

MEMORANDUM OF UNDERSTANDING

**DEVELOPMENT OF THE HYDROELECTRIC RESOURCES
OF THE TALTSON RIVER**

CONFIDENTIAL

THIS AGREEMENT made the 6th day of JUNE 2003.

BETWEEN:

The **NORTHWEST TERRITORIES ENERGY CORPORATION (2003) Ltd.**, as represented by the Chairman of the Northwest Territories Power Corporation (hereinafter referred to as the "NTEC")

AND:

AKAITCHO REGIONAL INVESTMENT CORPORATION (hereinafter referred to as "ARIC")

AND:

The **SOUTH SLAVE METIS ECONOMIC CORPORATION** (hereinafter referred to as the "SSMEC")

Hereinafter referred to as "The Parties"

Whereas the NTEC, ARIC, and the SSMEC are working to develop formal business arrangements respecting the potential development of the hydroelectric resources of the Taltson River System; and

Whereas the NTEC, ARIC, and the SSMEC recognize the mutual benefits of undertaking this business arrangement; and

Whereas the NTEC, ARIC and the SSMEC will undertake this initiative without prejudice to existing aboriginal claims or treaty land entitlements and the interests of the aboriginal governments negotiating such claims, treaty land entitlements or other arrangements.

THEREFORE THE PARTIES AGREE THAT:

1. The objectives of this Memorandum of Understanding ("MOU") are to accomplish the following:
 - a. To establish a corporate entity that will represent the interests of the ARIC and the SSMEC in business arrangements that will lead to the further development of the hydroelectric resources of the Taltson River system.

- b. To develop detailed business models and scenarios that will provide for profitable business opportunities for ARIC and the SSMEC.
 - c. To develop a detailed Memorandum of Intent that represents the commitment of the parties to pursue business opportunities that would be available through further development of the Taltson River system, and that provides the framework to negotiate future binding business arrangements.
2. The NTEC, ARIC and the SSMEC agree to base this current MOU and any future MOU's or business arrangements on the following principles:
 - a. Any sale of existing assets must be based on fair market value, to be established by the parties;
 - b. Any business arrangements should not encompass any unreasonable increase to the price of electrical power to clients currently serviced by the Northwest Territories Power Corporation;
 - c. Any agreement must be undertaken on an economic and business basis
 - d. Economic returns to the business participants must be based on the degree of business risk assumed; and
 - e. Any final business arrangements will be subject to approval, which may be required by applicable legislation.
3. A Steering Committee will be established comprised of one representative from ARIC, one representative from the SSMEC and one representative from the NTEC. The Steering Committee will direct and oversee research into issues related to the further development of the hydroelectric resources of the Taltson River as well as examine potential business opportunities that may be available.
4. The NTEC, ARIC and the SSMEC acknowledge that this agreement and the undertaking of the associated research in no way commits any of the parties to support any proposal to participate in business arrangements or to develop the hydroelectric potential of the Taltson River.
5. ARIC and the SSMEC will be involved in any required consultation.
6. The NTEC, ARIC and the SSMEC, and all employees, agents, or third parties working on behalf of parties to this agreement will hold in confidence any confidential or proprietary information which may be shared between the parties or developed pursuant to this agreement, subject to any obligation of disclosure under the *Access to Information and Protection of Privacy Act*, S.N.W.T. 1994 c.20 or other applicable laws.

CONFIDENTIAL

- 7. Except for the obligations set out in paragraph 6 above, this Memorandum of Understanding does not create any enforceable rights, obligations or liabilities binding on any of the parties.

FINANCIAL ARRANGEMENTS

- 8. The NTEC will provide funding to ARIC and the SSMEC through a Contribution Agreement, subject to the terms and conditions outlined in the Contribution Agreement, to undertake research and internal consultation and to provide for the participation costs of the representatives on the Steering Committee.

TERM

- 9. This MOU shall come into effect on May 29, 2003 and will continue until September 30, 2003 unless otherwise terminated or renewed.

AMENDMENT AND ASSIGNMENT OF WORK

- 10. This MOU shall only be amended in writing by the mutual consent of the parties.

NOTICES AND ADDRESS

- 11. In this MOU, if any notice is required to be given by the NTEC, the SSMEC, or the ARIC, it shall be in writing and shall be deemed to have been given, if sent by registered mail, by facsimile or by delivery in person, to the other party if sent to the following address:

If to the NTEC at:

Office of the Chairman,
 Northwest Territories Power Corporation
 #704, 5201-50th Avenue
 Yellowknife, NT X1A 3S9

Attention: Mr. Richard Nerysoo

If to the SSMEC at:

NWT Metis Nation
 Box 720, Fort Smith, NT X0E 0P0

Attention: Mr. Robert Tordiff

CONFIDENTIAL

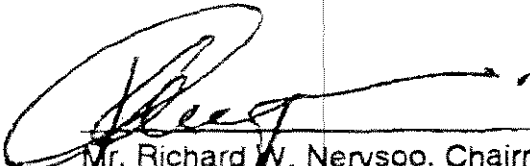
If to the ARIC at :

Akaiicho Regional Investment Corporation

Attention : Chief Daryl Beaulieu

IN WITNESS WHEREOF the parties hereto have set their hands and seals as of the date and year as first above written.

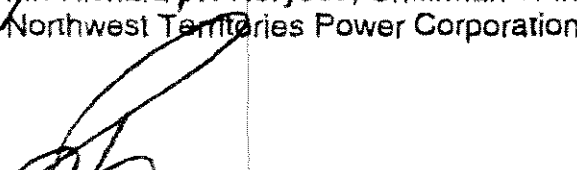
SIGNED, SEALED AND DELIVERED in the presence of:



 Mr. Richard W. Nerysoo, Chairman of the
 Northwest Territories Power Corporation

June 6th 2003


 Date



 Mr. Robert Tordiff, President of the
 South Slave Metic Economic Corporation

JUNE 11, 2003

 Date



 Chief Darrell Beaulieu President of the
 Akaiicho Regional Investment Corporation

June 6, 2003

 Date

CONFIDENTIAL