SECTION 5

Land Regime

5.0 Interpretation

5.0.1 For the purposes of this section only, unless the context indicates otherwise, whenever an option is exercised, or compensation in land or in money is to be received, or replacement land is to be selected, "Naskapis of Québec" means the Naskapi local authority for Category IA-N lands in the case of Category IA-N lands or the private landholding corporation contemplated by paragraph 5.1.3 in the case of Category IB-N lands, as the case may be.

5.1 Category I-N lands

5.1.1 Definition

Category I-N lands comprise Category IA-N lands and Category IB-N lands in accordance with the terms and conditions of the present Agreement and shall be set aside for the Naskapis of Québec. The total area of Category I-N lands is one hundred and twenty-six (126) square miles.

5.1.2 Category IA-N lands

The selection of Category IA-N lands by the Naskapis of Québec is subject to the provisions of section 20.

Category IA-N lands are lands set aside for the exclusive use and benefit of the Naskapi band, under the administration, management and control of Canada, subject to the terms and conditions of the present Agreement.

The area of Category IA-N lands will be thirty-nine point thirty-three (39.33) acres, or one hundred and fifty acres, or sixteen (16) square miles depending upon the block chosen in accordance with the provisions of section 20, and Québec shall retain bare ownership of the lands, and, subject to the provisions herein, the ownership of the mineral and subsurface rights over such lands. Subject to the terms and conditions of the present Agreement, Québec shall transfer to Canada the administration, management and control of the Category IA-N lands and Canada shall accept such transfer.

5.1.3 Category IB-N lands

Category IB-N lands comprise the lands to be granted for the Naskapis of Québec to a private landholding corporation established in virtue of the laws of Québec or by a special law thereof, and the members of which must be Naskapis of Québec. The area of Category IB-N lands shall be the area of one hundred and twenty-six (126) square miles, being Block Tait shown on the map attached as schedule 4 of section 4 and preliminarily described in section 4, which will be reduced, within two (2) months of the determination of Category IA-N lands, by subtracting from its northern portion an area equal to the area of Category IA-N lands.

The ownership of the Category IB-N lands, under the jurisdiction of Québec, will vest outright in said corporation, provided that the lands can be sold or ceded only to Québec and this shall constitute a prohibition to sell or cede other than to Québec.

Such corporation shall consist of the Naskapis of Québec entitled to the benefits of the present Agreement, and shall be a private landholding corporation having the title and ownership of the Category IB-N lands, in accordance with the provisions of the present Agreement.

Unless otherwise specifically provided herein these lands cannot be taken away by Québec. In those circumstances described in this section where the right to expropriate by Québec is exercised, the land must be replaced or compensation paid at the option of the Naskapis of Québec except if otherwise provided herein.

5.1.4 Existing third party and governmental interests

Lands ceded to third parties, by letters patent or owned by third parties prior to the execution of the present Agreement shall be Category III lands. However, the said lands and persons thereon shall be subject to the by-laws of the Naskapi local authority as if such lands formed part of Category I-N lands. Such persons shall have a right to all services of a municipal nature which are offered by the Naskapi local authority to the residents of the surrounding or adjacent Category I-N lands on the same terms and conditions, the whole subject to the rights of such persons and the exercise of the same.

The lands over which rights have been ceded by Québec to third parties prior to the execution of the present Agreement in the form of leases, occupation permits or other authorizations shall be Category I-N lands. The holders of such rights may continue to exercise them, subject solely to all laws and regulations of Québec as if the lands over which the said rights are granted were Category III lands until the termination of the period fixed for the exercise of such rights, unless such rights are renewed by Québec.

Lands within the areas of Category I-N, but which are presently the object of mining claims, development licenses, exploration permits, mining concessions and mining leases and other similar rights, as presently defined in the Québec Mining Act (S.Q. 1965, c. 34 as amended) shall be Category III lands. However, Québec undertakes upon the expiry of these rights, or any renewal thereof, to transfer the administration, management and control of the lands subject thereto to Canada for the use and benefit of the Naskapis of Québec or to transfer the ownership to the landholding corporation, depending on whether the said lands are within the area of Category IA-N lands or Category IB-N lands. If any part of such lands is taken for development under the Québec Mining Act, Québec will replace the land taken, in accordance with the procedure set out for the replacement of Category II-N lands.

