

**SP DEVELOPMENT LIMITED PARTNERSHIP**

**AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT**

**BETWEEN**

**SPROTT POWER CONSULTING LIMITED PARTNERSHIP  
as General Partner**

**and**

**SPROTT POWER CORP.**

**and**

**SPROTT POWER CONSULTING LIMITED PARTNERSHIP**

**as Limited Partners**

As of May 31, 2010

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This Amended and Restated Limited Partnership Agreement is entered into at the City of Toronto, Province of Ontario, as of the 31<sup>st</sup> day of May, 2010.

**BETWEEN:**

**SPROTT POWER CONSULTING LIMITED PARTNERSHIP,**  
a limited partnership constituted under the laws of the Province of  
Ontario,  
(hereinafter called the "**General Partner**")

OF THE FIRST PART

- and -

**SPROTT POWER CORP.**  
a corporation incorporated under the laws of Canada,  
(hereinafter called the "**Class A Partner**")

OF THE SECOND PART

- and -

**SPROTT POWER CONSULTING LIMITED PARTNERSHIP**  
a limited partnership constituted under the laws of the Province of  
Ontario,  
(hereinafter called the "**Management Class B Partner**")

OF THE THIRD PART.

**RECITALS:**

- A. SP Development Limited Partnership (the "**Partnership**") was constituted as a limited partnership under the *Limited Partnerships Act* (Ontario) (the "**LPA**") on April 8, 2009 as "Renewable Energy Developers Limited Partnership".
- B. The Partnership subsequently acquired certain renewable energy project development assets in the Canadian provinces of Nova Scotia, New Brunswick and Quebec.
- C. The Class A Partner acquired all the issued and outstanding limited partnership units in the Partnership held by Initial Limited Partner on May 31, 2010.
- D. The Management Class B Partner has entered into the Management Services Agreement and subscribed for 300,000 Class B Units.
- E. The Partnership changed its name to "SP Development Limited Partnership" by a filing under the *Business Names Act* (Ontario) (the "**BNA**") on May 31, 2010.
- F. The Class A Partner, the Management Class B Partner and the General Partner wish to amend and restate the terms of the limited partnership agreement.

The parties agree as follows:

## ARTICLE 1 -THE PARTNERSHIP

### 1.01 Formation

Renewable Energy Developers Inc. (the "**Initial General Partner**") and Renewable Energy Developers Executive Limited Partnership (the "**Initial Limited Partner**") formed the limited partnership under the laws of the Province of Ontario effective upon the filing of a declaration (the "**Declaration**") pursuant to the BNA on April 8, 2009, as amended by filing change made under the BNA on May 31, 2010. The limited partnership units of the Partnership held by the Initial Limited Partner which were transferred to the Class A Partner as set out in Recital C are hereby designated as Class A Units. The Initial General Partner was replaced by the General Partner on May 31, 2010. The rights and obligations of the General Partner and the Limited Partners (collectively, the "**Partners**") shall be as set out in the LPA, except as otherwise provided in this agreement. The Partnership shall continue until terminated in accordance with the provisions of this agreement.

### 1.02 Name

The Partnership may conduct business under "**SP DEVELOPMENT LIMITED PARTNERSHIP**" or such other name or names as the General Partner may from time to time deem appropriate to comply with the laws of the jurisdictions in which the Partnership may carry on business.

### 1.03 Principal Place of Business

The principal place of business of the Partnership shall be Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2750 PO Box 90, Toronto, Ontario M5J 2J2 or such other address as the General Partner may from time to time designate in written notice to the Limited Partners and effect by way of filing a subsequent Declaration.

### 1.04 Duration

The Partnership shall continue for a term of 30 years (the "**Term**"), unless such term is extended or terminated earlier in accordance with the provisions of this agreement. The General Partner shall renew the filing of the Declaration under the BNA as may be required from time to time during the Term to maintain the Partnership's status as a limited partnership under the laws of Ontario.

### 1.05 Fiscal Year

The fiscal year of the Partnership shall end on December 31 in each year.

## ARTICLE 2 - BUSINESS

### 2.01 Business of the Partnership

- (a) The Partnership has been formed for the purpose of acquiring, developing, financing, constructing and operating suitable renewable energy resource properties in Canada and elsewhere. The Partnership may also engage in such other necessary or related activities as the General Partner deems advisable in order to carry on the principal business of the Partnership.
- (b) Unless otherwise determined by the General Partner, each of the projects approved by the Partnership shall be placed in a separate special purpose

limited partnership constituted under the LPA (each a "**Project LP**") with the Partnership as the sole limited partner and a single purpose *Canada Business Corporations Act* corporation as its general partner. Unless otherwise determined by the General Partner, the working capital for each Project LP will be funded by the Partnership by way of capital contributions made by the Partnership to the subject Project LP, or by way of secured or unsecured loans made by the Partnership to the subject Project LP.

## 2.02 Restrictions upon Business

The Partnership shall not carry on business in any jurisdiction in which, in the opinion of counsel to the Partnership, compliance with the laws of that jurisdiction applicable to the Partnership will not permit the liability of the Limited Partners to be limited to the same extent that such Limited Partners enjoy limited liability under the laws of the Province of Ontario, unless the General Partner has taken all steps which may be required by the laws of that jurisdiction for the Limited Partners to benefit from such limited liability.

## **ARTICLE 3 - UNITS AND CERTIFICATES**

### 3.01 Nature of the Units

- (a) Number. The interests of the Limited Partners in the Partnership will be divided into an unlimited number of Class A units (the "**Class A Units**") and an unlimited number of Class B units (the "**Class B Units**"). The Class A Units and the Class B Units are collectively referred to in this agreement as "**Units**". Save as otherwise provided in this agreement, each Unit represents an undivided interest in the Partnership.
- (b) Voting. Each Class A Limited Partner is entitled to One (1) vote per each Class A Unit held by it in respect of all matters to be decided by the Limited Partners. The Class B Limited Partners shall not be entitled to vote on any matters to be decided by the Limited Partners.
- (c) Preferences. Apart from those rights attaching to each of the Class A Units and those attaching to the Class B Units set out in this agreement, and in particular, in Article 6, all Units otherwise have equal distribution, liquidation and other rights, and no Partner will, in respect of any Unit held by such Partner, have any preference, priority, conversion, exchange, pre-emptive, redemption or other right in any circumstance over any other Partner in respect of any Unit held by any other Partner.
- (d) No Fractions. A Unit may not be divided or split into fractions, and the Partnership will not accept any subscription for, record any assignment of, or otherwise recognize any interest in less than a whole Unit, except as necessary to implement a subdivision of Units.

### 3.02 Certificates

- (a) Unit Certificates. The forms of certificate annexed to this agreement as Schedule A (save only as to designation as a Class A Unit, or a Class B Unit, certificate, as the case may be) is hereby approved and the General Partner is authorized and



directed to issue certificates to Limited Partners representing Units issued to the Limited Partner.

- (b) Execution. Each certificate must be signed by at least one officer or director of the General Partner.
- (c) Securities Transfer Act, 2006 (Ontario). Pursuant to the provisions of section 12 of the STA, (i) each Unit interest in the Partnership now outstanding (or hereafter issued) by the Partnership shall for all purposes of the STA be a "security" within the meaning of the STA, (ii) the STA shall apply to each such Unit interest, without exception, and (iii) each certificate representing a Unit interest in the Partnership shall include an express endorsement to that effect.
- (d) Manner of Registration. Units may only be registered in one name, unless the General Partner decides otherwise.
- (e) Lost Certificates. Where a Limited Partner claims that its certificate has been defaced, lost, apparently destroyed or wrongfully taken, the General Partner shall issue a new certificate in substitution for the original certificate if the Limited Partner files with the General Partner a form of proof of loss and, at the option of the General Partner, an indemnity bond, each in form and, in the case of the indemnity bond, in amount, satisfactory, in the opinion of the General Partner, to protect the General Partner and the Partnership from any loss, cost or damage that they may incur or suffer by complying with the request to issue a new certificate and if the Limited Partner satisfies such other reasonable requirements as are imposed by the General Partner.

#### **ARTICLE 4 - CAPITAL CONTRIBUTIONS**

##### **4.01 Capital Contributions**

- (a) Initial Capital.
  - (i) The initial capital contributed to the Partnership amounted, in the aggregate, to \$10 contributed by the Initial General Partner and \$300,000 contributed by the Initial Limited Partner. On May 31, 2010, the General Partner confirmed such equity contributions by the Initial Limited Partner. On May 31, 2010, the Initial Limited Partner transferred all of its limited partnership interest in the Partnership to the Class A Partner.
  - (ii) The Management Class B Partner contributed \$10.00 to the capital of the Partnership as the subscription price for its 300,000 Class B Units.
- (b) Additional Capital. Subject to the restrictions set out in Section 8.02(i), additional capital will be added to the Partnership by the Class A Partner by way of subscription for Class A Units at such times and in such amounts as the Class A Partner shall determine; (y) the subscription price for each Class A Unit will be \$1.00 payable in full at the time of each such subscription by the Class A Partner; and (z) for each Class A Unit issued to the Class A Partner, one Class B Unit shall be issued to the Management Class B Partner for no additional consideration.

## ARTICLE 5 - TRANSFER OF UNITS

### 5.01 Transfer of Units by Limited Partners.

Subject to Section 5.02, a whole Unit (but not a part of a Unit) may be transferred by a Limited Partner to any person subject to the prior written consent of the General Partner. Any such transferee of a Unit shall only become a Limited Partner upon satisfaction of the following:

- (a) Assignment and Transfer Form. The transferring Limited Partner shall deliver to the General Partner a duly completed and executed Assignment and Transfer Form naming the transferee of the Unit.
- (b) Transferee Bound. The transferee of a Unit shall agree in writing (in form and substance acceptable to the General Partner) to be bound by the terms of this agreement.
- (c) Delivery of Endorsed Certificate. The transferring Limited Partner shall deliver to the General Partner the certificate representing the Unit(s) to be transferred, duly endorsed for transfer, and where the certificate is lost or destroyed at the time of transfer, the provisions of Subsection 3.02(e) shall apply.
- (d) Corporations. Where either the transferor or the transferee is a corporation, the General Partner is entitled to request delivery of such certified copies of resolutions, extracts of by-laws, articles or other documents as the General Partner may reasonably require and, upon request, the same shall be delivered to it.
- (e) Recording in Register, Filings, etc. The General Partner will record in the Register the name, address, number of Units and capital contribution of the transferee, issue a certificate in the name of the transferee for the number of Units acquired and record and file such other information as is required to be recorded and filed in each jurisdiction in which the Partnership carries on business. Upon issuance, such certificate shall be delivered to the transferee.
- (f) Where Certificate Represents More Than One Unit. In circumstances where less than all of the Units represented by a certificate are transferred, the General Partner shall cause a new certificate to be issued in the name of the transferring Limited Partner representing the balance of the Units retained by the transferring Limited Partner.

### 5.02 General Partner May Refuse Transfer.

The General Partner has the right to deny a transfer of Units in its sole discretion and, without limiting the generality of the foregoing, may deny a transfer for any of the following reasons:

- (a) Non-Canadian and Non-Resident. The transferee is a "non-Canadian" within the meaning of the *Investment Canada Act* (Canada) or a "non-resident" within the meaning of the Tax Act.

- (b) Protection of the Partnership. The General Partner has not received reasonably satisfactory evidence that the transfer of Units will not result in a lien, charge or execution upon or against any of the property or assets of the Partnership.

