

IN THE YEAR ONE THOUSAND NINE
HUNDRED AND THIRTY-TWO, on this sixth day of the month
of May.

Before Maître EDOUARD BIRON, the
undersigned Notary Public in and for the Province of
Quebec, residing in the City of Westmount, and practis-
ing 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 thirteenth day of the month of April last (1932)
and approved by the Lieutenant-Governor on the same 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, Vice-President, and JAMES
WILSON, Esquire, Secretary, both duly authorized to
the purposes hereof by and in virtue of a resolution

of

of the Board of Directors of the said corporation adopted at a meeting held at Montreal, on the fourteenth day of the month of April last (1932) 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 "LESSEE" _____

_____ PARTY OF THE SECOND PART. _____

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

_____ WHEREAS under the terms of an Emphyteutic Lease from the Lessor to the Lessee dated the twenty-second of June nineteen hundred and twenty-eight, and of a Supplementary Agreement dated the twentieth of August nineteen hundred and thirty-one, the Lessee is now developing a water-power site at Rapide Blanc in accordance with plans duly approved of under the terms of the Water Course Act by an Order-in-Council dated the sixteenth of April nineteen hundred and thirty; and

_____ WHEREAS under the terms of the aforesaid agreements the Lessee is obligated to develop one hundred thousand horse-power (100,000 H.P.) at the Rapide Blanc power site by the first day of January nineteen hundred and thirty-three (1933), expending at least fifteen million dollars (\$15,000,000.) in connection therewith including transmission lines by the first day of January nineteen hundred and thirty-four (1934); and

_____ WHEREAS the Lessee has represented that if the above quoted obligation is carried out there will result a serious over-production of power in the St.Maurice Valley and for this reason requests a delay

_____ for _____

for the development of such one hundred thousand horse-power (100,000 H.P.), and a delay for the expenditure of the said fifteen million dollars (\$15,000,000.); and

WHEREAS the Lessee has represented that up to the thirty-first day of the month of March last (1932), it has already made expenditures and commitments in connection with the Rapide Blanc power development totalling to TWELVE MILLION EIGHT HUNDRED AND SEVENTY-FOUR THOUSAND, FOUR HUNDRED AND FORTY-SIX DOLLARS AND NINETY CENTS (\$12,874,446.90); and

WHEREAS the Lessee has also represented that even when it completes the development of one hundred thousand horse-power (100,000 H.P.) at Rapide Blanc, it will have to dispose of a considerable part of the output as secondary power and at contract prices about one-quarter of the average price presently obtained by the Lessee for firm or primary power, and requests, in view of such reduction of income, that it be granted some measure of relief from the provisions of the aforementioned Emphyteutic Lease of the twenty-second day of June nineteen hundred and twenty-eight, (1928) respecting rental and royalty payments; and

WHEREAS the said Emphyteutic Lease stipulates that a rental of TWENTY-FIVE THOUSAND AND FIVE DOLLARS (\$25,005.00) shall be paid throughout the term of the lease, irrespective of how many power sites are developed, and a royalty of ONE DOLLAR (\$1.00) per horse-power year produced, irrespective of whether such power be disposed of as firm or secondary power; and

WHEREAS the Lessee represents that as these provisions impose a heavy burden upon its Upper St. Maurice improvements at the most difficult period of their financing, -when interest charges are highest and revenue lowest, -some measure of relief should be

granted

granted by allocating the rental among the various developments which the Lessee is to undertake on that stretch of the St. Maurice River comprised in the said Emphyteutic Lease, the same to be payable as and when power is produced therefrom, and also by a temporary reduction in royalty for the period when power can only be sold as secondary; and _____

_____ WHEREAS for the foregoing reasons the Lessee has requested that a supplementary agreement be entered into to further amend the Emphyteutic Lease of the twenty-second day of June, nineteen hundred and twenty-eight, (1928), in the manner and to the extent hereinafter set forth: _____

_____ NOW, THEREFORE, the appearers hereto, being respectively the Lessor and the Lessee in the aforesaid Emphyteutic Lease executed before the undersigned Notary on the twenty-second day of the month of June, nineteen hundred and twenty-eight (1928) and in the aforesaid Supplementary Agreement executed before the undersigned Notary on the twentieth day of the month of August, nineteen hundred and thirty-one (1931), do hereby enter into a Second Supplementary Agreement amending the aforesaid Emphyteutic Lease of the twenty-second day of the month of June nineteen hundred and twenty-eight (1928), and the aforesaid Supplementary Agreement of the twentieth day of the month of August nineteen hundred and thirty-one (1931), as follows: _____

