COPIE du RAPPORT d'un Comité de l'Honorable Conseil Exécutif en date du 5 Juil. 1928, approuvé par le Lieutenant-Gouverneur le 6 Juil. 1928.

-oOoOoOo-

Concerning the leasing of certain Water Powers of the Upper St. Maurice River.

-oOoOoOo-

The Honorable the Minister of Lands and Forests, in a memo dated the 5th July, (1928), sets forth: that, at the public Auction held on the 23rd day of May 1928, the Shawinigan Water & Power Company acquired the rights to certain water powers, lands and privileges on the Upper St. Maurice River;

That, on the 22nd June 1928, the Honourable the Minister has signed and executed a lease of the said water powers, lands and privileges on the Upper St. Maurice River to the Shawinigan Water & Power Company, before Edouard Biron, Notary, under Number 15036 of his minutes.

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The Honorable the Minister recommends that said lease be and is hereby confirmed and ratified.

CERTIFIE

A. MORISSETTE

Greffier Conseil Exécutif

EXTRACT FROM THE MINUTES OF A MEETING OF THE DIRECTORS OF THE SHAWINIGAN WATER & POWER COMPANY, HELD AT THE OFFICE OF THE COMPANY, 611 POWER BUILDING, MONTREAL, P.Q., on Wednesday, June 20th, at 3 p.m.

Mr. Smith further explained that in connection with the acquisition of these properties that it would be necessary to sign a lease with the Provincial Government and laid before the meeting a draft of said lease. After explanation it was on motion duly made and seconded resolved that any one of the Vice-Presidents of the Company and the Secretary or Assistant Secretary acting together, be and are hereby authorized to execute, on behalf of this Company, an emphyteutic lease with the Minister of Lands and Forests of the Province of Quebec covering the leasing of the properties in the Upper St. Maurice between its confluence with the Manouane River and the prolongation across the St. Maurice River of the dividing line of the Townships of Dumoulin and Vallieres, described in an Order-in-Council of the Province of Quebec dated 21st April, 1928.

CERTIFIED A TRUE EXTRACT.

L. S. (Signed) JAS. WILSON,

Secretary.

Montreal, June 20th, 1928.

Certified correct and annexed to the original deed bearing the No. 15036 of the repertory of Me EDOUARD BIRON, Notary, at Montreal, after having been signed, ne VARIETUR, by the parties to said deed, with and in the presence of the Notary.

At Montreal, this twenty-second day of the month of

June, nineteen hundred and twenty-eight.

(SIGNED) THE SHAWINIGAN WATER & POWER CO.

JULIAN C. SMITH

JAS. WILSON

(") HENRY MERCIER

(") EDOUARD BIRON, notaire

TRUE COPY

(SIGNED) EDOUARD BIRON, notaire.

EXTRACT FROM THE MINUTES OF A MEETING OF THE DIRECTORS OF THE SHAWINIGAN WATER & POWER COMPANY, HELD AT THE OFFICE OF THE COMPANY, 611 POWER BUILDING, MONTREAL, P.Q., ON TUESDAY, FEBRUARY 21st., 1928, IMMEDIATELY AFTER SPECIAL GENERAL MEETING OF SHAREHOLDERS.

On motion duly made and seconded the following officers were elected to service for the ensuing year:-

J. R. Aldred	President
Howard Murray, C.B.E.	Vice-President
Julian C. Smith	Vice-President and General Manager.
E. S. Hort	Vice-President and Treasurer
Jas. Wilson	Secretary

On motion duly made and seconded Mr. E. G. Budden was appointed Assistant Treasurer and Mr. Geo. C. Hiam, Assistant Secretary.

Certified a true Extract.

L. S. (SIGNED) JAS. WILSON, Secretary.

Montreal, June 20th, 1928.

Certified correct and annexed to the original deed bearing the No. 15016 of the repertory of Me EDOUARD BIRON, Notary at Montreal, after having been signed, NE VARIETUR, by the parties to said deed, with and in the presence of the Notary.

At Montreal, on this twenty-second day of the month of June, nineteen hundred and twenty-eight.

(SIGNED) THE SHAWINIGAN WATER & POWER CO.