5.03 Transfer by General Partner.

The General Partner shall not assign in whole or in part its legal or beneficial interest in the Partnership, as General Partner without the approval of the Limited Partners; provided that the General Partner may assign such interest to any of its Affiliates without such approval.

5.04 Non-recognition of Trusts or Beneficial Interests.

No person will be recognized by the Partnership or any Partner as holding any Unit in trust, and the Partnership and Partners shall not be bound to see to the execution of any trust, express, implied or constructive and shall not be bound or compelled in any way to recognize (even when having actual notice) any mortgage, charge, pledge or hypothecation of any Unit or equitable, contingent, future or partial interest in any Unit or in any fractional part of a Unit or any other rights in respect of any Unit or to ascertain or enquire whether any sale or transfer of any Unit or interest therein by a Limited Partner or its personal representatives is authorized by such trust, charge, pledge or equity or to recognize any person as having any interest therein except an absolute right to the entirety of the Unit of the Limited Partner registered as holder of such Unit.

5.05 Liability After Transfer of a Unit.

When a transferee of any Unit has become a Limited Partner, the transferor of that Unit will be relieved of all rights and liabilities under this agreement relating to such Unit to the extent permitted by law and the transferee will assume all such rights and liabilities, provided that no transfer shall relieve the transferor from any obligations to the Partnership incurred prior to the transfer becoming effective and not expressly discharged to the satisfaction of the Partnership thereafter.

5.06 Incapacity, Death, Insolvency or Bankruptcy.

Where a person becomes entitled to a Unit on the incapacity, death, insolvency or bankruptcy of a Limited Partner, or otherwise by operation of law, that person, or an assignee of that person, will not be recorded as or become a Limited Partner until such person satisfies the following:

- (a) Evidence of Entitlement. The person claiming the entitlement must produce evidence satisfactory to the General Partner of such entitlement.
- (b) Acknowledgement. The person claiming such entitlement must acknowledge in writing that it is bound by the terms of this agreement.
- (c) Other. The person claiming such entitlement must deliver such other evidence, approvals, and consents as may be required by law or by this agreement.

**ARTICLE 6 - PARTICIPATION IN PROFITS AND LOSSES**

6.01 Separate Capital Accounts.

- (a) The General Partner will maintain a separate capital account for each Partner.
- (b) For the Class A Partner, the term "capital account" shall mean the sum of all capital contributions made by the Class A Partner:
  - (i) increased by the amount of the annual net income of the Partnership and undistributed net cash proceeds from the sale or financing of any property or assets of the Partnership credited to the account of the Class A Partner prior to distributions to it in accordance with Section 6.06; and
  - (ii) decreased by the amount of all annual losses of the Partnership and the amount of all distributions to the Class A Partner in accordance with Section 6.06 and Article 14.

A negative balance in the capital account of the Class A Partner shall not terminate the interest in the Partnership of the Class A Partner.

- (c) For Class B Partners, the term "capital account" shall mean the sum of all capital contributions to capital made by the Class B Partner:
  - (i) increased by the amount of all annual net income of the Partnership and undistributed net cash proceeds from the sale or financing of any property or assets of the Partnership credited to the account of such Class B Partner prior to distributions to it in accordance with Section 6.06; and
  - (ii) decreased by the amount of all distributions to such Class B Partner in accordance with Section 6.06 and Article 14.

A negative balance in the capital account of a Class B Partner shall not terminate the interest in the Partnership of such Class B Partner.

- (d) The Partnership will not pay interest on the capital accounts of the Partners.

#### 6.02 Allocation of Income and Loss.

The Income or Loss of the Partnership for Canadian tax purposes for a given fiscal year of the Partnership shall be calculated in accordance with the provisions of the Tax Act and the maximum discretionary deductions available to the Partnership in computing its Income shall (if possible) be claimed to the extent that the Income of the Partnership is thereby reduced to (but not below) an amount equal to the Distributable Net Cash distributed or payable to the Class B Partners under Section 6.06 for such fiscal year. Such Income or Loss will be allocated as follows:

- (a) to the General Partner shall be allocated 0.01% of the Income from each source for that fiscal year; and
- (b) the balance of all Income for such fiscal year shall be allocated to persons who were Limited Partners at any time during such fiscal year of the Partnership as follows:
  - (i) first, to the holders of Class B Units, in each case, up to the amount of Distributable Net Cash distributed or payable to such Class B Partner under Section 6.06 in respect of such fiscal year; and
  - (ii) second, the balance (if any) to the Class A Partner.

(c) Any Loss shall be allocated to the Class A Partner.

6.03 Amount of Income Allocated.

The amount of Income allocated to a Limited Partner in respect of any fiscal year may exceed, or be less than, the amount of Distributable Net Cash distributed by the Partnership to that Limited Partner in respect of such fiscal year.

6.04 Allocation of Net Income or Loss for Accounting Purposes.

Net income and loss of the Partnership for accounting purposes will be allocated to each Limited Partner in the same proportion as provided in Section 6.02.

6.05 Where No Cash Distribution.

With respect to any fiscal year in which there is no Distributable Net Cash, the Income for such fiscal year shall be allocated to the General Partner as to 0.01% and to the Class A Partner as to 99.99%. Any Loss shall be allocated 100% to the Class A Partner.

6.06 Distributions on the Units.

(a) Distributable Cash. For the purposes of this Article 6, the "**Distributable Net Cash**" means the amount of cash, determined as at the last day of the Distribution Period held by the Partnership in its accounts or under its control less a prudent reserve for the Partnership's current working capital cash requirements as approved by the General Partner.

(b) Quarterly Distributions. Payments from Distributable Net Cash shall be calculated by the General Partner as of the last day of each fiscal quarter during the Term (each such quarter being a "**Distribution Period**" and the last day thereof being a "**Determination Date**") no later than the 45th day of the following Distribution Period, or, if such day is not a Business Day, then on the preceding Business Day. The General Partner shall make the following determinations and shall pay the following amounts strictly in the order set out below until the entire balance of the Distributable Net Cash of the Partnership for such Distribution Period has been distributed by it to the Partners:

(i) Determine the Distributable Net Cash of the Partnership as at the Determination Date.

(ii) Distribute to the General Partner an amount equal to all costs actually incurred by the General Partner in the performance of its duties hereunder, including, without limitation, all reasonable costs directly incurred for the benefit of the Partnership, reasonable legal, accounting and other professional fees and such portion of the reasonable indirect and general office and administrative costs, including employee salaries, benefits and termination costs, of the General Partner as are fairly allocable to the services rendered by the General Partner under this agreement, but specifically excluding expenses of any action, suit or other proceedings in which or in relation to which the General Partner is adjudged to be in breach of any duty or responsibility imposed on it hereunder. All such direct and allocated costs will be subject to the right of any Limited Partner to conduct a review of the books and records of the General Partner. If a Limited Partner disputes any such cost, and

such dispute is not settled between the Limited Partner and the General Partner, the dispute shall be settled by the Auditors following written submissions by the parties. Any decision by the Auditor shall be final and binding on the parties.

- (iii) Distribute one-quarter of 0.01% of the Distributable Net Cash of the Partnership as at the Determination Date to the General Partner.
- (iv) Distribute the amount (if any) required to be paid to the holder of the Class A Units such that the Class A Partner shall then have received a cumulative 10% return compounded annually on the weighted average amount of capital contributed by the Class A Partner to the Partnership at any time up to such Determination Date; provided that for the purposes of this paragraph, such capital shall not include (x) any capital contributed by the Class A Partner until a date that is no later than 3 years prior to the date that such capital has been contributed to the Partnership, such date to be determined by the General Partner; (y) the Class A Capital Investment of any Project LP that is subject to paragraph (c) of this Section 6.06; and (z) the net cash proceeds received by the Partnership from the Project LP pursuant to paragraph (d) of this Section 6.06 (the "**Class A Capital Investment**").
- (v) Distribute in respect of each Class B Unit an amount equal to the quotient of:
  - (x) the product of:
    - (A) 20%
    - and
    - (B) the amount of cash flow from operating activities, excluding changes in non-cash items and non-cash working capital items and taxes determined in accordance with Canadian generally accepted accounting principles, (the "**Operating Cash Flow**"), if any, for such Distribution Period that, if expressed as an annual rate of return on the Class A Capital Investment during such Distribution Period, exceeds 18% on an annual basisdivided by
  - (y) the total number of all then issued and outstanding Class B Units.
- (vi) Distribute in respect of each Class B Unit an amount equal to the quotient of:
  - (x) the product of:
    - (A) 25%
    - and
    - (B) the amount of Operating Cash Flow for such Distribution Period (if any) that, if expressed as an annual rate of return on the Class A Capital Investment during such Distribution Period, exceeds 25% on an annual basisdivided by

- (y) the total number of all then issued and outstanding Class B Units.
- (vii) Distribute the balance of the Distributable Net Cash as at the Determination Date, if any, to the Class A Partner.
- (c) Project LP Sale Proceeds. On the closing of any sale of all or substantially all of the issued limited partnership units that are owned by the Partnership in a Project LP or on the sale of all or substantially all of the assets in which a Project LP has an interest, the General Partner shall distribute in respect of each Class B Unit an amount equal to the quotient of:
  - (x) the then present value (if any) of the aggregate of a reasonable estimate of all future payments to be made by the Partnership on the Class B Units from such Project LP
 divided by
  - (y) the total number of all then issued and outstanding Class B Units

The provisions of subsections (a), (b), (c), (d) and (e) of Section 9.07 shall apply, *mutatis mutandis*, in determining (i) the present value and (ii) the amount of the payment to be made to each Class B Partner.

- (d) Project Financing Proceeds. Subject to the terms of any applicable loan or credit agreement, within 60 days of the closing of any financing or refinancing of a Project LP, the net cash proceeds received by the Partnership from the Project LP upon completion of such financing or refinancing shall be included in the Distributable Net Cash of the Partnership and be distributed in accordance with the provisions of Subsection 6.06(b).

#### 6.07 CEE and CRCE Allocations.

As soon as practical after the end of each fiscal year, the General Partner shall allocate to the holders of the Class A Units 100% of any CEE incurred by, or allocated to, the Partnership with an effective date in such fiscal year.

#### 6.08 Effect of Transfer on Entitlement.

If during any Distribution Period a Partner transfers a Unit in accordance with the provisions hereof, such Partner is not entitled, and the General Partner will not distribute, to that Partner any share of the Distributable Net Cash in respect of the Unit transferred and will distribute such Distributable Net Cash to the registered holder of the Unit as at the Determination Date.

#### 6.09 Adjustments.

If the Auditor determines, acting reasonably, that the amount paid to the Class A Partner in the distribution of Distributable Net Cash differs from the Class A Partner's entitlement hereunder as determined by the General Partner, then the determination of the Auditor shall be deemed to be correct and binding upon the Partnership and the General Partner will cause the necessary adjustments to be made by payment or reallocation to or from the Class A Partner, as the case may be, and in such regard may set-off against any future payments any debt owing by the Class A Partner to the Partnership.

#### 6.10 Return of Capital.

A Partner is only entitled to demand a return of its capital contribution upon the dissolution, winding-up or liquidation of the Partnership. Upon the winding-up, dissolution or liquidation of the Partnership, the General Partner will make distributions, including return of capital contributed to the Partnership by the Partners, in accordance with the provisions of Article 14.

### **ARTICLE 7 - FINANCIAL INFORMATION**

#### 7.01 Books and Records.

The General Partner shall keep or cause to be kept during the term of the Partnership and for a period of six years thereafter, at its principal place of business, books of account and records reflecting the assets, liabilities, gross revenue and expenditures of the Partnership and all other records necessary to record the business and affairs of the Partnership and required to be kept pursuant to the applicable laws.

