

SUBLEASE ENTERED INTO THIS 15TH DAY OF
NOVEMBER, 1961.

BETWEEN:

(Seal)

HAMILTON FALLS POWER CORPORATION LIMITED, a company duly incorporated under the laws of Canada and having its head office in the City of St. John's, in the Province of Newfoundland (hereinafter called the "Sublessor" which expression shall, unless the context otherwise requires, include the successors and assigns of the Sublessor),

PARTY OF THE FIRST PART,

—AND—

CAMPBELL MACPHERSON
Lieut. Governor

LESLIE R. CURTIS
H. M. Attorney General

TWIN FALLS POWER CORPORATION LIMITED, a company duly incorporated under the laws of Canada and having its head office in the City of St. John's, in the Province of Newfoundland (hereinafter called the "Sublessee" which expression shall, unless the context otherwise requires and subject to the provisions of this Sublease, include the successors and assigns of the Sublessee),

PARTY OF THE SECOND PART.

WHEREAS under and by virtue of the powers conferred by the Hamilton Falls Power Corporation Limited (Lease) Act, 1961, the Act No. 51 of 1961, of the Province of Newfoundland, there was executed on the 16th day of May 1961 a Statutory Lease (hereinafter called the "Water Power Lease") between His Honour the Honourable Campbell Macpherson, Officer of the Most Excellent Order of the

British Empire, Lieutenant-Governor of the Province of Newfoundland in Council (hereinafter sometimes called the "Government" which expression shall, unless the context otherwise requires, mean the Government for the time being of the said Province) and the Sublessor in the terms set forth in the Schedule to the said Act; and

WHEREAS the Sublessor desires to sublease to the Sublessee certain of the rights and liberties leased to it under the Water Power Lease, the whole as herein more fully set forth.

NOW THEREFORE THIS SUBLEASE WITNESSETH:

PART I

RIGHTS AND LIBERTIES SUBLEASED AND RESERVATIONS MADE

1. In pursuance of the Water Power Lease and for and in consideration of the undertakings of the Sublessee hereinafter set forth and subject to the terms, conditions, reservations, exceptions and provisions contained or referred to in this Sublease, the Sublessor hereby subleases and subdemises unto the Sublessee full right and liberty to use all that portion of the waters within the Unknown River Watershed as hereinafter described in respect of which rights and liberties are leased under the Water Power Lease therein referred to as the "Upper Hamilton" which the Sublessee may require to produce hydro-electric power at the site of the hydro-electric power development which is now under construction by the Sublessee at the upper end of a dry gorge known as Bonnell Creek which runs parallel to the Unknown River, a tributary of the Hamilton River, which site is located approximately 10 miles to the southwest of Hamilton Falls in the Province of Newfoundland, Canada, and is hereinafter called the "Site". The aforesaid hydro-electric power development now under construction (hereinafter called the "Twin Falls Project") comprises a hydro-electric plant having an initial generating capacity of approximately 120,000 horsepower together with the appropriate related facilities, including high voltage transmission lines to, and a step-down station near, Wabush Lake.

The maximum amount of hydro-electric power which the Sublessee may develop with the said waters at the Site by the construction of hydro-electric installations, diversions, storage reservoirs and all other facilities which the Sublessee may deem necessary is 300,000 horsepower.

The total area of catchment of the waters in respect of which rights and liberties are hereby subleased and subdemised (herein called the "Unknown River Watershed") is described in Appendix A to this Sublease and delineated on the map shown in that Appendix (and Appendix A is hereby declared to be part and parcel of this Sublease, subject to alteration and correction of description by a supplementary Sublease when a final survey of the said area is available, and the waters in respect of which rights and liberties are subleased and subdemised by this Sublease are hereinafter called the "Unknown");

To HOLD the same unto the Sublessee for the full term of twenty-eight (28) years and one and one-half (1½) months from the fifteenth (15th) day of November, 1961, YIELDING AND PAYING therefor the royalty to be calculated and paid in the manner prescribed by this Sublease TOGETHER WITH the rights described in clause 2 of this Part I and the full right and liberty as conferred on the Sublessor under Clause 1 of Part I of the Water Power Lease to flood during the term created by this Sublease and any renewal hereof all those areas of the Unknown River Watershed described in Appendix B to this Sublease and delineated on the map shown in that Appendix to the levels indicated on the said map (and the said Appendix B is hereby declared to be part and parcel of this Sublease, subject to alteration and correction of such description and delineation by a supplementary Sublease when a final survey of said areas is available, and those areas of the Unknown River Watershed described and delineated in the said Appendix B are hereinafter called the "Twin Falls Development Area"), subject to the EXCEPTIONS AND RESERVATIONS as set forth in paragraphs (c) to (i) inclusive of Clause 1 of Part I of the Water Power Lease.

2. Subject to the provisions, terms, conditions, exceptions and reservations of the Water Power Lease and this Sublease, the sublease and subdemise of the Unknown created herein includes the grant to the Sublessee during the term created by this Sublease of

Incl. term
Dec 31, 1989

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- (a) the exclusive right to harness and make use of the Unknown to produce hydro-electric power at the Site;
- (b) all hydro-electric power rights in, to and in respect of the Unknown required to produce hydro-electric power at the Site;
- (c) the exclusive right to utilize the Unknown in all dams, tunnels, canals, diversions, power houses and any and all other works wheresoever located, necessary for the development of hydro-electric power to be produced at the Site;
- (d) the right without interference by any works of the Sublessor to store so much of the Unknown as may be economic or beneficial for the purposes of the development by the Sublessee of up to 300,000 horsepower to be produced at the Site, to utilize for the said purposes the waters so stored and to regulate the flow of the Unknown, subject to the condition that in so doing (unless all of the hereinafter-mentioned proprietors consent thereto) the Sublessee shall not interfere to the detriment of proprietors of water power rights downstream of the point where the said Bonnell Creek joins the Unknown River (excluding with respect to the Twin Falls Project the Sublessor and any party to which water power rights may be granted by it and excluding with respect to any development of the Sublessee in addition to the Twin Falls Project the Sublessor and any such party as long as the Sublessor effectively controls the operations of the Sublessee) with the minimum daily mean unregulated flow of the Unknown occurring prior to the establishment of the Twin Falls Project, the whole under reserve of the Sublessor's right, for its own purposes, to divert and store the Unknown, to utilize for the said purposes the water so stored, and to regulate the flow thereof so long as it does not interfere with the exercise of the rights granted to the Sublessee by this Sublease;

- (e) the right, as more extensively conferred on the Sublessor by paragraph (e) of Clause 2 of Part I of the Water Power Lease, to transmit throughout the Province of Newfoundland any hydro-electric power generated at the Site or delivered by the Sublessor to the Sublessee pursuant to clause 8 of Part IV hereof, and to export from the said Province any of such power; provided that, upon request of the Government, consumers of electricity in the said Province shall be given priority where it is feasible and economic to do so; and
- (f) the right, as conferred by Paragraph (f) of Clause 2 of Part I of the Water Power Lease and subject to the conditions of that Paragraph, to flood or otherwise impair the land comprised in any grant, lease, licence or other assurance of unoccupied Crown lands located in the Twin Falls Development Area or of any rights therein or thereunder made after the date of execution and delivery of the Water Power Lease, without paying any compensation, fine or other indemnity in respect of the loss or damage suffered by the grantee, lessee, licensee or other holder of rights in the land.

PART II

SUBLESSEE'S COVENANTS

The Sublessee hereby covenants with the Sublessor as follows:

1. CONSIDERATION

(1) The Sublessee shall, during the term created by this Sublease, pay to the Sublessor or its nominee a royalty to be determined and paid in the manner and at the times prescribed by this clause 1.

(2) The rate of royalty applicable to the supply of electricity from the Unknown produced at the Site, shall be determined as stipulated in subparagraph (2) of Clause 1 of Part II of the Water Power Lease which provides as follows: "The Government shall determine the

rate of royalty, applicable to each development or stage thereof, for the supply of electricity from the Upper Hamilton: Provided that the rate so determined shall not exceed the maximum rate of 50 cents (Canadian) per horsepower year generated and sent out of the station and for the purpose of this clause 6535 kilowatt hours shall constitute one horsepower year." The Sublessor shall give written notice to the Sublessee of the rate so determined.