JULIAN C. SMITH

JAS. WILSON

(") HOWARD MURRAY

(") EDOUARD BIRON, Notaire

TRUE COPY

(SIGNED) EDOUARD BIRON, Notaire

COPIE du RAPPORT d'un Comité de l'Honorable Conseil Exécutif en date du 30 AVR. 1928, approuvé par le Lieutenant-Gouverneur le 21 AVR. 1928.

CONCERNANT the water power of the St. Maurice River from its confluence with the Manouane River down to the vicinity of Fitzpatrick.

The Honorable the Minister of Lands and Forests, in a report dated April 21st., (1928), sets forth:

That his Department has received applications for the granting of the water powers of the St. Maurice River that are comprised in that section of its course, extending from its confluence with the Manouane River down to the vicinity of the dividing line of the townships of Dumoulin & Valliereas extended across the stream;

That the water power sites situated in said section include three principal important groups, viz: the Allard Falls, the Rapid des Coeurs, the Rapid Blanc, and several lesser ones;

That although the total difference of level in the above mentioned stretch of river be more than 600 feet, the surveys and studies of the Quebec Streams Commission, in so far as they go, indicate that about 300 feet of the head can be utilized and, in round figures about 300,000 H.P. developed;

That, owing to the rapid absorption of the present sources of supply, and the necessity of being prepared to provide more hydro-electrical energy for the greater industrial development of the Province and especially for the three great centers of Montreal, Trois-Rivieres, and Quebec, it is found timely to dispose of this water power and the Honourable Minister therefore recommends that he be authorized to offer at public auction the said rapids and falls within the said section of

the St. Maurice after convenient advertising in the newspapers of the Province, and that this grant covers the following:

(a) The rights of the Provincial Government on all the power that may be developed in that stretch of the St. Maurice River extending from its confluence with the Manouane River at high water, at the upper reach, downwards to the prolongation across the river of the dividing line between the townships of Dumoulin and Villieres, without any recourse in damages that may be caused by any backing of the water in this lower end that might be occasioned consequent upon the construction of a dam lower down the river;

(b) Sufficiently large parcels of the bed of the river and adequate riparian Crown land lots in the vicinity of, and covering the different concentrations for the power sites, all of which to be more fully described in the lease;

(c) General flooding rights on Crown lands within the usual restrictions of the lease formula and according to law;

(d) Additional water lots and land lots as the Minister may deem needed and necessary, in the event of more concentrations than the three above stated being found practical after fuller investigation as provided below.

The Honourable Minister further recommends that the above mentioned rights be leased subject to the general following conditions:

(a) Any interested party who intends bidding shall make, with the Department of Lands and Forests, at least ten (10) days before the auction, which shall take place on the 23rd day of May, 1936, a deposit of one million ($1,000,000.00) dollars, by accepted cheque to the order of the Minister of Lands and Forests, as a guarantee that he will attend or be represented at the auction and bid on the conditions and terms that are herein set forth. Such deposit shall be returned to the unsuccessful bidder, but that of the purchaser shall be retained by the Minister of

Lands and Forests as a guarantee that the conditions of the sale shall be carried out as stated herein.

As soon as development work is begun to the satisfaction of the Minister, 50% of the deposit shall be refunded; but should said such successful bidder fail to comply with the conditions herein, his deposit shall be forfeited.

The bidding at the auction shall determine the annual rental, the upset price of which shall be $25,000.00, and the highest bid over, and above said upset rental shall become and constitute the rental for the whole term of the lease.

(b) All interested parties who intend bidding shall also declare the purpose for which they want to develop the water power and disclose the principal or principals for whom they are acting.

(c) The Minister of Lands and Forests reserves the right not to grant a lease either to the highest or any other bidder, in case he should not find the sale satisfactory.

This concession shall be granted under emphyteutic lease (Form "B" of the Hydraulic Service) and more specially at the following conditions:

1. An emphyteutic lease for a term of 75 years to be computed from the date of the signing of the lease and the signature of the parties to be given within 30 days following the adjudication;

2. A fixed annual rental for the duration of the lease determined by the highest accepted bid, as stated above;

3. An additional annual royalty of $1.00 per horse power produced, calculated semi-annually from the average production as indicated by the watt-hour meters at the power house. From this royalty, the Minister of Lands and Forests shall credit the Quebec Streams Commission annually, with the amounts as payments for benefits for storage; such

amounts to be proportionate to payments made by or for existing power developments on the lower St. Maurice River.