#### 7.02 Annual Report.

In respect of the fiscal year of the Partnership, the General Partner shall, at the expense of the Partnership, require the Auditor to conduct an annual audit of the financial statements of the Partnership (and each of the Project LPs) and shall send or cause to be sent to each Limited Partner within 90 days following the end of each fiscal year of the Partnership an annual report containing:

- (a) an audited balance sheet for the Partnership as at the end of the immediately preceding fiscal year;
- (b) an audited income or loss statement;
- (c) an audited statement of changes in financial position;
- (d) an audited statement of changes in each Partner's capital account for that fiscal year;
- (e) the Auditor's report on the financial statements of the Partnership;
- (f) a report of the activities of the Partnership for that fiscal year;
- (g) a report on allocations and distributions, if any, to the Limited Partners, and
- (h) such other information as, in the reasonable opinion of the General Partner, is material to the operations of the Partnership.

#### 7.03 Quarterly Reports.

The General Partner shall, at the expense of the Partnership, prepare and send or cause to be sent to each Limited Partner within 45 days following end of each quarter of the fiscal year of the Partnership the following reports:

- (a) portfolio report highlighting material developments each of the Project LPs;



- (b) a financial report (consisting of an unaudited balance sheet, income or loss statement, statement of changes and financial position, and statement of changes in the Class A Partner's capital account for the applicable quarter); and
- (c) a report on Partnership allocations and distributions, if any, to the Limited Partners.

7.04 Income Tax Information.

The General Partner shall send or cause to be sent to each Limited Partner on or before March 31 in each calendar year, all information necessary for the Limited Partners to prepare their income tax returns in respect of the preceding year.

**ARTICLE 8 - GENERAL PARTNER**

8.01 Powers, Duties and Obligations.

The General Partner has:

- (a) unlimited liability for the debts, liabilities and obligations of the Partnership; and
- (b) the full and exclusive right, power and authority to manage, conduct, control, administer and operate the business and affairs and to make decisions regarding the undertaking and business of the Partnership.

An action taken by the General Partner on behalf of the Partnership is deemed to be the act of the Partnership, and binds the Partnership. The General Partner shall have all the rights and powers which may be possessed by a general partner pursuant to the LPA and such rights and powers otherwise conferred by law and by this agreement. A person in dealing with a General Partner acting on behalf of the Partnership is not required to inquire into the authority of the General Partner to bind the Partnership and is entitled to rely conclusively upon the power and authority of the General Partner as set out in this agreement.

8.02 Specific Powers and Duties.

Without limiting the generality of the foregoing, the General Partner has the power and authority to do the following:

- (a) Management. The General Partner shall provide over-all management, financial, and business planning to the Partnership and take all measures necessary or appropriate for the business of the Partnership or ancillary thereto.
- (b) Execute Documents. The General Partner may enter into, execute and carry out all agreements by or on behalf of the Partnership involving matters or transactions or services to be rendered to the Partnership which are within the ordinary course of the Partnership's business and may execute, acknowledge and deliver any and all other deeds, documents and instruments and do all acts as may be necessary or desirable to carry out the intent and purpose of this agreement.
- (c) Incur Expenses. The General Partner may incur reasonable expenses on behalf of and be reimbursed by the Partnership.

- (d) Employees, Agents, Etc. The General Partner may, on behalf of the Partnership, employ, retain or dismiss from employment personnel, agents, representatives or professionals with the powers and duties, upon the terms, at the places and for the compensation as in the discretion of the General Partner may be necessary or advisable in the carrying on of the business of the Partnership.
- (e) Banking. The General Partner may open accounts in banks or other recognized financial institutions for the Partnership in the name of the Partnership, designate and, from time to time, change the signatories to the accounts.
- (f) Borrowing. The General Partner may borrow money in the name of the Partnership from any Limited Partner, from any person designated from time to time by the General Partner or from any financial institution approved by the General Partner.
- (g) Security. The General Partner may from time to time pledge all or any part of the property and assets of the Partnership as security in respect of any borrowings or credit facilities in favour of the Partnership or any Project LP, as the case may be.
- (h) Property Management. The General Partner may manage, administer, conserve, develop, operate and dispose of any and all properties or assets of the Partnership and in general to engage in any and all phases of the business of the Partnership and, generally, to do the things and take the steps in connection with the property, assets and undertaking of the Partnership which would customarily be carried out by a reasonable business person in the Province of Ontario.
- (i) Units. The General Partner may enter into agreements and attend to all matters relating to the sale and distribution of Units; provided, no additional Class A Units shall be allotted and issued to any party other than the Class A Partner without the prior written consent of the Class A Partner and no additional Class B Units shall be allotted and issued to any party other than the Management Class B Partner without the prior written consents of all of the Limited Partners. Class B Units may be transferred to the Class A Partner pursuant to one or more of the provisions of Section 9.07 below.
- (j) Investments. The General Partner may invest and reinvest funds of the Partnership.
- (k) Legal Proceedings. The General Partner shall commence or defend any action or proceeding in connection with any actions or proceedings brought by or against the Partnership.
- (l) Tax Elections, etc. The General Partner shall have full power and authority for and on behalf of and in the name of the Partnership and the Limited Partners to file any tax elections, forms or similar documents.
- (m) Change Name. The General Partner may change the name of the Partnership to comply with the laws of the jurisdictions in which the Partnership may carry on business.

- (n) Change Address. The General Partner may change the address of the Partnership on written notice to the Limited Partners and upon the filing of a Subsequent Declaration reflecting the change.
- (o) Filings. The General Partner may file on a timely basis returns and any other documents which may be required to be filed by any governmental or like authority.

#### 8.03 Title to Property.

Unless otherwise required by law, legal title to the assets of the Partnership shall be held in the name of the General Partner, as general partner for and on behalf of the Partnership. The General Partner will execute from time to time such declarations of trust and make such filings as the Limited Partners from time to time may request pursuant to an Ordinary Resolution.

#### 8.04 Standard of Care.

The General Partner covenants that it will exercise the powers and discharge its duties under this agreement honestly, in good faith, and in the best interest of the Limited Partners and the Partnership, and that it will exercise the care, diligence and skill of a reasonably prudent person performing comparable duties, and will maintain the confidentiality of financial and other information and data which it may obtain through or on behalf of the Partnership, the disclosure of which may adversely affect the interests of the Partnership or any Limited Partner, except to the extent that disclosure is required by law, or pursuant to any reporting obligations of the General Partner or its Affiliates, or is, in its opinion, in the best interest of the Partnership to disclose, and it will utilize the information and data only for the business of the Partnership.

#### 8.05 Transactions Involving Affiliates.

The validity of any *bona fide* transaction, agreement or payment involving the Partnership and an Affiliate of the General Partner shall not be affected by reason of the relationship between the General Partner and such person or by reason of the approval or lack thereof of the transaction, agreement or payment by the directors of the General Partner, all of whom may be officers or directors of or otherwise interested in or related to such Affiliate.

#### 8.06 Safekeeping of Assets.

The General Partner is responsible for the safekeeping and use of all funds and assets of the Partnership whether or not in its immediate possession or control and will not employ or permit another to employ the funds or assets except for the exclusive benefit of the Partnership.

#### 8.07 Limitation of Liability.

The General Partner is not personally liable for the return of any Capital Contribution made by a Limited Partner to the Partnership. Neither the General Partner nor its officers, directors, shareholders, employees or agents are liable, responsible for, or accountable in damages or otherwise to the Partnership or a Limited Partner for an action taken or failure to act on behalf of the Partnership within the scope of the authority conferred on the General Partner by this agreement or by law unless the act or omission was performed or omitted fraudulently or in bad faith or constituted gross negligence or wilful misconduct.

#### 8.08 Restrictions upon the General Partner.

The General Partner will not:

- (a) cause the Partnership to do any act or thing for which approval is required by way of Special Resolution without first obtaining such approval; and
- (b) co-mingle the funds of the Partnership with the funds of the General Partner, its Affiliates or any third party.

#### 8.09 Dealing with Creditors.

In exercising the powers conferred upon the General Partner pursuant to this Article 8, the General Partner shall be subject to the following:

- (a) Disclose Limited Partnership. The General Partner shall use its best efforts to inform each creditor of the Partnership prior to conducting any transaction with such creditor that the Partnership is a limited partnership within the meaning of the LPA.
- (b) Legend. The General Partner shall insert, and cause agents of the Partnership to insert, the following clause or legend in any contracts or agreements to which the Partnership is a party or by which it may be bound:

"SP DEVELOPMENT LIMITED PARTNERSHIP" is a limited partnership formed under the laws of the Province of Ontario, a limited partner of which is only liable for any liabilities or losses of the limited partnership to the extent of the amount that such limited partner has contributed or agreed to contribute to the capital of the limited partnership and the interest of such limited partner in the assets of the limited partnership."

but the failure to do so shall not of itself render such contract or agreement invalid.

#### 8.10 Borrowings from General Partner.

The General Partner may, subject to Section 8.02, advance or loan to the Partnership such funds as may be necessary for the operating expenses of the Partnership. The rate of interest and any other expenses relative to such advances or borrowings shall correspond to that which the General Partner pays in relation to borrowing from its principal lenders but shall never surpass that which the Partnership could obtain from recognized financial institutions with respect to similar borrowings.

#### 8.11 Removal of General Partner.

The General Partner may be removed and a substitute General Partner appointed by Special Resolution to that effect or upon the happening of any of the following without any Special Resolution requirement:

- (a) the adjudication of the General Partner as a bankrupt or the appointment of a receiver of the assets and undertaking of the General Partner;
- (b) the General Partner making an assignment for the benefit of creditors; or
- (c) the dissolution, winding-up or liquidation of the General Partner,

provided only that the Limited Partners have appointed, concurrently with the removal, a replacement general partner (the "**New General Partner**") to assume all of the responsibilities and obligations of the removed General Partner (the "**Former General Partner**") under this agreement from the date of such removal and upon the following additional terms:

- (d) the New General Partner shall, prior to assuming its responsibilities as a general partner under the terms of this agreement, execute the documents presented by the Partnership to give effect to the assumption;
- (e) on the date of removal of the Former General Partner, the Former General Partner may, at its election, sell to the New General Partner its Units if any, in consideration of the payment by the New General Partner to the Former General Partner of an amount equal to the credit balance outstanding in the capital account of the Former General Partner as at the effective date of removal; and
- (f) the Former General Partner will execute such form of assignment or notices as may be required in order to enable the New General Partner to become registered as the assignee of the interest of the Former General Partner.

#### 8.12 Limitations on any Voluntary Change of a General Partner.

The General Partner shall not resign, nor shall it transfer or dispose of its interest or any part thereof in the Partnership unless such resignation, transfer or disposition has been approved by a Special Resolution or is in connection with or ancillary to a merger or amalgamation of the General Partner resulting in a surviving or continuing corporation or body corporate which is then the General Partner or such transfer or disposition is to an Affiliate. Notwithstanding the foregoing, where a Buyout Event has occurred, the General Partner shall resign and the Class A Limited Partners shall appoint, concurrently with the resignation of the General Partner, a New General Partner to assume all of the responsibilities and obligations of the Former General Partner under this agreement from the date of such removal and upon the additional terms specified under Section 8.11. The General Partner is bound by the terms of this agreement until the transfer or disposition of its interest in the Partnership to the New General Partner has been completed.