Québec undertakes to provide Canada and the Naskapi Native party, within ninety (90) days of the approval of the present Agreement, with a list of the mining claims development licenses, mining concessions, mining leases and exploration permits, referred to above, within Block Tait and within the lands which may become Category IA-N lands in accordance with the provisions of section 20, along with the names of the holders thereof, the date the rights were granted, the nature of the rights and the date of their expiry.

The areas of land covered by such existing mining claims, development licenses, exploration permits, mining concessions and mining leases surrounded by Category I-N lands have been included in the calculation establishing the total area of one hundred and twenty-six (126) square miles of Category I-N lands.

Existing roads within Category IA-N lands shall be Category IA-N lands but the general public shall be granted access over such roads.

The areas covered by existing landing strips, airport installations and hydroplane bases within Category I-N lands are excluded from Category I-N lands and shall be Category III lands. However, the areas of such lands have been included in calculating the total area of Category I-N lands.

When such areas mentioned above are no longer required, as determined by Québec, the ownership or the administration, management and control, as the case may be, shall be transferred by Québec in the manner provided hereinabove, subject to the approval of any owner thereof, and subject to third party interests respecting mineral substances already conceded.

5.1.5 Future occupation by Québec and third parties

5.1.5.1) Québec and its representatives

Lots within Category I-N lands shall be allocated by the Naskapi local authority for community services supplied by Québec, its agents or mandataries, such as roads, schools, hospitals, police stations and telecommunications. Such allocation shall be by way of leases, servitudes or similar contract and for nominal compensation, namely, one dollar ($1.00).

In the event that Québec builds a road across Category IB-N lands, there shall be a corridor of five hundred (500) feet of Category II-N lands along each side of such road, subject to the general provisions of paragraph 5.1.6.

5.1.5.2) Third parties

The Naskapi local authority, in any case in which it allows third parties to occupy Category I-N lands for projects of regional or provincial interest, shall first consult with Québec and, in the case of Category IA-N lands, Canada as well.

5.1.5.3) Mining Explorations and Operations under Existing Rights

Where lands which are the object of existing mining claims, development licenses, exploration permits, mining concessions, mining leases and other similar titles pertaining to minerals as defined in the Québec Mining Act are surrounded by or adjacent to Category I-N lands, the owners of these rights or titles for the purpose of exercising the said rights shall have the right to use Category I-N lands, but only to the extent necessary in order to carry out their exploration or mining operations as provided for in Division XXII of the Québec Mining Act. Nonetheless, the appropriation of the lands required for such purposes shall be done by temporary servitude only, but shall not be subject to the expropriation provisions of the Indian Act or of the present Agreement. The indemnity to be paid by Québec to the Naskapi local authority in the case of Category IA-N lands, and to the corporation contemplated by paragraph 5.1.3 in the case of Category IB-N lands, for the use (other than for exploration) of such Category I-N lands will be equivalent replacement lands. In the case of exploration, the compensation to be paid by Québec for the use of such Category I-N lands shall be the equivalent to what is being paid to Québec for the use of surface rights on Crown lands in similar cases.

In the event that areas of land contemplated in the present subparagraph are developed as provided hereinabove, the Naskapi local authority in the case of Category IA-N lands and the corporation contemplated by paragraph 5.1.3 in the case of Category IB-N lands shall have the right to the replacement of an equivalent area of land in the same manner as set forth in the procedure for the replacement of Category II-N lands in the case of development.

In regard to lands which will be the object of mining claims, development licenses, exploration permits, mining concessions, mining leases and similar titles in the future, except the lands presently covered by any such titles which shall be governed by the special provisions hereinabove set forth, the exercise of any rights in or over Category I-N lands shall be subject to the general regime set forth below.

