses, costs, expenses and damages or liabilities which they may suffer or incur as a result of any such representations and warranties being untrue or incorrect in any material respect.

7. **Notice**

All notices and other communication provided for in this Subscription Agreement shall be in writing and shall be given in the manner provided in the **LP Agreement**.

8. **Governing Law**

This Agreement is governed by the laws of Manitoba and the laws of Canada applicable therein.

9. **Time of the Essence**

Time shall be of the essence hereof.

10. **Currency**

All references herein to monetary amounts are references to lawful money of Canada.

11. **Headings**

The headings contained herein are for convenience only and shall not affect the meaning or interpretation hereof.

12. **Intention to Execute Deed under Seal**

The parties hereto acknowledge and agree that their intention is to execute this Subscription Agreement as an instrument under seal displaying their respective intention to be irrevocably bound hereto.

THIS SUBSCRIPTION AGREEMENT IS SIGNED, SEALED AND DELIVERED by **Hydro**, as is evidenced by the execution of this Subscription Agreement by its duly authorized officers in that behalf, the day and year first above written.

THE MANITOBA HYDRO-ELECTRIC BOARD

Per: _____

Per: _____

THIS SUBSCRIPTION AGREEMENT IS SIGNED, SEALED AND DELIVERED by **Keeyask Hydro Power Limited Partnership**, as is evidenced by the execution of this Subscription Agreement by its General Partner, by its duly authorized officers in that behalf, the day and year first above written.

KEEYASK HYDRO POWER LIMITED PARTNERSHIP, by its General Partner, • Limited

Per: _____

Per: _____