#### 8.13 Status of the General Partner.

The General Partner represents, warrants, covenants and agrees with each other Partner that:

- (a) Status. The General Partner is a limited partnership duly constituted and subsisting under the laws of the Province of Ontario.
- (b) Qualification. The General Partner is duly qualified to carry on business and is in good standing in each jurisdiction in which the nature of the business conducted by it or the property owned or leased by it makes such qualification necessary.
- (c) Capacity. The General Partner has and will continue to have the capacity and authority to act as the General Partner and to perform its obligations under this agreement and that such obligations do not and will not conflict with or breach its constating documents or any agreements by which it is bound.

- (d) Commitment. The General Partner will devote to the conduct of the business of the Partnership such time as may be reasonably required for the proper management of the business of the Partnership and will not carry on any other business.
- (e) Good Faith. The General Partner will act with utmost fairness and good faith toward all Partners in respect of the exercise of its powers in pursuance of the business of the Partnership.
- (f) Residence. The General Partner is not a "non-resident" of Canada within the meaning of the Tax Act, and is not a "non-Canadian" within the meaning of the *Investment Canada Act* (Canada).

## **ARTICLE 9 - LIMITED PARTNERS**

### 9.01 Status of the Limited Partners.

Each of the Limited Partners severally represents, warrants, covenants and agrees with each other Partner that it:

- (a) has the legal capacity and competence and, if a corporation, has been duly authorized, to enter into this agreement and take all actions required pursuant hereto;
- (b) is not a "non-resident" of Canada within the meaning of the Tax Act;
- (c) is not a "non-Canadian" within the meaning of the *Investment Canada Act* (Canada); and
- (d) will not change its status as represented and warranted herein, shall promptly provide evidence of such status to the General Partner upon request and shall not transfer or purport to transfer any Unit or Units to any person that would be unable to make the representations and warranties set out above.

### 9.02 Limitations on Authority of Limited Partners.

Unless otherwise specifically provided in this agreement, no Limited Partner in its capacity as a limited partner, except to the extent permitted by law, shall:

- (a) take part in the control or management of the business of the Partnership or exercise any power in connection therewith;
- (b) execute any document or take any action which binds or purports to bind any other Partner or the Partnership;
- (c) hold itself out as having the power or authority to bind any other Partner or the Partnership;
- (d) have any authority or power to act for or undertake any obligation or responsibility on behalf of any other Partner or the Partnership; or

- (e) bring any action for petition or sale in connection with any assets of the Partnership, whether real or personal, or register or permit any lien against or charge in respect of the Units of such Limited Partner to be filed or registered or remain undischarged against any assets of the Partnership.

#### 9.03 Limited Liability of Limited Partners.

Subject to the provisions of the LPA, the liability of each Limited Partner for the liabilities and obligations of the Partnership shall be limited to its Capital Contribution plus its interest in any undistributed Distributable Net Cash, any repayment of Capital Contributions and any distributions of Distributable Net Cash to the extent that Capital Contributions are reduced and it shall have no further liability for any other debts, liabilities or obligations of the Partnership and shall not be liable for any claims or assessments or be required to make further contributions to the Partnership except as specifically provided for herein.

#### 9.04 Indemnification of Limited Partners and Insurance.

The General Partner hereby agrees to indemnify and hold harmless each Limited Partner (including former Limited Partners) for any claim, demand, action, cause of action, damage, loss, cost, liability or expense (including reasonable professional fees and disbursements) brought against or incurred by such Limited Partner if its liability is not limited in the manner provided for in this agreement other than any lack of limited liability caused by any wilful act or omission of such Limited Partner. The General Partner will be liable to indemnify and hold harmless the Partnership for any claim, demand, action, cause of action, or damages incurred by the Partnership as a result of any breach by the General Partner of its standard of care set forth in this agreement. The General Partner will use its reasonable efforts to obtain and maintain comprehensive general liability insurance in such amount satisfactory to the General Partner. The cost of such insurance shall be borne by the Partnership.

#### 9.05 Activities of Limited Partners.

Any Limited Partner (other than the General Partner) may engage in or hold an interest in any other business, venture, investment or activity whether similar to or competitive with the business of the Partnership and the same shall be deemed not to be a conflict of interest or breach of fiduciary duty. The General Partner and the Limited Partners hereby consent to any such activities and waive, relinquish and renounce any right or claim of participation or accounting.

#### 9.06 Compliance with Laws.

Each Limited Partner shall upon request of the General Partner immediately execute any documents or do such other things as considered by the General Partner to be necessary to comply with any applicable law or regulation of any jurisdiction in which the Partnership carries on business in relation to the continuation, operation and good standing of the Partnership.

#### 9.07 Buyout.

- (a) Upon the happening of a Buyout Event, the Class A Limited Partner shall purchase, and the Management Class B Partner shall sell, (the “**Buyout**”) all, but not less than all, of the then issued and outstanding Class B Units then held by the Management Class B Partner at a purchase price per Class B Unit equal to the quotient of:

(x) 110% of the then present value of all Class B Units then issued and outstanding (using a discount rate equal to the then rate of the 10-year Government of Canada bond plus 500 basis points), being an estimate of the aggregate of all payments to be made by the Partnership on all Class B Units based on the property and assets of the Partnership and the property and assets of each of the Project LPs at that time (provided that where the Buyout Event is a result of either (x) the termination of the Management Services Agreement by the Management Class B Partner under Subsection 14(a) thereof or (y) the termination of the Management Services Agreement under Subsection 14(b) or 14(c) thereof, then the purchase price shall be calculated on the basis of 90% of the present value of all Class B Units then issued and outstanding) (the "**Class B FV**")

divided by

(y) the total number of all then issued and outstanding Class B Units.

- (b) Within thirty (30) Business Days of the occurrence of a Buyout Event, the Management Class B Partner shall give notice in writing to the Class A Partner (with a copy to the General Partner) (the "**Buyout Notice**"), which notice shall include (i) the Management Class B Partner's reasonable estimate of the Class B FV and (ii) the date (not more than five (5) Business Days following the date of the Buyout Notice) on which it proposes to close the purchase and sale of the Class B Units.
- (c) If the Class A Partner accepts the estimate of the Class B FV and the proposed closing date set out in the Buyout Notice, the purchase and sale shall close on the date for closing proposed by the Class A Partner (or such other date as the two of them may agree in writing).
- (d) If the Class A Partner disputes either the estimate of the Class B FV or the proposed closing date set out in the Buyout Notice, then the two parties shall negotiate in good faith to settle an estimate of the Class B FV and a date on which to close the purchase and sale of the Class B Units acceptable to both of them, failing which the dispute shall be settled by arbitration between the parties in accordance with Section 17.15. If the dispute is determined by arbitration, then the closing date shall be five (5) Business Days following the delivery of the arbitrator's award.
- (e) At closing, the Class A Partner shall pay an amount equal to the Class B FV in immediately available funds to the Management Class B Partner against delivery of the certificate or certificates representing the Class B Units, duly endorsed in blank for transfer or with a duly executed stock power of attorney for each certificate, and the General Partner shall register the resulting transfer of the Class B Units.
- (f) At any time and from time to time during the Term, the Management Class B Partner shall have the right to require the Class A Partner to purchase such number of Class B Units from the Management Class B Partner at a purchase price per Class B Unit equal to 90% of the then Class B FV divided by the total number of all then issued and outstanding Class B Units, the proceeds of which



are required (and shall be used) to facilitate payments to be made by the Management Class B Partner to employees who are leaving the employ of the Management Class B Partner and who are entitled to compensation based, in part, on the financial performance of the Partnership. The provisions of subsections (a), (b), (c), (d) and (e) of this Section 9.07 shall apply, *mutatis mutandis*, in determining the Class B FV and in closing the resulting purchase of Class B Units.

## **ARTICLE 10 - REGISTRAR AND TRANSFER AGENT**

### **10.01 Appointment.**

The General Partner shall act as Registrar and Transfer Agent to maintain the Register of the Partnership.

### **10.02 Duties.**

The Registrar and Transfer Agent shall do the following:

- (a) Office. The Registrar and Transfer Agent shall maintain a registered office at Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2750 PO Box 90, Toronto, Ontario M5J 2J2, or such other place in Ontario as may be stipulated by the General Partner and shall keep there a copy of the Declaration, any Subsequent Declarations and a copy of this agreement and any amendments hereto.
- (b) Register. The Registrar and Transfer Agent shall maintain, either directly or through an intermediary appointed by it, the Register and shall record therein the full names and addresses of the Partners, the number and class of Units held by each Partner, whether each Partner is a limited or a general partner, particulars of registration and transfer of Units and shall record therein any mortgage or pledge of any Unit.
- (c) Other Records. The Registrar and Transfer Agent shall maintain such other records as may be required by law.
- (d) Filings, etc. The Registrar and Transfer Agent shall from time to time make on behalf of the Partnership all filings with any governmental authority that are required to be made by the Partnership.

## **ARTICLE 11 - THE REGISTER**

### **11.01 The Register.**

The Register shall set forth the following information regarding each Partner:

- (a) Individual Partner. Where the Partner is an individual, the Partner's surname, given name by which the Partner is commonly known, the first letters of the Partner's other given names and the Partner's residential address or address for service, including municipality, street and number, if any, and postal code.
- (b) Partner not an Individual. Where the Partner is not an individual, the Partner's name and address or address for service, including municipality, street and

number, if any, and postal code, and the Partner's Ontario corporation number, if any.

- (c) Capital Contribution. The amount of money and the value of other property contributed or agreed to be contributed by the Partner to the Partnership ("**Capital Contribution**").

#### 11.02 Direction from General Partner.

If either or both of the Registrar and Transfer Agent is a person other than the General Partner, then such Registrar or Transfer Agent shall rely upon the direction of the General Partner in recording Partners in the Register and the General Partner shall so direct the Registrar and Transfer Agent as follows:

- (a) Acceptance of Subscription. The General Partner shall provide to the Registrar and Transfer Agent written notice that the subscription of a proposed Partner has been accepted together with a copy of the duly completed Subscription and Power of Attorney Form duly accepted by the General Partner.
- (b) Acceptance of Transfer. The General Partner shall provide to the Registrar and Transfer Agent written notice that the transfer or assignment of a Unit by a Partner has been accepted together with a copy of the duly completed Assignment and Transfer Form and written confirmation by the General Partner that satisfactory arrangements have been made in respect of the obligations of the transferring Partner to the Partnership.
- (c) Capital Contribution. The General Partner shall provide to the Registrar and Transfer Agent written notice of any changes in the capital contribution or agreed capital contribution of a Partner together with such evidence as is deemed appropriate by the General Partner.

#### 11.03 Liability of Registrar and Transfer Agent.

The Registrar and Transfer Agent shall not be liable for any error in the Register to the extent that such error was made in acting in accordance with the direction of the General Partner as provided in Section 11.02.

#### 11.04 Effective Date.

The rights and obligations of a Limited Partner as a Limited Partner under this agreement as between such Limited Partner and the other Partners commence on and are enforceable from the date on which the name and other required information in respect of such Limited Partner is recorded in the Register.

#### 11.05 Inspection of Register.

Any registered holder of a Unit, or an agent duly authorized in writing by such registered holder, shall have the right to inspect and take extracts from the Register during normal business hours, and, upon payment of a reasonable fee to the General Partner, to obtain a copy of the Register within a period of 2 days from the date of the filing of a written request therefor with the General Partner at the principal place of business of the Partnership together with a statutory declaration stating:

- (a) the name and address of the applicant;
- (b) that the applicant is a Limited Partner; and
- (c) that the extracts will not be used by any person except in connection with an effort to influence the voting by Limited Partners of the Partnership, an offer to acquire Units of the Partnership or any other matter relating to the affairs of the Partnership.