5.1.6 Public servitudes

5.1.6.1) General

Category I-N lands are subject to public servitudes established by Québec, its agents or mandataries in the cases set forth in subparagraphs 5.1.6.1 A, 5.1.6.1 B, 5.1.6.1 C and 5.1.6.1 D subject to the terms and conditions mentioned herein and subject to compensation mentioned herein and subject to compensation in an equivalent area of land or in money at the option of the Naskapis of Québec except:

i) in the event of a public servitude for services of direct benefit to Category I-N lands or to the Naskapis of Québec, in which case there shall be no replacement or compensation of any kind for the lands taken for these public servitudes, or

ii) in the event of a public servitude in Category IA-N lands and if, in accordance with the provisions of section 20, Block Pearce or Block Cartier, as defined in section 20, becomes Category IA-N lands, then the compensation for the lands taken for such public servitude shall always be by a monetary payment, or

iii) in the event of a public servitude in Category IA-N lands and if, in accordance with the provisions of section 20, Block Matemace, as defined in Section 20, becomes Category IA-N lands, then the lands taken for such public servitude shall be compensated for by replacement or by a monetary sum, at the option of the Naskapis of Québec, unless Québec has serious reasons for being unable to replace said lands, in which event the compensation shall be monetary.

Consequently, all public bodies, agencies and corporations authorized by law will be allowed to expropriate for the purpose of establishing the following public servitudes in the cases and subject to the conditions mentioned below:

A) infrastructures: such as regional roads and arteries, bridges, airports, protection and irrigation facilities;

B) local services: water systems, sewers, purification plants, treatment plants, fire protection and other services generally provided by local or municipal governments;

C) public utilities: electricity, gas, oil, telecommunications and telephones;

D) however, in the case of gas or oil pipelines or transmission lines, the servitudes shall be subject to the following:

a) the servitudes shall be situated as far as possible away from the center of the Naskapi community contemplated by section 20, in so far as reasonable, taking into account all circumstances;

b) Category I-N lands used for such purposes shall be replaced by an equivalent area of land unless otherwise expressly provided for in paragraph 5.1.6;

c) all reasonable efforts shall be made to attempt to locate such transmission lines or pipelines outside the Category I-N lands, for equal cost;

E) other servitudes of a similar nature established by law.

In the case of public servitudes, indemnity in lands or money must be effected, at the option of the Naskapis of Québec, except in the circumstances contemplated by subparagraphs 5.1.6.1 i), ii), iii) and subparagraph 5.1.6.1 D. b). In the case of public servitudes involving services which directly benefit the Category I-N lands or the Naskapis of Québec, direct benefit would be determined with respect to the potential use by and/or future advantages to the Category I-N lands and to the Naskapis themselves.

Where it is not otherwise possible for Québec to achieve the above without a full use and taking of the lands, Québec shall have the right to expropriate in full ownership for the purposes of the present paragraph, subject to the other provisions of this section.

5.1.6.2) Direct Benefit

Servitudes considered as being of direct benefit to the Category I-N lands or to the Naskapis of Québec would include servitudes involving public services expressly requested by the Naskapi community or servitudes involving essential services for the Naskapis of Québec provided such services are used by them to enhance their quality of life.

Such servitudes would include but not necessarily be limited to such things as local services generally provided by municipal or local governments and by public utilities, local roads, bridges and community airports.

In all other cases not covered by the present Agreement, the burden of proof in establishing that a servitude is of direct benefit to the Category I-N lands or to the Naskapis of Québec shall lie upon Québec.

In all cases, the Naskapi community shall have the right and opportunity to contest, in accordance with the procedure hereinafter set forth, whether a particular public servitude involves services of direct benefit to the Category I-N lands or to the Naskapis of Québec.

5.1.6.3) Compensation in Land or in Money

In the case of a servitude recognized not to be of direct benefit to the Category I-N lands or to the Naskapis of Québec and except as otherwise provided in subparagraph 5.1.6.1, there shall be

compensation in an equal area of lands or, at the option of the Naskapis of Québec, in an amount of money, or partially by an amount of money and partially by lands.

However, such compensation shall be by replacement of lands only when such servitudes effectively withdraw portions of the Category I-N lands from the use or enjoyment of the Naskapis of Québec.

If the Naskapis of Québec choose compensation in the form of lands, the Naskapis of Québec shall indicate their selection preference to Québec as soon as the decision to proceed with the proposed public servitude is taken.