4. The amount of this additional royalty shall be revised for each power development after each period of ten years to be computed from the date such power station starts its operation, but at no time shall it be less than one dollar.

5. The successful bidder shall be further under obligation to pay to the Quebec Streams Commission a total amount of not exceeding $20,000.00 for its plans and data in regard to these falls; all such data to be put at the disposal of all interested parties immediately, on payment to the Commission of an amount of $100.00;

6. In order to carry out the constructive programme stated in clauses 8, 9, 10, 11, 12 and 13, further surveys and more data than made available from the Quebec Streams Commission's preliminary studies will be necessary, and the Lessee shall be under the obligation to make these additional surveys, at his own cost, before the 1st of January, 1929, and shall have all plans and specifications, as well as constructive programme, finished by January 1st, 1930, and at least $100,000. spent thereupon to the satisfaction of the Minister by January 1st, 1929;

It is understood that the Government considers the Commission's work in this regard as terminated.

7. The Lessee shall assume its proportionate share of the total payments due the Quebec Streams Commission, pursuant to the Sale and Conveyance dated 16th July, 1918.

8. The Lessee shall carry out and complete the three concentrations recommended by the Commission unless additional surveys indicate that extensions, alterations or improvements to the said concentrations or additional concentrations are desirable and feasible. In

case such extensions, alterations or improvements or additional concentrations are acceptable to the Government, they shall be incorporated in amended plans to be submitted for departmental approval, and when so approved, the Company shall carry out and complete the concentrations in accordance therewith.

9. The Lessee shall commence actual construction operations, within the section of the river granted, not later than the 1st July, 1930, and shall be under obligation to have developed 100,000 h.p., by the 1st of July, 1933, expending in this undertaking at least $10,000,000.00.

10. As soon as 75% of the power of the first concentration is contracted for, or sooner if the Lieutenant-Governor-in-Council shall order it in the general public interest, the Lessee shall commence actual construction operations upon the second most desirable and feasible concentration.

11. The Lessee shall commence actual construction operations upon the third most desirable and feasible concentration when 75% of the power capacity of the second concentration has been absorbed, or sooner if the Lieutenant-Governor-in-Council so orders.

12. Should the final surveys indicate a fourth concentration to be desirable and feasible, the Lessee shall start actual construction operations upon it when 75% of the power capacity of the third concentration has been absorbed, or sooner if the Lieutenant-Governor-in-Council so orders.

13. The Lessee shall start actual construction operations on the final concentration found to be feasible and desirable within 8 years from the date when the construction work was commenced at the first concentration expending on all developments, including transmission lines at least $25,000,000.00.

14. Failure on the part of the Lessee to commence construction operations within six months of the time when it may be directed to do so, pursuant to sections 9, 10, 11, 12 and 13, above shall leave the Lieutenant-Governor-in-Council free to cancel the Lessee's rights or interests in all remaining power sites, and thereupon the Crown shall be free to dispose of the remaining sites as it may deem desirable.

15. As a guarantee of its intention to proceed with and complete the developments contemplated, the balance of the Lessee's deposit with the Department of Lands and Forests of ($500,000.00) shall be held by the Department, to be refunded as follows:

1 - 25% when the first unit of the first concentration is brought into satisfactory operation.

2 - 25% when the first unit of the second concentration is brought into satisfactory operation.

3 - 25% when the first unit of the third concentration is brought into satisfactory operation.

4 - The balance when the Government is satisfied that substantial progress has been made in the last operation.

CERTIFIED

(Signed) A. MORISSET

Greffier Conseil Executif.

Certified correct and annexed to the original deed bearing the No. 15036 of the repertory of Me. EDOUARD BIRON, Notary, at Montreal, after having been signed, ne varietur, by the parties to said deed, with and in the presence of the Notary.

At Montreal, on this twenty-second day of the month of June, nineteen hundred and twenty-eight.

(SIGNED) HONORE MERCIER

(") THE SAGUENAY WATER & POWER CO.