## **ARTICLE 12 - MEETINGS**

### 12.01 Requisition of Meeting.

- (a) General. Meetings of the Limited Partners may be called by the General Partner at any time upon at least 21 days' notice. Where Limited Partners holding not less than 10% in aggregate of the outstanding Units give notice requesting a meeting of the Partnership signed by each of them to the General Partner, the General Partner shall, within 21 days of receipt of such notice, call a special meeting of the Limited Partners and, if it fails to do so, the requisitioning Limited Partners may call such meeting by giving notice to the Limited Partners in accordance with this agreement, signed by such person as the requisitioning Limited Partners specify. Every meeting, however convened, will be conducted in accordance with this agreement.
- (b) Annual Meetings. The General Partner shall convene annual meetings of the Limited Partners within 190 days of the end of each fiscal year, such period representing the period for delivery of the audited financial statements plus the maximum notice period in respect of the meeting.

### 12.02 Place of Meeting.

Every meeting will be held in Toronto or such other place in Ontario as may be stipulated by the General Partner.

### 12.03 Notice of Meeting.

Notice of any meeting will be given to each Limited Partner, to the General Partner and to the Auditor. The notice shall be mailed by prepaid post at least 21 and not more than 50 days prior to the meeting and shall specify:

- (a) the time, date, and place of the meeting; and
- (b) in reasonable detail, the nature of the business to be transacted at the meeting.

### 12.04 Accidental Omissions.

Accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any Limited Partner, will not invalidate the proceedings at that meeting.

#### 12.05 Information Circular.

If proxies are solicited from Limited Partners, the person or persons soliciting such proxies shall prepare an information circular which shall accompany the notice of meeting. An information circular shall contain, to the extent that it is relevant and applicable, the information prescribed for information circulars by the *Securities Act* (Ontario) and the regulation made thereunder.

#### 12.06 Proxies.

Any Limited Partner entitled to vote at a meeting may vote by proxy if the proxy has been received by the General Partner or the chairman of the meeting for verification prior to the meeting.

#### 12.07 Validity of Proxies.

A proxy purporting to be executed by or on behalf of a Limited Partner will be considered to be valid unless challenged at the time of or prior to its exercise, and the person challenging will have the burden of proving to the satisfaction of the chairman of the meeting that the proxy is invalid and any decision of the chairman concerning the validity of a proxy will be final.

#### 12.08 Corporations.

A Limited Partner which is a corporation may appoint under seal an officer, director or other authorized person as its representative to attend, vote and act in its behalf at a meeting of Limited Partners.

#### 12.09 Attendance of Others.

Each Limited Partner, the General Partner, any officer or director of the General Partner, the solicitors for the General Partner and the Partnership, representatives of the Auditor and any other person authorized by the General Partner will be entitled to attend any meeting of Limited Partners.

#### 12.10 Chairperson.

The General Partner may nominate an individual (who need not be a Limited Partner) to be chairperson of a meeting of the Limited Partners and the individual nominated by the General Partner will be chairperson of such meeting unless the Limited Partners elect a chairperson by Ordinary Resolution.

#### 12.11 Quorum.

Subject to this agreement, a quorum at any meeting of the Limited Partners will consist of two or more persons present in person who collectively hold or represent by proxy no less than 20% of the outstanding Units and if, within half an hour after the time fixed for the holding of such meeting, a quorum is not present, the meeting:

- (a) if called by or on the requisition of Limited Partners, shall be terminated; and
- (b) if called by the General Partner, shall be adjourned and shall be held at the same time and place on the day that is 14 days later (or if that date is not a Business Day, the first Business Day after that date) and the General Partner shall give at least 3 days notice to all Limited Partners of the date of the reconvening of the

adjourned meeting, and at such reconvened meeting the quorum shall consist of the Limited Partners then present in person or represented by proxy.

#### 12.12 Voting.

Every question submitted to a meeting:

- (a) which requires a Special Resolution under this agreement will be decided by a poll; and
- (b) which does not require a Special Resolution will be decided by an Ordinary Resolution on a show of hands unless a poll is demanded by a Limited Partner, in which case a poll will be taken,

and, in the case of an equality of votes, the chairperson will not have a casting vote and the resolution will be deemed to be defeated. The chairperson will be entitled to vote in respect of any Units held by it or for which it may be a proxyholder. On any vote at a meeting of the Limited Partners, a declaration of the chairperson concerning the result of the vote will be conclusive. Each Limited Partner present at a meeting will have one vote for each Unit of which it is the registered holder and for each Unit in respect of which it is the proxyholder.

#### 12.13 Poll.

A poll requested or required concerning:

- (a) the election of a chairperson or an adjournment, shall be taken immediately on request; or
- (b) any other matter, will be taken at the meeting or an adjournment of the meeting in such manner as the chairperson directs.

#### 12.14 Resolutions Binding.

Any resolution passed in accordance with this agreement shall be binding on all the Limited Partners and their respective heirs, executors, administrators, successors and assigns, whether or not any such Limited Partner was present in person or voted against any resolution so passed.

#### 12.15 Resolution in Writing.

A resolution in writing signed by all the Limited Partners entitled to vote on that resolution at a meeting of Limited Partners is as valid as if it had been passed at a meeting of the Limited Partners.

#### 12.16 Powers Exercisable by Special Resolution.

The Limited Partners may exercise the following powers by Special Resolution:

- (a) Termination and Dissolution. The Limited Partners may terminate this agreement and dissolve the Partnership as provided in Section 14.01.
- (b) General Partner. The Limited Partners may remove and replace the General Partner as provided in Section 8.11.

- (c) Assignment by General Partner. The Limited Partners may approve the assignment and transfer by the General Partner of its interest as general partner in the Partnership.
- (d) Contribution of Capital. The Limited Partners may approve a request for the contribution of additional capital.
- (e) Additional Units. The Limited Partners may create additional classes of Units provided the terms thereof have no material detrimental effect on the rights of the Class A Partner or the Class B Partners, as the case may be, unless the Class A Partner and the Management Class B Partner have consented in writing to the terms of the additional class of Units.
- (f) Settlement. The Limited Partners may agree to any compromise or arrangement by the Partnership with any creditor, creditors, or class or classes of creditors or with the holders of any shares or securities of the General Partner.
- (g) Enforcement. The Limited Partners may require the General Partner on behalf of the Partnership to enforce any obligation or covenant on the part of any Limited Partner provided for in this agreement.
- (h) Fiscal Year End. The Limited Partners may change the fiscal year end of the Partnership.
- (i) Waive Default. The Limited Partners may waive any default on the part of the General Partner under this agreement on such terms as they may determine.
- (j) Continuance. The Limited Partners may continue the Partnership in the event that the Partnership is terminated by operation of law.
- (k) Prior Special Resolutions. The Limited Partners may amend, modify, alter or repeal any Special Resolution previously passed by the Limited Partners.

#### 12.17 Minutes.

The General Partner will cause minutes to be kept of all proceedings and resolutions passed at every meeting or consented to by all of the Limited Partners, and to be entered in books to be kept for that purpose, and any minutes, if signed by the chairperson of the meeting or by the chairperson of the next succeeding meeting, will be deemed conclusive evidence of the matters stated in them and such meeting shall be deemed to have been duly convened and held and all resolutions and proceedings shown in them shall be deemed to have been duly passed and taken.

#### 12.18 Additional Rules and Procedures.

To the extent that the rules and procedures for the conduct of a meeting of the Limited Partners are not prescribed in this agreement, the rules and procedures will be determined by the chairperson of the meeting.

### **ARTICLE 13 - NOTICES**

#### 13.01 Notices.

In order to be effective, any notice or other communication required or permitted to be given under this agreement must be in writing. Any such notice or other communication is effective if it is delivered (a) personally, either to the individual designated below for such party, or to an individual having apparent authority to accept deliveries on behalf of such individual at its address set out below; (b) by fax, (c) by registered mail; or (d) by electronic mail, at or to the applicable addresses or electronic mail addresses, set out opposite the party's name below or at or to such other address or electronic mail address for a party as such party from time to time designates to the other parties in the same manner:

- (i) If to the General Partner, at:  
Sprott Power Corp.  
200 Bay Street, Suite 2750  
Toronto, Ontario  
M5J 2J2  
  
Attention: Jeff Jenner  
Fax No.: 416-977-9555
- (ii) If to the Class A Partner, at:  
Sprott Power Corp.  
200 Bay Street, Suite 2750  
Toronto, Ontario  
M5J 2J2  
  
Attention: Jeff Jenner  
Fax No.: 416-977-9555
- (iii) If to the Management Class B Partner, at:  
Sprott Power Corp.  
200 Bay Street, Suite 2750  
Toronto, Ontario  
M5J2J2  
  
Attention: Jeff Jenner  
Fax No.: 416-977-9555

Any such notice or other communication is effective (w) if personally delivered as described above, on the day of delivery if that day is a Business Day, and it was delivered before 5:00 p.m. local time in the place of delivery or receipt, and otherwise on the next Business Day; or (x) if sent by fax, on the day of transmission, if that day is a Business Day and the fax transmission was made before 5:00 p.m. local time in the place of delivery or receipt, and otherwise on the next Business Day; or (y) if by registered mail, on the fourth Business Day following the day on which it is mailed, except that if at any time between the date of mailing and the fourth Business Day thereafter there is a general discontinuance or disruption of postal service, the notice or other communication must be given by means other than mail; or (z) if by electronic mail, on the day the sender receives confirmation of receipt by return electronic mail from the recipient, if that day is a Business Day and if the confirmation was received before 5:00 p.m. local time in the place of delivery or receipt, and otherwise, on the next Business Day.

## **ARTICLE 14 - DISSOLUTION AND LIQUIDATION**

### **14.01 Dissolution.**

The Partnership shall be dissolved upon the occurrence of any of the following events:

- (a) the bankruptcy, dissolution or winding up of the General Partner or the occurrence of an event which would permit a trustee or receiver to acquire control of the affairs of the General Partner during the term of this agreement unless the General Partner is replaced as provided in Section 8.12;
- (b) the termination of the Management Services Agreement and the passing of a Special Resolution approving the dissolution of the Partnership;
- (c) the unanimous consent of all of the Partners; and
- (d) at the end of the Term.

Dissolution will be effective on the day on which the event occurred giving rise to the dissolution but the Partnership will not terminate until its assets have been distributed in accordance with this agreement.

#### 14.02 Liquidation of the Partnership Assets.

In the event of the dissolution of the Partnership, the General Partner, or in the event that the General Partner is bankrupt, a receiver appointed by Ordinary Resolution, shall commence to wind up the affairs of the Partnership and to liquidate its assets. The Partners will continue to share profits and losses during the period of liquidation in the same proportions as before the dissolution. The General Partner or receiver, as the case may be, has the full right and unlimited discretion to determine the time, manner and terms of any sale of assets of the Partnership pursuant to the liquidation, having regard to the activity and condition of the relevant market and general economic conditions.

#### 14.03 Distribution.

Following the payment of all debts and liabilities of the Partnership and all expenses of liquidation, but conditional upon the right of the General Partner or receiver to set up such cash reserves as it may deem necessary for any contingent or unforeseen liabilities or obligations of the Partnership, the proceeds of the liquidation and the other funds of the Partnership will be distributed to the Partners as follows:

- (a) to the extent such proceeds and funds are a return of Capital Contribution, on a *pro rata* basis to each Partner in direct relation to the balance in its capital account bears to the total balance in all Partner capital accounts ;
- (b) to the extent proceeds are available after satisfaction of the obligations set out in Subsection 14.03(a), such proceeds shall first be applied to make the payment contemplated by Subsection 9.07(a) and the balance, if any, shall be paid to the Class A Partner.