If necessary, Québec shall then propose to the Naskapis of Québec, taking into consideration their preference, and in conformity with the general provisions with respect to servitudes provided for in subparagraph 5.1.6.1, an area with similar characteristics, insofar as is possible, to the Category I-N lands and contiguous to the location of the Category I-N lands subject to the servitude. Such area proposed as replacement shall be double the size of the lands to be replaced. The Naskapis of Québec shall be then entitled to choose from this area a piece of land equal in size to the lands effectively withdrawn for the purposes of the public servitude and contiguous to the Category I-N lands subject to the servitude.

This procedure will precede the taking of lands for a servitude or any construction related to the servitude. However, a time limit of one hundred and twenty (120) days shall be allowed for this procedure, provided that the taking of the lands for the servitude or any construction related to the servitude may proceed after sixty (60) days.

If there is no agreement on the choice of the replacement lands within the period of one hundred and twenty (120) days and provided there is no contestation of the right to acquire the servitude, the compensation would have to take the form of money.

If there is no agreement between the Naskapi community and Québec respecting the determination of what is direct benefit to the Naskapis of Québec or if the Naskapis of Québec, instead of compensation in the form of land, choose compensation in the form of money and the parties are unable to agree as to what is adequate compensation, the decision as to whether the servitude is of direct benefit and as to the amount of compensation shall be made by the Tribunal d'expropriation du Québec, unless the parties agree to submit the matter to binding arbitration.

5.1.6.4) Impact Assessment

A. All proposed public servitudes mentioned in paragraph 5.1.6 and located in lands north of the 55th parallel shall be subject to the Environmental and Social Protection Regime stipulated in Section 23 of the James Bay and Northern Québec Agreement, as amended from time to time.

B. Notwithstanding the environmental and social impact assessment and review procedure that may otherwise apply, all proposed servitudes mentioned in subparagraphs 5.1.6.1 A. and 5.1.6.1 D. located in lands south of the 55th parallel shall be subject to the environmental and social impact assessment and review procedure provided for in subsection 14.1, except that the delay stipulated in subparagraph 14.1.2.6 shall not be less than sixty (60) days and the consultation process shall be with the Naskapi community.

5.1.6.5) Other

Any land effectively withdrawn from Category I-N lands for the purpose of establishing a servitude which has been compensated for in the form of lands or money will be classified as Category III lands.

If the holder of the servitude no longer requires such servitude, the Naskapis of Québec shall have the option to have the lands formerly subject to such servitude reclassified as Category I-N lands provided that the lands which were granted to the Naskapis of Québec as compensation, if such was the case, revert to Québec to be reclassified as Category II-N lands or as Category III lands depending on their status before the said lands were used for compensation.

Unless the Naskapis of Québec are compensated in money in respect to expropriations by Québec and subject to the provisions of paragraph 5.1.7, the total area of Category I-N lands shall never be less than one hundred and twenty-six (126) square miles without the consent of the Naskapis of Québec or exceed one hundred and twenty-six (126) square miles without the consent of Québec.

In respect to the above servitudes, and also subject to the consent of the Lieutenant-Gouverneur en conseil all public bodies, agencies and companies which now have or will have such powers defined in present or future laws of Québec will be able to establish such servitudes.

5.1.7 Expropriation by Canada

Notwithstanding the Expropriation Act of Canada, no Category IA-N lands may be expropriated by Her Majesty in Right of Canada without the prior consent of the Governor in Council.

Subject to the foregoing, nothing in the present Agreement shall be interpreted in any way as limiting the power of Canada to expropriate for public purposes.

5.1.8 Public utilities

Present and future public utilities will continue to remain the responsibility of competent authorities acting in accordance with statutes and regulations of Québec and Canada and applicable local by-laws.

5.1.9 Natural resources

5.1.9.1) Minerals and Other Subsurface Rights

In Category I-N lands, Québec remains the owner of the mineral and subsurface rights with the exception of rights already granted by Québec, as of the approval of the present Agreement.

However, no minerals or other subsurface rights can be obtained, extracted, mined or exercised from or with respect to Category I-N lands without the consent of the Naskapis of Québec and only upon payment of compensation agreed upon, for the use of rights over such lands.