(3) During the term created by this Sublease the Sublessee shall, on or before every 20th day of February occurring after the delivery of electricity produced at the Site from any installation utilizing the whole or any part of the Unknown is commenced, submit to the Sublessor all data required by it for determining the amount of the royalty for the calendar year (January 1 to December 31) or part thereof immediately preceding that 20th day of February and all such data shall be certified by a responsible officer of the Sublessee and shall be treated by the Sublessor as confidential information, subject to the Sublessor's obligation to submit the same to the Government.

(4) The royalty calculated from the data submitted to the Sublessor shall be paid by the Sublessee on or before the 23rd day of March immediately following the end of each calendar year (January 1 to December 31), or so soon thereafter as the Sublessee shall have received written notice of the rate as provided in subparagraph (2) of this clause 1.

2. INSPECTION

The Sublessor and the Government by their respective servants and agents may at all reasonable times during the term of this Sublease enter upon the Unknown and examine the condition thereof.

3. DUE DILIGENCE

The Sublessee will proceed with due diligence with the development of a supply of electricity from the Twin Falls Project.

4. NEWFOUNDLAND LABOUR AND MATERIALS

The Sublessee shall in the procuring of materials, equipment and labour for any work undertaken by it or for its account under the terms of this Sublease give preference, where it is feasible and economic to do so, to material and equipment originating, manufactured or distributed and serviced in the Province of Newfoundland and prior opportunity to workmen whose usual place of residence is in the said Province and shall use its best endeavours to give effect to this provision.

5. FLOW GAUGING INFORMATION

When as and if the Sublessee undertakes recording information concerning the characteristics of the Unknown, it will supply and furnish to the Sublessor upon request copies of such flow gauging information and data at least once each year.

6. OPERATING PRACTICES

The Sublessee shall at all times including any period of suspension as provided in clause 8 of Part IV keep and maintain in good working order all structures, works and plant erected from time to time for the development and utilization of the Unknown at the Site and it shall attend to all necessary repairs in order to secure the normal and satisfactory working of all such structures, works and plant, and it shall at all reasonable times permit the Sublessor by its servants and agents to inspect all such structures, works and plant.

7. HOLD HARMLESS

The Sublessee hereby undertakes and agrees to indemnify and hold harmless the Sublessor from and against any and all liability to any third parties for injuries to persons or damages to property that may result from the Sublessee's exercise or improper exercise of any of the rights and liberties hereby subleased and subdemised, or from failure of the Sublessee to carry out any of its covenants under this Sublease.

PART III

SUBLESSOR'S COVENANTS

The Sublessor hereby covenants with the Sublessee as follows:

1. QUIET ENJOYMENT

(1) The Sublessee paying the royalty provided for in this Sublease and observing, performing and fulfilling the several provisions, covenants, terms and conditions herein contained and on the part of the Sublessee to be paid, observed, performed and fulfilled shall peaceably hold and enjoy the rights and liberties hereby subleased and subdemised during the said term without any interruption or interference by the Sublessor or any other person whomsoever rightfully claiming under or in trust for it.

(2) Except as provided in clause 8 of Part IV, the Sublessor shall not interfere with the enjoyment by the Sublessee of the rights and liberties which by the Act No. 51 of 1961 of the Province of Newfoundland and the Water Power Lease are conferred on sublessees and specifically on Twin Falls Power Corporation Limited.

2. RENEWAL

Subject to the provisions of this Sublease, the Sublessor will, on the written request of the Sublessee made before the expiration of the term hereby created if there shall not at the time of such request be any existing breach of the covenants, terms and conditions of this Sublease on the part of the Sublessee, grant to it a further sublease of the rights and liberties subleased and subdemised by this Sublease for the further term of 25 years (subject to possible earlier termination as hereinafter provided) from the expiration of the term created by this Sublease subject to payment of the same royalty and containing like covenants and conditions as are herein contained except the covenant for renewal:

Provided, however, that the Sublessee shall not be entitled to the grant of such further sublease unless at the time of such grant either Iron Ore Company of Canada or its permitted assignee or assignees or Wabush Iron Co. Limited or its permitted assignee or assignees continue to be obligated to purchase an aggregate of at least 50,000 horsepower from the Sublessee on a horsepower per year basis and provided further that such further sublease shall be subject to termination whenever the foregoing purchasers of power are no longer so obligated.

3. NOTICE OF GOVERNMENT GRANTS

Should the Sublessor receive notice under the provisions of Clause 6 of Part III of the Water Power Lease with respect to the granting or leasing of minerals or of land anywhere in the Unknown River Watershed, it will immediately transmit to the Sublessee a copy of such notice and if the Sublessee objects to such granting or leasing and desires that its objections be submitted to the Government, then, the Sublessor agrees to submit them to the Government on the Sublessee's behalf.

4. ACQUISITION OF LAND

On written request of the Sublessee, the Sublessor shall apply, under Clause 7 of Part III of the Water Power Lease, to the Government for the grant of a lease or licence of such Crown lands not then irrevocably granted, leased or otherwise alienated to any third party as may be reasonably necessary in connection with or incidental to any aspect of the development and transmission of hydro-electric power from the Unknown.

On written request of the Sublessee, indicating the mode of acquisition proposed by the Sublessee, the Sublessor shall apply under Clause 8 of Part III of the Water Power Lease to the Government for the acquisition by the Government and the transfer to the Sublessor of the private lands or any rights therein or thereover reasonably necessary for or in connection with or incidental to any aspect of the development and transmission of hydro-electric power from the Unknown, such application to be made in order that the Government may acquire such lands

or rights by purchase, expropriation under The Expropriation Act, 1957 (as now or hereafter amended) or otherwise (the mode of acquisition to be determined by mutual agreement between the Government and the Sublessor) and transfer to the Sublessor at its cost the title and possession thereof as provided in the said Clause 8.

Upon such grant or transfer, as the case may be, being made to the Sublessor, the Sublessor shall, subject to the consent of the Government if required, assign, lease, sublease or sublicense such land or rights at cost to the Sublessee for a term ending on December 31, 2014, and upon the Sublessee assuming all obligations attached to such grant or transfer.

5. LEGISLATION TO PROTECT SUBLESSEE'S IMPROVEMENTS

On written request of the Sublessee, the Sublessor shall use its best endeavours pursuant to the provisions of Clause 9 of Part III of the Water Power Lease to secure legislation including regulations reasonably necessary to protect the improvements made in the Unknown River Watershed by the Sublessee or any permitted sublessee, licensee or permittee of the Sublessee from damage by any person exercising any of the rights reserved under paragraphs (g), (h) and (i) of Clause 1 of Part 1 of the Water Power Lease, but all such legislation shall be consistent with the lawful exercise of such reserved rights.

6. HOLD HARMLESS

The Sublessor hereby undertakes and agrees to indemnify and hold harmless the Sublessee from and against any and all liability to any third parties for injuries to persons or damages to property that may result from the Sublessor's exercise or improper exercise of any of its rights reserved under paragraph (d) of clause 2 of Part I or any of its rights under or from failure on its part to carry out any of its covenants under clause 8 of Part IV.

PART IV

MUTUAL COVENANTS

It is mutually agreed by and between the parties to this Sublease as follows:

1. NO ASSIGNMENT WITHOUT CONSENT

(1) Subject to this clause 1, the rights and liberties hereby subdemised or any of them may not be assigned, leased, licensed, mortgaged or otherwise howsoever alienated by Twin Falls Power Corporation Limited, without the prior written consent of Hamilton Falls Power Corporation Limited, which consent shall not unreasonably be withheld.

(2) Subject to this clause 1, the Sublessee may not license or permit any company or body, whether associated with it or not, to utilize any of the rights and privileges granted hereunder or sublet or otherwise dispose of any of the said rights and privileges to any such company or body, without the prior written consent of Hamilton Falls Power Corporation Limited, which consent shall not be unreasonably withheld.

(3) This clause 1 shall not be deemed to apply to a permit for a period not exceeding one year issued by the Sublessee.

(4) Forthwith, upon the execution of any assignment, sublease, licence or permit or of any assignment of any such assignment, sublease, licence or permit, the Sublessee shall furnish to the Sublessor two certified copies thereof together with the name and address of the assignee, sublessee, licensee or permittee.

(5) The Sublessee shall not be liable to pay any fee or charge in respect of any consent given under this clause 1.