#### 14.04 Statement.

Within a reasonable time following the completion of the liquidation of the Partnership, the General Partner will supply to each of the Limited Partners a statement, reviewed by the Auditor, setting out the assets and liabilities of the Partnership as of the date of complete liquidation and the distribution of its assets.

#### 14.05 Cash Distribution.

No Limited Partner has the right to demand or receive property other than cash upon dissolution and termination of the Partnership.



#### 14.06 Termination.

Upon the completion of the liquidation of the Partnership and the distribution of all of the Partnership funds, the Partnership shall terminate and the General Partner has the authority to execute and record, and shall execute and record, any certificate as well as any other documents required to effect the dissolution or termination of the Partnership.

#### 14.07 Continuity.

Except as specifically set out in this agreement, the Partnership shall not dissolve or terminate upon the occurrence of any event, including the admission of a New General Partner or Substituted Limited Partner or be terminated by the withdrawal, removal, death, insolvency, bankruptcy or other disability of a Limited Partner.

#### 14.08 Receiver.

Subject to **Section 8.12**, the General Partner shall be the receiver of the Partnership charged with the responsibility of liquidating the Partnership upon its dissolution. If the General Partner is unable or unwilling to act in that capacity, then the Limited Partners shall appoint by Ordinary Resolution another appropriate person to act as the receiver of the Partnership. The receiver shall proceed diligently to wind up the affairs of the Partnership and to distribute the net proceeds from the sale of the assets of the Partnership. During the course of the liquidation, the receiver shall operate the properties and undertaking of the Partnership and in doing so is vested with all of the powers and authority of the General Partner in relation to the Partnership under the terms of this agreement. The Partnership shall pay to the receiver its reasonable fees and disbursements incurred in carrying out its duties.

### **ARTICLE 15 - AMENDMENT**

#### 15.01 General.

Except as otherwise set out in this Article 15, this Agreement may only be amended with the unanimous consent of the Partners.

#### 15.02 Amendment by the General Partner.

The General Partner may, without prior notice to or consent from any Limited Partner, amend from time to time any provision of this agreement if such amendment is to add any provision which is, in the opinion of counsel to the Partnership, for the protection or benefit of Limited Partners or of the Partnership or to cure an ambiguity or to correct or supplement any provisions contained herein which may be defective or inconsistent with any other provision contained herein and the cure, correction or supplemental provision does not and will not, in the opinion of counsel to the Partnership, adversely affect the interest of any Limited Partner.

#### 15.03 Notice of Amendment.

Limited Partners will be notified of the full details of any amendment to this agreement pursuant to Section 15.02 within 21 days of the effective date thereof. Where the proposed amendment requires approval by the Partners under this Article 15, the rules governing notice and meetings apply.

### **ARTICLE 16 - POWER OF ATTORNEY**

#### 16.01 Power of Attorney.

Each Limited Partner does hereby irrevocably nominate, constitute and appoint the General Partner, with full power of substitution, as its agent and true and lawful attorney to act on its behalf with full power and authority in its name, place, and stead to execute, deliver and record or file as and where required:

- (a) this agreement and all instruments and declarations necessary to reflect any amendment to this agreement;
- (b) the Declaration, any Subsequent Declaration and any other instruments or documents required to form, qualify, continue, amend and keep in good standing the Partnership as a limited partnership in all jurisdictions in which the Partnership may conduct its business;
- (c) any instrument required in connection with the dissolution, liquidation and termination of the Partnership;
- (d) all elections, determinations or designations under the Tax Act or any other taxation or other legislation or laws of similar import of Canada or of any provinces or other jurisdictions in respect of the affairs of the Partnership or of a Partner's interest in the Partnership;
- (e) all instruments relating to the admission of additional Limited Partners or Substituted Limited Partners subject to the terms and restrictions of this agreement;
- (f) all documents as may be necessary to give effect to a transfer or assignment of Units pursuant to this agreement.
- (g) the documents necessary to be filed with the appropriate governmental body or authority in connection with the business, property, assets and undertaking of the Partnership;
- (h) the documents as may be necessary to give effect to the conduct of the business of the Partnership as described in this agreement; and
- (i) all other instruments and documents as may be necessary and appropriate to carry out fully this agreement.

Each Limited Partner agrees to be bound by any representation and action of the General Partner made or taken in conformity with this power of attorney and hereby waives any and all defences which may be available to contest, negate or disaffirm the action of the General Partner taken in good faith under such power of attorney. To evidence the foregoing, each Limited Partner, in executing a Subscription and Power of Attorney Form, shall execute a power of attorney containing the powers set forth above. The power of attorney granted herein and therein is irrevocable and is a power coupled with an interest and survives the assignment by a Limited Partner of the whole or any part of the interest of each such Limited Partner in the Partnership and extends to the heirs, executors, administrators, successors, assigns and other legal representatives of such Limited Partner, may be exercised notwithstanding the subsequent legal incapacity of such Limited Partner and may be exercised by the General Partner on behalf of each Limited Partner in executing such instrument with a single signature as attorney and agent for all of them. For the purposes of Subsection 16.01(c), this power of attorney shall survive the termination of the Partnership.

## ARTICLE 17 - MISCELLANEOUS

### 17.01 Definitions.

Capitalized terms in the Agreement have the meanings set out in Schedule C.

### 17.02 Applicable Law.

This agreement shall be construed in accordance with and governed by the laws of the Province of Ontario.

### 17.03 Currency.

Unless specified otherwise in this agreement, all dollar amounts expressed in this agreement refer to lawful Canadian currency.

### 17.04 Headings.

The headings used in this agreement, and its division into articles, sections, schedules, and other subdivisions, do not affect its interpretation. References in this agreement to articles, sections, schedules, and other subdivisions are to those parts of this agreement.

### 17.05 Accounting Terms.

Accounting terms not specifically defined in this agreement will be construed in accordance with Canadian generally accepted accounting principles.

### 17.06 Calculating Time.

This agreement, a period of days begins on the first day after the event that began the period and ends at 5:00 p.m. Toronto, Ontario time on the last day of the period. If any period of time is to expire, or any action or event is to occur, on any day that is not a Business Day, the period expires, or the action or event is considered to occur, at 5:00 p.m. Toronto, Ontario time on the next Business Day.

### 17.07 Referencing Statutes.

Unless specified otherwise, any reference in this agreement to a statute includes both the regulations, rules and policies made under that statute and any provision that amends, supplements, supersedes or replaces any such statute, regulation, rule or policy.

### 17.08 Interpretation.

The parties acknowledge that they have each participated in settling the terms of this agreement. The parties agree that any rule of legal interpretation to the effect that any ambiguity is to be resolved against the drafting party will not apply in interpreting this agreement.

### 17.09 Further Assurances.

Each party will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such further documents, assurances or things, and secure all necessary consents and authorizations, as may be reasonably requested by any other party for the more complete and perfect observance and performance of the terms of this agreement.

### 17.10 Waiver.

No act or failure to act or delay in the enforcement of any right by either party hereunder constitutes a waiver of any right by such party under this agreement, and any such act, failure to act or delay does not constitute an approval of or acquiescence in any breach or continuing breach by the other party under this agreement except as expressly agreed to in writing; and no waiver of any breach of any provision of this agreement constitutes a waiver of any preceding, continuing or succeeding breach of such provision or of any other provision of this agreement.

17.11 Entire Agreement.

This agreement constitutes the entire agreement between the parties with respect to the subject matter herein and supersedes all previous communications, representations, understandings and agreements, either oral or written, with respect to such subject matter. In the event of any conflict or ambiguity between this agreement and any other agreement or understanding between the parties and whether in respect of the subject matter hereof or otherwise and whether arising before or after the date of this agreement, this agreement prevails unless such other agreement or understanding specifically states in writing that this agreement or any term hereof, is superseded by such other agreement or understanding, or the terms thereof.

17.12 Time of the Essence.

Time shall be of the essence of the obligations of the parties under this agreement.

17.13 No Presumption.

The parties acknowledge that they have each participated in settling the terms of this agreement. The parties agree that any rule of legal interpretation to the effect that any ambiguity is to be resolved against the drafting party will not apply in interpreting this agreement.

17.14 Severability.

The invalidity or unenforceability of any particular provision of this agreement will not affect or limit the validity or enforceability of the remaining provisions.

17.15 Dispute Resolution.

Any dispute between the parties in respect of any matter provided for in this agreement (a "**Dispute**") shall be determined in accordance with Schedule D that sets out the sole and exclusive procedure for the resolution of Disputes. The resolution of a Dispute pursuant to the terms of Schedule D shall, subject to section 44 of the *Arbitration Act, 1991* (Ontario), be final and binding upon the Parties and there shall be no appeal from the decision of the Arbitrator(s), including any appeal to a court on a question of law, a question of fact, or a question of mixed law and fact. The application of subsection 7(2) of the *Arbitration Act, 1991* (Ontario) is expressly excluded.

17.16 Counterparty and pdf Execution.

This agreement may be executed in counterparts by facsimile or PDF execution, each of which shall be deemed to be an original and which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this agreement to produce more than one counterpart.

17.17 Binding Effect.

This agreement shall enure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns.

*[the remainder of the page is intentionally left blank]*

IN WITNESS WHEREOF the parties hereto have executed this agreement as of the date first shown above.

General Partner:

**SPROTT POWER CONSULTING LIMITED  
PARTNERSHIP,**  
by its general partner,  
**SPROTT POWER CONSULTING GP INC.**

Per: "Jeffrey Jenner"  
Authorized Signing Officer

Limited Partners:

**SPROTT POWER CORP.**

Per: "Jeffrey Jenner"  
Authorized Signing Officer

**SPROTT POWER CONSULTING LIMITED  
PARTNERSHIP,**  
by its general partner,  
**SPROTT POWER CONSULTING GP INC.**

Per: "Jeffrey Jenner"  
Authorized Signing Officer

**Schedule A to the SP Development Limited Partnership  
Limited Partnership Agreement**

**UNIT CERTIFICATE**

\_\_\_\_\_ Unit(s)

Certificate No.: \_\_\_\_\_

**SP DEVELOPMENT LIMITED PARTNERSHIP**

(a Limited Partnership formed under the laws of the Province of Ontario)

THE UNDERSIGNED, being the general partner (the "**General Partner**") of SP Development Limited Partnership (the "**Partnership**"), hereby certifies on behalf of the Partnership that:

\_\_\_\_\_  
(Print Name of Registered Holder)

is the registered holder of \_\_\_\_\_ Class **[A] [B]** limited partnership units (the "**Class [A] [B] Unit**" or "**Class [A] [B] Units**") in the Partnership.

The rights of a holder of Class **[A] [B]** Units are governed by an amended and restated limited partnership agreement dated as of May 31, 2010 (the "**Partnership Agreement**"). The liability of the holder of this Certificate is limited to the amount of capital it has contributed or agreed to contribute to the Partnership plus its share of the undistributed Distributable Net Cash of the Partnership (as that term is defined in the Partnership Agreement). A Limited Partner may lose the protection of limited liability if it takes part in the control of the business of the Partnership and may be liable to third parties as a result of false statements in public filings made pursuant to the laws of the Province of Ontario and applicable legislation of other jurisdictions. There is also a possibility for unlimited liability to the extent that the principles of Canadian law recognizing the limitation of liability of limited partners have not been authoritatively established with respect to limited partnerships formed under the laws of one jurisdiction but operating, owning property or incurring obligations in another jurisdiction.