The carrying out of work resulting from mineral rights granted prior to the approval of the present Agreement on lands surrounded by or adjacent to Category I-N lands shall be as dealt with in subparagraph 5.1.5.3 as on other Category III lands. For the purposes contemplated by Division XXII of the Québec Mining Act, the holders of such rights requiring the use of adjacent Category I-N lands may use the adjacent of surrounding Category I-N lands to the extent necessary to exercise their

rights, subject to the provisions of subparagraph 5.1.5.3. Such works may include mining operations, subject to the provisions mentioned in that subparagraph.

Any future exploration or exploitation of minerals within Category I-N lands, other than the exploration or exploitation under rights existing prior to the approval of the present Agreement including the right to explore and mine extension of mineralization around the lands subject to such existing rights and subject to the provisions referred to in subparagraph 5.1.5.3, shall only be permitted with the consent of the Naskapis of Québec. Moreover, specific authorization from Québec according to conditions specified in Québec mining laws and regulations, shall be required before any mining rights may be acquired.

5.1.9.2) Substances Ceded to the Naskapis of Québec

Deposits of steatite (soapstone) or other similar material used for traditional arts and crafts will belong to the Naskapis of Québec.

5.1.9.3) Gravel and Other Similar Materials

Permits must be obtained by the Naskapi community from the ministère des Richesses naturelles du Québec for the use of gravel and other similar material generally used for earthworks for personal and community use. However, the ministère des Richesses naturelles du Québec may not withhold such permits provided all the regulations are observed, and the duties provided for under any applicable Québec legislation shall not be collected.

The taking or use of such gravel shall also be subject to the environmental and social protection regime contemplated in the present Agreement in respect to Category I-N lands.

5.1.9.4) Forests

The Naskapis of Québec will have the right to use the forest for personal and community needs within Category I-N lands.

The Naskapis of Québec will likewise have the exclusive right to the commercial exploitation of forest resources within Category I-N lands by themselves or by third parties acting with their consent. However, in such case, the Naskapi community will have to obtain cutting rights or permits from the ministère des Terres et Forêts du Québec, but the said ministère shall not withhold its consent to such permit, provided that such commercial cutting is in keeping with the development and marketing plan accepted by the said ministère. In the event of such commercial exploitation, the said community will not be obliged to pay stumpage dues to Québec but operations must respect Québec standards.

Subject to such permit and the requirements hereinabove stated, such resources shall be governed by the laws applicable to Category I-N lands. The general regime for forest protection, including the cost entailed, will be applicable.

5.1.10 Residence

Notwithstanding any other provision of the present Agreement, and whether or not the Indian Act applies, all persons eligible pursuant to the provisions of section 3 have the right to reside on Category IA-N lands.

Subject to the provisions of subsection 20.25A, non-Native people presently residing on the lands which may become Category I-N lands shall have the right to remain until the expiration of their rights of occupancy or residency on such lands, and shall be subject to the general by-laws and regulations of the Naskapi local authority. Subject to the foregoing, non-Native people will not be allowed to reside on Category I-N lands except in accordance with the by-laws and regulations established by the Naskapi local authority. However, such by-laws and regulations must permit non-Native people to reside on said lands for purposes allowed by the Naskapis local authority, for purposes of administrative or public service duties or scientific research, provided such activities do not entail an influx of substantial numbers of people likely to alter in an appreciable way the demographic makeup of the Naskapi community contemplated by section 20.

In particular, non-Naskapis married to Naskapis and their immediate families in the first degree, shall have the right to reside on Category I-N lands.

5.1.11 Access

The general public will have access to all roads, arteries, airports, bridges, public sea-plane bases, wharves, rivers and principal lakes and public buildings and lands used for public purposes.

The following persons shall also be permitted access to Category I-N lands:

- persons authorized to reside on Category I-N lands;

- persons authorized to exercise a public function or engaged in technical surveys, the construction or operation of a public work or public utility;

- owners of mineral rights and persons engaged in the exercise thereof;

- such other persons as may be authorized by the Naskapi local authority.

