

THE TSHASH PETAPEN AGREEMENT (jash pey-taah-ben)

NEW DAWN AGREEMENT

BETWEEN:

Her Majesty the Queen in right of Newfoundland and Labrador
(the "Province")

- and -

Energy Corporation of Newfoundland and Labrador, a body
corporate existing pursuant to the *Energy Corporation Act* being
Chapter E-11.01 of the Statutes of Newfoundland and Labrador,
2007 ("ECNL")

- and -

Innu Nation, a body corporate under the laws of Canada

WHEREAS:

- A. Negotiations have taken place concerning the major outstanding issues in on-going negotiations for a land claims Agreement in Principle ("AIP"), the upper Churchill River hydro-electric development, and an Impacts and Benefits Agreement ("IBA") for the lower Churchill River hydro-electric project (the "Project").
- B. The parties now wish to conclude these negotiations and provide a framework for the conclusion of definitive agreements.

NOW THEREFORE the parties hereto agree as follows:

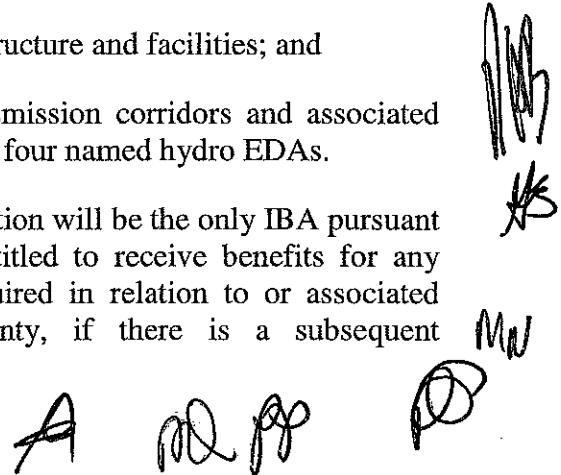
1. Land Claim Agreement In Principle

- (a) Land selection and rights shall be in accordance with the following principles:
 - (i) Labrador Innu Lands (LIL - C1) of 5,000 square miles, as set out on the map attached at Appendix 1.
 - (ii) Labrador Innu Settlement Area outside LIL (Category 2 - C2) lands of 9,000 square miles, as shown on the map attached at Appendix 1.
 - (iii) Category 3 (C3) lands of 13,000 square miles, as shown on the map attached at Appendix 1. The rights applicable to the C3 land area are limited to the right to harvest migratory species of Wildlife without the applicable provincial licence and payment of the associated fee and the right to harvest Migratory Birds subject to the concurrence of the federal government.



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- (iv) The area of the proposed Mealy Mountains National Park will be included as part of the AIP.
- (v) The inclusion of any area shown on the map attached at Appendix 1 that overlaps the Labrador Inuit Settlement Area is subject to Innu Nation making appropriate arrangements with the Nunatsiavut Government. Revenue sharing in the Economic Development chapter of the AIP will not apply anywhere in which the Labrador Innu Settlement Area overlaps with the Labrador Inuit Settlement Area. It is understood, however, that the Innu may receive Revenue from the Nunatsiavut Government in those areas as agreed to by the Innu and the Nunatsiavut Government pursuant to their overlap agreement.
- (vi) Economic Development Areas ("EDA") will be as shown on the map attached at Appendix 1.
- (vii) The right applicable in the EDAs in section 1.a.vi will be limited to an IBA for any Major Development. IBAs shall not be required for power transmission lines and associated facilities and infrastructure in these EDAs. For greater certainty, Churchill Falls (Labrador) Corporation Ltd. ("CF(L)Co.") shall not be subject to the requirement of an IBA. An IBA shall also not be required for forestry in the EDA (shown on the map attached at Appendix 1) south of the Churchill River and west of the Trans Labrador Highway, Phase 3. The process for concluding an EDA IBA will be the same as that for Category 2 lands.
- (viii) The following areas of potential hydro-electric developments will be designated as hydro EDAs: Fig; Dominion; Minipi; and Kenamu, as described in "Southern Labrador Power Study," SNC Inc. 1977 (reference plate 6, extent of mapping). The right applicable in these hydro EDAs will be limited to an IBA for hydro-electric Major Developments. The process for concluding a hydro EDA IBA will be the same as that for Category 2 lands. Within any such IBA, commercial participation shall be a 3% net revenue royalty calculated on the same basis as the lower Churchill IBA royalty.
- (ix) It is understood that the selection of LIL may require further refinement so as not to impede, impair, or adversely affect:
- (1) the Project and associated infrastructure and facilities; and
 - (2) any hydro development or transmission corridors and associated facilities and infrastructure in the four named hydro EDAs.
- (x) The Project IBA currently under negotiation will be the only IBA pursuant to which the Innu of Labrador are entitled to receive benefits for any development directly or indirectly required in relation to or associated with the Project. For greater certainty, if there is a subsequent



development in the Lower Churchill Project Area, an IBA will be required for that subsequent development.

