

DISCLAIMER

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All costing information contained in this document are preliminary and were prepared for option assessment purposes only.

MEMORANDUM OF UNDERSTANDING AND CONVEYANCE

BETWEEN:

PAYS PLAT FIRST NATION,
a Band of Indians (including any successor to the Band)
within the meaning of the *Indian Act (Canada)* represented by
the Pays Plat Band Council (the "First Nation")

AND

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC") the corporation that is the continuation of
Ontario Hydro by virtue of Section 54(1) of the *Ontario Electricity Act, 1998*
(being Schedule A to the *Energy Competition Act, S.O. 1998 c.15*)

AND

HYDRO ONE NETWORKS INC.
("Networks") a body corporate, having its head office
in the City of Toronto in the Province of Ontario
(the First Nation, OEFC and Networks collectively herein, the "Parties")

WHEREAS:

- A. Pays Plat Indian Reserve No. 51 (the "Reserve") is a reserve within the meaning of the *Indian Act (Canada)*;
- B. By Order-in-Council P.C./4684 dated October 15, 1948; an agreement dated July 18, 1968 between Her Majesty the Queen in Right of Canada, as represented by the Minister of Indian Affairs and Northern Development ("Her Majesty") and the Hydro Electric Power Commission of Ontario (renamed "Ontario Hydro" by *The Power Commission Amendment Act, 1973*, proclaimed in force March 4, 1974); and Order-in-Council P.C./1968-1212 dated June 28, 1968 (collectively, the "Original Grants"), Ontario Hydro was granted the right to use or occupy the Permit Area (the "Rights") for the purpose of locating, operating and maintaining the Works on the Reserve for the purpose of the transmission of electrical power and energy on, over, along, under or across the Reserve (the "Purpose");
- C. By an agreement dated the 18th day of May, 1973 made between Her Majesty and the Hydro Electric Power Commission of Ontario (renamed "Ontario Hydro" by *The Power Commission Amendment Act, 1973*, proclaimed in force March 4, 1974) and by an agreement dated July 7, 1980 made between Her Majesty and Ontario Hydro (collectively, the "Original Distribution Grants"), Ontario Hydro was granted the right to use or occupy the Distribution Permit Area ("Distribution Rights") for the purpose of providing hydro-electrical energy services to the Reserve, including premises, facilities and customers on the Reserve, and including constructing, locating, operating and maintaining the Distribution Assets on the Reserve (the "Distribution Purpose");

- D. Ontario Hydro and the First Nation entered into an agreement dated the 14th day of November, 1994 attached hereto as Schedule "A" (the "Settlement Agreement") wherein the First Nation acknowledged that the Original Grants provided Ontario Hydro with valid, sufficient and uncontestable rights to continue to maintain, repair and operate the Works in accordance with the terms of the Original Grants, agreed to grant Ontario Hydro continued and unimpeded access to and use of the Permit Area and agreed to permit Ontario Hydro to continue to operate, maintain and repair the Works in accordance with the terms and conditions of the Original Grants

- F. On April 1, 1999, Ontario Hydro was legislatively re-organized into, and its assets and liabilities transferred to, separate corporations, including Networks, which received by transfer order made under the *Electricity Act, 1998* (Ontario) approximately 95% of Ontario Hydro's transmission and distribution business and related assets and liabilities, including the Settlement Agreement and the PIL Agreement, with the exception of title to the Original Grants, the Original Distribution Grants, the Works, the Distribution Assets, and the associated Rights and Distribution Rights, which remained in OEFC;

- G. OEFC wishes to relinquish its rights and be released from all of its liabilities and obligations in, to and in regard of the Original Grants and the Original Distribution Grants and from any other licence, permit or agreement related to the use or occupation of the Reserve by Ontario Hydro and its predecessors and by OEFC and Networks and the First Nation will jointly request that the Minister of Indian Affairs and Northern Development issue a Permit and a Blanket Permit pursuant to s.28 of the *Indian Act* (Canada) to Networks to use and occupy the Permit Area and the Distribution Permit Area from and after the date of OEFC's relinquishment;

- H. The parties are entering into this MOU to, *inter alia*, document that the Original Grants and the Original Distribution Grants shall be relinquished and new permits issued to Networks by operation of the Permit and the Blanket Permit;

- I. Networks and OEFC are entering into this MOU, to *inter alia*, provide for the transfer of the Works and the Distribution Assets to Networks by OEFC in furtherance of the transfer order and the assumption of and agreement to be liable for and bound by and to perform, all liabilities and obligations of OEFC described in recital G above by Networks;

- J. The entering into and execution and delivery of this MOU by the First Nation has been duly authorized and approved by a duly passed resolution of the Band Council of the First Nation ("BCR");

NOW THEREFORE in consideration of OEFC (and Networks, if applicable) agreeing to surrender and terminate the Original Grants and the Original Distribution Grants and all of its right, title and interest in and to that portion of the Reserve affected by the Original Grants and the Original

Distribution Grants and in further consideration of the promises and the mutual covenants, payments and agreements herein contained, and for other good and valuable consideration (the receipt and sufficiency of which are hereby irrevocably acknowledged), the Parties hereto for themselves, their successors and assigns respectively mutually covenant and agree with each other, as follows:

1. Memorandum

This memorandum is the Parties' commitment and agreement with respect to the terms and conditions of the issuance to Networks of the Permit and Blanket Permit described in this MOU.

2. Definitions

"Additional Reserve Lands" means those portions of lands contiguous to the Reserve which Her Majesty and the Province of Ontario recognize in the future as being added to and form part of the Reserve, whether by agreement or otherwise, and on which are situate the 115 kV or the 230 kV electrical transmission lines which Ontario Hydro used, OEFC is using or used and Networks will use in accordance with the terms of the Permit.

"Blanket Permit" means a permit to be issued by Her Majesty in accordance with Section 28(2) of the *Indian Act* (Canada) substantially in the form of the Permit attached to this MOU as Schedule "B", for the use and occupation of the Distribution Permit Area for the Distribution Assets.

"Distribution Assets" means the electricity distribution system located on the Reserve and used in conjunction with or required for the purpose of providing electrical services to the Reserve or to premises, facilities or customers on the Reserve, including all distribution lines, wires, lines of wire, cables, conductors, transformers, transformer stations, poles, anchors, guy wires, brackets, crossarms, insulators and their several attachments, and all other apparatus, accessories, facilities, plant, buildings, fixtures, chattels, equipment, meters, any and all communication signals and all other associated assets, improvements and works, that are or have been in the past attached to or erected, located or used on the Reserve, as the same may have been replaced, repaired, removed and/or altered from time to time, and including as the same may be in storage.

"Distribution Permit Area" has the meaning set out in Section 5 of this MOU.

"MOU" means this Memorandum of Understanding and Conveyance, as the same may be amended, modified or supplemented in accordance with its terms.

"Permit" means a permit to be issued by Her Majesty in accordance with Section 28(2) of the *Indian Act* (Canada) substantially in the form of the Permit attached to this MOU as Schedule "C", for the use and occupation of the Permit Area for the Works and the Purpose.

"Permit Area" means collectively those parts of the Reserve subject to the agreement and the Orders-in-Council comprising the Original Grants, as such lands are more particularly

described in such agreement and the Orders-in-Council comprising the Original Grants, copies of which such agreement and the Orders-in-Council are attached to this MOU as Schedule "D".

"Term" means fifty (50) years from the date of execution of this MOU.

"Works" means the 115 kV and the 230 kV electrical transmission line located on the Reserve and used in conjunction with the transmission of electrical energy on, over, along, under or across the Reserve, including all towers, poles, anchors, guy wires, brackets, crossarms, insulators and their several attachments and lines of wires and all related fixtures, chattels and equipment and all other associated assets, improvements and works, that are or have been in the past attached to or erected, located or used on the Reserve, as the same may have been replaced, repaired, removed and/or altered from time to time, and including as the same may be in storage.

3. Issuance of Permit

The First Nation and Networks will jointly request that Her Majesty issue a Permit to Networks to formalize and authorize Networks' use and/or occupation of the Permit Area during the Term for the Purpose.

The First Nation will issue the appropriate BCR(s) duly authorizing and approving the transactions herein and the execution and delivery by the First Nation of the documents and other instruments contemplated herein and the completion of such other acts by the First Nation as are reasonably required to complete the transactions herein, in a form to the satisfaction of Her Majesty, and which BCR duly authorizes and approves the issuance of the Permit in accordance with the provisions of this MOU, which specifically includes the release of OEFC by the Band, and to the extent it is legally capable of doing so, by the First Nation on its own behalf and for and on behalf of all of its members (past, present and future), and the authorization of Her Majesty to execute and deliver its release in favour of OEFC.

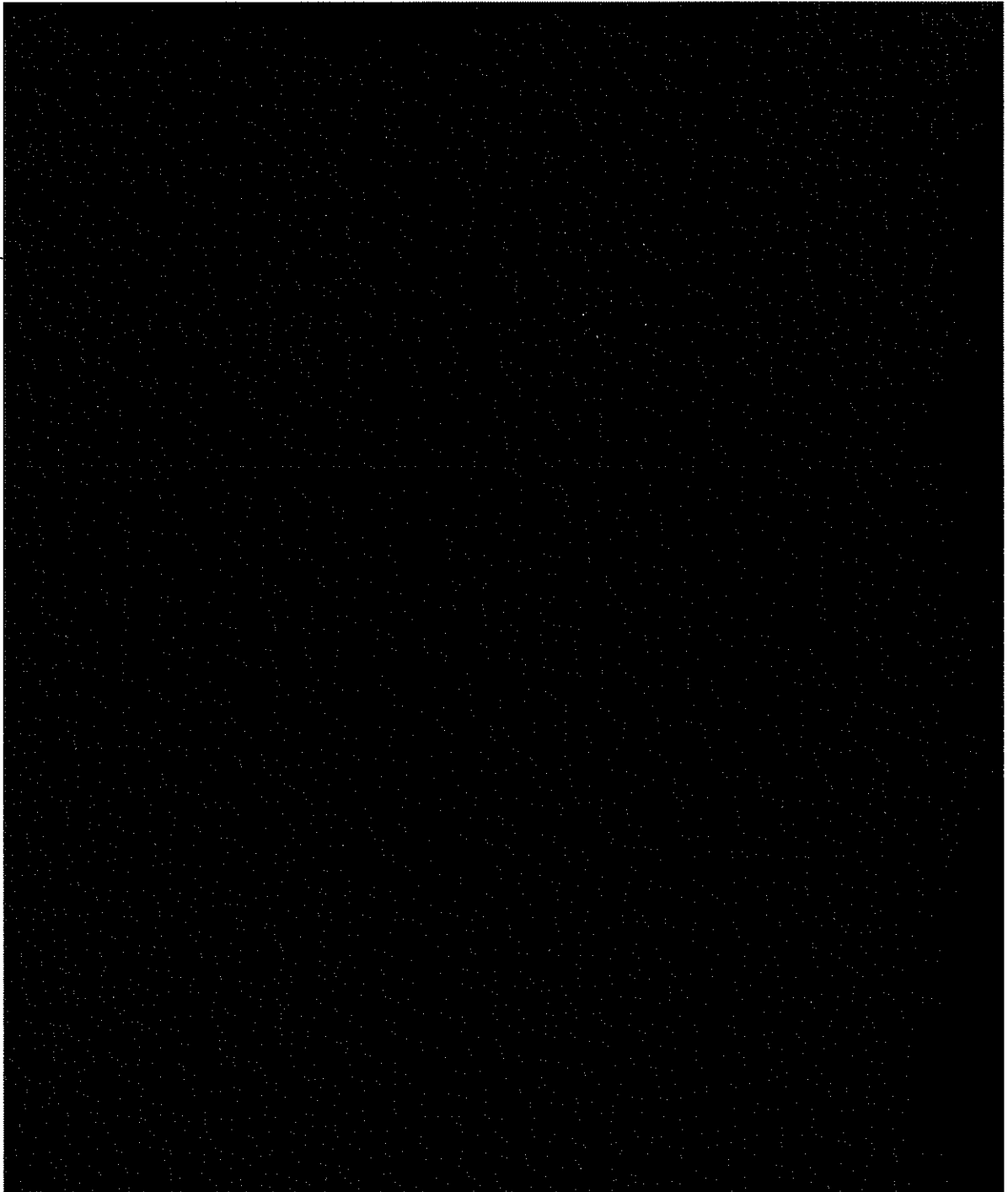
The Parties undertake to review and execute and deliver any agreements and provide any approvals required, on such terms as are acceptable to such Parties acting reasonably, in a timely fashion.

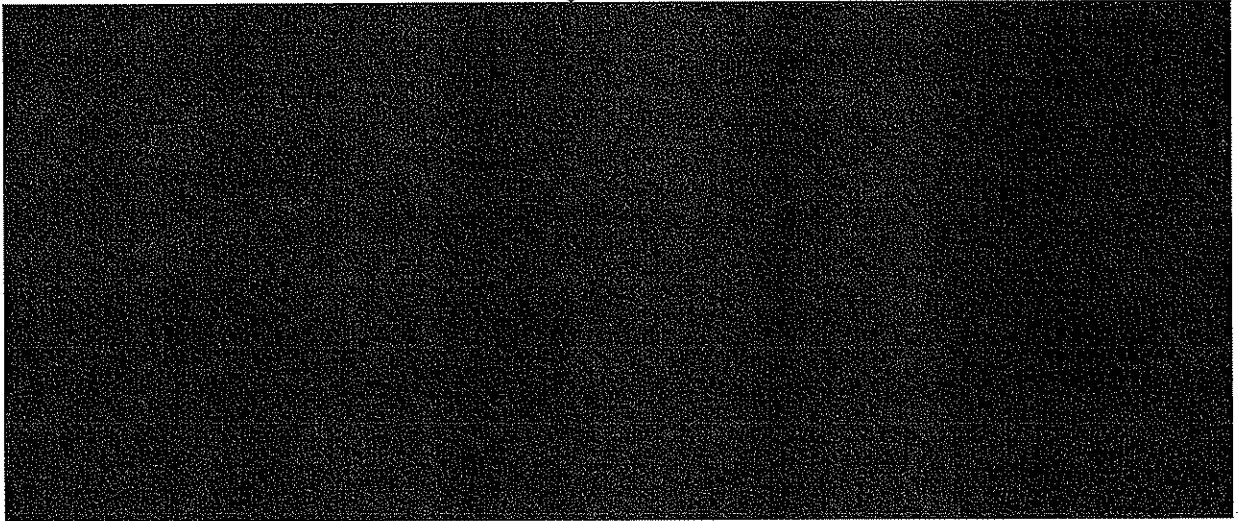
4. Terms:

A. Payment of Rental Fees

Notwithstanding any reference in the Permit to Networks paying the Permit Fee to a trust account of the First Nation (as that term is defined in the Permit) as established by Her Majesty, Networks hereby agrees that it will pay the First Nation the Permit Fee at such place as the First

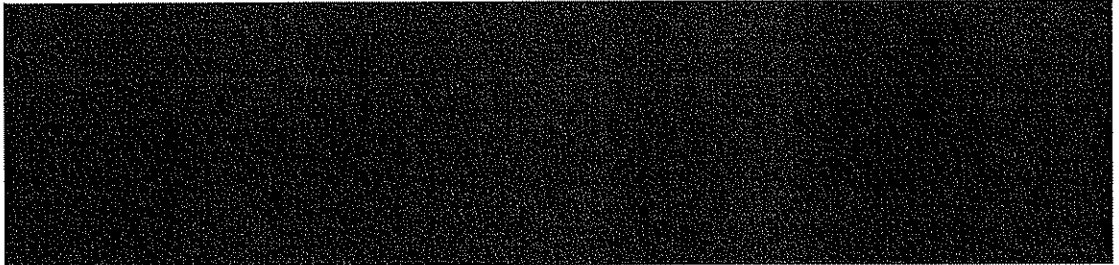
Nation shall direct from time to time and otherwise in accordance with the terms of this MOU. The First Nation hereby agrees to provide Networks with a receipt for each Permit Fee payment made by Networks during the Term of the Permit.