Subject to the foregoing, only the Naskapis of Québec shall have access to Category I-N lands and the Naskapi local authority shall have by-law power to regulate access provided that any such by-law shall not negate or unreasonably restrict the right to access.

5.1.12 Taxation

Vacant Category IB-N lands held by the private landholding corporation contemplated by paragraph 5.1.3 shall not be subject to realty, water, business or school taxes.

5.1.13 Restrictions on transfer

No Category I-N lands may be sold or otherwise ceded except to the Crown in Right of Québec. However, in accordance with the terms of the present Agreement, the Naskapi local authority for Category IA-N lands in the case of Category IA-N lands and the landholding corporation mentioned in paragraph 5.1.3 in the case of Category IB-N lands may grant to any person, including non-Natives, servitudes, usufructs, other rights of use and occupation and leases respecting such lands, provided that where lands are leased or real rights granted to non-Natives for a period exceeding five (5) years, including any renewal thereof, the leasehold interest or real rights granted shall be, as of the date of

the lease or grant, subject to all laws and regulations of Québec as if the lands over which the said leasehold interest or real rights are granted were Category IB-N lands.

Notwithstanding the immediately preceding paragraph, no watercourses or lakes, or rights therein in Category IB-N lands may be granted by the landholding corporation mentioned in paragraph 5.1.3 to persons other than Naskapis.

In the event that the Naskapi band occupying Category IA-N lands becomes extinct, Canada shall revest in Québec all the rights and interests transferred to it under the present Agreement in Category IA-N lands occupied by the band prior to its becoming extinct.

5.2 Category II-N lands

5.2.1 Definition

Category II-N lands, will comprise sixteen hundred (1,600) square miles north of the 55th parallel of latitude where the Naskapis of Québec shall have the exclusive right of hunting, fishing and trapping and the rights established in their favour under the Hunting, Fishing and Trapping Regime referred to in paragraph 15.2.1. Other uses of Category II-N lands for purposes other than hunting, fishing and trapping shall be subject to the provisions set forth hereafter. The Category II-N lands are shown on the map attached as schedule 5 to section 4 and are described in section 4.

Québec jurisdiction shall continue over Category II-N lands.

5.2.2 Third party interests

The lands already ceded to third parties in ownership prior to the approval of the present Agreement shall be excluded from Category II-N lands.

Moreover, lands within the area of the said Category II-N lands which are subject to rights already ceded to third parties prior to the approval of the present Agreement by way of lease or occupation permits or lands which are the object of mining claims, development licenses, exploration permits, mining concessions and mining leases shall be Category III lands. At such time as the said rights revert to the Crown such lands shall become Category II-N lands.

Moreover, existing roads, landing strips, airport installations, sea-plane bases and maritime structures shall be Category III lands, and, as such, shall be excluded from the administrative regime applicable to Category II-N lands.

5.2.3 Development

Category II-N lands may be appropriated by Québec for development purposes, provided such lands are replaced or, if the Naskapi local authority for Category IB-N lands wishes, and an agreement can be reached thereon, the said local authority is compensated. Unless such activities are directly related to pre-development, the rights of, or the exercise thereof by, persons other than Naskapis in respect to their lawful activities, shall be controlled by Québec through appropriate legislation or regulations and reasonable enforcement machinery if they interfere or could reasonably be expected to interfere with the rights granted to the Naskapis of Québec in virtue of the Hunting, Fishing and Trapping Regime referred to in paragraph 15.2.1.

For the purposes of the present Agreement in respect to Category II-N lands, "development" shall be defined as any act or deed which precludes hunting, fishing and trapping activities by the Naskapis of Québec, except for pre-development; and "pre-development" shall be defined as any act or deed of an exploratory nature exercised during a limited time in view of researching information to decide if development will take place or not.

In the case of development, should the Naskapi local authority for Category IB-N lands choose replacement of lands, it shall indicate its preference to Québec as soon as the decision to proceed with the development is taken and communicated.