- (xi) It is understood that the access corridors as shown on the map attached at Appendix 1 in areas west of Natuashish are to provide general corridor access between central Labrador and northern Labrador. Further refinement by the Province and Innu Nation of this corridor may be required. Any refinement of these corridors shall be for the purpose of facilitating general access as described above.
- (xii) The categories, if any, of the encircled areas on the map attached at Appendix 1 are yet to be determined. These areas will be subject to further negotiation by the parties.
- (xiii) Any area noted in section 1.a.xii that the Province and Innu Nation agree to include in the AIP as C-1, C-2, C-3 lands will not be in addition to the relevant quantum set out in section 1(a)(i), 1(a)(ii), and 1(a)(iii).
- (xiv) All of the boundaries of the proposed AIP selections shown on the map attached at Appendix 1 shall be adjusted to create final boundaries for those selections that are based upon topographic features to the greatest reasonable extent, while maintaining to the greatest reasonable extent the integrity of those selections.
- (xv) The other provisions of this section are contingent upon the timely resolution of the following key issues:
 - (1) Certainty, indemnity and finality.
 - (2) Whether and how to define consultation.
 - (3) Certainty on consultation obligations.
 - (4) Composition of the Dispute Resolution Board and Arbitration Panels.
 - (5) The definition of "Major Development".
 - (6) Military flying.
 - (7) Specific roles and responsibilities for the Resource Management Board.
 - (8) The Access, Expropriation, Economic Development, Water Management and Lower Churchill chapters of the AIP.
 - (9) Non-assertion of aboriginal rights in the Lower Churchill Project Area against any Person.

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- (b) Issues that have been resolved and text that has been agreed in the draft AIP shall not be subject to re-negotiation or revision except as agreed to by the Province and Innu Nation. For purposes of this section, text which is not subject to a footnote or annotation or contained in square brackets shall be considered to be agreed to by the Province and Innu Nation.

2. Upper Churchill Project

- (a) The Province shall pay to Innu Nation or, if established, the Innu Government (collectively hereafter "**Innu Nation**") an annual payment of two million dollars Canadian (\$2,000,000.00) commencing upon ratification and execution of the IBA and terminating on August 31, 2041. The payments will be indexed annually using a rate of two and one-half percent (2.5%) commencing on the date of IBA ratification and execution.
- (b) The Province shall pay to Innu Nation an annual amount equal to three percent (3%) of dividends on common shares received by the Province either directly or via a corporation owned by the Province and earned from the plant configuration of CF(L)Co. existing at the date of this Agreement. These payments shall commence effective September 1, 2041.
- (c) In the event that the parent company of CF(L)Co. sells any of its common shares, the Innu Nation shall be entitled to receive three percent (3%) of the proceeds received from the sale of common shares. If a sale takes place prior to September 1, 2041, the total proceeds shall be reduced by the present value of the expected free cash flow from the common dividends from the date of sale up to and including August 31, 2041.
- (d) If CF(L)Co. issues a new class of shares with the purpose of diluting the value of the dividends on common shares referred to in section 2(b), above, the Innu Nation's share of common dividends is to be calculated as if the new class of shares had not been issued.
- (e) Innu Nation will receive the financial compensation as set out in clauses a. and b., above, to be paid conditional upon Innu Nation, on behalf of the Innu of Labrador, providing a comprehensive release for any and all past, present, and future claims by the Innu of Labrador concerning the interference with the enjoyment of aboriginal rights due to the upper Churchill River hydro-electric development.

3. Impacts and Benefits Agreement for the Lower Churchill Project

- (a) The payments specified in sections 3(b) and 3(c) represent the full and final settlement to Innu Nation, its successors and assigns for all past, present and future claims, activities and compensation relating to the Project.
- (b) Implementation Payments prior to First Commercial Power:

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- (i) ECNL shall pay to Innu Nation an annual amount of five million dollars Canadian (\$5,000,000.00) ("**Implementation Payment**") to assist Innu Nation with expenditures associated with fulfilling Innu Nation's IBA responsibilities prior to and during the construction period. These amounts will be the full and final consideration provided to Innu Nation prior to the date power is first commercially produced from the Project ("**First Commercial Power**") for all IBA responsibilities and activities.
 - (ii) Implementation Payments will commence on the date of Project sanction (and following the signing of the IBA) and, if applicable, a pro rated portion of the last quarterly instalment before First Commercial Power shall be offset against the first annual payment set out in section 3(c)(ii).
 - (iii) Implementation Payments will be indexed to Canadian CPI to a maximum of 2.5% annually from project sanction to First Commercial Power.
 - (iv) Implementation Payments shall be due and payable in quarterly instalments and shall continue for a period not to exceed ten (10) years from the date that the initial Implementation Payment was made unless the Project is stopped or suspended for any reason at which time the Implementation Payments would be suspended.
- (c) Annual Payment and Minimum Payment
- (i) If the number of years between Project sanction and First Commercial Power is less than ten (10) years, Innu Nation is eligible to receive an annual Minimum Payment in accordance with section 3(c)(ii) equal to five million dollars (\$5,000,000.00) for a period not to exceed ten (10) years less the number of years of receipt of the Implementation Payments, as set out in section 3(b)(i), above. For greater certainty, such payment shall be indexed to Canadian CPI to a maximum of 2.5% annually starting from the year of Project sanction.
 - (ii) ECNL shall, for each year or portion of a year during which the IBA is in full force and effect, pay annually to Innu Nation for such year or portion of a year following First Commercial Power, an Annual Payment in Canadian dollars determined as the greater of the Minimum Payment and five percent (5%) of annual After Debt Net Cashflow. For greater certainty, when the ten (10) year time period commencing at Project sanction has expired, the Minimum Payment is deemed to be equal to zero.
 - (iii) The parties shall agree on a mechanism to ensure that the cumulative Annual Payments to Innu Nation from First Commercial Power to decommissioning are equal to five percent (5%) of the cumulative After Debt Net Cashflow, while recognizing the intent of the Minimum Payments made post First Commercial Power referenced in section 3(c)(i).
 - (iv) The Annual Payment is subject to audit and verification.

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- Initials "MN" below "AS".
- A large signature "B" below "MN".
- A signature "A" at the bottom left.
- A signature "AL" at the bottom center.

- (v) After Debt Net Cashflow is to be determined as follows, with all elements of the calculation related to the generation component of the Project and determined using Canadian Generally Accepted Accounting Principles ("GAAP"):
- (1) Gross revenues, less transmission costs for market access including any applicable open access transmission tariffs and related upgrades; minus
 - (2) all operational and maintenance expenses and related charges, excluding depreciation and amortization on capital assets; minus
 - (3) all debt service costs related to the Project with respect to financing in place at First Commercial Power, both Project and equity related, including but not limited to principal repayments, interest, guarantee fees, issuance fees and other financing fees that may be charged from time to time; minus
 - (4) All debt service costs related to borrowings subsequent to that in place at First Commercial Power, both Project and equity related, including but not limited to principal repayments, interest, guarantee fees, issuance fees and other financing fees that may be charged from time to time; minus
 - (5) refinancing fees and related costs; minus
 - (6) preferred dividends (related to financing) incurred during the year; minus
 - (7) income and other taxes paid and payable during the year; minus
 - (8) capital expenditures incurred during the year; minus
 - (9) an allowance for decommissioning costs.
- (d) Innu Business Participation Target will be four hundred million dollars Canadian (\$400,000,000.00). If this target is not achieved, ECNL will pay an amount to Innu Nation equal to 5% of the difference between the target and the total value of the contracts awarded to Innu Businesses. The list of contracts last proposed by ECNL will be the contracts for which Innu Businesses will be offered the first opportunity to bid.
- (e) After First Commercial Power, IBA payments will be suspended during an event of *force majeure*.
- (f) Innu Nation shall provide a comprehensive release to ECNL related to any adverse effects of the Project upon the rights and interests of the Innu of Labrador, including aboriginal rights. Innu Nation also agrees to provide an indemnity to ECNL in respect of claims related to the adverse effects of the

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Project. The scope of such indemnity shall be the subject of negotiations between ECNL and Innu Nation.