FIRST:- _____

_____ Clause (a) of Article nine (9) of the aforesaid Supplementary Agreement of the twentieth day of the month of August nineteen hundred and thirty-one (1931), is hereby cancelled and declared null and void and is replaced by the following clause which shall be _____
considered _____

considered as being part of the aforesaid Supplementary Agreement, the same as if it were inserted therein:_____

ARTICLE 9

(a) The Lessee shall develop one hundred thousand horse-power (100,000 H.P.) at the Rapide Blanc power site by the first day of July, nineteen hundred and thirty-five (1935), expending at least fifteen million dollars (\$15,000,000.) in connection therewith, including transmission lines. _____

SECOND:-

Article three (3) of the aforementioned Emphyteutic Lease of the twenty-second day of the month of June, nineteen hundred and twenty-eight (1928), is hereby amended by adding thereto the following paragraph which shall be considered as being part of Article three (3) of the aforesaid Emphyteutic Lease, the same as if it were inserted therein: to wit:- _____

Provided that in respect of power produced at the Rapide Blanc development, such annual royalty shall be reduced from ONE DOLLAR (\$1.00) per horse-power to TWENTY-FIVE CENTS (\$0.25) per horse-power per annum for all power which is sold by the Lessee as secondary power; the Lessee undertakes to furnish to the Lessor, as often as the latter may require, statements showing the total amount of horse-power produced at the Rapide Blanc development and the amounts and the proportions thereof which are sold as primary power and as secondary power respectively, and will also forthwith notify the Lessor in writing whenever any such secondary power becomes primary power and whenever any such primary power becomes secondary power.

The term "primary power" as used in this

_____ article _____

article shall mean power which is sold for a price in excess of TEN DOLLARS (\$10.00) per horse-power year; the term "secondary power" as used in this article shall mean power which is sold for a price at or less than TEN DOLLARS (\$10.00) per horse-power year.

THIRD:-

Article two (2) of the aforementioned Emphyteutic Lease of the twenty-second day of June nineteen hundred and twenty-eight (1928), is hereby cancelled and declared null and void and is replaced by the following article which shall be considered as being part of the aforesaid Emphyteutic Lease, the same as if it were inserted therein:

ARTICLE 2

The present lease is thus granted for and in consideration of the following annual rentals which the Lessee binds itself to pay to the Lessor or order, in advance, each year during the term hereof on or before the first day of June:-

(a) For a period of four (4) years from the date of execution hereof to the twenty-second day of June next (1932), the Lessee shall pay to the Lessor an annual rental of TWENTY-FIVE THOUSAND AND FIVE DOLLARS (\$25,005.00), the first payment being due and payable for the first year on the execution hereof;

(b) From and after the twenty-second day of June next (1932), and until the Rapide Blanc development is completed in accordance with plans approved of under the Water Course Act, and power is being produced therefrom to the satisfaction of the Lessor, the Lessee shall pay an annual rental of five thousand and five dollars (\$5,005.00);

(c) Upon the production of power to the satisfaction

satisfaction of the Lessor at the Rapide Blanc develop-
ment, the Lessee shall pay thereafter an annual rental
of TEN THOUSAND AND FIVE DOLLARS (\$10,005.00);

(d) Upon the production of power to the satisfac-
tion of the Lessor at each and every additional power
development within that stretch of the St.Maurice River
hereby leased and described under the heading "DESCRIP-
TION" hereinabove, that may be approved of under the
Water Course Act, the Lessee shall pay an additional
annual rental of FIVE THOUSAND DOLLARS (\$5,000.00);

(e) All annual rentals referred to in paragraphs
(c) and (d) of this article shall, once they become due,
be payable continuously throughout the balance of the
term of this lease.

All and any other clauses contained in the
aforesaid Emphyteutic Lease and Supplementary Agreement
and which are not expressly and directly modified hereby
shall continue to have their full force and effect.