If there is no agreement in respect to the choice of replacement lands, Québec shall then propose to the Naskapi local authority for Category IB-N lands, taking into consideration the said Naskapi local authority's preference, an area with similar characteristics, insofar as is possible, to Category II-N lands and contiguous to the Category II-N lands. Such area proposed as replacement shall be double the size of the land to be replaced. The said Naskapi local authority shall then choose from this area a piece of land contiguous to the Category II-N lands and equal in size to the lands effectively taken away for the purposes of such development as full compensation for the lands taken away. Compensation may also be made by money payments mutually agreed upon.

This procedure will precede the taking of lands for development or any construction related thereto. However, a time limit of one hundred and twenty (120) days shall be allowed for this procedure, provided that the taking of the lands for the development or any construction related to such development may proceed after sixty (60) days.

Such development shall be subject to the applicable environmental and social protection regime.

5.2.4 Public servitudes

Notwithstanding the above definition of "development", all public servitudes may be established on Category II-N lands without payment of indemnity.

5.2.5 Natural resources

5.2.5.1) Mineral and Other Subsurface Rights

Mineral exploration and technical surveys do not constitute development as defined herein and may be carried out without replacement of lands and without payment of indemnity, but subject to the provisions of the applicable environmental and social protection regime. Moreover, such mineral exploration and technical surveys must be carried out so as to avoid unreasonable conflict with wildlife harvesting activities.

5.2.5.2) Use of Soapstone

The right to use soapstone for traditional arts and crafts purposes may be acquired by the Naskapis of Québec through the Naskapi local authority for Category IB-N lands by way of a permit from the ministère des Richesses naturelles du Québec. Such permit may not be unreasonably withheld. This special permit will be provided for under the Mining Act and will give the right to use this mineral substance only for the use of traditional arts and crafts purposes.

The lands in question will have to be marked in the field by the Naskapis of Québec by using a method analogous to the one used for claim staking. The area will have to be restricted to the outcrops easily accessible to the Naskapis of Québec. Furthermore, the right to the soapstone will always be subordinated to the rights to other mineral substances, in such a way that it will not prevent possible mining developments on that land.

5.2.5.3) Forests

Forest operations are compatible with hunting, fishing and trapping activities.

Commercial cutting programs in Category II-N lands will be defined according to management plans elaborated by the ministère des Terres et Forêts du Québec, which shall take into consideration hunting, fishing and trapping activities.

Operations must respect Québec standards and the general regime for forest protection will be applicable.

5.2.6 Access

Subject to the rights of the Naskapis of Québec under the Hunting, Fishing and Trapping Regime referred to in paragraph 15.2.1, persons exercising a right compatible with such rights of the Naskapis of Québec as well as persons exercising some duty imposed by law shall have access to Category II-N lands and may remain thereon, and erect constructions thereon, subject to the general restrictions of law and the provisions imposed by this section and subject to the following additional restrictions:

5.2.6.1) Tourism and Recreation

Persons other than Naskapis will not be allowed to hunt, fish or trap on Category II-N lands except with the consent of the Naskapi local authority for Category IB-N lands and subject to the rights of persons other than Naskapis as set forth in section 15.

5.2.6.2) Exploration, Pre-development Activities, Scientific Studies and Administrative Purposes

Persons wishing to carry out such works shall be required to obtain an authorization for same from Québec. Such a request for authorization shall have to include the following information: objective, nature, importance of the work to be effected, duration and a description of the installations involved.

In case such authorization is granted, the Naskapi local authority for Category IB-N lands shall be advised of the information so given to Québec, as soon as is reasonably possible.

However, works which do not involve substantial operations in the field, such as geoscientific works and mining exploration of the type provided for by la Loi des mines du Québec will not be subject to the presentation of the information nor the obtaining of the authorization mentioned above.

Nonetheless, such works shall be carried out in such a manner as to avoid unreasonable conflict with the rights of the Naskapis of Québec under the Hunting, Fishing and Trapping Regime referred to in paragraph 15.2.1.

5.3 Category III lands

5.3.1 General access to Category III lands will be in accordance with legislation and regulations of Québec concerning public lands, and the Naskapis of Québec acknowledge this.

The regime for the use of soapstone in Category III lands shall be that applicable, *mutatis mutandis*, to Category II-N lands.