- (g) Innu Nation agrees that the Project shall be defined as including all of the proposed hydro-electric generation and transmission facilities and associated infrastructure, and all activities carried on, at or in, or related to such generation and transmission facilities and associated infrastructure in the project area that are necessary to produce and transmit hydro-electric power from Gull Island and Muskrat Falls. For greater certainty, Innu Nation also agrees to the Project Description (Schedule 1-A), and Map of the Project Area (Schedule 1-B) contained in the draft IBA. The parties acknowledge that the definition of Project, the Project Description and Map of the Project Area may be subject to:
- (i) refinements to more accurately reflect progress in the final design for the construction and operation of the Project; and
 - (ii) other technical revisions which may be made by agreement of Innu Nation and ECNL.
- (h) This Agreement is contingent upon timely finalization by ECNL and Innu Nation of a draft IBA that resolves all outstanding issues between Innu Nation and ECNL in all chapters, including the commercial chapter, which shall include provisions determining the payment of the net royalty revenue referred to above. In this regard, ECNL and Innu Nation agree as follows:
- (i) that the list of outstanding issues agreed to by the parties on September 26, 2008 is an accurate representation of the issues that are outstanding;
 - (ii) that ENCL shall, by September 30, 2008, prepare a consolidated IBA draft to date for review and verification by Innu Nation. The consolidated draft shall comprise the most recent version of the various draft chapters of the IBA and shall set out the matters that have been agreed to and those that remain outstanding. The parties agree that issues that have been resolved and text that has been agreed within the consolidated draft shall not be subject to re-negotiation or revision except as agreed to by ECNL and Innu Nation. For purposes of this section, text in the consolidated draft that is not subject to a footnote or annotation or contained in square brackets shall be considered to be agreed to by ECNL and Innu Nation; and
 - (iii) that once the draft IBA has been initialled by representatives of ECNL and of Innu Nation, it will not be revised without the consent of ECNL and Innu Nation.

4. General

- (a) The parties agree to use every reasonable effort to complete the AIP, the IBA, and an agreement on financial compensation in respect of the upper Churchill River

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hydro-electric development in a timely manner and to proceed to concurrent ratification and execution of these agreements on or before January 31, 2009.

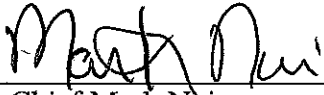
- (b) The parties agree that a failure to ratify and execute any one of:
- (i) the AIP;
 - (ii) the IBA; or
 - (iii) the agreement on financial compensation in respect of the upper Churchill River hydro-electric development

shall be considered to be a failure to ratify and execute all. For greater certainty, until ratification and execution of all, neither the AIP nor the IBA, nor the agreement on financial compensation for the upper Churchill River hydro-electric development shall be of any force or effect.

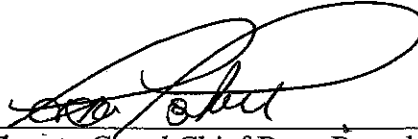
- (c) The parties agree that, once ratified and executed:
- (i) the agreements referred to in section 4(b) shall not be altered or amended, except in accordance with their terms; and
 - (ii) each agreement referred to in section 4(b) shall come into effect in accordance with its terms. The fact that the Project does not proceed, or that its commencement is delayed or deferred, does not affect the continuing validity and legal effect of any of the agreements referred to in section 4.b unless the parties to the particular agreement have otherwise stipulated. For greater certainty, the failure to proceed with the Project, or to delay or defer the Project does not affect the continuing validity and legal effect of the IBA.
- (d) The parties agree that ratification and execution of the IBA by Innu Nation and the First Nations constitutes full and final consent of the Innu of Labrador to the Project proceeding.
- (e) Grand Chief Mark Nui, Deputy Grand Chief Peter Penashue, Sheshatshiu Innu First Nation Chief Anastasia Qupee, and Mushuau Innu First Nation Chief Prote Poker by their signatures agree to recommend this Tshash Petapen Agreement to the Innu Nation Board for approval.

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IN WITNESSETH WHEREOF the parties hereto have set their hands on the 26th day of September, 2008.



Grand Chief Mark Nui
Innu Nation



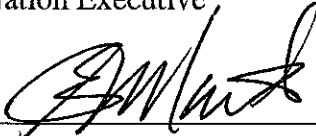
Deputy Grand Chief Peter Penashue
Innu Nation



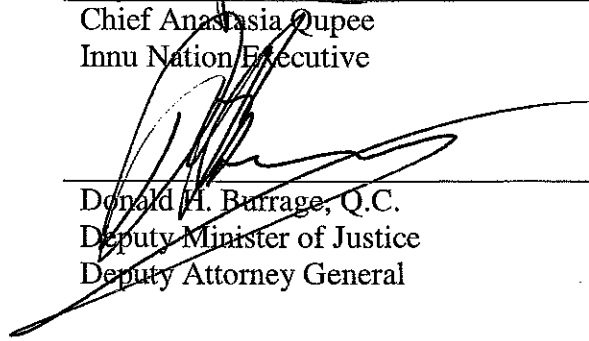
Chief Prote Poker
Innu Nation Executive



Chief Anastasia Qupee
Innu Nation Executive



E.J. Martin
President and CEO
Energy Corporation of Newfoundland
and Labrador



Donald H. Burrage, Q.C.
Deputy Minister of Justice
Deputy Attorney General