(d) **Renewal Negotiation and Resolution of Disputes:**

- (i) The Parties agree to begin negotiating [REDACTED] not less than six (6) months prior to the last day of each [REDACTED] period, and to negotiate in good faith and to use their best efforts to determine what [REDACTED]
- (ii) Any dispute as to what is [REDACTED] (the "Dispute") which cannot be resolved by the Parties may be referred to such alternative dispute resolution as may then be acceptable to both Parties. The Parties agree to conduct such alternative dispute resolution process in good faith and to make a serious attempt to resolve the Dispute. The process referred to herein is voluntary and may be terminated by either Party at any time.
- (iii) If the Parties are unable to reach agreement pursuant to the provisions of subparagraph B.(d)(i), the Dispute may be submitted to arbitration in accordance with the provisions of the Commercial Arbitration Act, R.S.C. 1985, 2nd Supp., c.17, as amended by S.C. 1986, c.22, and the Code referred to therein. The determination and award of the arbitrator(s) shall be final and binding on the Parties. The costs of the arbitrator(s) fees and expenses shall be shared equally by Networks and the First Nation, and each Party shall bear its own costs.



C. Additional Lands

(a) Networks acknowledges that should the boundaries of the existing Reserve be expanded as a result of the ongoing land claim negotiations with both Her Majesty and the Government of Ontario, [REDACTED]

[REDACTED] reflect the addition of the Additional Reserve Lands to the Reserve. This amount would reflect an increase due to the combined number of kilometres [REDACTED]

from the existing Reserve. [REDACTED]

[REDACTED]

(b) (i) The First Nation agrees to issue the appropriate BCR(s) duly authorizing and approving the issuance of the necessary permit(s) to be issued by Her Majesty to Networks in accordance with Section 28(2) of the *Indian Act* (Canada) under the same terms and conditions as the Permit subject to the Annual Payment adjustments, to formalize and authorize Networks' use and/or occupation of the Additional Reserve Lands during the remainder of the Term for the Purpose.

(ii) The First Nation agrees to or cause the First Nation Development Corporation with necessary easements with the same terms and conditions as the Permit subject to the Annual Payment adjustments, for those areas of land that are not Additional Reserve Lands which are traversed by the 115 kV or the 230 kV electrical transmission line but are owned in fee simple by a First Nation Development Corporation.

D. [REDACTED]

[REDACTED]

5. Settlement Agreement

The First Nation and Networks acknowledge and agree that upon the issuance of the Permit to Networks, the Settlement Agreement shall be void and be of no further force and effect.

6. Blanket Permit for Distribution Assets Used to Serve the Reserve

The First Nation and Networks will jointly request that Her Majesty issue a Blanket Permit to Networks to formalize and authorize Networks' use and/or occupation of all the lands situate, lying and being part of the Reserve for the Distribution Purpose, including constructing, installing, operating and maintaining an electrical power distribution system, including electric power distribution lines, in, on, over, along, under and across the Reserve for providing electrical energy services to the Reserve, including premises, facilities and customers on the Reserve (the "Distribution Permit Area"), for such period of time as the Distribution Permit is required for the purpose of providing electrical energy services to the Reserve. The Band Council of the First Nation will issue the appropriate BCRs that acknowledge and authorize and approve the issuance of the Blanket Permit in accordance with the provisions of this MOU.

The Parties undertake to execute any agreements and provide any approvals required, on such terms as are acceptable to such Parties acting reasonably, in a timely fashion.

7. Transfer of Works and Distribution Assets

In consideration of HONI assuming all of the covenants, obligations, claims, causes of action and liabilities whatsoever by reason of or arising out of, associated with or related to the use and occupation of the Reserve pursuant to Section 8 below, the releases in favour of OEFC by granted by the First Nation on its own behalf and for and on behalf of all of its members (past, present and future) pursuant to Section 8 below and the releases in favour of OEFC granted by Her Majesty and the First Nation pursuant to the terms of the Permit and the Blanket Permit, OEFC does hereby grant, sell, convey, assign, transfer and set over (the "Transfer") unto Networks, its successors and assigns, all of OEFC's right, title and interest in and to the:

- (a) Works; and
- (b) Distribution Assets.

OEFC and Networks acknowledge that no right, title, or interest of OEFC in and to the Original Grants, the Original Distribution Grants, the Rights and the Distribution Rights is being transferred hereunder.

The foregoing Transfer by OEFC to Networks of all of the right, title and interest of OEFC in and to the Works shall be completed and title to the Works shall pass to Networks with effect as of the date that is the day immediately before the date that the Permit is issued to Networks by Her Majesty and the completion of the foregoing Transfer by OEFC to Networks of all right, title and interest of OEFC in and to the Distribution Assets shall be completed and title to the Distribution Assets shall pass to Networks with effect as of the date that is the day immediately before the date that the Blanket Permit is issued to Networks by Her Majesty.

Networks acknowledges that OEFC is granting, selling, conveying, assigning, transferring and setting over and Networks is acquiring and taking title to the right, title and interest of OEFC in and to the Assets on an "as is, where is" and "without recourse" basis. OEFC makes no representations or warranties and grants no covenant or condition and, notwithstanding any law or rule of equity to the contrary, no such representation, warranty, covenant or condition shall be implied as to the title, encumbrance, description, fitness for purpose, environmental compliance, merchantability, condition or quality, or in respect of any other matter or thing whatsoever concerning the Works or Distribution Assets. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) do not apply hereto and have been waived by Networks. The description of the Works or Distribution Assets contained in this Agreement is for the purpose of identification only and no representation, warranty or condition has nor will be nor shall be deemed to have been given by OEFC concerning the accuracy of such description. Notwithstanding any other provision of this Agreement, this provision will survive the completion of the Transfer and the completion or termination of this Agreement.

Networks hereby confirms that it is a registrant under the *Excise Tax Act* (Canada) and that it shall be solely liable for any and all retail sales tax, land transfer tax, goods and services tax or other tax which may be payable in connection with the Transfer of the Works and the Distribution Assets from OEFC to Networks or otherwise and shall and does hereby undertake to complete all filings and/or to make all payments as may be required in law and hereby indemnifies OEFC against any loss, damage or liability it may incur in respect of any such taxes and any decision on the part of OEFC not to collect and remit such taxes from Networks.

Networks hereby waives compliance by OEFC with the terms of any legislation related to the sale of assets or transfer or liabilities by OEFC in bulk and indemnifies OEFC in respect of any covenants, claims, obligations, causes of action or liabilities of OEFC arising as a result of non-compliance with such legislation.

OEFC shall have no liability or obligation with respect to the value, state or condition of the Works and the Distribution Assets, any deficiencies therein or repairs, replacements or other work required with respect thereto whether or not within the knowledge of OEFC, its employees, agents or contractors, any and all of which are hereby accepted and assumed by Networks with effect at the time of the Transfer.

Networks hereby releases OEFC from OEFC's obligations as trustee of, and/or to manage, the Original Grants, Original Distribution Grants, the Rights, the Distribution Rights, the Works and the Distribution Assets and from all other obligations collateral thereto, as set out in the Indemnity and Trust Agreement between, *inter alia*, OEFC and Networks dated as April 1, 1999 (as the same may be amended or made subject to clarification from time to time) (the "Indemnity and Trust Agreement") or otherwise arising in law. Networks further hereby acknowledges that the indemnities of Hydro One Inc. and Networks pursuant to section 5.01 of the Indemnity and Trust Agreement remain in full force and effect in respect of the Original Grants, Original Distribution Grants, the Rights, the Distribution Rights, the Works the Distribution Assets, the Settlement Agreement or the PIL Agreement notwithstanding the

transfer of the Works and the Distribution Assets to Networks, the relinquishment of the Original Grants, Original Distribution Grants, the Rights or the Distribution Rights, the termination of the Settlement Agreement or the PIL Agreement or the receipt of any release from any person in favour of OEFC in respect thereof.

8. Releases and Assumption

The First Nation on its own behalf and for and on behalf of all of its members (past, present and future) hereby unconditionally releases and discharges OEFC, and agrees to Her Majesty releasing and discharging OEFC, from all covenants, obligations, claims, causes of action and liabilities whatsoever which such parties heretofore had, now have or may hereafter have, by reason of or arising out of, associated with or related to:

- (i) the Original Grants, the Rights or any other licence, permit or agreement related to the past, present or future use or occupation of the Permit Area, including the Permit, by Ontario Hydro or its predecessors, including its predecessors in title, or by OEFC or by Networks or by any other person, or
- (ii) the Original Distribution Grants, the Distribution Rights or any other licence, permit or agreement related to the past, present or future use or occupation of the Distribution Permit Area, including the Blanket Permit, by Ontario Hydro or its predecessors, including its predecessors in title, or by OEFC or by Networks or by any other person, or
- (iii) the past, present or future ownership of the Works or the past, present or future existence or use or operation, alteration, repair, removal or maintenance of the Works on or from the Permit Area by any person, or
- (iv) the past, present or future ownership of the Distribution Assets or the past, present or future existence or use or operation, alteration, repair, removal or maintenance of the Distribution Assets on or from the Permit Area by any person, or
- (v) the past, present or future use or occupation of, or the conduct of any activities of any nature whatsoever on, the Permit Area or the lands described or referenced in the Original Grants by Ontario Hydro or its predecessors, by OEFC, by Networks or by any other person, or
- (vi) the past, present or future use or occupation of, or the conduct of any activities of any nature whatsoever on, the Distribution Permit Area or the lands described or referenced in the Original Distribution Grants by Ontario Hydro or its predecessors, by OEFC, by Networks or by any other person, or
- (vii) the Settlement Agreement or the PIL Agreement.

The First Nation on its own behalf and for and on behalf of all of its members (past, present and future), agrees to Networks assuming and agreeing to be bound by and to perform, and Networks hereby assumes and agrees to be bound by and to perform, all covenants, obligations, claims, causes of action and liabilities whatsoever which Canada, the First Nation or its members (past, present and future) or any other person heretofore had, now have or may hereafter have, by reason of or arising out of, associated with or related to:

- (i) the Original Grants, the Rights or any other licence, permit or agreement related to the past, present or future use or occupation of the Permit Area, including the Permit, by Ontario Hydro or its predecessors, including its predecessors in title, or by OEFC or by Networks, or
- (ii) the Original Distribution Grants, the Distribution Rights or any other licence, permit or agreement related to the past, present or future use or occupation of the Distribution Permit Area, including the Blanket Permit, by Ontario Hydro or its predecessors, including its predecessors in title, or by OEFC or by Networks, or
- (iii) the past, present or future ownership of the Works or the past, present or future existence or use or operation, alteration, repair, removal or maintenance of the Works on or from the Permit Area by Ontario Hydro or its predecessors, including its predecessors in title, or by OEFC or by Networks, or
- (iv) the past, present or future ownership of the Distribution Assets or the past, present or future existence or use or operation, alteration, repair, removal or maintenance of the Distribution Assets on or from the Permit Area by Ontario Hydro or its predecessors, including its predecessors in title, or by OEFC or by Networks, or
- (v) the past, present or future use or occupation of, or the conduct of any activities of any nature whatsoever on, the Permit Area or the lands described or referenced in the Original Grants by Ontario Hydro or its predecessors, by OEFC or by Networks, including, for specificity and without limitation, during the period prior to April 1, 1999, and from and after April 1, 1999 until the date of the issuance of the Permit and during the balance of the term of the Permit and thereafter, and including all covenants to pay any monies pursuant to the terms of the Permit,
- (vi) the past, present or future use or occupation of, or the conduct of any activities of any nature whatsoever on, the Distribution Permit Area or the lands described or referenced in the Original Distribution Grants by Ontario Hydro or its predecessors, by OEFC or by Networks including, for specificity and without limitation, during the period prior to April 1, 1999, and from and after April 1, 1999 until the date of the issuance of the Blanket Permit and during the balance of the term of the Blanket Permit and thereafter, and including all covenants to pay any monies pursuant to the terms of the Blanket Permit, or

(vii) the Settlement Agreement or the PIL Agreement.

Notwithstanding the foregoing, Networks is not assuming any of the covenants, obligations, claims, causes of action and liabilities to the extent any portion thereof arises out of, is associated with or related to the operation of generating facilities transferred to, or purported or intended to be transferred to, or assumed by Ontario Power Generation Inc. or its subsidiaries by transfer order under the *Electricity Act, 1998 (Ontario)*, including, but not limited to the flooding of Reserve or traditional lands.

For the purposes of the releases and assumptions pursuant to this section 8, all references to the use or occupation of any lands, including the Reserve, by "Ontario Hydro or its predecessors, including its predecessors in title", or by "OEFC", or by "Networks" includes, and is intended by the Parties and shall be read to include, any use or occupation of such lands, including the Reserve, by any employees, agents, contractors, subcontractors or representatives of Ontario Hydro or its predecessors, including its predecessors in title, or OEFC or Networks and all other persons for whom Ontario Hydro or its predecessors, including its predecessors in title, or OEFC or Networks are or were responsible in law and all persons claiming a right, title or interest in and to the Reserve (or any part thereof) or in and to the Works or the Distribution Assets through or coincidental to Ontario Hydro or its predecessors, including its predecessors in title, or OEFC or Networks including, without limiting the generality of the foregoing, any tenant, subtenant, licensee, sublicensee or joint licensee of Ontario Hydro or its predecessors, including its predecessors in title, or of OEFC or of Networks.

9. Representations and Warranties of the First Nation and Networks

(a) The First Nation hereby represents and warrants that:

- (i) the First Nation is a Band of Indians within the meaning of the *Indian Act (Canada)*,
- (ii) this MOU and the execution and delivery hereof by the First Nation and of all documents to be executed and delivered by the First Nation pursuant hereto, including the Permit and Blanket Permit to be issued by Her Majesty the Queen in right of Canada pursuant to Section 28 of the *Indian Act (Canada)*, have been duly authorized by all necessary action on the part of the First Nation, including the passing of a valid BCR, a certified copy of which shall be delivered by the First Nation to OEFC and Networks simultaneously with the execution and delivery of this MOU, and such agreements and other documents constitute valid and binding obligations of the First Nation enforceable against it in accordance with their terms and conditions; and
- (iii) the First Nation has received competent and independent legal advice with respect to all terms and conditions of such agreements and the performance of any terms, conditions and covenants contemplated herein and therein to be performed by the First Nation.

- (b) Each of the First Nation and Networks hereby represents and warrants that as of the date of this MOU, and as at the date of issuance of the Permit and the Blanket Permit, there are no Locatees or other persons with other possessory rights in and to the Reserve, including the lands comprising the Permit Area and the Distribution Permit Area, and neither the First Nation or Networks are aware of any person with a claim or cause of action or a right to make a claim or to commence any action, in respect of or arising out of or by reason of or in connection with the Works, the Distributions Assets, the Original Grants, the Original Distribution Grants, the Rights, the Distribution Rights or any other licence, permit or agreement related to the use or occupation of the Reserve by Ontario Hydro or its predecessors including its predecessors in title, or by OEFC or Networks (including the Permit and the Blanket Permit) or the use, operation or maintenance of the Works or the Distribution Assets by any person or the use or occupation of the Reserve by Ontario Hydro or its predecessors, including its predecessors in title, or by OEFC or Networks.