2. APPROVAL OF DEVELOPMENTS

The Sublessee shall comply with the provisions of Clause 3 of Part IV of the Water Power Lease in respect of any development of

the Unknown at the Site or any major modification or improvement of any such development by (a) providing the Sublessor with the information and data necessary for the Sublessor to prepare its application for the written consent of the Minister of Mines, Agriculture and Resources for the Province of Newfoundland and on receipt of such information and data the Sublessor shall use its best endeavours to obtain the written consent of the Minister of Mines, Agriculture and Resources to such development or modification or improvement; and (b) not commencing such development or modification or improvement until such written consent has been obtained.

In respect of the Twin Falls Project, it is agreed that the Government has acknowledged receipt of all necessary information and data and has approved the development of the Twin Falls Project in all its aspects in accordance with the provisions of the preceding paragraph.

The Sublessee shall not be liable to pay any fee or charge in respect of any consent given under this clause 2.

3. DEFAULT PROVISIONS

(1) If the Sublessee, in the opinion of the Sublessor, has failed to observe or perform any term or condition which under this Sublease it is required to observe or perform and such failure continues for a period of sixty (60) days from the date that notice thereof in writing has been given by the Sublessor to the Sublessee, the Sublessor may, upon giving the Sublessee not less than sixty (60) days notice, apply to the Supreme Court of Newfoundland for a decision as to such alleged non-observance or non-performance and if the Court finds that the Sublessee has failed to observe or perform any condition which it is required to perform or observe under the provisions hereof as notified to it by the Sublessor, the parties hereto agree that the said Court shall be empowered, upon application to the Sublessor, to render a judgment (a) ordering performance by the Sublessee of the terms of this Sublease, or (b) ordering payment of a sum by way of liquidated damages

for failure of the Sublessee to perform said terms, or (c) ordering both performance and damages.

(2) If a judgment is rendered under subclause (1) of this clause 3, and thereafter the non-observance or non-performance on the part of the Sublessee shall be continued, or the Sublessee shall refuse or fail to comply satisfactorily with such judgment and the Court shall deem that the remedies referred to in subclause (1) of this clause 3 are inapplicable in respect of such non-compliance, the Court may

- (a) authorize any person immediately and without further proceedings to take possession of all works, lands and properties whether real or personal, owned or held by the Sublessee within the power system of the Unknown River Watershed and used or useful in respect of the undertaking, including books, statements, accounts, papers and records appertaining to such undertaking and to operate, manage and control the said undertaking, and to do all other things required to be done in the conducting or carrying on of the said undertaking, until
 - (i) a sufficient sum shall have been accumulated, exclusive of all operating expenses and all costs of taking possession, to liquidate the sums payable by the Sublessee and interest thereon and the cost of any proceeding connected therewith, or
 - (ii) such other conditions are carried out as may, in the opinion of the Court, have been required to satisfy the terms of this Sublease; or
- (b) order that upon a certain date not earlier than twelve months after the date of the judgment referred to in subclause (1) of this clause 3 the lands, works and properties whether real or personal, owned or held by the Sublessee, and used or useful in respect of the power development shall be offered at execution sale.

(3) If an execution sale is ordered under paragraph (b) of subclause (2) of this clause 3, the Sublessor shall fix an upset price below which the properties may not be sold and the Sublessor shall also prepare a stipulation relative to the rights to be acquired and obligations to be assumed by the successful bidder, and no one shall be permitted to bid at such sale who has not previously agreed in writing to sign and abide by the terms of such stipulation and who has not been accepted by the Sublessor as a bidder.

(4) If there is not a satisfactory buyer at the first execution sale, a second sale shall be held after a lapse of four months, under the same conditions as the first sale, except that the upset price of the sale shall not exceed the sum which represents the obligations of the Sublessee to the Sublessor as fixed by the Supreme Court of Newfoundland and if no bids are received equal to or in excess of this sum from accepted bidders, this Sublease shall be cancelled and determined and the Sublessee shall forfeit all rights, and the works and undertaking shall become the property of the Sublessor without any compensation to the Sublessee.

(5) A completed execution sale made in pursuance of subclause (3) or (4) of this clause 3 shall ipso facto bring about the cancellation and determination of this Sublease.

(6) Any surplus arising out of a sale under subclause (3) or (4) of this clause 3, above the sum which in the opinion of the Court will satisfy the obligations of the Sublessee, shall be repaid to the Sublessee.

(7) If at any date after an execution sale has been ordered under paragraph (b) of subclause (2) of this clause 3, and if for any reason, the procedure provided in subclauses (3) and (4) of this clause 3 has not been completed, the Supreme Court of Newfoundland may make any order with respect to taking over and operating the works and undertaking of the Sublessee for the time being as it may deem equitable under the circumstances.

4. EXERCISE OF RESERVED RIGHTS, COMPENSATION

Whenever any of the rights reserved under paragraphs (e) and (f) of Clause 1 of Part I of the Water Power Lease is duly exercised and thereby the Sublessee or any permitted sublessee, licensee or permittee of the Sublessee suffers loss by reason of the removal or obstruction of or damage to any of the improvements lawfully made by the Sublessee or any such permitted sublessee, licensee or permittee of the Sublessee on the Unknown River Watershed, the Sublessor will use its best efforts to assist the party suffering such loss to obtain reasonable compensation from the Government pursuant to the provisions of Clause 5 of Part IV of the Water Power Lease.

5. INVESTIGATIONS AND SURVEYS

The Sublessee in common with the Sublessor and others entitled thereto may exercise the right conferred on the Sublessor by Clause 8 of Part IV of the Water Power Lease to enter upon, investigate and survey any unoccupied Crown Lands for any purpose incidental to the development of a supply of electricity from the Unknown, but the Sublessee shall be liable for all damages occasioned in the exercise of its rights pursuant to this clause 5 by itself, its employees, agents and invitees.

6. EXCHANGE OF INFORMATION

The Sublessor will make available to the Sublessee all information and particulars in its possession, including that which the Sublessor has obtained or may obtain from the Government, relating to the whereabouts of and previous investigations of hydro-electric power which the Sublessee is authorized to develop under the terms of this Sublease, and in particular the Sublessor will make available all appropriate maps and surveys, and the Sublessee will make available to the Sublessor all surveys, data and information obtained and collected by it in relation to the water power which it is authorized to develop by the provisions of this Sublease, which surveys, data and information shall be treated by the Sublessor as confidential except in so far as it

may be required by the Water Power Lease to be disclosed by the Sublessor to the Government.

7. CERTAIN DELAYS NOT CONSTRUED AS NON-PERFORMANCE

If the performance of any of the obligations of the Sublessee set forth herein shall to any extent be prevented, restricted, delayed or interfered with by reason of

- (a) war, revolution, civil commotion, riot, acts of public enemies, blockade or embargo;
- (b) any law, order, proclamation, regulation, ordinance, demand or requirement of any government or any subdivision, authority, agency or representative of any Government; or
- (c) any other cause whatsoever, whether similar or dissimilar to those above enumerated, beyond the reasonable control of the Sublessee,

the Sublessee shall, on prompt notice to the Sublessor, be excused from the performance of such obligations to the extent of such prevention, restriction, delay or interference.

8. SPECIAL RESERVATION

(1) In order to enable the Sublessor to make more efficient use of the Unknown, it is agreed that the Sublessor shall have the right to suspend for the balance of the term of the Sublease unexpired at the date of commencement of the suspension as well as the term of any renewal thereof the rights and liberties subleased to the Sublessee hereunder (other than the right to transmit and to export hydro-electric power under Clause 2(e) of Part I) by complying with the following procedure:—

- (i) The Sublessor shall give the Sublessee notice in writing that it will effect such suspension commencing on a date not earlier than 24 months nor later than 36 months after the date on which the said notice is given;

(ii) At least 60 days prior to the actual date when such suspension shall commence, the Sublessor shall give the Sublessee a further notice in writing (hereinbelow referred to as the "Second Notice") specifying the date on which such suspension shall commence.