In order to avoid any misinterpretation, it
is expressly agreed hereto that the said Emphyteutic
Lease of the twenty-second day of the month of June,
nineteen hundred and twenty-eight (1928), and the said
Supplementary Agreement of the twentieth day of the
month of August, nineteen hundred and thirty-one (1931),
shall be amended as indicated in the paragraphs marked
"First", "Second" and "Third" in this present Second
Supplementary Agreement.

The Lessee shall pay the notarial fees for
the drawing up of the present Second Supplementary
Agreement and furnish certified copies to the Honourable
Minister of Lands and Forests of the Province of Quebec
and to the Provincial Treasurer of said Province.

WHEREOF ACTE:

DONE AND PASSED in the said

City

City of Montreal, on the date firstly above mentioned,
under the number SIXTEEN THOUSAND TWO HUNDRED AND
EIGHTY of the original deeds of the undersigned Notary.

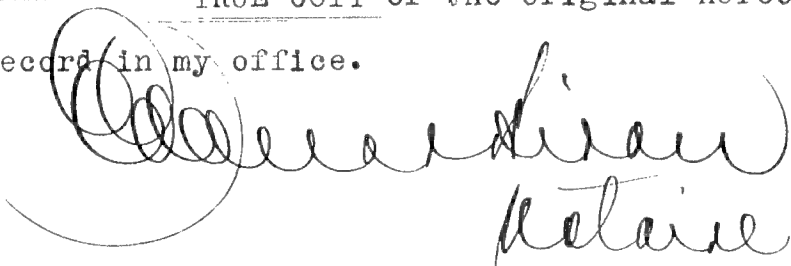
_____ AND, after due reading hereof, the
parties have signed with and in the presence of the
Notary.

_____ (SIGNED) HONORE MERCIER _____

_____ (") THE SHAWINIGAN WATER & POWER CO.
JULIAN C. SMITH, Vice-President
JAS. WILSON, Secretary (L.S.)

_____ (") EDOUARD BIRON, Notaire _____

_____ TRUE COPY of the original hereof remaining
of record in my office.


Notaire

COPIE du RAPPORT d'un COMITE de l'Hon. Conseil Exécutif en date du 13 avril 1932, approuvé par le Lieutenant-Gouverneur le 13 avril, 1932.

-----oooOooo-----

905

CONCERNING the Upper St.Maurice River.

-----oooOooo-----

The Honourable Minister of Lands and Forests, in a report dated the 13th., April, (1932), sets forth:

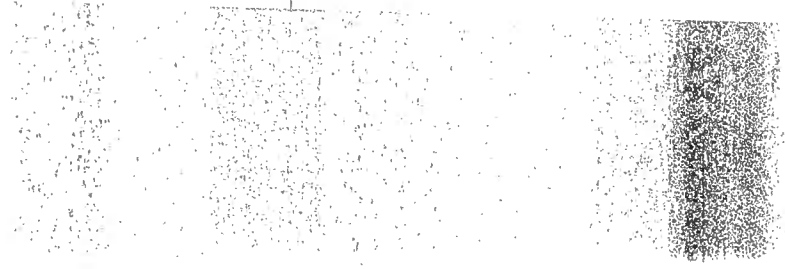
That under the terms of an emphyteutic lease dated 22nd. of June, 1928, and of a supplementary Agreement dated 20th. of August, 1931, The Shawinigan Water & Power Company is presently developing a water-power site at Rapide Blanc in accordance with plans duly approved of under the terms of the Water-Course Act by an Order-in-Council dated 16th., of April, 1930; and

WHEREAS under the terms of the aforesaid agreements the Shawinigan Company is obligated to "develop one hundred thousand horse-power (100,000 H.P.) at the Rapide Blanc power site by the first day of January, nineteen hundred and thirty-three (1933), expending at least fifteen million dollars (\$15,000,000.00) in connection therewith including transmission lines by the first day of the month of January, nineteen hundred and thirty-four (1934); and

WHEREAS the Shawinigan Company has represented that if the above quoted obligation is carried out there will result a serious over-production of power in the St.Maurice Valley and for this reason it requests a delay for the development of 100,000 horse-power, and a delay for the expenditure of \$15,000,000.00; and

WHEREAS the Shawinigan has represented that

up



up to March 31st, 1932, it has already made expenditure and commitments in connection with the Rapide Blanc power development totalling \$12,874,446.90; and _____