JULIAN C. SMITH

JAS. WILSON

(") EDOUARD BIRON, Notaire.

TRUE COPY

(SIGNED) EDOUARD BIRON, Notaire.

IN THE YEAR ONE THOUSAND NINE HUNDRED AND TWENTY-EIGHT, on this twenty-second day of the month of June.

Before Me EDOUARD BIRON, the undersigned public Notary for the Province of Quebec, residing in the City of Westmount, and practising in the City of Montreal.

CAME AND APPEARED:

The Honourable Honore Mercier, advocate, one of His Majesty's Counsel, residing in the City of Quebec, Province of Quebec, herein acting in his quality of Minister of Lands and Forests of said Province, and for and in the name of the Government of the said Province, duly authorized to the purposes hereof by and in virtue of an Order-in-Council dated at Quebec on the twentieth day of April last (1928), and approved by the Lieutenant-Governor, on the following day; a copy whereof, duly certified, has remained annexed to the original hereof, after having been signed, NE VARIETUR, by the parties hereto, with and in the presence of the undersigned Notary.

Hereinafter named, the "LESSOR"

PARTY OF THE FIRST PART.

A N D

THE SHAWINIGAN WATER AND POWER COMPANY, a corporation duly constituted by the Quebec Government - (fifteenth day of January eighteen hundred and ninety-eight, and amendments) - having its head office in the City of Montreal, herein acting and represented by JULIAN C. SMITH, Esquire, one of the Vice-Presidents and the General Manager, and JAMES WILSON, Esquire, the Secretary, both duly authorized to the purposes hereof by and in virtue of a resolution of the Board of Directors of the said corporation adopted at a meeting held at Montreal, on the twentieth day of the month of June instant, (1928), a copy thereof, duly certified, has remained annexed to the original hereof, after having been signed, NE VARIETUR, by the parties hereto, with and in the presence of the undersigned Notary.

Hereinafter named "THE LESSEE",

PARTY OF THE SECOND PART,

WHICH, said parties, acting as aforesaid, have declared, covenanted and agreed as follows:

WHEREAS the LESSEE, after notice duly given, offered at public auction, on the twenty-third day of the month of May nineteen hundred and twenty-eight, at which date the sale was advertised to take place, the rights to the water power, lands and privileges hereinafter referred to; and

WHEREAS at the place and time called for said sale, the LESSEE, having fulfilled all requirements, was the highest and last bidder and secured the rights to the water powers, lands and privileges hereinafter referred to.

NOW THEREFORE, the LESSOR declares to have granted, demised and leased, and doth hereby grant, demise and lease "A TITRE DE BAIL EMPHYTEOTIQUE" unto the said Party of the Second Part, accepting hereof, the following, that is to say:

DESCRIPTION

All of the rights of the Province of Quebec in and to all of the water powers that can be developed in that stretch of the St. Maurice River, extending from its confluence, with the Manouane River that is to say, from the prolongation, across the St. Maurice River of the dividing line between the Townships of Lavallee and Dessane, downwards to a line being the prolongation across the St. Maurice River of the dividing line between the Townships of Dumoulin and Valliquet, including such portions of the bed of the said River St. Maurice and the Islands situated therein, and such riparian and other rights including riparian Crown lands and general flooding rights on Crown lands on either side of the St. Maurice River, as are or may be necessary for the development of such water powers together with similar rights in, on and over

such parts of any of the tributaries of the said St. Maurice River as may be affected by power developments undertaken and carried out by the LESSEE hereunder.

The whole to be more particularly described upon mutual agreement after proper surveys have been carried out by the Lessee.

Such as the whole now is and with which the LESSEE declares itself to be content and satisfied with, having been and examined the same.

CHARGES AND CONDITIONS.

The present lease is furthermore subject to the following charges and conditions hereinafter set forth and contained, the same and every one of them representing and expressing the exact intentions of the parties, are to be strictly observed, performed and complied with:

TERM:-

1. The present emphyteutic lease is granted for a term of seventy-five (75) years to be computed from this twenty-second day of the month of June instant (1928), and to end on the twenty-second day of the month of June, in the year two thousand and three (2003).