Subject to the conditions mentioned below, as and from the date specified in the Second Notice the Sublessor shall be and become entitled to enjoy exclusively the rights and liberties so suspended; provided that such suspension shall not take effect unless and shall continue only as long as,

- (a) the Sublessor shall deliver to the Sublessee during the then unexpired term of this Sublease and of any renewal thereof the number of horsepower which is equivalent to the amount of installed horsepower based on the manufacturer's rating of the hydraulic turbines installed at the date of suspension in the Sublessee's hydro-electric generating plant; and such power shall be delivered by the Sublessor at the load factor, and in all other respects equivalent to the power, which the Sublessee's entire facilities, including its storage facilities, existing at the date of suspension, are designed to produce by utilizing the rights and liberties subleased hereunder; and
- (b) the Sublessor shall reserve in favour of any person for whom the Sublessee has agreed with the written approval of the Sublessor to reserve additional hydro-electric power, an equivalent quantity of hydro-electric power, on terms and conditions agreed upon between the Sublessor, the Sublessee and such persons.

Concurrently with the Second Notice the Sublessor shall enter into an undertaking in writing with the Sublessee to perform the obligations provided in paragraphs (a) and (b) of this subclause (1).

The Sublessor, as and from the date and time specified in the Second Notice shall deliver to the Sublessee in the manner hereinafter

mentioned the hydro-electric power mentioned in paragraph (a) of this subclause (1), subject to the other terms and conditions set forth in this clause 8.

(2) The Sublessor covenants and agrees with the Sublessee that the Sublessor :

- (a) shall not make any diversion of the Unknown unless it shall previously have constructed all necessary control works (other than control works already constructed by the Sublessee if any) whereby any such diversion can be stopped or, as the case may be, be re-established in either case without delay, and
- (b) shall at all times at its expense maintain all the control works mentioned in paragraph (a) of this subclause (2) in good operating condition.

(3) In the event that the delivery of hydro-electric power as provided in paragraph (a) of subclause (1) of this clause 8 is interrupted from time to time for any reason whatsoever while this Sublease or any renewal hereof is in force, the Sublessor shall forthwith do all things necessary to restore to the Sublessee, during such interruption only, the enjoyment of the rights and liberties under suspension, and if need be the Sublessee shall in such case have the right itself to stop any diversion of the Unknown by operating all the control works mentioned in paragraph (a) of subclause (2) of this clause 8. Whenever such delivery is no longer so interrupted, the suspension shall again fully take effect and the Sublessor may re-establish such diversion. The Sublessor shall give the Sublessee reasonable notice of any interruption or resumption of the delivery of hydro-electric power.

(4) As consideration for the delivery of hydro-electric power by the Sublessor to the Sublessee under paragraph (a) of subclause (1) of this clause 8, the Sublessee shall pay to the Sublessor monthly one-twelfth of the aggregate of the following amounts :

- (a) the amount by which the actual annual operating expenses of the Sublessee are less than the average of the actual annual operating expenses incurred for the entire period beginning with the first day of the first month after the Sublessee delivers 50,000 horsepower to any purchaser or purchasers for commercial use and ending with the last day of the third month preceding the month in which such suspension pursuant to subclause (1) of this clause 8 becomes effective; provided that if such period exceeds five years it shall be limited to the last five years: and
- (b) an amount equal to the royalty which the Sublessee would have had to pay under clause 1 of Part II had it been generating its own power in the same amount as the amount of hydro-electric power delivered by the Sublessor to the Sublessee.

(5) Delivery as used in this clause 8 shall mean the delivery of the hydro-electric power to the 230 KV busbar at the Site, as provided in paragraph (a) of subclause (1) of this clause 8.

(6) Suspension of the Sublessee's rights and liberties under this clause 8 shall not extend the term of this Sublease or any renewal hereof.

9. WATER POWER LEASE PARAMOUNT

The rights and liberties subleased, subdemised or derived hereunder are no greater in any respect than the rights and liberties leased, demised or accruing by or under the Water Power Lease.

10. INTERVENTION

AND TO THESE PRESENTS INTERVENED:

His Honour the Honourable Campbell Macpherson, Officer of the Most Excellent Order of the British Empire, Lieutenant-Governor of the Province of Newfoundland in Council, and in executing this Sublease as an Intervenor declares:

- (a) That it is authorized to execute and deliver this Sublease as an Intervenor pursuant to the authority granted by Section 2 of the Act No. 51 of 1961 of the Province of Newfoundland.
- (b) That by its execution hereof it approves this Sublease as a document of title for the purposes set forth in Subclauses (4) and (5) of Clause 7 of Part IV of the Water Power Lease and gives to Twinco a covenant enforceable at law enabling Twinco to obtain an amended document of title under the circumstances and with the effect prescribed by the aforementioned Subclauses (4) and (5) of Clause 7 of Part IV of the Water Power Lease.
- (c) If the Water Power Lease is cancelled and determined at any time by reason of the default of the Lessee thereunder, then notwithstanding such cancellation and determination the rights of Twinco under this Sublease shall in no way be impaired or affected thereby but shall, subject to subclause (d) of this clause 10, continue in full force and with the same effect as though such cancellation and determination had not taken place.
- (d) If the Water Power Lease is cancelled and determined at any time by reason of the default of the Lessee thereunder, then this Sublease shall be amended without impairing or affecting the rights of Twinco hereunder, so as to provide that
 - (i) The Government shall be substituted for the Sublessor;
and
 - (ii) all of the benefits of the Sublessor theretofore accruing under this Sublease shall thereafter accrue to the Government instead of to the Sublessor;and this Sublease shall be altered accordingly both in substance and in form.
- (e) That it makes no warranty as to the title of Twinco, nor does it establish any privity of contract with the Sublessor

or Twinco, nor does it undertake any obligations to any or all of them, except the approval and covenant referred to in paragraph (b) of this clause 10 and the consent in clause 11 of this Part IV, nor shall it by its intervention be deemed to have made any such warranty, to have established any such privity of contract, or to have undertaken any such obligations other than such approval and covenant and such consent.

- (f) The terms "document of title", "Twinco" and "Lessee" as used in this clause 10 shall have the same meaning as that ascribed to them by the provisions of Clause 7 of Part IV of the Water Power Lease.

11. CONSENT

The Government hereby consents to this Sublease insofar as required by the provisions of Clause 1 of Part IV of the Water Power Lease.

12. GOVERNING LAW

This Sublease shall be construed and interpreted in accordance with the laws of Newfoundland.

13. NOTICE

(1) Any notice required to be given under this Sublease shall be sufficiently served on the Government if the notice is addressed to the Minister of Mines, Agriculture and Resources, Department of Mines, Agriculture and Resources, St. John's, Newfoundland, and delivered to that Minister personally or sent to him by registered mail, and on the Sublessor if the notice is addressed to Hamilton Falls Power Corporation Limited at its head office in the City of St. John's, in the Province of Newfoundland and delivered personally at or sent by registered mail to such office, and on the Sublessee if the notice is addressed to Twin Falls Power Corporation Limited at its head office in the City of St. John's, in the Province of Newfoundland and delivered personally at or sent by registered mail to such office.

APPENDIX A

DESCRIPTION

All that part of Newfoundland Labrador bounded and described as follows: Beginning at the centre point of the intake as constructed at the Site of the Twin Falls Project and running south along the crest of Dam No. 4 to the southerly point of this structure; thence directly to Dam No. 5 and along the crest of this dam to its southeastern extremity; thence running generally in a southeasterly direction along the crest of the watershed between rivers draining into the Unknown River downstream of the Site, the Hamilton River, Winikapau Lake and rivers draining into the Unknown River upstream of the Site, Ossokmanuan Lake, Atikonak River, Atikonak Lake to a point on the height of land between the Provinces of Quebec and Newfoundland north of Lac Long; thence continuing in a generally southerly direction along the said height of land to a point near Lac Bellanca; thence continuing in a general north and north-westerly direction to a point on the said height of land north of Lac Assigny; thence continuing in a general north-westerly and northerly direction along the crest of the watershed between the East River, rivers flowing into Lake Ashuanipi, Ashuanipi River and Riviere a l'eau Claire, rivers flowing into Lac Joseph, Ossokmanuan Lake to a point near Evening Lake; thence continuing in a general northerly and north-easterly direction along the crest of the watershed between rivers flowing into the Menihok Lakes, the Tamarack River and rivers flowing into Colville Lake, McKay Lake, Sims Lake to a point north of Sims Lake; thence continuing in a general south-easterly direction along the crest of the watershed between rivers flowing into Sims Lake, Sims River and rivers flowing into Timmins Lake, Ashuanipi River to the western extremity of the west causeway as constructed across the Atikonak River; thence following the Access Road to the easterly extremity of the east causeway; thence continuing in a south-easterly direction along the crest of the watershed between rivers flowing into the Hamilton River and rivers flowing into Gabbro Lake, Ossokmanuan Lake, Unknown River upstream of the Site to the western extremity of Dam No. 1; thence following the crest of this structure, the sluice and regulating section, Dam No. 2 to its eastern extremity, thence to the western extremity of Dam No. 3, thence following the crest of this dam to the starting point; the whole as is shown on the maps attached hereto to form part hereof.