10. General

- A. This MOU, together with Schedules attached, and the Permit and the Blanket Permit, constitute the entire agreement with the First Nation with respect to the matters herein and supersedes all prior oral or written representations and agreements.
- B. No amendment, modification or supplement to this MOU shall be valid or binding unless set out in writing and executed by the parties with the same degree of formality as the execution of this MOU.
- C. OEFC is a party to this MOU for the purposes of sections 7, 8, 9 and 10 respectively and for no other purpose.
- D. This MOU shall be effective as of the date first written and shall be binding on and enure to the benefit of the successors and assigns of the parties hereto.
- E. This MOU shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Province of Ontario and the laws of Canada applicable therein.

11. Successors and Assigns

- This MOU shall be binding upon and shall enure to the benefit of the successors of the Parties. None of the Parties may transfer or assign its obligations under this MOU without the express written consent of the Party that is the beneficiary of such obligation.

Dated at Pays Plat Reserve this 16th day of December, 2003.

IN WITNESS WHEREOF THIS AGREEMENT HAS BEEN EXECUTED ON BEHALF OF THE PAYS PLAT BAND OF INDIANS by the Chief of the Pays Plat Band of Indians and a majority of the Council of the Pays Plat Band of Indians at the Pays Plat Indian Reserve No. 51.

Witness
Witness
Witness

Witness

Witness

Witness

Chief
Councillor
Councillor

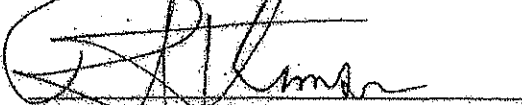
Councillor

Councillor

Councillor

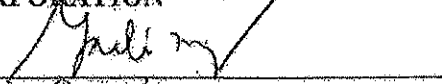
IN WITNESS WHEREOF, Ontario Electricity Financial Corporation and Hydro One Networks Inc. have caused this Agreement to be executed by the signatures of their proper officers or representatives duly authorized in that behalf as of the day and year first above written.

HYDRO ONE NETWORKS INC.



Name: Rob Thomson
Title: Real Estate Acquisition Services Manager
I have authority to bind the corporation

ONTARIO ELECTRICITY FINANCIAL CORPORATION



Name: Gadi Mayman
Title: CEO
I have authority to bind the corporation

SCHEDULE 'A'

P286634

Nov 14, 94' GMB

K.W.
AS

THIS AGREEMENT made the 14th day of NOVEMBER, 1994

BETWEEN:

PAYS PLAT FIRST NATION

(hereinafter called the "First Nation")

of the first part,

- and -

ONTARIO HYDRO

(hereinafter called "Hydro")

of the second part.

WHEREAS:

A. The First Nation enjoys land, resources and other rights and interests at the Pays Plat Indian Reserve No. 51 (the "Reserve");

B. There are located on the Reserve a 115 kV and a 230 kV electrical transmission line and related works and facilities (collectively, the "Works") owned by Hydro and affecting the First Nation's use and enjoyment of the Reserve;

C. Hydro received the necessary legal authorization to construct and maintain the Works on the Reserve by means of the following:

- a. Order-in-Council P.C/ 4684, dated October 15, 1948;
- b. agreement dated July 18, 1968 between Her Majesty the Queen in the right of Canada, as represented by the Minister of Indian Affairs and Northern Development and Hydro; and
- c. Order-in-Council P.C. 1968-1212 dated June 28, 1968

copies of which are attached to this agreement as Schedule "A" (collectively, the "Easement Documents");

D. The First Nation and Hydro have worked together to begin a healing process and to forge a new relationship of mutual respect as neighbours and business partners;

E. Hydro has requested, and the First Nation has agreed, that the First Nation grant Hydro the right to continued and unimpeded access to and use of the Works and the rights-of-way for the Works

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R.W.
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as authorized in the Easement Documents and for the purposes described in this Agreement; and

F. The First Nation and Hydro have negotiated an agreement in principle which has as one of its objects the execution by the First Nation and Hydro of this Agreement;

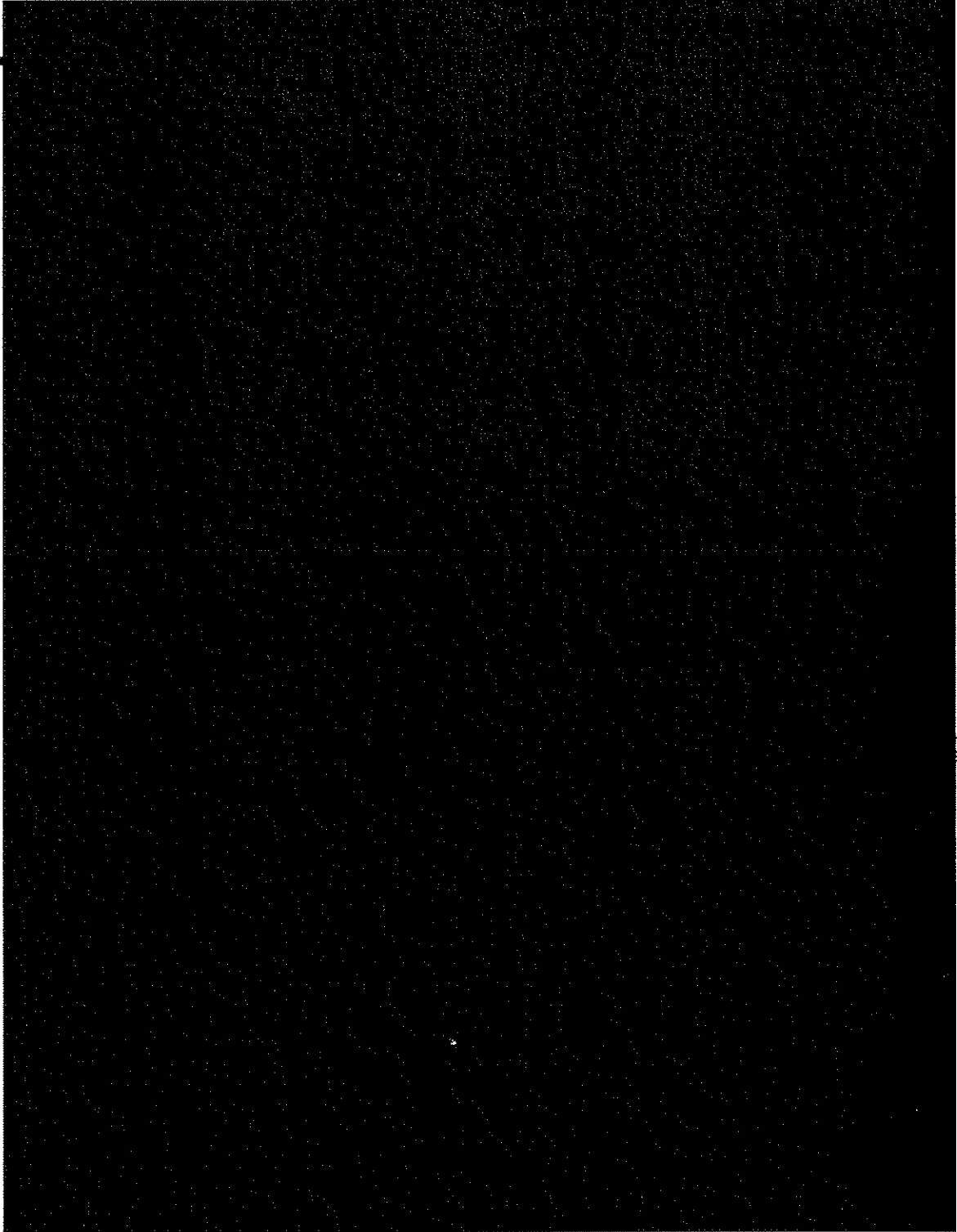
NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the payments and mutual covenants contained in this agreement, the Parties agree as follows:

1. When used in this Agreement, the following terms will have the following meanings:
 - (a) "Easement Lands" means the lands located on the Reserve, consisting of a total area of 11.91 hectares, granted to Hydro in the Easement Documents as rights-of-way for the construction, operation and maintenance of the 115 kV and the 230 kV electrical power transmission line systems and related works and facilities;
 - (b) "First Nation" includes the Pays Plat First Nation, the Council of the First Nation and each of the members of the First Nation.
 - (c) "Works" means Hydro's 115 kV and 230 kV transmission lines and related works and facilities, including, without limitation, Hydro's existing 115 kV steel tower single circuit transmission line and 230 kV steel tower double circuit transmission line and related works for the transmission of electric power and energy on, in, over, across, along and under the 115 kV and the 230 kV rights-of-way.
2. The First Nation acknowledges that the Easement Documents provide Hydro with valid, sufficient and uncontestable rights to continue to maintain, repair and operate the Works in accordance with the terms of the Easement Documents;
3. The First Nation grants to Hydro continued and unimpeded access to and use of the Easement Lands, and agrees to permit Hydro to continue to operate, repair and maintain the Works on the Easement Lands in accordance with the terms and conditions of the Easement Documents.
4. The Easement Lands will be used only as electrical power and energy transmission line corridors and for the related purposes authorized by the Easement Documents and this Agreement, and for no other purpose.
5. The term of this Agreement and the covenants contained herein shall commence effective January 1, 1993 and, in accordance with the terms of the Easement Documents, shall continue for so long as Hydro requires the Easement Lands.

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6. Hydro may at any time terminate all or a portion of the rights granted under this Agreement by giving the First Nation twelve (12) months' prior written notice.

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11. (a) The Parties agree to begin negotiating the adjustment of the [REDACTED] not less than six (6) months prior to the [REDACTED] and to negotiate in good faith and to use their best efforts. [REDACTED]

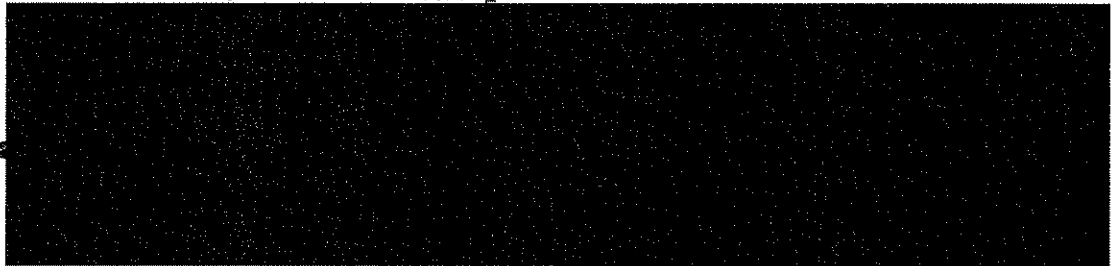
(b) Any dispute as to what is [REDACTED] (the "Dispute") which cannot be resolved by the Parties may be referred to such alternative dispute resolution as may then be acceptable to both Parties. The Parties agree to conduct such alternative dispute resolution process in good faith and to make a serious attempt to resolve the Dispute. The process referred to herein is voluntary and may be terminated by either Party at any time.

(c) If the Parties are unable to reach agreement pursuant to the provisions of sub-paragraph 10(a), the Dispute may be submitted to arbitration in accordance with the provisions of the Commercial Arbitration Act, R.S.C. 1985, 2nd Supp., c.17, as amended by S.C. 1986, c.22, and the Code referred to therein. The determination and award of the arbitrator(s) shall be final and binding on the Parties. The costs of the arbitrator(s) fees and

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expenses shall be shared equally by Hydro and the First Nation, and each Party shall bear its own costs.

12.



13. Hydro shall indemnify and hold harmless the First Nation against all actions, claims, and demands that may lawfully be brought or made against the First Nation because of any negligent act or omission by Hydro, its employees and agents, in the exercise of the rights granted in this Agreement.

14. This Agreement shall enure to the benefit of and be binding upon the Parties and their respective heirs, executors, administrators, successors and assigns, and all members of the First Nation and ensuing Band Councils.

15. Any notices required or permitted under this Agreement shall be in writing and delivered to the other Party at its address for delivery as follows:

To the First Nation:

Pays Plat First Nation
106 - 229 Pearl Street
Thunder Bay, Ontario
P7B 1E3

Attention: Chief Aime Bouchard

To Hydro:

Ontario Hydro
Grid Real Estate Department
Central Region
185 Clegg Road
Markham, Ontario
L8G 1B7

Attention: Manager, Grid System Real Estate

Notice shall be considered to have been delivered:

- (a) If delivered by hand, on receipt;
- (b) if delivered by facsimile transmission, 48 hours after transmission, excluding from the calculation weekends and public holidays;

THE QUEEN'S UNIVERSITY
CORPORATE REAL ESTATE
DEPARTMENT

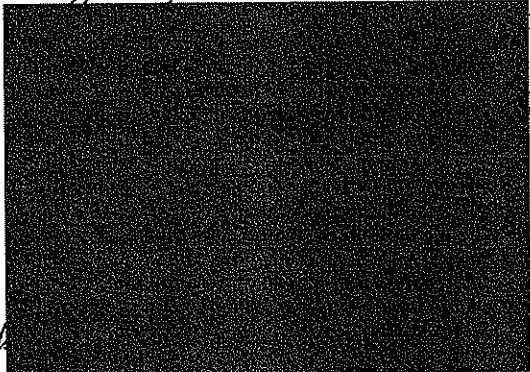
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(c) if delivered by registered mail, four (4) days after mailing, but if there is a postal strike, notice shall be hand delivered.

The Parties may change their respective addresses for delivery of notice by delivering notice of change in the manner described above.

IN WITNESS WHEREOF, this Agreement has been signed on behalf of the First Nation by the Chief of Pays Plat First Nation and by a majority of the Council of Pays Plat First Nation this 14th day of

NOVEMBER 1994



PAYS PLAT FIRST NATION

Chief of Pays Plat First Nation

Councillor

Councillor

Witness

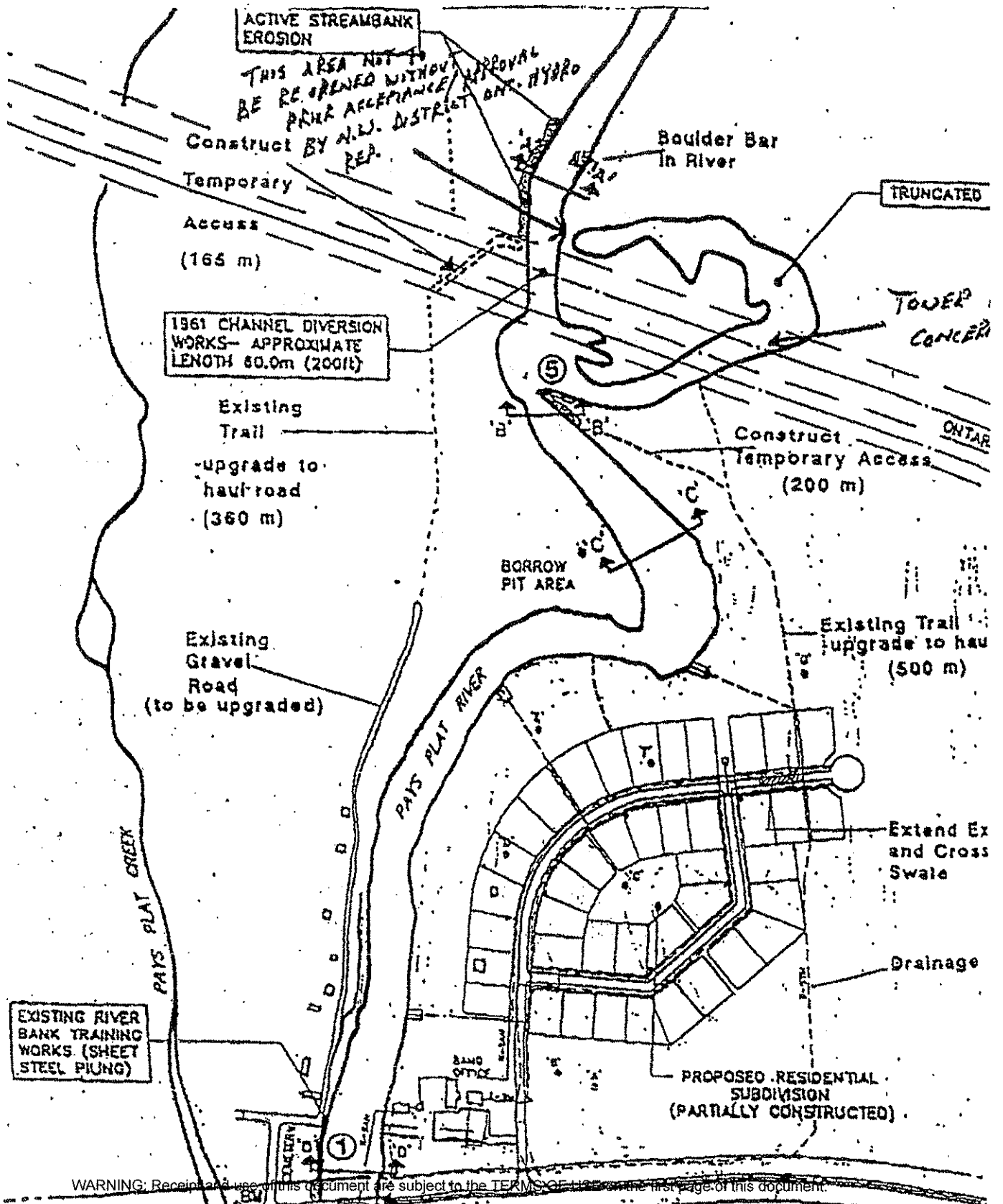
Councillor

Witness

Councillor

IN WITNESS WHEREOF Ontario Hydro has hereunto affixed its corporate seal duly attested to by the hands of its proper officers in that behalf this 14th day of November, 1994