A transfer of any Class **[A] [B]** Units represented by this Certificate may be initiated by delivering this Certificate, properly executed by the registered holder and the transferee on the reverse side hereof to the General Partner at its principal office in Toronto, Ontario. The transfer of Units to a "non-Canadian" within the meaning of the *Investment Canada Act* (Canada) or a "non-resident" within the meaning of the *Income Tax Act* (Canada) may be denied. The Units represented by this Certificate are "securities" within the meaning of *Securities Transfer Act, 2006* (Ontario), and transfers of any such Units are governed by the said Act.

Capitalized terms not defined herein shall have the meaning ascribed to them in the Partnership Agreement.

IN WITNESS WHEREOF the undersigned has caused this Certificate to be signed by its duly authorized officer.

DATED at Toronto, Ontario, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**SPROTT POWER CONSULTING LIMITED**  
**PARTNERSHIP,**  
by its general partner,  
**SPROTT POWER CONSULTING GP INC.**

By: \_\_\_\_\_

Authorized Officer



(REVERSE SIDE OF UNIT CERTIFICATE)

**SP DEVELOPMENT LIMITED PARTNERSHIP  
CLASS [A] [B] UNIT CERTIFICATE**

Certificate No: \_\_\_\_\_

\_\_\_\_\_

(Print Name of Registered Holder)

Number of Units: \_\_\_\_\_

Date: \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned hereby assigns and transfer unto:

\_\_\_\_\_

(Print name of Transferee)

\_\_\_\_\_ Unit(s) represented by this Certificate.

DATED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_

(Signature of Witness)

\_\_\_\_\_

(Signature of Registered Holder)

**Schedule B to the  
SP Development Limited Partnership  
Limited Partnership Agreement**

**ASSIGNMENT AND TRANSFER FORM**

THE UNDERSIGNED being a Limited Partner of **SP DEVELOPMENT LIMITED PARTNERSHIP** (the "**Partnership**"), hereby transfers, assigns and sells to:

\_\_\_\_\_ (Print Name of Transferee)                      \_\_\_\_\_ (Print Address of Transferee)

\_\_\_\_\_ (City, Province, Postal Code)

(the "**Transferee**") unit or units of limited partnership interest in the Partnership (the "**Class [A] [B] Unit**" or "**Class [A] [B] Units**") registered in the name of the undersigned.

TUE UNDERSIGNED hereby constitutes the above named Transferee as a substituted Limited Partner (a "**Substituted Limited Partner**") to the extent of the said number of Class **[A] [B] Units** and agrees to execute and deliver to the General Partner any documents required to effect a valid transfer of the said Units or which are necessary or advisable in the opinion of the General Partner. to preserve the status of the Partnership as a limited partnership.

THE UNDERSIGNED agrees that the power of attorney previously granted to the General Partner will be effective for the purpose of executing and filing all certificates, amendments and other instruments necessary to give effect to this transfer.

DATED at \_\_\_\_\_ Province of \_\_\_\_\_ this \_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_ (Signature of Guarantor)                      \_\_\_\_\_ (Signature of Limited Partner)

\_\_\_\_\_ (Print Name of Guarantor)                      \_\_\_\_\_ (Name of Limited Partner - Please Print)

\_\_\_\_\_ (Print Office of Guarantor)                      \_\_\_\_\_ (Residence Address)

\_\_\_\_\_ (Print Name of Institution)                      \_\_\_\_\_ (City, Province, Postal Code)

**Note:**

1. This transfer must be for a whole Class **[A] [B] Unit** or for whole Class **[A] [B] Units**. Transfers of fractional or partial Class **[A] [B] Units** will not be recognized or entered in the Register of the Partnership.

(REVERSE SIDE OF ASSIGNMENT AND TRANSFER FORM)

**Acknowledgement of Transferee**

THE UNDERSIGNED, being the Transferee named above hereby accepts the transfer of the Unit(s) as herein provided and, in consideration of the General Partner accepting this transfer and conditional thereon, hereby:

- (a) agrees to be bound as a Limited Partner in the Partnership by the terms of the Partnership Agreement as from time to time amended and in effect and the Transferee hereby expressly ratifies and confirms the power of attorney given to the General Partner therein;
- (b) irrevocably constitutes and appoints the General Partner, with full power of substitution, as his true and lawful attorney and agent, with full power and authority in its name, place and stead to execute and deliver, for and on its behalf. the Partnership Agreement and any amendments thereto and hereby ratifies, for all legal purposes, execution of the Partnership Agreement on its behalf and all actions taken on its behalf pursuant thereto; and
- (c) declares that it is not a "non-Canadian" within the meaning of the *Investment Canada Act* (Canada) nor a "non-resident" within the meaning of the *Income Tax Act* (Canada).

THE UNDERSIGNED hereby acknowledges that the power of attorney granted herein and in the Partnership Agreement is irrevocable and is a power coupled with an interest and survives the assignment by the undersigned of the whole or any part of the interest of the undersigned in the Partnership and extends to the heirs, executors, administrators, successors, assigns and other legal representatives of the undersigned and shall survive the death or disability of the undersigned until notice of death or disability is delivered to the General Partner and may be exercised by the General Partner on behalf of the undersigned in executing such instrument with a single signature as attorney and agent for all of them. The undersigned agrees to be bound by representation or action made or taken by the General Partner pursuant to such power of attorney and hereby waives any and all defences which may be available to contest, negate or disaffirm the action of the General Partner taken in good faith under such power of attorney-

THE UNDERSIGNED hereby accepts that this transfer form, the Amended and Restated Partnership Agreement and related documents be in the English language only.

DATED at \_\_\_\_\_ Province of \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
(Signature of Witness)

\_\_\_\_\_  
(Signature of Transferee)

\_\_\_\_\_  
(Print Name of Witness)

\_\_\_\_\_  
(Name of Transferee-Please Print)

\_\_\_\_\_  
(Address of Transferee)

\_\_\_\_\_  
(City, Province, Postal Code)

\_\_\_\_\_

**Schedule C to the  
SP Development Limited Partnership  
Limited Partnership Agreement**

**DEFINITIONS**

Unless otherwise defined in this agreement, the following capital terms have the following meanings:

**"Affiliate"** – for the purposes of this Agreement, one person shall be deemed to be affiliated with another person if, but only if, one of them is the subsidiary of the other or both are subsidiaries of the same person or each of them is controlled by the same person.

**"Auditor"** means the Canadian firm of chartered accountants appointed from time to time under this agreement as the auditors of the Partnership.

**"BNA"** means the *Business Names Act* (Ontario) and all regulations thereunder, all as amended from time to time and any successor legislation and regulations thereto.

**"Business Day"** means any day, other than a Saturday, Sunday or statutory holiday in the Provinces of Ontario, on which banks conducting business in the City of Toronto are generally open for the transaction of banking business and the Toronto Stock Exchange is open for trading.

**"Buyout"** has the meaning attributed to it in Subsection 9.07(a).

**"Buyout Event"** means any of (a) the termination of the Management Services Agreement, (b) the occurrence of an event contemplated under Section 14.01, (c) a change in control of the Partnership, being the occurrence of a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Partnership and another limited partnership or other entity, as a result of which the holders of Class A Units prior to the completion of the transaction, hold less than 100% of the outstanding Class A of the successor limited partnership after completion of the transaction or (d) a change in control of the Class A Partner, being the occurrence of one of the following events:

- (i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Class A Partner and another corporation or other entity, as a result of which the holders of shares of the Class A Partner prior to the completion of the transaction, hold less than 50% of the outstanding shares of the successor corporation after completion of the transaction;
- (ii) a resolution is adopted to wind-up, dissolve or liquidate the Class A Partner;
- (iii) (A) any person, entity or group of persons or entities acting jointly or in concert acquires or acquires control (including, without limitation, the right to vote or direct the voting) of Voting Securities which, when added to the Voting Securities (x) owned of record or beneficially by such acquirer, (y) in respect of which such acquirer has the right to vote or (z) in respect of which the said acquirer has the right to direct the voting, would entitle such acquirer and/or its associates and/or Affiliates to cast or to direct the casting of 30% or more of the votes attached to all of the outstanding Voting Securities of the Class A Partner which may be cast to elect directors of the Class A Partner or the successor corporation (regardless of whether a meeting has been called to elect directors); and (B) as a result of such acquisition of control, directors of the Class A Partner holding such office immediately prior to such acquisition of control shall not constitute a majority of the board of directors of the Class A Partner;

- (iv) as a result of or in connection with: (A) a contested election of directors, or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving the Class A Partner or any of its Affiliates and another corporation or other entity, the nominees named in the most recent management information circular of the Class A Partner for election to the board of directors of the Class A Partner shall not constitute a majority of such board of directors; or
- (v) the board of directors of the Class A Partner adopts a resolution to the effect that a change of control has occurred or is imminent.

For the purposes of the foregoing, "**Voting Securities**" means any shares entitled to vote for the election of directors and shall include any security, whether or not issued by the Class A Partner, which are not shares entitled to vote for the election of directors but are convertible into or exchangeable for shares which are entitled to vote for the election of directors including any options or rights to purchase such shares or securities; and "**Change of Control**" means any of the said circumstances described as such in the foregoing.

"**Buyout Notice**" has the meaning attributed to it in Subsection 9.07(b).

"**Capital Contribution**" has the meaning attributed to it in Subsection 11.01(c).

"**CEE**" means a Canadian exploration expense as defined in subsection 66.1(6) of the Tax Act, including CRCE.

"**Change of Control**" has the meaning attributed to it in the definition of "Buyout Event".

"**Class A Capital Investment**" has the meaning attributed to it in Subsection 6.06(b)(iv).

"**Class A Partner**" means Sprott Power Corp., a corporation incorporated under the laws of Canada.

"**Class A Units**" has the meaning attributed to it in Subsection 3.01(a).

"**Class B FV**" has the meaning attributed to it in Subsection 9.07(a).

"**Class B Partner**" at any time means any holder of Class B Units, and "**Class B Partners**" mean all such holders.

"**Class B Units**" has the meaning attributed to it in Subsection 3.01(a).

"**CRCE**" means a Canadian renewable and conservation expense as defined in subsection 66.1(6) of the Tax Act.

"**Declaration**" has the meaning attributed to it in Section 1.01.

"**Determination Date**" has the meaning attributed to it in Subsection 6.06(b).

"**Dispute**" has the meaning attributed to it in Section 17.15.

"**Distributable Net Cash**" has the meaning attributed to it in Subsection 6.06(a).

"**Distribution Period**" has the meaning attributed to it in Subsection 6.06(b).

"**Former General Partner**" has the meaning attributed to it in Subsection 8.11.

"**General Partner**" means Sprott Power Consulting Limited Partnership, a limited partnership constituted under the laws of the Province of Ontario and any successor general partner of the Partnership.

"**Income**" or "**Loss**" of the Partnership for any fiscal year means the net income or loss of the Partnership (including gains or losses arising on the disposition of any assets) calculated in accordance with the provisions of the Tax Act.

**"Initial Limited Partner"** has the meaning attributed to it in Section 1.01.

**"Limited Partners"** means at any time the Class A Partner, the Management Class B Partner and any other holder of Class A Units or Class B Units.

**"LPA"** means the *Limited Partnerships Act* (Ontario) and all regulations thereunder, all as amended from time to time and any successor legislation and regulations thereto.