APPENDIX B

DESCRIPTION OF THE TWIN FALLS DEVELOPMENT AREA

Those parts of the watershed of the Unknown River within the area reserved under the provisions of the Labrador Lands Reservation Act, Chapter 176 R. S. N. 1952 as amended and that are:—

Area 1 below the 1560 foot contour along Lakes Gabbro, Ossokmanuan, and all other lakes, rivers and tributaries connected therewith,

Area 2 below the 1490 foot contour along the Unknown River and all other rivers tributaries and lakes connected therewith upstream of Scott Falls,

Area 3 below the 1190 foot contour along the dry gorge known as Bonnell Creek.

The elevations of Area 1 are referred to Benchmark "J" established at Hamilton Falls by G. H. Desbarats in 1947; and the elevations of Areas 2 and 3 are referred to a local Benchmark established by The Shawinigan Engineering Company Limited in 1959 located on the upper rim of the west side of a dry gorge approximately one mile east of Scott Falls and approximately 1.65 miles from the confluence of the said dry gorge with the Unknown River; the whole as is shown on the map attached hereto to form part hereof.

in Volume 623, Folios 228 - 233

AMENDMENT TO SUBLEASE

BETWEEN

HAMILTON FALLS POWER CORPORATION LIMITED,

and

TWIN FALLS POWER CORPORATION LIMITED,

with

**HIS HONOUR THE HONOURABLE FABIAN O'DEA,
ONE OF OUR COUNSEL, LEARNED IN THE LAW, COMMANDER
ON THE RETIRED LIST OF OUR NAVAL RESERVE,
LIEUTENANT-GOVERNOR OF THE PROVINCE
OF NEWFOUNDLAND IN COUNCIL,**

as intervenor.

Dated as of April 15, 1963

AMENDMENT TO SUBLEASE ENTERED INTO THIS 15th DAY OF APRIL 1963.

BETWEEN:

HAMILTON FALLS POWER CORPORATION LIMITED, a company duly incorporated under the laws of Canada and having its head office in the City of St. John's, in the Province of Newfoundland (hereinafter called the "Sublessor" which expression shall, unless the context otherwise requires, include the successors and assigns of the Sublessor),

(SEAL)

PARTY OF THE FIRST PART.

FABIAN O'DEA
LIEUTENANT GOVERNOR

—and—

TWIN FALLS POWER CORPORATION LIMITED, a company duly incorporated under the laws of Canada and having its head office in the City of St. John's, in the Province of Newfoundland (hereinafter called the "Sublessee" which expression shall, unless the context otherwise requires and subject to the provisions of this Amendment to Sublease, include the successors and assigns of the Sublessee),

LESLIE R. CURTIS
H. M. ATTORNEY GENERAL

PARTY OF THE SECOND PART.

WHEREAS under and by virtue of the powers conferred by the Hamilton Falls Power Corporation Limited (Lease) Act, 1961, the Act No. 51 of 1961, of the Province of Newfoundland, there was executed on the 16th day of May 1961 a Statutory Lease (hereinafter called the "Water Power Lease") between His Honour the Honourable Campbell Macpherson, Officer of the Most Excellent Order of the British Empire, Lieutenant-Governor of the Province of Newfoundland in Council (hereinafter sometimes called the "Government" which expression shall, unless the context otherwise requires, mean the Government for the time being of the said Province) and the Sublessor in the terms set forth in the Schedule to the said Act; and

WHEREAS by a Sublease dated as of November 15, 1961, and Registered at the Registry of Deeds for Newfoundland on the 30th day of November, 1961, in Volume 549 at Folios 236-261, between Hamilton Falls Power Corporation Limited, Sublessor, and Twin Falls Power Corporation Limited, Sublessee, with His Honour the Honourable Campbell Macpherson, Officer of the Most Excellent Order of the British Empire, Lieutenant-Governor of the Province of Newfoundland in Council, intervenor, certain of the rights and liberties leased to the Sublessor under the Water Power Lease were subleased and subdemised to the Sublessee, the whole as therein more fully set forth; and

WHEREAS under and by virtue of the powers conferred by the Hamilton Falls Power Corporation Limited (Lease) (Amendment) Act 1963, an Act of the Province of Newfoundland, certain amendments to the Water Power Lease were made; and

WHEREAS the Sublessor and the Sublessee desire to effect certain amendments to the Suble

NOW THEREFORE THIS AMENDMENT TO SUBLEASE WITNESSETH:

1. The Sublease is hereby amended as follows:

(a) In clause 1 of Part I the sentence which reads:

"The maximum amount of hydro-electric power which the Sublessee may develop with the said waters at the Site by the construction of hydro-electric installations, diversions, storage reservoirs and all other facilities which the Sublessee may deem necessary is 300,000 horsepower."

is hereby deleted and replaced by the following:

"The amount of hydro-electric power which the Sublessee may develop with the said waters at the Site by the construction of hydro-electric installations, diversions, storage reservoirs and all other facilities which the Sublessee may deem necessary is the maximum economic capacity at the Site."

(b) In paragraph (d) of clause 2 of Part I, the phrase which reads:

"the right without interference by any works of the Sublessor to store so much of the Unknown as may be economic or beneficial for the purposes of the development by the Sublessee of up to 300,000 horsepower to be produced at the Site,"

is hereby deleted and replaced by the following:

"the right without interference by any works of the Sublessor to store so much of the Unknown as may be economic or beneficial for the purposes of the development by the Sublessee of up to the maximum economic capacity at the Site,"

(c) Subclause (2) of clause 8 of Part IV is hereby deleted and replaced by the following:

"(2) The Sublessor and the Sublessee mutually covenant and agree as follows.

(a) The Sublessor shall have the right, after the giving of the notice referred to in paragraph (i) of subclause (1) of this clause 8 to utilize, expand or modify any of the Sublessee's storage and control works and facilities; provided, however, that such utilization, expansion or modification shall not affect materially the purpose for which they were originally constructed, or substantially interfere with the operation thereof by the Sublessee prior to the actual date of commencement of the suspension of the event of an interruption as provided for in subclause (3) of this clause 8 with operation thereof during such interruption.

(b) The Sublessor shall not make any diversion of the Unknown unless it shall previously have constructed all necessary control works (other than control works already constructed by the Sublessee if any) whereby any such diversion can be stopped or the case may be, be re-established in either case without delay, and

(c) The Sublessor shall at all times at its expense maintain in good operating condition all the control works constructed by the Sublessor pursuant to paragraph (b) of subclause (2)."

(d) In subclause (3) of clause 8 of Part IV the sentence which reads:

"In the event that the delivery of hydro-electric power as provided in paragraph (a) of subclause (1) of this clause 8 is interrupted from time to time for any reason whatsoever w

this Sublease or any renewal hereof is in force, the Sublessor shall forthwith do all things necessary to restore to the Sublessee, during such interruption only, the enjoyment of the rights and liberties under suspension, and if need be the Sublessee shall in such case have the right itself to stop any diversion of the Unknown by operating all the control works mentioned in paragraph (a) of subclause (2) of this clause 8."

is hereby deleted and replaced by the following:

"In the event that the delivery of hydro-electric power as provided in paragraph (a) of subclause (1) of this clause 8 is interrupted from time to time for any reason whatsoever while this Sublease or any renewal hereof is in force, the Sublessor shall forthwith do all things necessary to restore to the Sublessee, during such interruption only, the enjoyment of the rights and liberties under suspension, and if need be the Sublessee shall in such case have the right itself to stop any diversion of the Unknown by operating all the control works mentioned in paragraphs (a) and (b) of subclause (2) of this clause 8."