_____ WHEREAS the Shawinigan Company has also represented that even when it completes the development of 100,000 horse-power at Rapide Blanc, it will have to dispose of a considerable part of the output as secondary power and at contract prices about one-quarter of the average price presently obtained by the Shawinigan Company for firm power. In view of such a reduction in income, the Company requests that it be granted some measure of relief from the provisions in the agreement of June 22nd., 1928, respecting rental and royalty payments; and _____

_____ WHEREAS the said agreement stipulates that a rental of \$25,005.00 shall be paid throughout the term of the lease, irrespective of how many power sites are developed, and a royalty of \$1.00 per horse-power year produced, whether disposed of as a firm or secondary power; and _____

_____ WHEREAS the Shawinigan Company represents that as these provisions impose a heavy burden upon its Upper St. Maurice improvements at the most difficult period of their financing-when interest charges are highest and revenue lowest- some measure of relief should be granted by allocating the rental among the various developments, the same to be payable as and when power is produced therefrom and also by a temporary reduction in royalty for the period when power can only be sold as secondary; and _____

_____ WHEREAS the Shawinigan Company requests that a supplementary agreement be entered into to further amend the emphyteutic lease of June 22nd., 1928, by _____

_____ First _____

FIRST:-

Replacing Clause (a) of Article 9 of the Supplementary Agreement of 20th. August, 1931, with the following:

"Article 9: (a) The Lessee shall develop one hundred thousand horse-power (100,000 H.P.) at the Rapide Blanc power site by the first of July, nineteen hundred and thirty-five (1935), expending at least fifteen million dollars (\$15,000,000.00) in connection therewith, including transmission lines"

SECOND:-

Adding the following sentence to article 3 of the original agreement of the 22nd., June, 1928:

"Provided however that the said annual royalty of \$1.00 shall be reduced to 25¢ so long as the power produced at the Rapide Blanc Development, be sold as secondary power, the Lessee agreeing to advise the Lessor directly the said secondary power becomes primary power."

THIRD:-

Replacing article 2 of the original agreement of 22nd June, 1928, with the following:

"The present lease is thus granted for and in consideration of the following annual rentals and which the Lessee binds itself to pay to the Lessor or order, in advance, each year during the term hereof on or before the first day of June:

(a) For a period of four (4) years from the date of execution hereof to the 22nd. of June, 1932, the Lessee shall pay to the Lessor an annual rental of twenty-five thousand and five dollars (\$25,005.00), the first payment being due and payable for the first year on the execution hereof;

(b)

— (b) From and after the 22nd. of June, 1932, and until the first power development hereinafter mentioned is completed in accordance with plans approved of under the Water-Course Act, and power is being produced therefrom to the satisfaction of the Lessor, the Lessee shall pay an annual rental of five thousand and five dollars (\$5,005.00);

— (c) Upon the production of power to the satisfaction of the Lessor at each and every additional power development (lease of 22nd. June 1928) that may be approved of under the Water-Course Act, the Lessee shall pay an additional annual rental of five thousand dollars (\$5,000.00);

— (d) All annual rentals referred to in this article shall, once they become due, be payable continuously throughout the balance of the term of this lease."

— The Honourable Minister, therefore, recommends, in view of

(a) The large expenditures already made by the Shawinigan Company; and

(b) The necessity of preventing an over-production of power; and

(c) The advisability of enabling the completion of the Rapide Blanc Project under economic conditions and with the least possible delay,

that he be authorized to enter into a supplementary agreement with the Shawinigan Water & Power Company to further amend the emphyteutic lease of June, 1928, substantially as proposed in the numbered paragraphs above.

— It is further understood that all and any other clauses contained in the emphyteutic lease dated 22nd. June, 1928, as modified by the Supplementary

Agreement

Agreement dated 20th August, 1931, and which are not expressly and directly modified hereby shall continue to have their full force and effect.

CERTIFIE

(SIGNED) A. MORISSET

GREFFIER CONSEIL EXECUTIF.

Annexed to the original deed bearing the No 16280 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 sixth day of the month of May nineteen hundred and thirty-two.

(L.S.)