RENTAL:

2. The present lease is thus granted for and in consideration of a rental of TWENTY-FIVE THOUSAND AND FIVE DOLLARS ($25,005.00) for each year of its duration and which the LESSEE binds itself to pay to the LESSOR, or order, in advance, each year during the said term, on or before the first day of June, the first payment becoming due and payable for the first year on the execution hereof.

ROYALTY:

3. The LESSEE shall pay to the LESSOR, per annum over and above the annual rental hereinabove stipulated, an annual supplementary charge or royalty of ONE DOLLAR ($1.00) per horse-power (HP) produced, such royalty to be calculated semi-annually from the

average production as indicated by the watt-hour meters at the power-houses.

This royalty shall cover and include any liability towards the LESSOR of the LESSEE for benefits derived or to be derived from the construction and operation of the Gouin and Manouane storage reservoirs.

FEES OF THE QUEBEC STREAMS COMMISSION:

4. (a) In the event of the Quebec Streams Commission being called upon by the Minister of Lands and Forests, to make technical studies and surveys within the watershed draining wholly or partly at or above the present concession, or to draw plans, concerning the water power presently leased, the LESSEE, provided it profit thereby, shall pay unto said Commission a fee, to be determined in due time by mutual agreement, covering its share, pro rata to the power developed, of the expenses incurred for such works, studies or surveys.

In consideration of the payment of said fee, all the data hereinabove mentioned will be at the disposal of the LESSEE.

(b) The LESSEE shall on or before the first day of January nineteen hundred and twenty-nine (1929), pay to the Quebec Streams Commission a total amount to be determined by the LESSOR, but not exceeding TWENTY THOUSAND DOLLARS ($20,000.00) for the plans and data of the Commission regarding the Upper St. Maurice River.

(c) The LESSEE shall within ninety (90) days, enter into a contract with the Quebec Streams Commission whereby it shall agree to pay for the future a proportion of the cost of amortizing the balance of the sum of ONE MILLION DOLLARS ($1,000,000.00) referred to in a deed of sale and conveyance between the St. Maurice Construction Company and the Quebec Streams Commission, executed before Me C. E. TASCHEREAU, Notary, on the sixteenth day of the month of July, nineteen hundred and eighteen.

REVISION:

5. The rate of the royalty payable with respect to each of the power developments hereinafter mentioned and the mode of computing same may be revised after each period of ten (10) years computed from the date on which each such power development starts operation.

In case of disagreement on such rate or on the mode of computing same, the matter shall be referred to the Public Service Commission of Quebec or settled by arbitration according to the Code of Civil Procedure of Quebec, should the said Commission have ceased to exist.

GUARANTEE DEPOSIT:

6. As a guarantee for the fulfilment of the contract conditions, the LESSEE has deposited with the Department of Lands and Forests, prior to the execution hereof, bonds of the Province of Quebec to the face value of ONE MILLION DOLLARS ($1,000,000.00), the receipt of which is hereby acknowledged.

All interest on the bonds as deposited shall be paid to the LESSEE during the time such bonds remain on deposit.

As soon as development work is begun to the satisfaction of the LESSOR, fifty per cent (50%) of the bonds so deposited will be returned to the LESSEE.

The remaining bonds shall be returned to the LESSEE as follows:

(a) Twenty-five per cent (25%) when the first unit of the first development has been brought into satisfactory operation.

(b) Twenty-five per cent (25%) when the first unit of the second development has been brought into satisfactory operation.

(c) Twenty-five per cent (25%) when the first unit of the third development has been brought into satisfactory operation.

(d) The balance when the LESSOR is satisfied that substantial progress has been made in the fourth development.

TAXES.

7. The LESSEE shall pay or cause to be paid all taxes and assessments of whatever description that may be lawfully imposed at any time during the existence of the present lease, or that may become due and payable upon and in respect to the said hereby leased premises or any part thereof.

FURTHER SURVEYS.

8. It is agreed that in order to carry out the construction programme set out in clause nine (9) hereunder, further surveys must be made and more data must be furnished than that available at the present time from the Quebec Streams Commission's preliminary studies.

The LESSEE agrees to make these additional surveys at its own cost, and further agrees to have all general plans and its construction programme completed by the first day of the month of January nineteen hundred and thirty (1930), and to spend thereon at least ONE HUNDRED THOUSAND DOLLARS ($100,000.00) to the satisfaction of the LESSOR on or prior to the first day of the month of January nineteen hundred and twenty-nine (1929).