2. INTERVENTION

And to these presents came and intervened:

His Honour the Honourable Fabian O'Dea, one of Our Counsel, learned in the Law, Commander on the Retired List of our Naval Reserve, Lieutenant-Governor of the Province of Newfoundland in Council, and in executing this Amendment to Sublease as an Intervenor declares:

- (a) That it is authorized to execute and deliver this Amendment to Sublease as an Intervenor pursuant to the authority granted by Section 2 of the Act No. 51 of 1961 of the Province of Newfoundland.
- (b) That by its execution hereof it approves this Amendment to Sublease as a document of title for the purposes set forth in Subclauses (4) and (5) of Clause 7 of Part IV of the Water Power Lease and gives to Twinco a covenant enforceable at law enabling Twinco to obtain an amended document of title under the circumstances and with the effect prescribed by the aforementioned Subclauses (4) and (5) of Clause 7 of Part IV of the Water Power Lease.
- (c) If the Water Power Lease is cancelled and determined at any time by reason of the default of the Lessee thereunder, then notwithstanding such cancellation and determination the rights of Twinco under this Amendment to Sublease shall in no way be impaired or affected thereby but shall, subject to subclause (d) of this clause 2, continue in full force and with the same effect as though such cancellation and determination had not taken place.
- (d) If the Water Power Lease is cancelled and determined at any time by reason of the default of the Lessee thereunder, then this Amendment to Sublease shall be amended without impairing or affecting the rights of Twinco hereunder, so as to provide that
 - (i) The Government shall be substituted for the Sublessor; and
 - (ii) all of the benefits of the Sublessor theretofore accruing under this Amendment to Sublease shall thereafter accrue to the Government instead of to the Sublessor;

and this Amendment to Sublease shall be altered accordingly both in substance and in form.

- (e) That it makes no warranty as to the title of Twinco, nor does it establish any privity of contract with the Sublessor or Twinco, nor does it undertake any obligations to any or all of them, except the approval and covenant referred to in paragraph (b) of this clause 2 and the consent in clause 3 hereof, nor shall it by its intervention be deemed to have made

any such warranty, to have established any such privity of contract, or to have undertaken any such obligations other than such approval and covenant and such consent.

- (f) The terms "document of title", "Twinco" and "Lessee" as used in this clause 2 shall have the same meaning as that ascribed to them by the provisions of Clause 7 of Part I of the Water Power Lease.

3. CONSENT

The Government hereby consents to this Amendment to Sublease insofar as required by the provisions of Clause 1 of Part IV of the Water Power Lease.

4. Except as otherwise amended hereby, the parties acknowledge that the Sublease dated as of November 15, 1961, is in full force and effect.

IN WITNESS WHEREOF His Honour the Lieutenant-Governor in Council has caused the Great Seal of the Province of Newfoundland to be affixed hereto and has signed this Amendment to Sublease as intervenor and the Sublessor and Sublessee have caused their Corporate Seals to be affixed hereto in the presence of their respective officers duly authorized for the purposes hereof as of the date first above written.

By His Honour's Command

J. G. CHANNING
Deputy Minister of Provincial Affairs

HAMILTON FALLS POWER CORPORATION LIMITED

ELIZABETH SCHNEIDHOFER
Witness

By V. H. SMITH
President

D. C. WADSWORTH
Witness

And C. T. MANNING (SEAL)
Secretary

TWIN FALLS POWER CORPORATION LIMITED

ELIZABETH SCHNEIDHOFER
Witness

By P. S. MERCHANT
Vice President

D. C. WADSWORTH
Witness

And D. C. WADSWORTH (SEAL)
Secretary

[CONFORMED COPY]

SECOND AMENDMENT TO SUBLEASE

BETWEEN

CHURCHILL FALLS (LABRADOR) CORPORATION LIMITED

AND

TWIN FALLS POWER CORPORATION LIMITED.

WITH

HIS HONOUR THE HONOURABLE FABIAN O'DEA, ONE OF HER MAJESTY'S COUNSEL, LEARNED IN THE LAW, COMMANDER ON THE RETIRED LIST OF HER MAJESTY'S NAVAL RESERVE, LIEUTENANT-GOVERNOR OF THE PROVINCE OF NEWFOUNDLAND IN COUNCIL,

as Intervenor.

Dated as of November 30, 1967.

Registered at St. John's, Newfoundland
in the Registry of Deeds on _____, 19____
to Vol. 5, 916. Entry 238-247

SECOND AMENDMENT TO SUBLEASE ENTERED INTO AS OF THE
30TH DAY OF NOVEMBER, 1967.

Between:

(GREAT SEAL OF
NEWFOUNDLAND)

CHURCHILL FALLS (LABRADOR)
CORPORATION LIMITED, a company
duly incorporated under the laws of
Canada and having its head office in
the City of St. John's, in the Pro-
vince of Newfoundland (hereinafter
called the "Sublessor" which ex-
pression shall, unless the context
otherwise requires, include the suc-
cessors and assigns of the Sub-
lessor),

FABIAN O'DEA
Lieutenant-Governor

PARTY OF THE FIRST PART

—and—

T. ALEX. HICKMAN
Minister of Justice

TWIN FALLS POWER CORPORATION
LIMITED, a company duly incorpo-
rated under the laws of Canada and
having its head office in the City of
St. John's, in the Province of New-
foundland (hereinafter called the
"Sublessee" which expression shall,
unless the context otherwise re-
quires and subject to the provisions
of the Sublease, include the succes-
sors and assigns of the Sublessee).

PARTY OF THE SECOND PART.

WHEREAS under and by virtue of the powers conferred by the
Churchill Falls (Labrador) Corporation Limited (Lease) Act, 1961,
the Act No. 51 of 1961, of the Province of Newfoundland, there was
executed on the 16th day of May 1961 a Statutory Lease (hereinafter
called the "Water Power Lease") between His Honour the Honour-
able Campbell Macpherson, Officer of the Most Excellent Order of the

British Empire, Lieutenant-Governor of the Province of Newfoundland in Council (hereinafter sometimes called the "Government" which expression shall, unless the context otherwise requires, mean the Government for the time being of the said Province) and the Sublessor in the terms set forth in the Schedule to the said Act; and

WHEREAS by a Sublease dated as of the 15th day of November, 1961 and registered at the Registry of Deeds for Newfoundland on the 30th day of November, 1961, in Volume 549 at Folios 236-261, between Churchill Falls (Labrador) Corporation Limited, Sublessor, and Twin Falls Power Corporation Limited, Sublessee, with His Honour the Honourable Campbell Macpherson, Officer of the Most Excellent Order of the British Empire, Lieutenant-Governor of the Province of Newfoundland in Council, intervenor, certain of the rights and liberties leased to the Sublessor under the Water Power Lease were subleased and subdemised to the Sublessee, the whole as therein more fully set forth; and

WHEREAS under and by virtue of the powers conferred by the Churchill Falls (Labrador) Corporation Limited (Lease) (Amendment) Act 1963, an Act of the Province of Newfoundland, certain amendments to the Water Power Lease were made; and

WHEREAS by Amendment to Sublease dated as of the 15th day of April, 1963, certain amendments to the said Sublease were made and all references hereafter made to the said Sublease shall be deemed to include the said Amendment to Sublease; and

WHEREAS under and by virtue of the powers conferred by the Churchill Falls (Labrador) Corporation Limited (Lease) (Amendment) Act, 1964, the Act No. 43 of 1964 of the Province of Newfoundland, there was executed as of the 1st day of January 1964 an agreement between the Government as therein defined and the Sublessor in the terms set forth in the Schedule to the said Act; and

WHEREAS under and by virtue of the powers conferred by the Churchill Falls (Labrador) Corporation Limited (Lease) (Amend-

ment) Act, 1966-67, the Act No. 84 of 1966-67 of the Province of Newfoundland, there was executed as of the 14th day of July, 1966 an agreement between the Government as therein defined and the Sublessor in the terms set forth in the Schedule to the said Act; and

WHEREAS the Sublessor and the Sublessee desire to effect further amendments to the Sublease.