ONTARIO HYDRO



Schedule "B"

**DISTRIBUTION BLANKET PERMIT
DEPARTMENT OF INDIAN AFFAIRS AND
NORTHERN DEVELOPMENT**

This Agreement made effective as of this 16th day of December, 2003:

BETWEEN:

HER MAJESTY THE QUEEN, in right of Canada,
("Her Majesty"), as represented by the Minister of
Indian Affairs and Northern Development, (the
"Minister")

OF THE FIRST PART;

AND:

HYDRO ONE NETWORKS INC., a body corporate,
having its Head Office in the City of Toronto, in the
Province of Ontario, ("HONI" or the "Permittee")

OF THE SECOND PART;

AND:

ONTARIO ELECTRICITY FINANCIAL
CORPORATION the corporation that is the
continuation of ONTARIO HYDRO by virtue of Section
54(1) of the *Electricity Act*, 1998 (being Schedule A to
the *Energy Competition Act*, S.O. 1998, c. 15) ("OEF")

OF THE THIRD PART.

AND:

PAYS PLAT FIRST NATION, a Band of Indians
(including any successor to the Band) within the
meaning of the *Indian Act* (Canada) represented by the
Pays Plat Band Council (the "First Nation")

OF THE FOURTH PART.

RECITALS:

WHEREAS the First Nation is a party to this Agreement only to the extent to which the provisions of this agreement relate specifically to them and only where there is a direct relationship between the Permittee and the First Nation;

WHEREAS by an agreement dated the 18th day of May, 1973 made between Her Majesty and the Hydro Electric Power Commission of Ontario (renamed "Ontario Hydro" by *The Power Commission Amendment Act, 1973*, proclaimed in force March 4, 1974) and by an agreement dated July 7, 1980 made between Her Majesty and Ontario Hydro (collectively, the "Original Grants"), Ontario Hydro was granted the right to use or occupy the Permit Area (the "Rights") for the purpose of providing hydro-electrical energy services to the Reserve, including premises, facilities and customers on the Reserve, and including constructing, locating, operating and maintaining the Distribution Assets on the Reserve (the "Purpose");

WHEREAS on April 1, 1999, Ontario Hydro was legislatively reorganized into, and its assets and liabilities transferred to separate corporations, including HONI which received by transfer order made under the *Electricity Act, 1998 (Ontario)*, approximately 95% of Ontario Hydro's transmission and distribution business and related assets and liabilities, with the exception of title to the Original Grant, Distribution Works and Related Works and Rights which remained in OEFC;

WHEREAS OEFC transferred the Distribution Works and Related Works to HONI pursuant to a Memorandum of Understanding and Conveyance dated (insert date) (the "MOU");

WHEREAS OEFC wishes to relinquish the Original Grant and the Rights described above and HONI has applied to the Minister for a permit to be issued pursuant to Section 28(2) of the *Indian Act* to use and occupy the lands hereinafter described from and after the date of OEFC's relinquishment;

WHEREAS the lands hereinafter described are part of those lands known as Pays Plat Indian Reserve No. 51 which have been set apart for the use and benefit of the Pays Plat Indian Band;

WHEREAS the Council of the Pays Plat Indian Band has by Band Council Resolution Number _____ dated the _____, consented to the Permittee's applications; and

AND WHEREAS the Minister is authorized to enter into this permit agreement pursuant to subsection 28(2) of the *Indian Act*.

THIS PERMIT IS GRANTED SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS.

DEFINITIONS

1. a) In this Permit:

"Band" means the First Nation or any successor to the Band;

"Contaminant" means any substance, solid, liquid or gaseous matter, fuel (including, without limitation, petroleum or petroleum products, crude oil, natural gas, natural gas liquid, liquefied natural gas, synthetic fuel or any combination of the above), micro-organism, sound, vibration, ray heat, odour, radiation, energy, vector, plasma, organic or inorganic matter, whether animate or inanimate, container, transient reaction, nuclear material or any combination of the above, deemed or defined as hazardous, toxic, a pollutant, a deleterious substance, a hazardous material, a waste, a hazardous waste, a contaminant or source of pollution or contamination under any applicable federal, provincial, municipal or local environmental laws and includes environmental standards published by the federal government and generally applicable to reserve lands;

"Council" means the council of the First Nation, which is a "council of the band" within the meaning of the *Indian Act*;

"Distribution Works" means all works required for the distribution of electricity and includes, but is not limited to poles, wires, structures, whether temporary or permanent in nature that currently or hereafter may be attached to or erected on the Reserve, as the same may be replaced, repaired and/or altered from time to time for the purpose of providing electrical services to the Reserve.

"Federal" means pertaining to the Government of Canada;

"Federal Court Act" means the *Federal Court Act*, R.S.C. 1985 (2nd Supp.) C. F-7 ;

"Indian Act" means *Indian Act*, R.S.C. 1985, c. 1-5;

"Local" means pertaining to the government in any municipality;

"Minister" means the Minister of Indian Affairs and Northern Development and any person appointed to serve in the Department of Indian Affairs and Northern Development in a capacity appropriate to the doing of the act or thing;

"Permittee" means the Permittee or Permittees as the case may be and includes its successors, officers, employees, agents, contractors, subcontractors, workers, consultants, servants, invitees, and all others it is responsible for in law;

"Provincial" means pertaining to the Government of the Province of Ontario;

"Related Works" means all lines, wires, lines of wire, cables, conductors, transformers, poles, anchors, guy wires, brackets, crossarms, insulators and their several attachments, and other apparatus, accessories, facilities, plant, buildings, equipment, meters, any and all other communication signals, and other associated improvements and works associated with or required for the purpose of providing electrical services to the Reserve.

"Reserve" means the Pays Plat Indian Reserve No. 51 in the Province of Ontario as renamed from time to time.

- b) Except as otherwise defined in this permit, any words used in this permit which are defined in the *Indian Act* have the same meaning as they have in the *Indian Act*.

DESCRIPTION

2. (a) The Minister hereby authorizes the Permittee to use and occupy those lands situate, lying and being part of the Reserve described as Pays Plat Indian Reserve No. 51 and as shown on drawing # _____ attached hereto as Schedule "A" (the "Permit Area").
- (b) The Band approves the location of the distribution lines and other installations as shown on drawing # _____ attached hereto as Schedule "A".
- (c) The Permittee shall submit sketches to the Minister identifying the lands occupied by the said distribution lines as well as any approved extensions thereof.

PRIOR ENCUMBRANCES

3. The Permittee acknowledges that the use and occupation authorized by this permit is subject to all prior encumbrances and to all prior grants whether or not the Permittee has notice of same, reserving all mines and minerals solid, liquid or gaseous which may be found to exist within, upon or under the Permit Area.

PURPOSE

4. (a) The Permittee shall use the Permit Area solely for the purpose of constructing, installing, repairing and maintaining Distribution Works and Related Works upon, in, on, over, under, through, along and across the Permit Area for the purpose of providing electrical services to the Reserve and for no other purpose whatsoever.
- (b) The Permittee shall have the right to unload and store materials and vehicles on the Permit Area in connection with the construction, installation and maintenance of the Distribution Works and Related Works.

PERMIT PERIOD

5. The right authorized by this Permit may be exercised by the Permittee for one hundred (100) years following the date first written above (the "Permit Period").

PERMIT FEE

6. 

NO TENANCY

7. (a) This Permit does not create any rights of tenancy or any possessory rights of exclusive use or occupation by implication or otherwise.
- (b) The Minister reserves the right to grant permits, rights of way and other privileges or authorizations to enter upon, over, under, through or across the Permit Area provided that no such permit, right of way, privilege or authorization shall interfere with the purpose of this Permit as set forth in Clause 4.

CO-ACCESS

8. (a) The Band and all other persons having a legal right to use and occupy the Permit Area shall use the Permit Area in common with the Permittee except for building purposes on an area measured 4.55 metres (15 feet) from the centre line of the said Distribution Works and Related Works and provided always that such use does not interfere with the construction, operation, maintenance and patrolling of the said Distribution Works and Related Works.

INDEMNITY

9. The Permittee shall at all times hereafter indemnify and hold harmless Her Majesty against all actions, claims and demands that may be lawfully brought or made against Her Majesty by reason of any act or omission by the Permittee in the exercise or purported exercise of the rights hereby granted. Her Majesty undertakes to use her best efforts to give the Permittee notice in writing as soon as practicable of any action, claim or demand made against Her Majesty that may give rise to a claim by Her Majesty pursuant to this provision; provided however that Her

Majesty's failure to notify the Permittee in accordance with the above shall not absolve or affect the Permittee's liability under the provision.

INSURANCE

10. (1) During the Permit Period, the Permittee shall effect and maintain commercial public liability insurance on a claims made basis against claims for personal injury, death and property damage arising out of all operations of the Permittee in the Permit Area, protecting Her Majesty and the Permittee with reasonable exclusions and in the amount of five million dollars (\$5,000,000), or such greater amount as may be reasonably requested by Her Majesty provided that in exercising this authority Her Majesty shall give consideration to the risks and standards for utilities of this nature, the cost with respect to which to be borne by the Permittee.
- (2) The Permittee shall cause any and all policies of insurance provided for in subsection 10(1) to be written in the names of the Permittee with Her Majesty and the First Nation as additional insureds but only with respect to their rights and interests in the operations of the Permittee under this agreement and to include both cross-liability and severability of interest endorsements. Additionally, such insurance will contain an agreement by the insurer to the effect that it shall not cancel or materially alter so as to reduce or restrict coverage or permit it to lapse except after 30 days prior written notice to Her Majesty.
- (3) The Permittee shall advise Her Majesty of any actual or threatened cancellation, material alteration which reduces or restricts coverage or lapse of any policies of insurance required to be provided hereunder; should the Permittee not rectify such situation within 15 days after written notice by Her Majesty to the Permittee in that regard, Her Majesty shall have the right, without assuming any obligations in connection therewith, to effect such insurance at the cost of the Permittee, and all outlays by Her Majesty shall upon production of evidence of payment by Her Majesty, be immediately payable by the Permittee to Her Majesty, without prejudice to any other rights and recourse of Her Majesty hereunder. No such insurance taken out by Her Majesty for the Permittee at the Permittee's expense as provided for in this subsection shall relieve the Permittee of its obligations to insure hereunder and Her Majesty shall not be liable for any loss or damage suffered by the Permittee in connection therewith.
- (4) The Permittee hereby releases Her Majesty, Her heirs, successors and assigns, from any and all liability for any loss or claim for which the Permittee is obligated to insure under the Permit Period of this Licence.
- (5) Except to the extent that Her Majesty or those she is responsible for in law are negligent, the Permittee shall release Her Majesty and any person for whom Her Majesty is at law responsible, from and against all claims arising out of the Permittee's Distribution Assets and Related Works on the Permit Area. Except to the extent that the Permittee or those it is responsible for in law are negligent, Her Majesty shall release the Permittee, and any person for whom the Permittee is at law responsible, from and against all claims which should have been insured against under a policy of insurance from time to time maintained by Her Majesty with respect to the Permit Area.

- (6) The Permittee shall deliver to Her Majesty certificates of insurance evidencing that all policies of insurance provided for in subsection 10(1) are in place.

COMPLIANCE WITH APPLICABLE LAWS

11. (a) The Permittee shall conduct all activities on the Permit Area in compliance with all relevant and applicable Band by-laws and all laws, requirements, directions, orders, ordinances, rules and regulations of Canada and the Province of Ontario or any competent municipal authority or agency now in effect or promulgated during the duration of this permit.
- (b) The Permittee shall have the right to contest the validity of such by-laws, laws, requirements, orders, directions, ordinances and regulations, if proceedings relating thereto are commenced before the expiration of sixty (60) days after the Permittee was notified of any breach of such by-laws, laws, requirements, orders, directions, ordinances and regulations. The Permittee covenants that if and whenever the Permittee contests the validity of any such by-laws, laws, requirements, orders, directions, ordinances or regulations, the Permittee shall indemnify and hold harmless Her Majesty from all losses, damages, costs and expenses suffered by Her Majesty by reason of the Permittee undertaking such proceedings and that the Permittee will conduct such proceedings after the commencement thereof expeditiously and with all reasonable diligence.

STATE OF REPAIR

12. The Permittee shall at its own expense, during the Permit Period, keep and maintain the Permit Area in good and safe repair and in a condition satisfactory to the Minister's representative. The Minister may from time to time give the Permittee notice in writing of those repairs which are reasonably required in the opinion of the Minister and the Permittee will make such repairs at its sole expense, according to such notice.

RUBBISH

13. The Permittee shall not commit or permit the commission of any voluntary waste, spoilage or destruction, nor dump any rubbish or any other matter of an offensive nature anywhere on the Permit Area or the Reserve except on such places and at such times as may be designated by the First Nation.

NUISANCE

14. Where in the opinion of the Minister a nuisance exists upon the Permit Area, the Minister may order the Permittee to abate the nuisance and clean up the Permit Area and if the Permittee fails to do so, the Minister may take whatever steps may be necessary to abate the nuisance and the Permittee shall be liable for the cost thereof and the same may be collected in the same manner as other debts due to the Crown or deemed to be additional fees due and payable by the Permittee to Her Majesty forthwith. No action shall be taken under this paragraph and Permittee shall not be considered in default, unless Permittee has first been given reasonable notice of the complaint and has not rectified same satisfactorily, or if same is not capable of immediate rectification, is not proceeding expeditiously in its rectification.

HAZARDOUS ACTS

15. The Permittee shall not, in exercising rights or carrying out its obligations under this Permit, commit any act or omission that may directly cause, prolong or increase any hazard to any person.