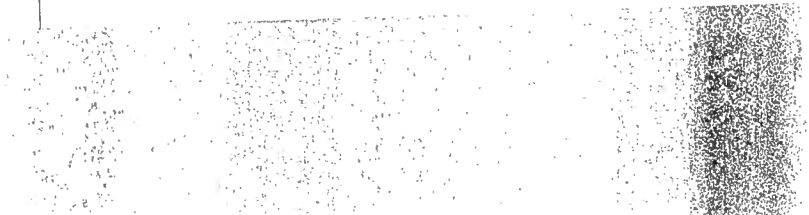
(SIGNED) HONORE MERCIER

(") JULIAN C. SMITH, Vice-President
JAS. WILSON, Secretary (L.S.)

(") EDOUARD BIRON, Notaire

TRUE COPY:-

Edouard Biron
Notaire



- 8 -

EXTRACT FROM THE MINUTES OF A MEETING OF THE
DIRECTORS OF THE SHAWINIGAN WATER AND POWER COMPANY,
HELD AT THE OFFICE OF THE COMPANY, 611 POWER BUILDING,
MONTREAL, ON THURSDAY, APRIL 14th, 1932, at 11:30 A.M.

Mr Smith explained that in connection with the Upper St. Maurice Water-Power Developments, it would be necessary for the Shawinigan Company to enter into a Supplementary Agreement with the Provincial Government modifying certain articles of the Emphyteutic Lease of June 22nd, 1928, as amended by a Supplementary Agreement dated August 20th, 1931, under the terms of which the Shawinigan Company is obligated to-

- (a) Have 100,000 H.P. developed by the 1st of January, 1933, at the Rapide Blanc Power Site;
- (b) Pay a rental of \$25,005.00 throughout the full term (85 years) of the Lease, irrespective of how many of the six power sites are developed;
- (c) Pay a royalty of \$1.00 per horse-power year produced, whether disposed of as firm or as secondary power.

Mr Smith further explained that he had caused a Petition to be submitted to the Provincial Government requesting a further supplementary agreement to amend the existing Emphyteutic Lease and Supplementary Agreement in general as follows:

- 1.- To provide for a delay of 2 1/2 years when 100,000 H.P. - - - shall be developed at the Rapide Blanc Power Site;
- 2.- To provide a reduction in the royalty to 25¢ for all power produced at Rapide Blanc and sold as secondary power;
- 3.- To provide for the following re-arrangement of the rental: A payment from June 1932 of \$5,005.00

per 

per annum until the Rapide Blanc Power Development is completed, when the rental will be increased to \$10,005.00; upon the production of power at each additional Upper St. Maurice power development (but not including La Tuque) the payment of an additional annual rental of \$5,000.00.

After explanation and consideration of the proposed changes 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 a further Supplementary Agreement with the Minister of Lands and Forests of the Province of Quebec, substantially as proposed in the Company's Petition.

Certified a true extract.

(L.S.) (SIGNED) J.S. RIDDILE,

Assistant Secretary.

Annexed to the original deed bearing the No 16280 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.

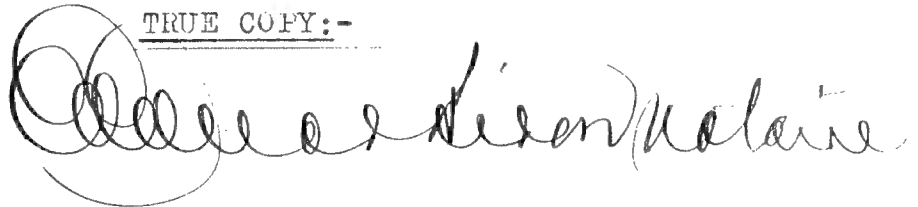
At Montreal, on this sixth day of the month of May nineteen hundred and thirty-two.

(SIGNED) HONORE MERCIER

(") JULIAN C. SMITH, Vice-President
JAS. WILSON, Secretary (L.S.)

(") EDOUARD BIRON, Notaire

TRUE COPY:-



SECOND SUPPLEMENTARY AGREEMENT

_____ between _____

The Honourable HONORE MERCIER
Minister of Lands and Forests
of the Province of Quebec

_____ and _____

THE SHAWINIGAN WATER AND
POWER COMPANY
(In re: -Rapide Blanc power
site).

RECORD OF

Me EDOUARD BIRON

OF THE LEGAL FIRM

Biron & Hébert

Notaries

Dated The 6th May 1932

No. 16280

1st copy