NOW THEREFORE THIS SECOND AMENDMENT TO SUBLEASE WITNESSETH:

1. The said Sublease is hereby amended as follows:

(a) The following paragraph is added to subclause (2) of clause 8 of Part IV as paragraph (d) thereof, namely:

“(d) Notwithstanding anything contained in this Sublease, Churchill Falls (Labrador) Corporation Limited and its permitted assigns shall be entitled to enjoy the rights conferred upon it pursuant to Clause III of the Operating Lease between Twin Falls Power Corporation Limited and Churchill Falls (Labrador) Corporation Limited dated as of November 30th, 1967 in the manner and to the extent permitted by said Operating Lease.”

(b) The following subclauses are added to clause 8 of Part IV immediately following subclause (6), namely:

“(7) In the event of a suspension pursuant to this clause 8, the Sublessee shall pay to the Sublessor monthly, in addition to any amounts payable pursuant to subclause (4) of this clause 8, one-twelfth of the aggregate of the following amounts:

(a) an amount equal to \$1.40 multiplied by the number of horsepower which the Sublessor is obliged to deliver to Sublessee pursuant to paragraph (a) of subclause (1) of this clause 8; and

(b) \$305,000.

(8) In the event that during a suspension the delivery of hydro-electric power by the Sublessor is interrupted, as contemplated by subclause (3) of this clause 8, the Sublessee shall pay to the Sublessor monthly, in respect of the entire period of such interruption and in lieu of the amounts provided in subclauses (4) and (7) of this clause 8, one-twelfth of the aggregate of the following amounts:

(a) an amount equal to \$1.40 multiplied by the number of horsepower which the Sublessor is obliged to deliver to Sublessee pursuant to paragraph (a) of subclause (1) of this clause 8, provided, however, that if for a period in excess of thirty (30) consecutive days during such interruption, the Sublessee is unable to deliver at least 80% of the power which it is then obligated to deliver pursuant to power contracts (for any reason other than a shortage of water resulting from natural causes), then in respect of the entire period during which the Sublessee is unable to make delivery as aforesaid, the aforesaid amount contemplated by this paragraph (a) shall be reduced to an amount equal to \$1.40 multiplied by the actual number of horsepower, if any, which the Sublessee is able to deliver; and

(b) \$305,000."

2. INTERVENTION

And to these presents came and intervened:

His Honour the Honourable Fabian O'Dea, one of Her Majesty's Counsel, learned in the Law, Commander on the Retired List of Her Majesty's Naval Reserve, Lieutenant-Governor of the Province of Newfoundland in Council, and in executing this Second Amendment to Sublease as an intervenor declares:

- (a) That it is authorized to execute and deliver this Second Amendment to Sublease as an intervenor pursuant to the authority granted by Section 2 of the Act No. 51 of 1961 of the Province of Newfoundland.
- (b) That by its execution hereof it approves this Second Amendment to Sublease as a document of title for the purposes set forth in subclauses (4) and (5) of clause 7 of Part IV of the Water Power Lease and gives to Twinco a covenant enforceable at law enabling Twinco to obtain an amended document of title under the circumstances and with the effect prescribed by the aforementioned subclauses (4) and (5) of clause 7 of Part IV of the Water Power Lease.
- (c) If the Water Power Lease is cancelled and determined at any time by reason of the default of the Lessee thereunder, then notwithstanding such cancellation and determination the rights of Twinco under this Second Amendment to Sublease shall in no way be impaired or affected thereby but shall, subject to subclause (d) of this clause 2, continue in full force and with the same effect as though such cancellation and determination has not taken place.
- (d) If the Water Power Lease is cancelled and determined at any time by reason of the default of the Lessee thereunder, then this Second Amendment to Sublease shall be amended without impairing or affecting the rights of Twinco hereunder, so as to provide that
 - (i) The Government shall be substituted for the Sublessor; and
 - (ii) all of the benefits of the Sublessor theretofore accruing under this Second Amendment to Sublease shall thereafter accrue to the Government instead of to Sublessor;

and this Second Amendment to Sublease shall be altered accordingly both in substance and in form.

- (e) That it makes no warranty as to the title of Twinco, nor does it establish any privity of contract with the Sublessor or Twinco, nor does it undertake any obligations to any or all of them, except the approval and covenant referred to in paragraph (b) of this clause 2 and the consent in clause 3 hereof, nor shall it by its intervention be deemed to have made any such warranty, to have established any such privity of contract, or to have undertaken any such obligations other than such approval and covenant and such consent.
- (f) The terms "document of title", "Twinco" and "Lessee" as used in this clause 2 shall have the same meaning as that ascribed to them by the provisions of clause 7 of Part IV of the Water Power Lease.

3. CONSENT

The Government hereby consents to this Second Amendment to Sublease insofar as required by the provisions of clause 1 of Part IV of the Water Power Lease.

4. Except as amended by the Amendment to Sublease dated as of April 15, 1963 and otherwise amended hereby, the parties acknowledge that the Sublease dated as of November 15, 1961, is in full force and effect.

IN WITNESS WHEREOF His Honour the Lieutenant-Governor in Council has caused the Great Seal of the Province of Newfoundland to be affixed hereto and has signed this Second Amendment to Sublease as intervenor and the Sublessor and Sublessee have caused their Corporate Seals to be affixed hereto in the presence of their respective

officers duly authorized for the purposes hereof as of the date first above written.

BY HIS HONOUR'S COMMAND

G. A. FRECKER
Minister of Provincial Affairs

CHURCHILL FALLS (LABRADOR)
CORPORATION LIMITED

(SEAL)

By D. GORDON
Chairman

ELIZABETH SCHNEIDHOFER
Witness

and C. T. MANNING
Vice-President (Legal)
and Secretary

TWIN FALLS POWER CORPORATION
LIMITED

(SEAL)

By M. F. NICHOLSON
Chairman

ELIZABETH SCHNEIDHOFER
Witness

and A. B. THOMSON
Secretary

THIRD AMENDMENT to SUBLEASE entered into as of R-5
the First day of July 1974.

B E T W E E N:

CHURCHILL FALLS (LABRADOR)
CORPORATION LIMITED, a com-
pany incorporated under the
laws of Canada and having its
head office in the City of
St. John's, in the Province of
Newfoundland (hereinafter
called the "Sublessor" which
expression shall, unless the
context otherwise requires,
include the successors and
assigns of the Sublessor),

David A. Tucker

A N D:

PARTY OF THE FIRST PART

TWIN FALLS POWER CORPORATION
LIMITED, a company duly incor-
porated under the laws of
Canada and having its head
office in the City of St. John's,
in the Province of Newfoundland
(hereinafter called the "Sub-
lessee" which expression shall,
unless the context otherwise re-
quires and subject to the pro-
visions of the Sublease, include
the successors and assigns of the
Sublessee).

PARTY OF THE SECOND PART

Vernon P. MacBartley
Deputy Minister of Justice

WHEREAS under and by virtue of the powers conferred
by the Churchill Falls (Labrador) Corporation Limited (Lease)
Act, 1961, the Act No. 51 of 1961, of the Province of Newfound-
land, there was executed on the 16th day of May 1961 a Statutory
Lease (hereinafter called the "Water Power Lease") between His
Honour the Honourable Campbell Macpherson, Officer of the
Most Excellent Order of the British Empire, Lieutenant-Governor
of the Province of Newfoundland in Council (hereinafter sometime
called the "Government" which expression shall, unless the

context otherwise requires, mean the Government for the time being of the said Province) and the Sublessor in the terms set forth in the Schedule to the said Act; and

WHEREAS by a Sublease dated as of the 15th day of November, 1961 and registered at the Registry of Deeds for Newfoundland on the 30th day of November 1961, in Volume 549 at Folios 236-261, between Churchill Falls (Labrador) Corporation Limited, Sublessor, and Twin Falls Power Corporation Limited, Sublessee, with His Honour the Honourable Campbell Macpherson, Officer of the Most Excellent Order of the British Empire, Lieutenant-Governor of the Province of Newfoundland in Council, intervenor, certain of the rights and liberties leased to the Sublessor under the Water Power Lease were subleased and subdemised to the Sublessee, the whole as therein more fully set forth; and

WHEREAS under and by virtue of the powers conferred by the Churchill Falls (Labrador) Corporation Limited (Lease, (Amendment) Act 1963, an Act of the Province of Newfoundland, certain amendments to the Water Power Lease were made; and

WHEREAS by Amendment to Sublease dated as of the 15th day of April, 1963, certain amendments to the said Sublease were made and all references hereafter made to the said Sublease shall be deemed to include the said Amendment to Sublease; and