ENVIRONMENTAL STANDARDS

16. (1) Without limiting the generality of any other terms and conditions and obligations in this permit, the Permittee shall, at all times conduct all its activities on the Permit Area in compliance with all applicable environmental laws, rules, regulations, notices or orders of Canada or the province of Ontario, or any competent municipal authority or agency, whether or not such laws, rules, regulations, notices or orders be of a kind now existing or within the contemplation of the parties hereto.
- (2) The Permittee shall, design, construct operate, maintain and decommission Related Works on the Permit Area in accordance with all specifications, mitigation measures and environmental protection measures described or contained in any decision of Her Majesty pursuant to the *Canadian Environmental Assessment Act* including, without limiting the generality of the foregoing, those described in any Development Plan that may be approved by the Minister which specifications, mitigation measures and environmental protection measures will become conditions which form part of this permit.

EFFECT OF TRANSFER OF CROWN INTEREST

17. The Permittee acknowledges that, if the First Nation adopts a land code as defined in and pursuant to section 6 of the *First Nation Land Management Act* S.C. 1997-98-99, c. 24 or amends such a code, so that the land code applies to the Permit Area, then, pursuant to section 16(3) of that Act, the rights and obligations of Her Majesty as grantor of this permit are transferred to the First Nation on the date the land code or the amendment to the land code comes into force.

NO RESIDUAL OR ADVERSE IMPACTS

18. At all times the Permittee will ensure that there shall be no residual and/or adverse environmental impacts to the Permit Area as a result of or attributable to the use and/or activities of the Permittee, its employees, agents and contractors.

NO CONTAMINANTS

19. No contaminants or toxic substances as defined under the *Canadian Environmental Protection Act* 1999 or the corresponding provincial legislation may be used, emitted, discharged or stored on the Permit Area by the Permittee, its agents or employees except in strict compliance with all applicable laws, rules, regulations, orders or approvals, whether or not such contaminants or toxic substances are presently defined or designated.

MITIGATION/ENVIRONMENTAL IMPACTS

20. (1) The Permittee will immediately notify the Minister (contact number 973-6520) and the First Nation pursuant to (the notice clause) of any anticipated or actual detrimental environmental impacts affecting the Permit Area.
- (2) If the Permittee's operations and activities contribute to any detrimental environmental impacts for which the Minister considers remedial action is necessary, the Permittee hereby agrees:
- (a) to undertake remedial action immediately, such action to be in accordance with regulations and standards established by applicable federal or provincial legislation; and
- (b) to pay all costs of such remedial action.
- (3) The Permittee will implement the appropriate technology, design or repair to mitigate anticipated or actual adverse environmental impacts attributable to its use and occupation of the Permit Area as soon as possible following discovery or on notice thereof by the Minister or First Nation.
- (4) The Permittee acknowledges that the Minister may enter the Permit Area at all times to respect and monitor the Permittee's operations and activities and to ensure that the Permittee has mitigated any anticipated or actual adverse impacts on the environment to the satisfaction of the Minister.

HUNTING

21. The Permittee shall not hunt or permit hunting on the Permit Area.

TREES

22. The Permittee may cut down any trees and bushes inside the 10 meter limit which impair or obstruct the construction, operation, repair or maintenance of the said Distributions Works and Related Works as well as any trees and bushes outside the 10 meter limit which the Permittee in its sole discretion and acting reasonably determines may endanger or interfere with the Distribution Works and Related Works of the Permittee; provided always that the Permittee shall pay reasonable compensation for any trees cut down, save and except for those trees cut down within the Permit Area for maintenance purposes, for which there shall be no compensation.

FENCES

23. The Permittee shall not fence the Permit Area or any part thereof, except for where necessary or required for health or safety reasons.

SAND AND GRAVEL

24. The Permittee agrees that when available, it will use materials such as sand or gravel which are indigenous to the Reserve (the "Materials"), in the construction of facilities, and the Band will

charge the Permittee only the costs incurred by the Band in preparing and delivering the Materials to the construction site.

HERBICIDES

25. No herbicides may be sprayed, used or discharged on the Permit Area unless the Permittee has written approval from First Nation.

APPROVAL OF CONSTRUCTION/EXTENSIONS/RELOCATION

26. (a) The Permittee shall not construct, extend or relocate any improvements whatsoever within the Reserve (including those parts of the Reserve beyond the defined Permit Area) except with the consent of the First Nation given pursuant to this clause.
- (b) The Permittee shall deliver separate notices of any proposed construction, extension or relocation accompanied by a plan detailing the location and nature of the proposed construction, extension or relocation to the First Nation.
- (c) The consent of the First Nation shall not be deemed to have been given unless given by a First Nation Resolution that has appended to it, as a schedule, a copy of the plan referred to in (b) above.
- (d) If the First Nation consents to the proposed construction, extension or relocation the Permittee shall perform the proposed work in accordance with the plan referred to in (b) above.
- (e) The Permittee shall deliver a copy of the First Nation Resolution referred to in (c) above to the Minister.
- (f) The cost of any relocation of the facilities requested by the First Nation shall be borne by the Band.

ARCHAEOLOGICAL RESOURCES

27. (a) The Permittee shall promptly notify the Minister and the First Nation of any archaeological resources discovered or found on the Permit Area by the Permittee.
- (b) Upon receipt of the notice given pursuant to (a) above, the Minister may order the Permittee to cease work to enable the Band to conduct an archaeological excavation of the site on which the archaeological resources referred to in (a) above were discovered or found.
- (c) The Permittee hereby acknowledges that the archaeological resources referred to in (a) above or any archaeological resources uncovered during or following an excavation under (b) above are the property of the Band and hereby agrees that it will promptly remit all such archaeological resources to the First Nation.

WORKS

28. Notwithstanding any rules of law or equity but subject to clause 29, the improvements (which term shall include the Distribution Works and Related Works), shall at all times remain the property of the Permittee notwithstanding that the same may be annexed or affixed to the freehold and shall at any time and from time to time be removable in whole or in part by the Permittee, and its successors.

REMOVAL OF WORKS

29. Upon the expiration or sooner termination of this Permit:
- (a) if the Permittee is not in default hereunder, it shall have the right for a period of up to one hundred and eighty (180) days from the expiration or sooner termination of the Permit to remove or cause to be removed at its sole expense from the Permit Area and without damage to the Permit Area, all of, and not less than all of, the Distribution Works and/or Related Works and any other equipment that the Permittee has placed on the Permit Area;
 - (b) if the Permittee does not remove, or cause to be removed, all of the Distribution Works and/or Related Works and equipment within one hundred and eighty (180) days as permitted by subsection 29(a), the Minister may either:
 - (i) take such steps and do such acts as in the Minister's opinion are necessary to remove the Distribution Works and/or Related Works and equipment and all costs, expenses and damages reasonably incurred by the Minister with respect thereto shall forthwith, upon demand by the Minister, be paid to the Minister by the Permittee, or
 - (ii) the Minister may declare the Distribution Works and/or Related Works to be the property of Her Majesty, and upon such declaration the Distribution Works and/or Related Works and equipment shall vest in Her Majesty absolutely without any claim of compensation by the Permittee.

DEFAULT

30. (a) Notwithstanding Clause 34, if the Permittee is in default of any term or condition of this Permit the Minister may deliver a notice to the Permittee describing the default and if the Permittee fails to rectify the default within sixty (60) days of the receipt of notice, the Minister may terminate this Permit by delivering notice of termination to the Permittee and the termination shall be effective immediately upon receipt of the notice of termination, and any right of action or remedy of the Minister or of any other person against the Permittee in respect of any antecedent breach of this Permit shall continue and shall not be prejudiced, or otherwise affected, and for greater certainty Clauses 14, 18 and 29 shall remain in full force and effect.

WAIVER

31. No waiver on behalf of the Minister of any breach:
- (a) shall take place or be binding unless it is in writing
 - (b) shall extend only to the particular breach to which it specifically relates, and
 - (c) shall not be deemed to be a general waiver or to limit or affect the rights of the Minister with respect to any other breach.

NOTICE

32. All notices must be given in writing and delivered in accordance with this clause.

All notices shall be delivered to the other parties and no notice shall be effective until such delivery has been made.

The addresses for delivery are:

- (a) **The Minister:**

Indian Affairs and Northern Development
25 St. Clair Avenue East
Toronto, Ontario
M4T 1M2
- (b) **The Permittee:**

Hydro One Networks Inc.
483 Bay Street
Toronto, Ontario M5G 2P5
Attn: The Secretary
- (c) **The Band:**

Attn: Chief and Council

Notice shall be deemed to have been delivered:

- (a) if delivered by hand, upon receipt;
- (b) if delivered by electronic transmission, 48 hours after the time of transmission, excluding from the calculation weekends and public holidays;

- (c) if delivered by registered mail, four (4) days after the mailing thereof, provided that if there is a postal strike such notice shall be delivered by hand.

The parties may change their respective addresses for delivery by delivering notices of change as provided above.

SUBJECT TO THE INDIAN ACT

33. (1) Notwithstanding anything contained in this Permit, the Permittee acknowledges and agrees that:
- (a) this Permit does not confer or give rise to any greater right or rights, upon the Permittee than the Minister is authorized to confer by subsection 28(2) of the *Indian Act*, and
 - (b) the right given by this Permit shall be construed as personal contractual rights only and shall not be deemed to grant, convey or confer on the Permittee any right in rem or any estate or interest in the title to that portion of the Reserve comprising the Permit Area.
 - (c) this Permit shall be subject to the provisions of the Indian Act and any regulations which may be established thereunder from time to time.
 - (d) this Permit shall be registered in the *Indian Act* registry and the Minister shall provide the Permittee with evidence of such registration within 90 days of submission of the permit for registration.

RESOLUTION OF DISPUTES

34. (1) The parties including the First Nation, hereby undertake to use their best efforts to resolve in an amicable and expeditious manner any dispute or difference that may arise between them under this Agreement.
- (2) Any dispute or difference between the parties, including the First Nation with respect to the validity, construction, meaning, performance or effect of this Agreement or the rights and liabilities of the parties hereto or any matter arising out of or connected with this Agreement (other than disputes or differences with respect to matters of public law including, without limitation, questions of constitutional law and the interpretation of bilateral or multinational treaties or intergovernmental agreements) which has not been resolved in the manner described in section 34(1) above may then be referred to an arbitration tribunal for an award and determination by written submission signed by the parties to the dispute. The costs of the arbitration shall be in the discretion of the arbitration tribunal.
- (3) The parties agree that the award and determination of the arbitration tribunal shall be final and binding on both parties and shall not be subject to appeal.

- (4) The arbitration shall be governed by the Commercial Arbitration Code referred to in the *Commercial Arbitration Act* (Canada).
- (5) The arbitration tribunal shall:
 - (a) consist of three arbitrators, one appointed by each of the parties to the dispute and the third appointed by the first two arbitrators if the parties do not agree on the third arbitrator within 30 days of the second arbitrator being appointed; and
 - (b) decide the dispute or difference in accordance with the laws in force in the Province of Ontario. Notwithstanding the foregoing any arbitration under this Article 34 may be carried out by a single arbitrator if the parties so agree, in which event the provisions of this Article shall apply *mutatis mutandis*.
- (6) The proceedings shall:
 - (a) take place in the Province of Ontario, unless the parties otherwise agree in writing; and
 - (b) be in the English language, unless the parties otherwise agree in writing.
- (7) All written communication by the arbitration tribunal shall be delivered to the parties in the manner provided for in section 32.
- (8) Submission to arbitration pursuant to the provisions of this Article shall be a condition precedent to the bringing of any other form of proceeding with respect to this Agreement.
- (9) All documents, reports, exhibits and information disclosed by either party and its experts in the arbitration shall be treated by the other party and the arbitration tribunal as confidential, except to the extent required to be disclosed by law, and shall not be used for any purpose other than the arbitration. The arbitration award and the reasons therefor shall be treated by both parties and the arbitration tribunal as confidential and shall not be used for any purpose other than the arbitration or a proceeding of a kind described in section 34(8).

HOUSE OF COMMONS

- 35. No member of the House of Commons or Senate shall be admitted to any share or part of the within Permit or to any benefit arising therefrom.

INTERPRETATION

- 36. (1) All headings in this Permit have been inserted as a matter of convenience and for reference only and in no way define, limit or enlarge the scope or meaning of this Permit or any of its terms and conditions, and any reference to an article, section or subsection shall mean an article, section or subsection of this Permit unless otherwise expressly provided.

- (2) A reference to a party in this Permit shall be read as if all required changes in the singular and plural and all grammatical changes rendered necessary by gender had been made.
- (3) Any reference in this Permit to an Act is to:
- (a) the Act and to the regulations made pursuant to the Act as the Act and regulations may at any time be amended or modified and in effect, and
 - (b) any Act or regulations that may be passed that have the effect of supplementing or superseding the Act or regulations.

SUCCESSION

37. Her Majesty as used herein means and includes Her Majesty in right of Canada and Her Majesty's heirs and successors, and the Permittee as used herein means and includes the Permittee's successors.

TIME

38. Time shall be of the essence in respect of this Permit.

APPROVAL OR CONSENT OF FIRST NATION

39. Where any provision of this Permit requires the approval or consent of the First Nation, such consent shall be evidenced by a Band Council Resolution.

FURTHER ASSURANCES

40. The Parties agree that each of them shall, upon reasonable request of the others, do or cause to be done all further lawful acts, deeds, assurances whatever in order to more effectively carry out the intent and purpose of this Agreement.

RELINQUISHMENT

41. OEFC hereby surrenders, yields up and relinquishes unto Her Majesty the Queen in right of Canada, the Original Grants and the Rights and all right, title and interest of OEFC therein or derived therefrom, and the authority to use or occupy the lands described or referenced in the Original Grants, or the Reserve, together with any right of renewal therein granted, such surrender, yielding up and relinquishment to be of full force and effect from the date first written above. OEFC hereby agrees that it will execute and deliver such instruments, deeds or other documents which may be necessary in order to give full effect to the surrender and relinquishment contemplated in this Section 41.

ACKNOWLEDGEMENT

42. Each of Her Majesty the Queen in right of Canada and the First Nation hereby acknowledges and agrees that they do not have title to the Distribution Works and Related Works and will not make any claim to title to the Works, including those Distribution Works and Related Works which

were situated on the Reserve prior to the date first written above, notwithstanding that the Original Grants and the Rights may have expired or have been relinquished.

RELEASE AND ASSUMPTION OF LIABILITY

43. (a) In consideration of the surrender, relinquishment and yielding up by OEFC in paragraph 41 and the assumption by HONI in paragraph 44, Her Majesty in right of Canada in its own right hereby unconditionally releases and discharges OEFC, from all covenants, obligations, claims, causes of action and liabilities whatsoever which it heretofore had, now has or may hereafter have, by reason of or arising out of, associated with or related to:
- (i) the Original Grants, the Rights or any other licence, permit or agreement, including this Permit, related to the past, present or future use or occupation of the Reserve or any part thereof, including the Permit Area by Ontario Hydro or its predecessors, including its predecessors in title, or by OEFC or by HONI or by any other person, or
 - (ii) the past, present or future ownership of the Distribution Works and Related Works or the past, present or future existence or use or operation, alteration, repair, removal or maintenance of the Distribution Works and Related Works on or from the Reserve or any part thereof, including the Permit Area, by any person, or
 - (iii) the past, present or future use or occupation of, or the conduct of any activities of any nature whatsoever on the Reserve or any part thereof, including the Permit Area, or the lands described or referenced in the Original Grants, by Ontario Hydro or its predecessors, by OEFC, by HONI or by any other person including, for specificity and without limitation, during the period prior to April 1, 1999, and from and after April 1, 1999 until the date of the issuance of this Permit and during the balance of the term of the Permit and thereafter, and including all covenants to pay any monies pursuant to the terms of this Permit.
- (b) The First Nation on its own behalf and, to the extent that they can be legally bound, for and on behalf of all of its members (past, present and future) hereby unconditionally releases and discharges OEFC, from all covenants, obligations, claims, causes of action and liabilities whatsoever which such parties heretofore had, now have or may hereafter have, by reason of or arising out of, associated with or related to:
- (i) the Original Grants, the Rights or any other licence, permit or agreement, including this Permit, related to the past, present or future use or occupation of the Reserve or any part thereof, including the Permit Area, by Ontario Hydro or its predecessors, including its predecessors in title, or by OEFC or by HONI or by any other person, or
 - (ii) the past, present or future ownership of the Distribution Works and Related Works or the past, present or future existence or use or operation, alteration, repair, removal or maintenance of the Distribution Works and Related Works on

or from the Reserve or any part thereof, including the Permit Area, by any person, or

- (iii) the past, present or future use or occupation of, or the conduct of any activities of any nature whatsoever on the Reserve or any part thereof, including the Permit Area, or the lands described or referenced in the Original Grants, by Ontario Hydro or its predecessors, by OEFC, by HONI or by any other person, including, for specificity and without limitation, during the period prior to April 1, 1999, and from and after April 1, 1999 until the date of the issuance of this Permit and during the balance of the term of the Permit and thereafter, and including all covenants to pay any monies pursuant to the terms of this Permit.