5.4 Wood rights for the Naskapis on Category II-N lands or on Category III lands

5.4.1 Québec will consider proposals for wood rights submitted by the Naskapis of Québec which would have the effect of creating employment for them and other residents of the Naskapi Sector defined in paragraph 15.1.21 and which are in accordance with the planning of the ministère des Terres et Forêts du Québec.

5.4.2 The Naskapis of Québec shall pay stumpage dues for commercial utilization of such wood rights on Category II-N lands or on Category III lands in the said Naskapi Sector.

5.4.3 Specific arrangements for the operation contemplated shall be discussed and agreed upon with the ministère des Terres et Forêts du Québec. However, the Naskapis shall be liable for the payment of costs incurred under the general regime for forest protection.

5.5 Development

5.5.1 The right to develop referred to or provided for in the present subsection is subject to the provisions of the James Bay and Northern Québec Agreement, as amended from time to time.

5.5.2 Québec, Canada and the Naskapis of Québec acknowledge that notwithstanding anything else contained in the present Agreement, subject to all applicable laws and regulations, Québec, la Société d'énergie de la Baie James, la Commission hydroélectrique de Québec (Hydro-Québec) and la Société de développement de la Baie James and their nominees and such other persons acting lawfully shall have the right to develop the lands and resources in Category III lands. Furthermore for the purpose of development, Québec has the right to take Category II-N lands subject to the replacement or compensation as specified in this section and such Category II-N lands shall then become Category III lands.

More particularly, the rights and guarantees given to the Naskapis of Québec by and in accordance with the Hunting, Fishing and Trapping Regime referred to in paragraph 15.2.1 shall be subject to the right to develop Category II-N lands and Category III lands on the part of Québec, la Commission hydroélectrique de Québec (Hydro-Québec), la Société d'énergie de la Baie James and la Société de développement de la Baie James and their nominees and such other persons as may be lawfully authorized.

However, the developers shall be submitted to the applicable Environmental Regime which takes into account the Hunting, Fishing and Trapping Regime referred to in paragraph 15.2.1.

5.5.3 Québec, Canada and the Naskapis of Québec recognize that subject to laws and regulations of general application except as hereinafter provided for in paragraph 5.5.4, Québec, la Société d'énergie de la Baie James, la Commission hydroélectrique de Québec (Hydro-Québec) and all public bodies,

agencies and corporations authorized by law may modify or regulate the flow of rivers of Category II-N lands and Category III lands even if such rivers are flowing through or adjacent to Category I-N lands or have downstream effect on the part of such rivers included within Category I-N lands, subject to the following provisions:

5.5.3.1) the flow regime shall not be modified in such a way as to increase the water level above the highest previously recorded water level of the river;

5.5.3.2) for the purposes of establishing or exercising the servitudes contemplated by paragraph 5.1.6, the water level may be raised above the highest recorded level subject to the provisions of this section;

5.5.3.3) if shore facilities or other installations or rights in connection therewith are affected by the change of water level, Québec, la Société d'énergie de la Baie James, la Commission hydroélectrique de Québec (Hydro-Québec) or the public bodies, agencies or corporations shall be liable for damages to such facilities, installations or rights in connection therewith.

5.5.4 Québec, Canada and the Naskapis of Québec acknowledge that Québec, la Société d'énergie de la Baie James, la Commission hydroélectrique de Québec (Hydro-Québec) and the said public bodies, agencies and corporations shall not be required to expropriate lands needed for the purposes contemplated in paragraph 5.5.3 nor to obtain any consent otherwise required for the utilization of such lands for the above purposes.

5.6 Legislation

This section can be amended only with the consent of Canada and the Naskapi Native party, in matters within the jurisdiction of Canada, and with de consent of Québec and the Naskapi Native party in matters within the jurisdiction of Québec, with the exception of subparagraph 5.1.6.4 A which in addition shall require the consent of the Inuit Native party, and with the further exceptions of subsections 5.3 and 5.5 which in addition shall require the consent of the Cree Native party and the Inuit Native party.

Legislation enacted to give effect to this section may be amended from time to time by l'Assemblée nationale in matters within the jurisdiction of Québec and by Parliament in matters within the jurisdiction of Canada.