WHEREAS under and by virtue of the powers conferred by the Churchill Falls (Labrador) Corporation Limited (Lease) (Amendment) Act, 1964, the Act No. 43 of 1964 of the Province of Newfoundland, there was executed as of the 1st day of January 1964 an agreement between the Government as therein defined

and the Sublessor in the terms set forth in the Schedule to the said Act; and

WHEREAS under and by virtue of the powers conferred by the Churchill Falls (Labrador) Corporation Limited (Lease) (Amendment) Act, 1966-67, the Act No. 84 of 1966-67 of the Province of Newfoundland there was executed as of the 14th day of July, 1966 an agreement between the Government as therein defined and the Sublessor in the terms set forth in the Schedule to the said Act; and

WHEREAS by Second Amendment to Sublease dated as of the 30th day of November, 1967, certain amendments to the said Sublease were made and all references hereafter made to the Sublease shall be deemed to include the said Second Amendment to Sublease; and

WHEREAS under and by virtue of the powers conferred by the Churchill Falls (Labrador) Corporation Limited (Lease) (Amendment) Act, 1968, the Act No. 101 of 1968 of the Province of Newfoundland, there was executed on the 30th day of September, 1968 an agreement between the Government as therein defined and the Sublessor in the terms set forth in the Schedule to the said Act; and

WHEREAS under and by virtue of the powers conferred by the Churchill Falls (Labrador) Corporation Limited (Lease) (Amendment) Act, 1969, the Act No. 77 of 1969 of the Province of Newfoundland, there was executed on the 12th day of May, 1969 an agreement between the Government as therein defined and the Sublessor in the terms set forth in the Schedule to the said Act; and

WHEREAS under and by virtue of the powers conferred by the Churchill Falls (Labrador) Corporation Limited (Lease) (Amendment) Act, 1970, the Act No. 62 of 1970 of the Province of Newfoundland, there was executed as of the 1st day of January 1970 an agreement between the Government as therein defined and the Sublessor in the terms set forth in the Schedule to the said Act; and

WHEREAS the Sublessor and the Sublessee desire to effect a further amendment to the Sublease.

NOW THEREFORE THIS THIRD AMENDMENT TO SUBLEASE WITNESSETH:

1. The said Sublease is hereby amended as follows:
 - (a) by deleting from paragraph (e) of Clause 2 of Part I the words "pursuant to Clause 8 of Part IV hereof"; and
 - (b) by adding in paragraph (d) of Subclause (2) of Clause 8 of Part IV immediately after the reference to "November 30th, 1967" the following:
"as amended,".
2. INTERVENTION
And to these presents came and intervened:
His Honour the Honourable Gordon A. Winter,
Lieutenant-Governor of the Province of Newfoundland in Council, and in executing this Third Amendment to Sublease as an intervenor declares:
 - (a) That it is authorized to execute and deliver this Third Amendment to Sublease as an intervenor pursuant to the authority granted by Section 2 of the

Act No. 51 of 1961 of the Province of Newfoundland

- (b) That by its execution hereof it approves this Third Amendment to Sublease as a document of title for the purposes set forth in subclauses (4) and (5) of clause 7 of Part IV of the Water Power Lease and gives to Twinco a covenant enforceable at law enabling Twinco to obtain an amended document of title under the circumstances and with the effect prescribed by the aforementioned subclauses (4) and (5) of clause 7 of Part IV of the Water Power Lease.
- (c) If the Water Power Lease is cancelled and determined at any time by reason of the default of the Lessee thereunder, then notwithstanding such cancellation and determination the rights of Twinco under this Third Amendment to Sublease shall in no way be impaired or affected thereby but shall, subject to subclause (d) of this clause 2, continue in full force and with the same effect as though such cancellation and determination has not taken place.
- (d) If the Water Power Lease is cancelled and determined at any time by reason of the default of the Lessee thereunder, then this Third Amendment to Sublease shall be amended without impairing or affecting the rights of Twinco hereunder, so as to provide that
- (i) The Government shall be substituted for the Sublessor; and

(ii) all of the benefits of the Sublessor theretofore accruing under this Third Amendment to Sublease shall thereafter accrue to the Government instead of to Sublessor;

and this Third Amendment to Sublease shall be altered accordingly both in substance and in form.

(e) That it makes no warranty as to the title of Twinco nor does it establish any privity of contract with the Sublessor or Twinco, nor does it undertake any obligations to any or all of them, except the approval and covenant referred to in paragraph (b) of this clause 2 and the consent in clause 3 hereof, nor shall it by its intervention be deemed to have made any such warranty, to have established any such privity of contract, or to have undertaken any such obligations other than such approval and covenant and such consent.

(f) The terms "document of title", "Twinco" and "Lessee" as used in this clause 2 shall have the same meaning as that ascribed to them by the provisions of clause 7 of Part IV of the Water Power Lease.

3. CONSENT

The Government hereby consents to this Third Amendment to Sublease insofar as required by the provisions of clause 1 of Part IV of the Water Power Lease.

4. Except as amended by the Amendment to Sublease dated as of April 15, 1963, the Second Amendment to Sublease dated as of November 30, 1967 and otherwise amended

hereby, the parties acknowledge that the Sublease dated as of November 15, 1961, is in full force and effect.

IN WITNESS WHEREOF His Honour the Lieutenant-Governor in Council has caused the Great Seal of the Province of Newfoundland to be affixed hereto and has signed this Third Amendment to Sublease as intervenor and the Sublessor and Sublessee have caused their Corporate Seals to be affixed hereto in the presence of the respective officers duly authorized for the purposes hereof as of the date first above written.

BY HIS HONOUR'S COMMAND

[Signature]
.....
Minister of Provincial Affairs

CHURCHILL FALLS (LABRADOR)
CORPORATION LIMITED

By *[Signature]* Pres.

and *[Signature]*
Vice President & Accountant General

[Signature]
.....
Witness

TWIN FALLS POWER CORPORATION
LIMITED

By *[Signature]* Pres.

and *[Signature]*
Secretary

[Signature]
.....
Witness

THIS RENEWAL OF LEASE AGREEMENT made on the 9th day of June, 1989.

BETWEEN: CHURCHILL FALLS (LABRADOR) CORPORATION LIMITED, a company duly incorporated under the laws of Canada and having its head office in the City of St. John's in the Province of Newfoundland (hereinafter called the "Sublessor")

AND: TWIN FALLS POWER CORPORATION LIMITED, a company duly incorporated under the laws of Canada and having its head office in the City of St. John's in the Province of Newfoundland (hereinafter called the "Sublessee")

WHEREAS by an Agreement dated the 15th day of November, 1961 (hereinafter called the "Sublease") the Sublessor did sublease and sub-demise unto the Sublessee full right and liberty to use all that portion of the waters within the Unknown River Watershed as described in the Sublease;

AND WHEREAS the Sublease, by its terms, expires December 31, 1989 unless renewed under the terms contained in Clause 2 of Part III of the Sublease;

AND WHEREAS the Sublessor and the Sublessee have agreed to a renewal of the Sublease as provided by Clause 2 of Part III of the Sublease;

NOW THEREFORE THIS INDENTURE WITNESSETH that the Sublessor and Sublessee have agreed each with the other that the Sublease dated as of the 15th day of November, 1961, be and hereby is renewed for a term of Twenty-five years commencing on the first day of January, 1990, subject to payment of the same royalty and containing like covenants and conditions as are contained in the Sublease with the exception of the covenant for renewal, together with the additional condition that this renewal shall be subject to termination whenever the Iron Ore Company of Canada or the Wabush Iron Company Limited are no longer obligated to purchase an aggregate of at least 50,000 horsepower from the Sublessee on a horsepower per year basis.

This Agreement shall enure to the benefits of and be binding on the parties hereto and each of their respective successors and assigns.

IN WITNESS WHEREOF the parties hereto have caused their corporate seals to be hereunto affixed and attested by the hands of their respective signing officers this day and year first above written.

CHURCHILL FALLS (LABRADOR)
CORPORATION LIMITED

Cyril J. Abreu
J.P. Henderson

Marlene Walsh
Witness

TWIN FALLS POWER CORPORATION
LIMITED

R. J. [unclear]
Maurice P. Green

Marlene Walsh
Witness