44. HONI hereby assumes and agrees to be bound by and to perform, all covenants, obligations, claims, causes of action and liabilities whatsoever which Canada, the First Nation or its members (past, present and future) or any other person heretofore had, now have or may hereafter have, by reason of or arising out of, associated with or related to:

- (i) the Original Grants, the Rights or any other licence, permit or agreement, including this Permit, related to the past, present or future use or occupation of the Reserve or any part thereof, including the Permit Area, by Ontario Hydro or its predecessors, including its predecessors in title, or by OEFC or by HONI, or
- (ii) the past, present or future ownership of the Distribution Works and Related Works or the past, present or future existence or use or operation, alteration, repair, removal or maintenance of the Distribution Works and Related Works on or from the Reserve or any part thereof, including the Permit Area, by Ontario Hydro or its predecessors, including its predecessors in title, or by OEFC or by HONI, or
- (iii) the past, present or future use or occupation of, or the conduct of any activities of any nature whatsoever on the Reserve or any part thereof, including the Permit Area or the lands described or referenced in the Original Grants, by Ontario Hydro or its predecessors, by OEFC, by HONI, including, for specificity and without limitation, during the period prior to April 1, 1999, and from and after April 1, 1999 until the date of the issuance of this Permit and during the balance of the term of the Permit and thereafter, and including all covenants to pay any monies pursuant to the terms of the Permit.

Notwithstanding the foregoing, HONI is not assuming any of the covenants, obligations, claims, causes of action and liabilities to the extent any portion thereof arises out of, is associated with or related to the operation of generating facilities transferred to, or purported or intended to be transferred to, or assumed by Ontario Power Generation Inc. or its subsidiaries by transfer order under the *Electricity Act, 1998 (Ontario)*, including, but not limited to the flooding of Reserve or traditional lands.

OEFC AS A PARTY

45. OEFC is a party to this agreement for the purposes of the relinquishment, releases and assumptions set out in sections 41, 42, 43, 44 and 45 hereof and for no other purpose.

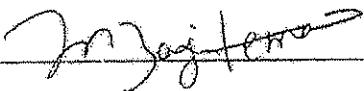
Notwithstanding any other terms of this Permit, sections 41, 42, 43, 44 and 45 of this Permit shall continue in full force and effect for the benefit of OEFC notwithstanding the expiry or any other termination or renewal or amendment of this Permit from time to time.

AMENDMENTS

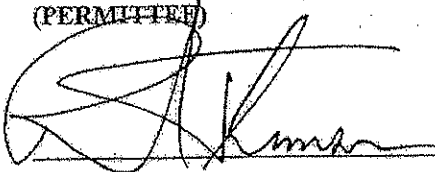
- 46. This Permit constitutes the entire agreement between the Permittee and Her Majesty with respect to the subject matter hereto and cannot be modified, amended or waived except by an instrument in writing duly executed and delivered by both parties or by their respective successors.

IN WITNESS WHEREOF THE PARTIES HAVE HEREUNTO SET THEIR HAND AND SEALS.

SIGNED, SEALED AND DELIVERED
In the presence of



HYDRO ONE NETWORKS INC.
(PERMITTEE)



DATE

I have authority to bind the Corporation

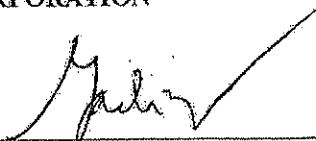
11/24/03

HER MAJESTY THE QUEEN IN RIGHT
OF CANADA, as represented by the Minister of
Indian Affairs and Northern Development

DATE
LANDS AND TRUSTS SERVICES

SIGNED, SEALED AND DELIVERED
In the presence of

ONTARIO ELECTRICITY FINANCIAL
CORPORATION



DATE


I have authority to bind the Corporation

PAYS PLAT FIRST NATION

Pays Plat Band Council

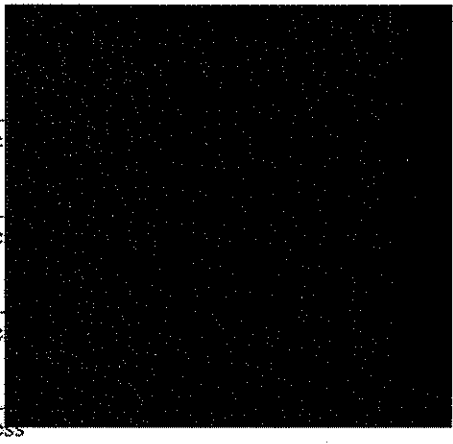

Chief


Councillor


Councillor


Councillor

Councillor



Witness

Witness

Witness

Witness

Witness

Schedule "C"

TRANSMISSION AND THIRD PARTY
DISTRIBUTION LINES
DEPARTMENT OF INDIAN AFFAIRS AND
NORTHERN DEVELOPMENT

This Agreement made effective as of this 16th day of December, 2003 (insert the date of the MOU):

BETWEEN:

HER MAJESTY THE QUEEN, in right of Canada,
("Her Majesty"), as represented by the Minister of
Indian Affairs and Northern Development, (the
"Minister")

OF THE FIRST PART;

AND:

HYDRO ONE NETWORKS INC., a body corporate,
having its Head Office in the City of Toronto, in the
Province of Ontario, ("HONI" or the "Permittee")

OF THE SECOND PART;

AND:

ONTARIO ELECTRICITY FINANCIAL
CORPORATION the corporation that is the
continuation of ONTARIO HYDRO by virtue of Section
54(1) of the *Electricity Act*, 1998 (being Schedule A to
the *Energy Competition Act*, S.O. 1998, c. 15) ("OEFC")

OF THE THIRD PART

AND:

PAYS PLAT FIRST NATION, a Band of Indians
(including any successor to the Band) within the
meaning of the *Indian Act* (Canada) represented by the
Pays Plat Band Council (the "First Nation")

OF THE FOURTH PART

RECITALS:

WHEREAS the First Nation is a party to this Agreement only to the extent to which the provisions of this Agreement relate specifically to the First Nation and only where there is a direct relationship between the Permittee and the First Nation;

WHEREAS By Order-in-Council P.C./4684 dated October 15, 1948; an agreement dated July 18, 1968 between Her Majesty the Queen in Right of Canada, as represented by the Minister of Indian Affairs and Northern Development ("Her Majesty") and the Hydro Electric Power Commission of Ontario (renamed "Ontario Hydro" by *The Power Commission Amendment Act, 1973*, proclaimed in force March 4, 1974); and Order-in-Council P.C./1968-1212 dated June 28, 1968 (collectively, the "Original Grants"), Ontario Hydro was granted the right to use or occupy the Permit Area (the "Rights") for the purpose of locating,

operating and maintaining the Works on the Reserve for the purpose of the transmission of electrical power and energy on, over, along, under or across the Reserve;

WHEREAS on April 1, 1999, Ontario Hydro was legislatively reorganized into, and its assets and liabilities transferred to, separate corporations, including HONI which received by transfer order made under the *Electricity Act, 1998 (Ontario)*, approximately 95% of Ontario Hydro's transmission and distribution business and related assets and liabilities, with the exception of title to the Works and the Rights which remained in OEFC;

WHEREAS OEFC transferred title to the Works to HONI pursuant to a Memorandum of Understanding and Conveyance dated _____, 2002 (the "MOU");

WHEREAS OEFC wishes to relinquish the Original Grant and the Rights described above and HONI has applied to the Minister for a permit to be issued pursuant to subsection 28(2) of the *Indian Act* to use and occupy the lands hereinafter described from and after the date of OEFC's relinquishment;

WHEREAS the lands hereinafter described are part of those lands known as the Pays Plat Indian Reserve No. 51 which have been set apart for the use and benefit of the First Nation Indian Band;

WHEREAS the Council of the First Nation Indian Band has by Band Council Resolution Number _____ dated the _____, 2002 consented to the Permittee's application; and

AND WHEREAS the Minister is authorized to enter into this permit agreement pursuant to subsection 28(2) of the *Indian Act*.

THIS PERMIT IS GRANTED SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS.

DEFINITIONS

1. a) In this Permit:

"Band" means the First Nation or any successor to the Band;

"Council" means the council of the First Nation, which is a "council of the band" within the meaning of the *Indian Act*;

"Contaminant" means any substance, solid, liquid or gaseous matter, fuel (including, without limitation, petroleum or petroleum products, crude oil, natural gas, natural gas liquid, liquefied natural gas, synthetic fuel or any combination of the above), microorganism, sound, vibration, ray heat, odour, radiation, energy, vector, plasma, organic or inorganic matter, whether animate or inanimate, container, transient reaction, nuclear material or any combination of the above, deemed or defined as hazardous, toxic, a pollutant, a deleterious substance, a hazardous material, a waste, a hazardous waste, a contaminant or source of pollution or contamination under any applicable federal, provincial, municipal or local environmental laws and includes environmental standards published by the federal government and generally applicable to reserve lands.

"Federal" means pertaining to the Government of Canada;

"Federal Court Act" means the *Federal Court Act*, R.S.C. 1985 (2nd Supp.) C. F-7;

"Indian Act" means *Indian Act*, R.S.C. 1985, c. 1-5:

"Local" means pertaining to the government in any municipality;

"Minister" means the Minister of Indian Affairs and Northern Development or any person appointed to serve in the Department of Indian Affairs and Northern Development in a capacity appropriate to the doing of the act or thing;

"Permittee" means the Permittee or Permittees as the case may be and includes its successors, officers, employees, agents, contractors, subcontractors, invitees, workers, consultants, servants and all others it is responsible for in law;

"Provincial" means pertaining to the Government of the Province of Ontario;

"Related Works" means all of the equipment and facilities which are presently situate on the Permit Area and which were used by Ontario Hydro, are being used by OEFC, and/or shall be used by HONI to operate and maintain the Works over and along the Permit Area including, without limiting the generality of the foregoing, all towers, storage facilities, lines, wires, cables, telecommunication wires and cable lines, fibre optic cables, grounding equipment, electrodes, conductors, transformers, poles, braces, brackets, crossarms, insulators, anchors, guy wires, and all other ancillary equipment, apparatus and materials associated with or required for the operation of the Works;

"Reserve" means the Pays Plat Indian Reserve No. 51 in the Province of Ontario as renamed from time to time; and

"Works" means the existing hydro transmission lines, works and facilities owned, maintained and operated by the Permittee over and upon the Permit Area including:

- (i) the 115 kV steel tower transmission line and Related Works; and
- (ii) the 230 kV steel tower transmission line and Related Works.

- b) Except as otherwise defined in this permit, any words used in this permit which are defined in the *Indian Act* have the same meaning as they have in the *Indian Act*.

DESCRIPTION

2. The Minister hereby authorizes the Permittee to use and occupy those lands situate, lying and being part of the Reserve recorded in: a) the Indian Affairs Survey Records as Plan 3246 dated July 1947; and b) Canada Land Survey Records at Ottawa as Plan 53899 (all of the foregoing described lands collectively the "Permit Area").

PRIOR ENCUMBRANCES

3. The Permittee acknowledges that the use and occupation authorized by this permit is subject to all prior encumbrances and to all prior grants, whether or not the Permittee has notice of same, reserving all mines and minerals solid, liquid or gaseous which may be found to exist within, upon or under the Permit Area.

PURPOSE

4. The Minister hereby authorizes the Permittee to use and occupy the Permit Area for the following purposes:
- (a) to lay down, construct, operate, maintain, inspect, patrol, alter, remove, replace, reconstruct, restore, refurbish and repair Works in, under, on, over, along, upon, through and crossing the Permit Area,
 - (b) to temporarily use such lands on the Reserve immediately adjacent to either side of the Permit Area as may reasonably be required by the Permittee in connection with the construction, operation, repair, maintenance, inspection, patrol, alteration, removal, replacement, reconstruction, repair, restoration and refurbishment of the said Works, and
 - (c) the right of access to the Permit Area at any time and all times for itself and its workers, agents, contractors and subcontractors with or without vehicles, supplies, machinery and equipment for such purposes reasonably necessary to the exercise and enjoyment of the rights provided for in this Permit including the right to pass and repass over existing road allowances and existing roads and trails, to such extent as may from time to time be reasonably required by the Permittee for the purposes of ingress and egress to and from the Permit Area; provided however that the Permittee shall, at its own expense, ensure that such roads and trails are restored, within a reasonable period of time after its use, to a condition equal to that which existed prior to the Permittee's use thereof in accordance with the foregoing.

PERMIT PERIOD

5. The rights authorized by this Permit may be exercised by the Permittee for fifty (50) years from the date first written above (the "Permit Period").

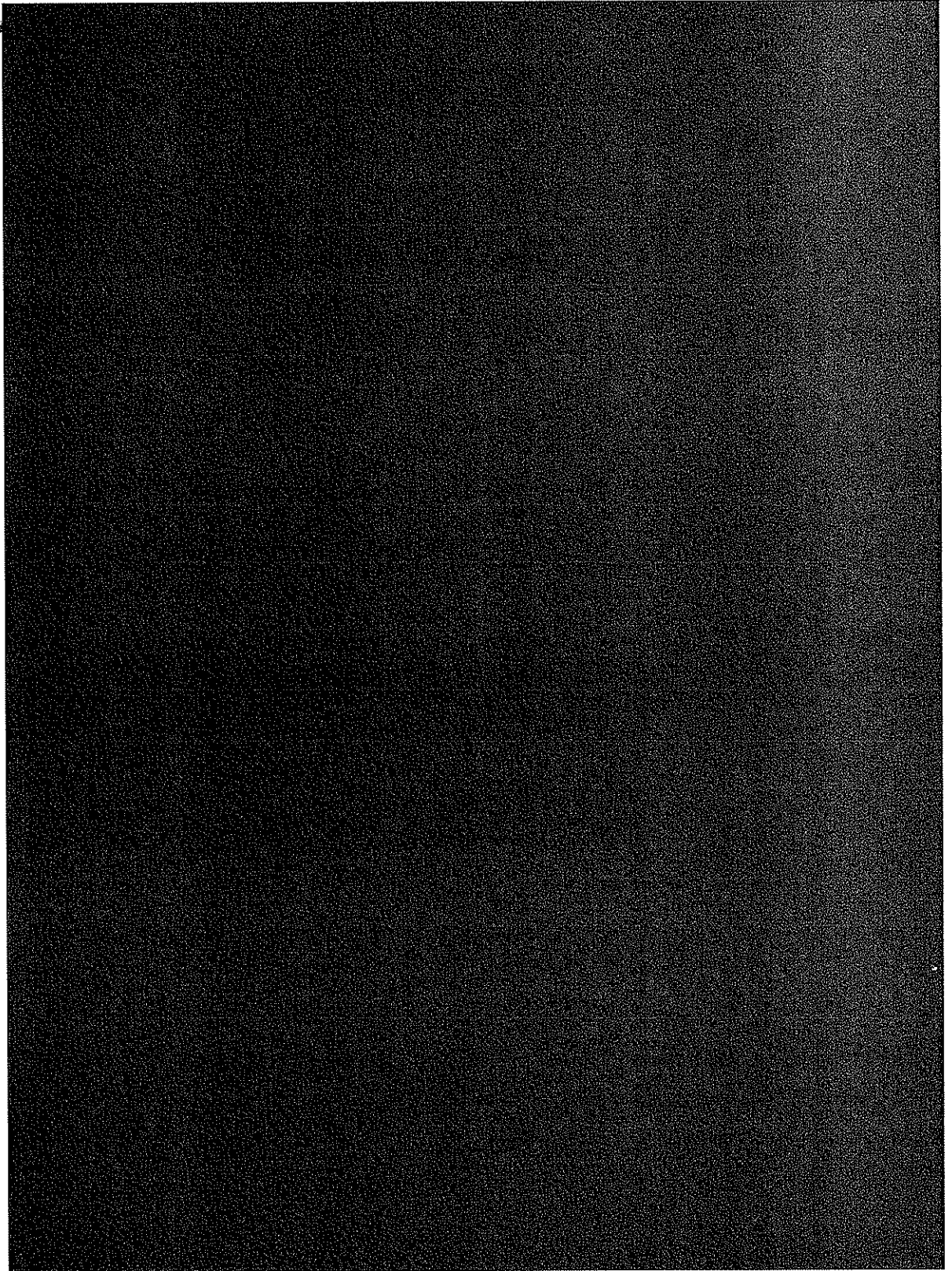
PERMIT FEE

6. In consideration of the rights granted herein the Permittee shall pay compensation as described in Schedule "A" attached hereto.