MINIMUM PRODUCTION - TIME GIVEN FOR PRODUCTION - NOTICE.

9. (a) The LESSEE shall commence construction operations not later than the first day of the month of July nineteen hundred and thirty (1930), and shall develop one hundred thousand horse-power (100,000 HP) by the first day of the month of July nineteen hundred and thirty-three (1933), expending in this operation at least TEN MILLION DOLLARS ($10,000,000.00).

(b) As soon as seventy-five per cent (75%) of the primary power of the first development has been contracted for, or sooner if the Lieutenant-Governor-in-Council should order it in the general interest, the LESSEE shall commence construction operations in connection with a second development.

(c) The LESSEE shall commence construction operations in connection with a third development when seventy-five per cent (75%) of the Primary power of the second development has been contracted for, or sooner if the Lieutenant-Governor-in-Council so orders.

(d) Should further surveys indicate a fourth development to be desirable and feasible, the LESSEE shall start construction operations thereon when seventy-five per cent (75%) of the Primary power of the third development has been contracted for, or sooner if the Lieutenant-Governor-in-Council so orders.

(e) The LESSEE shall commence construction operations on any such fourth development within eight (8) years from the date on which the construction work was commenced at the first development, expending on all developments including transmission lines, at least TWENTY-FIVE MILLION DOLLARS ($25,000,000.00).

(f) Should further surveys indicate that more than four developments are desirable and feasible, the LESSEE shall commence construction operations in connection therewith at such times as the Lieutenant-Governor-in-Council may direct, but on the express condition that no such further development shall be undertaken unless seventy-five per cent (75%) of the primary power created by the previous developments shall then have been disposed of by the LESSEE.

(g) When any development or plant has been completed and put into operation, the LESSEE shall give written notice of the same to the LESSOR.

(h) Should the LESSEE at any time fail to commence construction operations within six (6) months from the time it may be directed to do so by the Lieutenant-Governor-in-Council in accordance with the provisions of this article, the Lieutenant-Governor-in-Council may cancel the LESSEE's rights to the power sites then undeveloped in the section of the St. Maurice River covered by this lease, and may dispose of such undeveloped sites as he may deem desirable.

SURPLUS POWER:

10. Should the LESSEE not use for its own industry or not otherwise need all the power available at the site presently leased, within a reasonable time, then it shall be under obligation to supply and deliver such amount of energy that can be practically developed over what it produces to any person, firm or corporation which may apply for same, provided however, that the applicant gives satisfactory proof and security to the said LESSEE of his or its ability to carry out its engagements and provided also that the power required is to be for the applicant's own consumption.

The LESSEE shall be bound to supply such surplus energy to put up, install, maintain and operate at its own cost and expense, all necessary machinery or appliances with the exception, however, of all transmission lines, which the applicant shall put up and maintain at its own cost and expense.

Said surplus of energy to be supplied in such quantity, for such periods and at such prices and conditions as may be determined, should the LESSEE and the applicant fail to agree as to the same, by the Public Service Commission of Quebec.

FEDERAL AND PROVINCIAL LAWS - PLANS AND DRAWINGS.

11. The rights granted by the present lease shall in no way interfere with Federal and Provincial laws concerning navigation, mines, fisheries and the driving of logs.

Furthermore, before beginning any works on the premises hereby demised, the LESSEE shall, according to the provisions of Chapter 46 of the Revised Statutes of Quebec, 1925, and to those of the present clause, submit to the LESSOR for his approbation, copies of all plans including elevations, profiles, sections and other like drawings, showing and describing the projected mills, dams, power-houses, wharves, piers, and all other buildings whatsoever; and similarly, in the course of time,

all details and descriptions of modifications and improvements thereof, and in each and every case giving full particulars with regard to the capacity of the machinery and its actual or possible production together with all information that the LESSOR may deem useful or necessary.

Moreover, the LESSEE shall supply and furnish the LESSOR with copies of all data it may already have, or that he or it will obtain in the future concerning the flow and levels of the river.