**"Management Class B Partner"** means Sprott Power Consulting Limited Partnership a limited partnership constituted under the laws of the Province of Ontario.

**"Management Services Agreement"** means the management services agreement between the Class A Partner and the Management Class B Partner dated as of May 31, 2010.

**"New General Partner"** has the meaning attributed to it in Section 8.11.

**"Operating Cash Flow"** has the meaning attributed to it in Subsection 6.06(b)(v)(B).

**"Ordinary Resolution"** means:

- (i) a resolution passed by more than 50% of the votes cast at a duly constituted meeting of the Partners or adjournment thereof or
- (ii) a written resolution signed in one or more counterparts by a Partner or Partners holding more than 50% of the outstanding Units entitled to vote at a meeting.

**"Partners"** has the meaning attributed to it in Section 1.01.

**"Partnership"** means SP Development Limited Partnership, a limited partnership constituted under the laws of the Province of Ontario.

**"Project LP"** has the meaning attributed to it in Subsection 2.01(b).

**"Special Resolution"** means:

- (i) a resolution passed by at least two-thirds of the votes cast at a duly constituted meeting, or an adjournment thereof, of the Partners called for the purpose of considering such resolution; or
- (ii) a written resolution signed in one or more counterparts by a Partner or Partners holding at least two thirds of the outstanding Units entitled to vote on such resolution.

**"STA"** means the *Securities Transfer Act, 2006* (Ontario) and all regulations thereunder, all as amended from time to time and any successor legislation and regulations thereto.

**"Subsequent Declaration"** means a declaration supplemental to the Declaration and filed pursuant to the LPA.

**"Substituted Limited Partner"** means a Limited Partner admitted to the Partnership upon the transfer of a Unit or Units from a transferring Limited Partner.

**"Tax Act"** means the *Income Tax Act* (Canada) and all regulations thereunder, all as amended from time to time and any successor legislation and regulations thereto.

**"Term"** has the meaning attributed to it in Section 1.04.

**"Unit"** means a Class A Unit or a Class B Unit and **"Units"** means more than one Unit.

**"Voting Securities"** has the meaning attributed to it in the definition of "Buyout Event".

**Schedule D to the  
SP Development Limited Partnership  
Limited Partnership Agreement**

**PART I**

1. Either Limited Partner may refer any Dispute that is not prohibited by the terms of the Agreement to be determined under the provisions of this Schedule D to a Committee by giving written notice to the other party to the Dispute and to both members of the Committee at the addresses of the members of the Committee provided to each party to the Dispute and otherwise in accordance with the notice provisions of the Agreement. Each party to the Dispute shall provide written information regarding its position in respect of the issue(s) in dispute to the Committee and the other party to the Dispute in a timely manner, and each party to the Dispute shall have a reasonable opportunity (not to exceed three (3) Business Days from the date the notice is provided) to prepare and deliver to the Committee and the other party to the Dispute such written responses to the material filed with the Committee by any other party to the Dispute. The Committee shall have responsibility and authority to hear and negotiate a resolution of any Dispute referred to it.
2. If the Committee cannot reach agreement on a resolution of the Dispute within 10 Business Days of receipt of the said notice then either party to the Dispute may, if it chooses to do so, refer the matter to Dispute Resolution in accordance with Part II of this Schedule D by delivery of written notice to the other party to the Dispute to such effect within 15 Business Days of receipt of the notice under Section 1, unless the Committee has resolved the Dispute prior to the delivery of the written notice to the other party to the Dispute under this Section 2.
3. If the Dispute is resolved in accordance with this Part I, then the settlement shall be rendered in writing, signed by each member of the Committee and such written decision shall be final and binding on each of the parties, and shall not be subject to any appeal or review procedure. The application of subsection 7(2) of the *Arbitration Act, 1991* (Ontario) is expressly excluded.

**PART II**

The following rules and procedures shall govern any Dispute referred for Dispute Resolution by either party under Part I of this Schedule D:

1. Initiation of Dispute Resolution Proceedings.
  - (a) The Claimant shall in the notice given by it to the Respondent under Section 2 of Part 1 specify particulars of the Dispute and give the name and address of the Person it wishes to be appointed as the Arbitrator. Within 10 Business Days immediately following receipt of such notice, the Respondent shall give notice to the Claimant advising either that the Respondent accepts the Arbitrator proposed by the Claimant, or that the Respondent wishes to appoint an additional Arbitrator, in which case, the Respondent shall appoint and provide the name of such additional Arbitrator in its responding notice. If no such notice is given within such 10-Business Day period, the Respondent shall be irrevocably deemed to have accepted the single Arbitrator proposed by the Claimant as the Arbitrator of the Dispute.
  - (b) If the Respondent exercises its right to do so and appoints an additional Arbitrator pursuant to Subsection 1(a) of this Part II, then the Arbitrators so

appointed shall within 10 Business Days of the appointment of the second Arbitrator, meet and agree on the appointment of one additional Arbitrator as chair of the Dispute Resolution board, and the first two Arbitrators shall forthwith notify the Claimant and the Respondent in writing of such appointment. If the two Arbitrators cannot agree upon the appointment of a third Arbitrator to act as chair, either party to the Dispute shall have the right to apply to the Ontario Superior Court of Justice under the *Arbitration Act, 1991* (Ontario) for the sole purpose of having the said Court appoint a third Arbitrator to act as chair of the Dispute Resolution board. The appointment of the chair by the Court shall be final and binding on both the Respondent and the Claimant and shall not be subject to any appeal or review procedure. Upon the appointment of the chair of the Dispute Resolution board, the chair and the two Arbitrators previously appointed shall constitute the board of Arbitrators for the purpose of hearing the Dispute.

2. Submission of Written Statements.

- (a) Within five (5) Business Days after the appointment of the last Arbitrator, the Claimant shall deliver to the Respondent and to each Arbitrator its Claim.
- (b) Within 15 Business Days after the receipt of the Claim, the Respondent shall deliver to the Claimant and to each Arbitrator its Answer.
- (c) If a Respondent fails to deliver an Answer within the time limit referred to in Subsection 2(b) of this Part II, the Respondent shall be irrevocably deemed to have admitted the Claim unless within such time limit the Respondent shall have delivered a notice of intent to deliver the Answer, in which case the Answer shall be delivered within 10 Business Days of Claimant's receipt of such notice, and if the Respondent fails to deliver an Answer within such 10-Business Day period, the Respondent shall be irrevocably deemed to have admitted the Claim in full.
- (d) Within 10 Business Days after the delivery of the Answer, the Claimant may deliver to the Respondent and to each Arbitrator a Reply.
- (e) Within the time provided for the delivery of the Answer, the Respondent may also deliver to the Claimant and to each Arbitrator a Counter-Claim. Within 15 Business Days of the delivery of a Counter-Claim, the Claimant shall deliver to the Respondent and to each Arbitrator an answer to the Counter-Claim unless within such time the Claimant shall have delivered a notice of intent to deliver an answer to the Counter-Claim, in which case such answer shall be delivered within 10 Business Days of the Claimant's receipt of such notice, and if the Claimant fails to deliver its answer to the Counter-Claim within such 10 Business Day period, the Claimant shall be irrevocably deemed to have admitted the Counter-Claim in full. Within 10 Business Days after the delivery by the Claimant of an answer to the Counter-Claim, the Respondent may deliver to the Claimant and to each Arbitrator a reply to the answer to the Counter-Claim.
- (f) Within 10 Business Days after the delivery of the last of the Claim, Answer, Counter-Claim, answer to the Counter-Claim and Reply, each party to the Dispute shall produce a list of all relevant documents in its possession, power or control, excluding documents which are the subject of claims for privilege. A party to the Dispute may specify any document or documents on the lists, of which it desires to be provided copies, and copies shall be provided subject to payment for the reasonable costs thereof.



- (g) Following delivery of the last of the Claim, Answer, Counter-Claim, answer to the Counter-Claim and Reply or expiry of the time for such delivery, the Arbitrator(s) shall give directions for the further conduct of the Dispute Resolution, provided that in any event the hearing shall take place within 45 Business Days after the delivery of the last of the Claim, Answer, Counter-Claim, answer to the Counter-Claim and Reply or expiry of the time for such delivery.
- (h) The time limits set for the delivery of the documents referred to in Subsections 2(a) to (g) inclusive of this Part II may be extended by the Arbitrator(s) for such period and for such reasons as they in their discretion may determine upon application made to them by either the Claimant or a Respondent, as the case may be, on written notice to the other, before the expiry of the time limit in issue or within three (3) Business Days thereafter and, in the event that the other wishes to oppose the application, it or they shall be given an opportunity to be heard on the application. Any failure to comply with such time limits pursuant to the terms of this Schedule D that is subject to such an extension shall be cured by that extension. For greater certainty, the Parties agree that the foregoing right of the Arbitrator(s), being the exercise of an absolute discretion, cannot be the subject matter of a Dispute or Financial Issue under this Agreement or of any other proceeding at law initiated by any party to the Dispute.

3. Meetings and Hearings.

- (a) The hearing will take place in Toronto, Ontario or in such other place as the Claimant, Respondent and Arbitrator(s) unanimously agree to in writing. Subject to any adjournments that the Arbitrator(s) allow, the hearing will be continued on successive Business Days until it is concluded.
- (b) All meetings and hearings will be private and confidential unless all parties to the Dispute Resolution otherwise agree.
- (c) Any party to the Dispute may be represented at any meetings or hearings by legal counsel.
- (d) To the extent that the Arbitrator(s) determine in good faith that it is in the interests of the parties and expeditious to do so, the Arbitrator(s) shall have the right to (i) vary the rules and procedures set out in the *Arbitration Act, 1991* (Ontario) and (ii) prescribe such additional rules and procedures relating to the conduct of the Dispute Resolution (including rules permitting the compulsion of witnesses, discovery of witnesses under oath, cross-examination and re-examination of witnesses).

4. The Decision.

- (a) Any decision of the Arbitrator(s) made with respect to any Dispute or with respect to any aspect of, or any issue related to, the Dispute (including the procedures that shall govern the Dispute resolution) shall be made by either the Arbitrator or by the majority of the Arbitrators (or in default of agreement by such majority, then by the chair of the Dispute Resolution board), as the case may be. The reasons for the decisions of the Arbitrator(s) with respect to the Dispute shall within 10 Business Days of the completion of the hearing be rendered in writing and delivered to the parties unless that time period is extended for a fixed period by the Arbitrator(s) on written notice to each party to the Dispute because of illness or other cause beyond the control of the Arbitrator(s).

- (b) The decision shall be final and binding on the parties to the Dispute Resolution and shall not be subject to any appeal or review procedure.

5. The Award.

The Arbitrator(s) shall have jurisdiction to award costs of the Dispute Resolution Procedure, including the fees of the Arbitrator(s), as between the Claimant and the Respondent as the Arbitrator(s) see fit, and to direct the payment of interest in respect of any award at such rates and from and to such dates as are determined by the Arbitrator(s) to be appropriate.

6. Application of the *Arbitration Act, 1991 (Ontario)*.

The Dispute Resolution Procedure provided for in this Part II shall be governed by the provisions of the *Arbitration Act, 1991 (Ontario)* except to the extent that the provisions of the *Arbitration Act, 1991 (Ontario)* are inconsistent with the terms of the Dispute Resolution Procedure set forth in this Schedule D, in which case, to the extent permitted by law, the terms of this Schedule D shall govern. The application of subsection 7(2) of the *Arbitration Act, 1991 (Ontario)* is expressly excluded.