SCHEDULE "A"**A. Payment of Rental Fees**

Notwithstanding any reference in the Permit to Networks paying the Permit Fee to a trust account of the First Nation (as that term is defined in the Permit) as established by Her Majesty, Networks hereby agrees that it will pay the First Nation the Permit Fee at such place as the First Nation shall direct from time to time and otherwise in accordance with the terms of this MOU. The First Nation hereby agrees to provide Networks with a receipt for each Permit Fee payment made by Networks during the Term of the Permit.

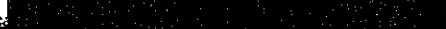

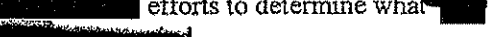



B. Rental Terms:



(c)



(d) **Renewal Negotiation and Resolution of Disputes:**

- (i) The Parties agree to begin negotiating the  less than six (6) months prior to the  and to negotiate in good faith and to  efforts to determine what  
- (ii) Any dispute as to what is  (the "Dispute") which cannot be resolved by the Parties may be referred to such alternative dispute resolution as may then be acceptable to both Parties. The Parties agree to conduct such alternative dispute resolution process in good faith and to make a serious attempt to resolve the Dispute. The process referred to herein is voluntary and may be terminated by either Party at any time.
- (iii) If the Parties are unable to reach agreement pursuant to the provisions of subparagraph B.(d)(i), the Dispute may be submitted to arbitration in accordance with the provisions of the Commercial Arbitration Act, R.S.C. 1985, 2nd Supp., c.17, as amended by S.C. 1986, c.22, and the Code referred to therein. The determination and award of the arbitrator(s) shall be final and binding on the Parties. The costs of the arbitrator(s) fees and expenses shall be shared equally by Networks and the First Nation, and each Party shall bear its own costs.

(iv)



C. Additional Lands

- (a) Networks acknowledges that should the boundaries of the existing Reserve be expanded as a result of the ongoing land claim negotiations with both Her Majesty and the Government of Ontario, [REDACTED]

[REDACTED] Additional Reserve Lands to the Reserve. This amount would reflect an increase due to the combined number of kilometres on [REDACTED] limits from the existing Reserve. Further, it is acknowledged by both parties that the [REDACTED] lieu would not be payable [REDACTED]

- (b) (i) The First Nation agrees to issue the appropriate BCR(s) duly authorizing and approving the issuance of the necessary permit(s) to be issued by Her Majesty to Networks in accordance with Section 28(2) of the *Indian Act* (Canada) under the same terms and conditions as the Permit subject to the [REDACTED] to formalize and authorize Networks' use and/or occupation of the Additional Reserve Lands during the remainder of the Term for the Purpose.
- (ii) The First Nation agrees to or cause the First Nation Development Corporation with necessary easements with the same terms and conditions as the Permit subject to the [REDACTED], for those areas of land that are not Additional Reserve Lands which are traversed by the 115 kV or the 230 kV electrical transmission line but are owned in fee simple by a First Nation Development Corporation.

NO TENANCY

7. (a) This Permit does not create any rights of tenancy or any possessory rights of exclusive use or occupation by implication or otherwise.
- (b) The Minister reserves the right to grant permits, rights of way and other privileges or authorizations to enter upon, over, under, through or across the Permit Area provided that no such permit, right of way, privilege or

authorization shall interfere with the purpose of this Permit as set forth in Clause 4.

CO-ACCESS

8. Subject to Clause 9, the Band and all other persons having a legal right to use and occupy the Permit Area shall use the Permit Area in common with the Permittee and provided always that such use does not interfere with the construction, operation, repair, maintenance and patrolling of the Works.

INSTALLATIONS

9. (1) The Permittee shall have the right to clear the Permit Area and keep it clear of all buildings, structures or other obstructions of any nature whatsoever, including removal of any materials which in the opinion of the Permittee are hazardous to the Works.
- (2) The First Nation and all other persons having a legal right to use and occupy the Permit Area, may at his, her, their or its own expense, construct and maintain roads, lanes, walks, drains, sewers, water pipes, oil and gas pipelines, and fences (with minimum clearances under and from the Works as mandated by law) on or under the Permit Area or any portion thereof only if:
- (a) prior to commencing any such work, the First Nation gives the Permittee 30 days' notice in writing so as to enable the Permittee to have a representative inspect the site and be present during the performance of the work; and
- (b) the First Nation agrees to comply with any instructions that may be given by such representative so the work may be carried out in such a manner as not to endanger, damage or interfere with the Works.

INDEMNITY

10. The Permittee shall at all times hereafter indemnify and hold harmless Her Majesty against all actions, claims and demands that may be lawfully brought or made against Her Majesty by reason of any act or omission by the Permittee in the exercise or purported exercise of the rights hereby granted. Her Majesty undertakes to use her best efforts to give the Permittee notice in writing as soon as practicable of any action, claim or demand made against Her Majesty that may give rise to a claim by Her Majesty pursuant to this provision; provided however that Her Majesty's failure to notify the Permittee in accordance with the above shall not absolve or affect the Permittee's liability under the provision.

INSURANCE

11. (1) During the Permit Period, the Permittee shall effect and maintain commercial public liability insurance on a claims made basis against claims for personal injury, death and property damage arising out of all operations of the Permittee in the Permit Area, protecting Her Majesty and the Permittee with reasonable exclusions and in the amount of five million dollars (\$5,000,000), or such greater amount as may be reasonably requested by Her Majesty provided that in exercising this authority Her Majesty shall

give consideration to the risks and standards for utilities of this nature, the cost with respect to which to be borne by the Permittee.

- (2) The Permittee shall cause any and all policies of insurance provided for in subsection 11(1) to be written in the names of the Permittee with Her Majesty and the First Nation as additional insured but only with respect to their rights and interests in the operations of the Permittee under this agreement and to include both cross-liability and severability of interest endorsements. Additionally, such insurance will contain an agreement by the insurer to the effect that it shall not cancel or materially alter so as to reduce or restrict coverage or permit it to lapse except after 30 days prior written notice to Her Majesty.
- (3) The Permittee shall advise Her Majesty of any actual or threatened cancellation, material alteration which reduces or restricts coverage or lapse of any policies of insurance required to be provided hereunder; should the Permittee not rectify such situation within 15 days after written notice by Her Majesty to the Permittee in that regard, Her Majesty shall have the right, without assuming any obligations in connection therewith, to effect such insurance at the cost of the Permittee, and all outlays by Her Majesty shall upon production of evidence of payment by Her Majesty, be immediately payable by the Permittee to Her Majesty, without prejudice to any other rights and recourse of Her Majesty hereunder. No such insurance taken out by Her Majesty for the Permittee at the Permittee's expense as provided for in this subsection shall relieve the Permittee of its obligations to insure hereunder and Her Majesty shall not be liable for any loss or damage suffered by the Permittee in connection therewith.
- (4) The Permittee hereby releases Her Majesty, Her heirs, successors and assigns, from any and all liability for any loss or claim for which the Permittee is obligated to insure under the Permit Period.
- (5) Except to the extent that Her Majesty or those she is responsible for in law are negligent, the Permittee shall release Her Majesty and any person for whom she is at law responsible from and against any and all claims arising out of the Permittee's Works on the Permit Area. Except to the extent that the Permittee or those it is responsible for in law are negligent, Her Majesty shall release the Permittee, and any person for whom it is at law responsible, from and against all claims which should have been insured against under a policy of insurance from time to time maintained by Her Majesty with respect to the Permit Area.
- (6) The Permittee shall deliver to Her Majesty certificates of insurance evidencing that all policies of insurance provided for in subsection 11(1) are in place.

COMPLIANCE WITH APPLICABLE LAWS

12.
 - (a) The Permittee shall conduct all activities on the Permit Area in compliance with all relevant and applicable Band by-laws and all laws, requirements, directions, orders, ordinances, rules and regulations of Canada and the Province of Ontario or any competent municipal authority or agency now in effect or promulgated during the duration of this permit.
 - (b) The Permittee shall have the right to contest the validity of such by-laws, laws, requirements, orders, directions, ordinances and regulations, if proceedings

relating thereto are commenced before the expiration of sixty (60) days after the Permittee was notified of any breach of such by-laws, laws, requirements, orders, directions, ordinances and regulations. The Permittee covenants that if and whenever the Permittee contests the validity of any such by-laws, laws, requirements, orders, directions, ordinances or regulations, the Permittee shall indemnify and hold harmless Her Majesty from all losses, damages, costs and expenses suffered by Her Majesty by reason of the Permittee undertaking such proceedings and that the Permittee will conduct such proceedings after the commencement thereof expeditiously and with all reasonable diligence.

STATE OF REPAIR

13. The Permittee shall at its own expense, during the Permit Period, keep and maintain the Permit Area in good and safe repair and in a condition satisfactory to the Minister. The Minister may from time to time give the Permittee notice in writing of those repairs which are reasonably required in the opinion of the Minister and the Permittee will make such repairs at its sole expense, according to such notice.

RUBBISH

14. The Permittee shall not commit or permit the commission of any voluntary waste, spoilage or destruction, nor dump any rubbish or any other matter of an offensive nature anywhere on the Permit Area or the Reserve except on such places and at such times as may be designated by the First Nation.

NUISANCE

15. Where in the opinion of the Minister a nuisance exists upon the Permit Area, the Minister may order the Permittee to abate the nuisance and clean up the Permit Area and if the Permittee fails to do so, the Minister may take whatever steps may be necessary to abate the nuisance and the Permittee shall be liable for the cost thereof and the same may be collected in the same manner as other debts due to the Crown or deemed to be additional fees due and payable by the Permittee to Her Majesty forthwith.

HAZARDOUS ACTS

16. The Permittee shall not, in exercising rights or carrying out its obligations under this Permit, commit any act or omission that may directly or indirectly cause, prolong or increase any hazard to any person.

ENVIRONMENTAL STANDARDS

17. (1) Without limiting the generality of any other terms and conditions and obligations in this permit, the Permittee shall, at all times conduct all its activities on the Permit Area in compliance with all applicable environmental laws, rules, regulations, notices or orders of Canada or the Province of Ontario, or any competent municipal authority or agency, whether or not such laws, rules, regulations, notices or orders be of a kind now existing or within the contemplation of the parties hereto.

- (2) The Permittee shall, design, construct, operate, maintain and decommission buildings on the Permit Area in accordance with all specifications, mitigation measures and environmental protection measures described or contained in any decision of Her Majesty pursuant to the *Canadian Environmental Assessment Act* including, without limiting the generality of the foregoing, those described in any Development Plan that may be approved by the Minister which specifications, mitigation measures and environmental protection measures will become conditions which form part of this permit.

EFFECT OF TRANSFER OF CROWN INTEREST

18. The Permittee acknowledges that, if the First Nation adopts a land code as defined in and pursuant to section 6 of the *First Nation Land Management Act* S.C. 1997-98-99, c.24 or amends such a code, so that the land code applies to the Permit Area, then, pursuant to section 16(3) of that Act, the rights and obligations of Her Majesty as grantor of this permit are transferred to the First Nation on the date the land code or the amendment to the land code comes into force.

NO RESIDUAL OR ADVERSE IMPACTS

19. At all times the Permittee will ensure that there shall be no residual and/or adverse environmental impacts to the Permit Area as a result of or attributable to the use and/or activities of the Permittee, its employees, agents and contractors.

NO CONTAMINANTS

20. No contaminants or toxic substances as defined under the *Canadian Environmental Protection Act, 1999* or corresponding provincial legislation may be used, emitted, discharged or stored on the Permit Area by the Permittee, its agents or employees except in strict compliance with all applicable laws, rules, regulations, orders or approvals, whether or not such contaminants or toxic substances are presently defined or designated.

MITIGATION OF ENVIRONMENTAL IMPACTS

21. (1) The Permittee will immediately notify the Minister (at 973-6520) and the First Nation pursuant to (the notice clause) of any anticipated or actual detrimental environmental impacts affecting the Permit Area.;
- (2) If the Permittee's operations and activities contribute to any detrimental environmental impacts for which the Minister considers remedial action is necessary, the Permittee hereby agrees:
- (a) to undertake remedial action immediately, such action to be in accordance with regulations and standards established by applicable federal or provincial legislation, and
 - (b) to pay all costs of such remedial action.
- (3) The Permittee will implement the appropriate technology, design or repair to mitigate anticipated or actual adverse environmental impacts attributable to its use and occupation

of the Permit Area as soon as possible following discovery or on notice thereof by the Minister or First Nation.

- (4) The Permittee acknowledges that the Minister may enter the Permit Area at all times to inspect and monitor the Permittee's operations and activities and to ensure that the Permittee has mitigated any anticipated or actual adverse impacts on the environment to the satisfaction of the Minister.

HUNTING

22. The Permittee shall not hunt or permit hunting on the Permit Area.

TREES

23. The Permittee may cut down any trees and bushes inside the Permit Area which impair or obstruct the construction, operation, repair or maintenance of the said Works as well as any trees and bushes outside the Permit Area which the Permittee in its sole discretion and acting reasonably determines may endanger or interfere with the Works of the Permittee; provided always that the Permittee shall pay reasonable compensation for any trees cut down outside the Permit Area.

FENCES

24. The Permittee shall not fence the Permit Area or any part thereof, except where necessary or required for health or safety reasons.

SAND AND GRAVEL

25. The Permittee agrees that when available, it will use materials such as sand or gravel which are found in or on the Reserve (the "Materials"), in the maintenance or construction of facilities, and the First Nation will charge the Permittee no more than the prevailing market value in the vicinity in preparing and delivering the Materials to the construction site.

HERBICIDES

26. No herbicides may be sprayed, used or discharged on the Permit Area unless the Permittee has received specific written approval from the Band Council.