DESCRIPTION OF CROWN LANDS AND RIGHTS:

12. It is hereby agreed between the parties hereto that the LESSEE shall on or before the first day of the month of January nineteen hundred and thirty-two (1932), submit to the LESSOR a plan or plans prepared by a qualified Land Surveyor showing the Crown lands and rights herein demised and leased.

When such plan or plans have been agreed to by the LESSOR and the LESSEE the Crown lands and rights shown thereon shall be and become part of this emphyteutic lease.

EXTENSION OF TIME:

13. The LESSOR may extend the date when the LESSEE shall submit the plans referred to in clause twelve (12), if upon the completion of the engineering surveys referred to in clause eight (8) more than three concentrations are found feasible of development.

ANNUAL STATEMENT - INSPECTION.

14. The LESSEE shall submit to the LESSOR a yearly statement of its operations, showing the amount of energy produced and how utilised, the whole certified under oath by a qualified officer.

If needs be, any person appointed by the Minister of Lands and Forests may have access to the books and registers of the LESSEE for auditing purposes; similarly, any engineers authorised by the Minister, shall whenever needed, be allowed by the LESSEE, in order to verify the measurements, to visit the grounds and make all calculations

that may be necessary in order to ascertain whether the conditions have been duly fulfilled.

The report of such officers shall be final.

TRANSFER OF THE LEASE:

15. The present lease shall not be transferred without authorization from the Lieutenant-Governor-in-Council and any transfer so authorized shall be subject to a fee of ONE DOLLAR ($1.00) per horse-power (HP) of the available permanent power, or to such other fees or conditions which may be determined and imposed by the Lieutenant-Governor-in-Council.

However, any such transfer of the present lease executed within a period of sixty (60) consecutive days following its signature, shall be free from any fee provided that a certified copy of such deed of transfer be previously submitted to the LESSOR and approved by him.

Nevertheless the LESSEE shall pay to the LESSOR a special fee of FIVE CENTS ($0.05) per horse-power (HP) with a maximum fee of TWO THOUSAND DOLLARS ($2,000.00).

Moreover, it is understood that the cessionof the present lease to a Trust Company as a security or mortgage to guarantee a bond issue, shall not be considered a real transfer and shall not be subject to the transfer fee above stated, save if, through failure to fulfil the conditions to the Trust Deed, this lease should become the property of the Trust Company, in which case the cession becoming a real and effective transfer, the payment of the hereinabove mentioned fee shall become due and exigible.

Nevertheless, the LESSEE shall pay to the LESSOR a special fee of ten cents ($0.10) per horse-power (HP) with a maximum fee of TWO THOUSAND DOLLARS ($2,000.00).

FISHWAY:

16. If so requested by the competent authority, the LESSEE shall erect and maintain in the dam, at all times and seasons, durable and efficient fishways.

LOG-SLIDES:

17. The LESSEE shall provide the dam with convenient log-slides or gates and erect at its own expense the necessary guiding piers and booms above the dams to bring the log-slides or gates.

REPAIRS:

18. The LESSEE shall keep and maintain in good working order all structures, works and plant erected for the development and utilization of the said water power and it shall attend to all necessary repairs in order to secure their normal and satisfactory working during the whole term of the present lease.

RESERVOIRS:

19. Should the LESSEE establish, otherwise (R.S.P.Q.1925, Chap. 46) or otherwise own or operate additional storage reservoirs other than the Gouin and Manouane storage reservoirs in any of the tributaries of the St. Maurice River, the surplus water derived therefrom shall be subject to a special tariff determined by the Lieutenant-Governor in-Council notwithstanding the fees hereinabove mentioned and the LESSEE shall not make objection in this regard on account of the charges that he or it is called upon to pay by these presents.

In case the LESSEE should not admit that the improved flow and regulation of the stream causes it benefits, the Public Service Commission of Quebec shall be called upon to state and decide whether said reservoirs improve or not the LESSEE's establishment and in what proportion.

DAMAGES:

20. The LESSEE shall assume and indemnify the LESSOR against all liability, detriment, or injuries that may result from the constructions, operation or presence of the LESSEE's works or from neglect to maintain such works in efficient condition, and all liabilities in respect to any complain whatsoever that may arise in consequence of the leasing to it of the demised premises and the exercise of any right and privileges hereby vested unto it in connection therewith and the LESSEE shall pay special care and pain to protect and conciliate all parties which are interested in any way, manner or form whatever, in or on the

said river, the whole without recourse against the LESSOR.