ARCHAEOLOGICAL RESOURCES

27. (a) The Permittee shall promptly notify the Minister and the First Nation of any archaeological resources discovered or found on the Permit Area by the Permittee.
- (b) Upon receipt of the notice given pursuant to (a) above, the Minister may order the Permittee to cease work to enable the First Nation to conduct an archaeological excavation of the site on which the archaeological resources referred to in (a) above were discovered or found.

- (c) The Permittee hereby acknowledges that the archaeological resources referred to in (a) above or any archaeological resources uncovered during or following an excavation under (b) above are the property of the Band and hereby agrees that it will promptly remit all such archaeological resources to the First Nation.

WORKS

28. Notwithstanding any rules of law or equity, but subject to clause 29, the Works shall at all times remain the property of the Permittee notwithstanding that the same may be annexed or affixed to the freehold and shall at any time and from time to time be removable in whole or in part by the Permittee and its successors.

REMOVAL OF WORKS

29. Upon the expiration or sooner termination of this Permit:
- (a) if the Permittee is not in default hereunder, it shall have the right for a period of up to one hundred and eighty (180) days from the expiration or sooner termination of the Permit to remove or cause to be removed at its sole expense from the Permit Area and without damage to the Permit Area, all of, and not less than all of, the Works and Related Works and any other equipment that the Permittee has placed on the Permit Area;
- (b) if the Permittee does not remove, or cause to be removed, all of the Works and Related Works and equipment within one hundred and eighty (180) days as permitted by subsection 29(a), the Minister may either:
- (i) take such steps and do such acts as in the Minister's opinion are necessary to remove the Works and Related Works and equipment and all costs, expenses and damages reasonably incurred by the Minister with respect thereto shall forthwith, upon demand by the Minister, be paid to the Minister by the Permittee, or
- (ii) the Minister may declare the Works and Related Works to be the property of Her Majesty, and upon such declaration the Works and Related Works and equipment shall vest in Her Majesty absolutely without any claim of compensation by the Permittee.

DEFAULT

30. (a) Notwithstanding Clause 34, if the Permittee is in default of any term or condition of this Permit the Minister may deliver a notice to the Permittee describing the default and if the Permittee fails to rectify the default within sixty (60) days of the receipt of notice, the Minister may terminate this Permit by delivering notice of termination to the Permittee and the termination shall be effective immediately upon receipt of the notice of termination, and any right of action or remedy of the Minister or of any other person against the Permittee in respect of any antecedent breach of this Permit shall continue and shall not be prejudiced, or otherwise affected, and for greater certainty Clauses 15, 19 and 29 shall remain in full force and effect.

WAIVER

31. No waiver on behalf of the Minister of any breach
- (a) shall take place or be binding unless it is in writing,
 - (b) shall extend only to the particular breach to which it specifically relates, and
 - (c) shall not be deemed to be a general waiver or to limit or affect the rights of the Minister with respect to any other breach.

NOTICE

32. All notices must be given in writing and delivered in accordance with this clause.

All notices shall be delivered to the other parties and no notice shall be effective until such delivery has been made.

The addresses for delivery are:

- (a) **The Minister:**

Indian Affairs and Northern Development
25 St. Clair Avenue East
Toronto, Ontario
M4T 1M2
- (b) **The Permittee:**

Hydro One Networks Inc.
483 Bay Street
Toronto, Ontario M5G 2P5
Attn: The Secretary
- (c) **The Band:**

Notice shall be deemed to have been delivered:

- (a) if delivered by hand, upon receipt;
- (b) if delivered by electronic transmission, 48 hours after the time of transmission, excluding from the calculation weekends and public holidays;

- (c) if delivered by registered mail, four (4) days after the mailing thereof, provided that if there is a postal strike such notice shall be delivered by hand.

The parties may change their respective addresses for delivery by delivering notices of change as provided above.

SUBJECT TO THE INDIAN ACT

33. (1) Notwithstanding anything contained in this Permit, the Permittee acknowledges and agrees that:
- (a) this Permit does not confer or give rise to any greater right or rights, upon the Permittee, than the Minister is authorized to confer by subsection 28(2) of the *Indian Act*;
 - (b) the rights given by this Permit shall be construed as personal contractual rights only and shall not be deemed to grant, convey or confer on the Permittee any right in rem or any estate or interest in the title to that portion of the Reserve comprising the Permit Area;
 - (c) this Permit shall be subject to the provisions of the *Indian Act* and any regulations which may be established thereunder from time to time;
 - (d) this Permit shall be registered in the *Indian Act* registry and the Minister shall provide the Permittee with evidence of such registration within 90 days of submission of the permit for registration.

RESOLUTION OF DISPUTES

34. (1) The parties, including the First Nation, hereby undertake to use their best efforts to resolve in an amicable and expeditious manner any dispute or difference that may arise between them under this Agreement.
- (2) Any dispute or difference between the parties, including the First Nation, with respect to the validity, construction, meaning, performance or effect of this Agreement or the rights and liabilities of the parties hereto or any matter arising out of or connected with this Agreement (other than disputes or differences with respect to matters of public law including, without limitation, questions of constitutional law and the interpretation of bilateral or multinational treaties or intergovernmental agreements) which has not been resolved in the manner described in section 34(1) above may then be referred to an arbitration tribunal for an award and determination by written submission signed by the parties to the dispute. The costs of the arbitration shall be in the discretion of the arbitration tribunal.
- (3) The parties agree that the award and determination of the arbitration tribunal shall be final and binding on both parties and shall not be subject to appeal.
- (4) The arbitration shall be governed by the Commercial Arbitration Code referred to in the *Commercial Arbitration Act (Canada)*.

- (5) The arbitration tribunal shall:
- (a) consist of three arbitrators, one appointed by each of the parties to the dispute and the third appointed by the first two arbitrators if the parties do not agree on the third arbitrator within 30 days of the second arbitrator being appointed; and
 - (b) decide the dispute or difference in accordance with the laws in force in the Province of Ontario. Notwithstanding the foregoing any arbitration under this Article 34 may be carried out by a single arbitrator if the parties so agree, in which event the provisions of this Article shall apply *mutatis mutandis*.
- (6) The proceedings shall:
- (a) take place in the Province of Ontario, unless the parties otherwise agree in writing; and
 - (b) be in the English language, unless the parties otherwise agree in writing.
- (7) All written communication by the arbitration tribunal shall be delivered to the parties in the manner provided for in section 32.
- (8) Submission to arbitration pursuant to the provisions of this Article shall be a condition precedent to the bringing of any other form of proceeding with respect to this Agreement.
- (9) All documents, reports, exhibits and information disclosed by either party and its experts in the arbitration shall be treated by the other party and the arbitration tribunal as confidential, except to the extent required to be disclosed by law, and shall not be used for any purpose other than the arbitration. The arbitration award and the reasons therefor shall be treated by both parties and the arbitration tribunal as confidential and shall not be used for any purpose other than the arbitration or a proceeding of a kind described in Section 34(8).

HOUSE OF COMMONS

35. No member of the House of Commons or Senate shall be admitted to any share or part of the within Permit or to any benefit arising therefrom.

HEADINGS

36. (1) All headings in this Permit have been inserted as a matter of convenience and for reference only and in no way define, limit or enlarge the scope or meaning of this Permit or any of its terms and conditions, and any reference to an article, section or subsection shall mean an article, section or subsection of this Permit unless otherwise expressly provided.
- (2) A reference to a party in this Permit shall be read as if all required changes in the singular and plural and all grammatical changes rendered necessary by gender had been made.

- (3) Any reference in this Permit to an Act is to:
- (a) the Act and to the regulations made pursuant to the Act as the Act and regulations may at any time be amended or modified and in effect, and
 - (b) any Act or regulations that may be passed that have the effect of supplementing or superseding the Act or regulations.

SUCCESSION

37. Her Majesty as used herein means and includes Her Majesty in right of Canada and Her Majesty's heirs and successors, and the Permittee as used herein means and includes the Permittee's successors.

TIME

38. Time shall be of the essence in respect of this Permit.

APPROVAL OR CONSENT OF FIRST NATION

39. Where any provision of this Permit requires the approval or consent of the First Nation, such consent shall be evidenced by a Band Council Resolution.

FURTHER ASSURANCES

40. The Parties agree that each of them shall, upon reasonable request of the others, do or cause to be done all further lawful acts, deeds, assurances whatever in order to more effectively carry out the intent and purpose of this Agreement.

RELINQUISHMENT

41. OEFC hereby surrenders, yields up and relinquishes unto Her Majesty the Queen in right of Canada, the Original Grants and the Rights and all right, title and interest of OEFC therein or derived therefrom, and the authority to use or occupy the lands described or referenced in the Original Grants, or the Reserve, together with any right of renewal therein granted, such surrender, yielding up and relinquishment to be of full force and effect from the date first written above. OEFC hereby agrees that it will execute and deliver such instruments, deeds or other documents which may be necessary in order to give full effect to the surrender and relinquishment contemplated in this Section 41.

ACKNOWLEDGEMENT

42. Each of Her Majesty the Queen in right of Canada and the First Nation hereby acknowledges and agrees that they do not have title to the Works and will not make any claim to title to the Works, including those Works which were situated on the Reserve prior to the date first written above, notwithstanding that the Original Grants and the Rights have been relinquished.

RELEASE AND ASSUMPTION OF LIABILITY

43. (a) In consideration of the surrender, relinquishment and yielding up by OEFC in paragraph 41 and the assumption by HONI in paragraph 44, Her Majesty in right of Canada in its own right hereby unconditionally releases and discharges OEFC, from all covenants, obligations, claims, causes of action and liabilities whatsoever which it heretofore had, now has or may hereafter have, by reason of or arising out of, associated with or related to:
- (i) the Original Grants, the Rights or any other licence, permit or agreement including this Permit, related to the past, present or future use or occupation of the Reserve or any part thereof, including the Permit Area, by Ontario Hydro or its predecessors, including its predecessors in title, or by OEFC or by HONI or by any other person, or
 - (ii) the past, present or future ownership of the Distribution Works and Related Works or the past, present or future existence or use or operation, alteration, repair, removal or maintenance of the Distribution Works and Related Works on or from the Reserve or any part thereof, including the Permit Area, by any person, or
 - (iii) the past, present or future use or occupation of, or the conduct of any activities of any nature whatsoever on the Reserve or any part thereof, including the Permit Area or the lands described or referenced in the Original Grants, by Ontario Hydro or its predecessors, by OEFC, by HONI or by any other person including, for specificity and without limitation, during the period prior to April 1, 1999, and from and after April 1, 1999 until the date of the issuance of this Permit and during the balance of the term of the Permit and thereafter, and including all covenants to pay any monies pursuant to the terms of this Permit.
- (b) The First Nation on its own behalf and, to the extent that they can be legally bound, for and on behalf of all of its members (past, present and future) hereby unconditionally releases and discharges OEFC, from all covenants, obligations, claims, causes of action and liabilities whatsoever which such parties heretofore had, now have or may hereafter have, by reason of or arising out of, associated with or related to:
- (i) the Original Grants, the Rights or any other licence, permit or agreement, including this Permit, related to the past, present or future use or occupation of the Reserve or any part thereof, including the Permit Area, by Ontario Hydro or its predecessors, including its predecessors in title, or by OEFC or by HONI or by any other person, or
 - (ii) the past, present or future ownership of the Distribution Works and Related Works or the past, present or future existence or use or operation, alteration, repair, removal or maintenance of the Distribution Works and Related Works on or from the Reserve or any part thereof, including the Permit Area, by any person, or
 - (iii) the past, present or future use or occupation of, or the conduct of any activities of any nature whatsoever on the Reserve or any part thereof,

including the Permit Area or the lands described or referenced in the Original Grants, by Ontario Hydro or its predecessors, by OEFC, by HONI or by any other person, including, for specificity and without limitation, during the period prior to April 1, 1999, and from and after April 1, 1999 until the date of the issuance of this Permit and during the balance of the term of the Permit and thereafter, and including all covenants to pay any monies pursuant to the terms of this Permit.

44. HONI hereby assumes and agrees to be bound by and to perform, all covenants, obligations, claims, causes of action and liabilities whatsoever which Canada, the First Nation or its members (past, present and future) or any other person heretofore had, now have or may hereafter have, by reason of or arising out of, associated with or related to:

- (i) the Original Grants, the Rights or any other licence, permit or agreement, including this Permit, related to the past, present or future use or occupation of the Reserve or any part thereof, including the Permit Area, by Ontario Hydro or its predecessors, including its predecessors in title, or by OEFC or by HONI, or
- (ii) the past, present or future ownership of the Distribution Works and Related Works or the past, present or future existence or use or operation, alteration, repair, removal or maintenance of the Distribution Works and Related Works on or from the Reserve or any part thereof, including the Permit Area, by Ontario Hydro or its predecessors, including its predecessors in title, or by OEFC or by HONI, or
- (iii) the past, present or future use or occupation of, or the conduct of any activities of any nature whatsoever on the Reserve or any part thereof, including the Permit Area or the lands described or referenced in the Original Grants, by Ontario Hydro or its predecessors, by OEFC, by HONI, including, for specificity and without limitation, during the period prior to April 1, 1999, and from and after April 1, 1999 until the date of the issuance of this Permit and during the balance of the term of the Permit and thereafter, and including all covenants to pay any monies pursuant to the terms of the Permit.

Notwithstanding the foregoing, HONI is not assuming any of the covenants, obligations, claims, causes of action and liabilities to the extent any portion thereof arises out of, is associated with or related to the operation of generating facilities transferred to, or purported or intended to be transferred to, or assumed by Ontario Power Generation Inc. or its subsidiaries by transfer order under the *Electricity Act, 1998 (Ontario)*, including, but not limited to the flooding of Reserve or traditional lands.

OEFC AS A PARTY

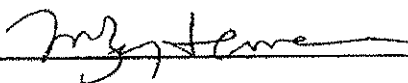
45. OEFC is a party to this agreement for the purposes of the relinquishment, releases and assumptions set out in sections 41, 42, 43, 44 and 45 hereof and for no other purpose. Notwithstanding any other terms of this Permit, sections 41, 42, 43, 44 and 45 of this Permit shall continue in full force and effect for the benefit of OEFC notwithstanding the expiry or any other termination or renewal or amendment of this Permit from time to time.

AMENDMENTS

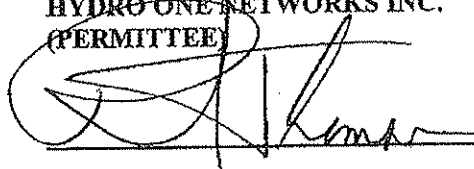
- 46. (1) This Permit constitutes the entire agreement between the Permittee and Her Majesty with respect to the subject matter hereto and cannot be modified, amended or waived except by an instrument in writing duly executed and delivered by both parties or by their respective successors.

IN WITNESS WHEREOF THE PARTIES HAVE HEREUNTO SET THEIR HAND AND SEALS.

SIGNED, SEALED AND DELIVERED
In the presence of



HYDRO ONE NETWORKS INC.
(PERMITTEE)



I have authority to bind the Corporation

DATE *Nov 26/03*

HER MAJESTY THE QUEEN IN RIGHT
OF CANADA, as represented by the Minister of
Indian Affairs and Northern Development

DATE
LANDS AND TRUSTS SERVICES

FIRST NATION

Band Council

[Redacted signature area]

Chief

Councillor / [Handwritten initials]

Councillor

[Redacted signature area]

Councillor

Councillor

[Redacted signature area]

Wi

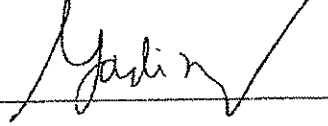
Wi

Witness

Witness

SIGNED, SEALED AND DELIVERED
In the presence of

**ONTARIO ELECTRICITY FINANCIAL
CORPORATION**

A handwritten signature in black ink, appearing to read "Justin", is written over a horizontal line.

DATE

I have authority to bind the Corporation