BENCH MARKS:

21. The LESSEE agrees to establish, within the respective times stated in article nine (9), convenient Bench Marks and water gauges in order to define and determine the elevation above which the level of the river in the section affected by the Lease shall not be raised; and the LESSEE further agrees to take all necessary steps and means in order to prevent water level rising above such elevations.

EXPORTATION OF HYDRO-ELECTRIC POWER:

22. It is strictly prohibited for the LESSEE to export to the United States all or any part of the power deriving from the said water hereby leased.

It may nevertheless, with the authorization of the Lieutenant-Governor-in-Council, export part of said energy to other provinces of Canada, provided any amount of power so authorized to be exported shall be subject to a minimum extra annual royalty of FIFTY CENTS ($0.50) per horse-power (HP) or to such other fee as may be determined and imposed by the Lieutenant-Governor-in-Council who may also determine the quantity of power, the period of time and the condition covered by said authorization.

CANCELLATION:

23. The Lieutenant-Governor-in-Council shall have the right at any time during the present lease and without any legal proceeding being necessary, to annul the present lease and to take possession and control of the leased premises with all improvements thereon (all monies paid so far being forfeited) and without recourse by the LESSEE for any cause or reason whatever in each of the following cases:-

(a) Should the LESSEE fail or neglect to pay the said annual rental or the said supplementary charge or royalty.

(b) Should the LESSEE fail or neglect to carry out and fulfil, in the opinion of the Minister of Lands and Forests all or any of the charges and conditions herein set forth and contained.

However, in the preceding cases marked (a) and (b) notice in writing sent by registered mail at the ordinary or last known address of the LESSEE, shall be given by the LESSOR to the LESSEE stating such defaults, breaches, non-observances or neglect on the part of the LESSEE on account of which cancellation is threatened, and should the LESSEE have failed, during a period of three months from the date of such notice to make good the same, the Lieutenant-Governor-in-Council shall then be at full liberty and entirely free to cancel the present lease and to take possession and control of the leased premises with all improvements thereon, all monies paid so far being forfeited and without any recourse by the said LESSEE.

The mere passing of such Order-in-Council, ordering such cancellation, shall avail as a definite cancellation of the present lease, and the LESSEE thereupon binds itself to give up possession of the leased premises and all improvements thereon, without any further or other proceedings being necessary.

EXPIRATION OF THE LEASE:

24. At the expiration of the present lease for whatever causes the said power and lands above or under water presently leased shall be returned to the LESSOR in full ownership as well as all constructions, dams, piers, booms, buildings or immovable property that may be thereon erected.

The LESSEE shall however, be allowed to remove within a reasonable delay stated by the Minister, all machinery and movable parts.

Failing such removal within the time so fixed, such machinery and movable parts shall then become the property of the LESSOR who may dispose of same at his pleasure.

PLACE OF PAYMENT:

25. All payments under the present lease shall be made directly to the Department of Lands and Forests of Quebec, as by these presents stipulated and in full, the LESSOR specially reserving his right to accept or refuse any partial payment.

Moreover, interest at the rate of seven per centum (7%) per annum, shall be charged on all delayed payments.

COST OF LEASE:

26. The LESSEE shall pay the notarial fees for the drawing up of the present lease and furnish certified copies to the Minister of Lands and Forests of the Province of Quebec and to the Provincial Treasurer.

WHEREOF ACT:-

DONE AND PASSED in the said City of Montreal, on the date firstly above mentioned, under the number FIFTEEN THOUSAND AND THIRTY-SIX of the original deeds of the undersigned Notary.

And, after due reading hereof the parties have signed with and in the presence of the Notary.

(SIGNED) THE SHAWINIGAN WATER & POWER CO.

JULIAN C. SMITH, Vice-President & General Manager.

JAS. WILSON, Secretary.

(") HONORE MERCIER

(") EDOUARD BIRON, notaire.

TRUE COPY of the original remaining in my office.

(SIGNED) EDOUARD BIRON, Notaire.