SECTION 17

Naskapi Legal Entities

17.0 For the purposes of this section, the term "legal entity" shall mean a corporation or a non-corporate body.

17.1 The compensation payable to the Naskapis of Québec for their exclusive use and benefit, pursuant to the provisions of subsections 16.1 and 16.2 (referred to herein as the "Compensation"), shall be paid to a corporation incorporated by a Special Act of l'Assemblée nationale as a non-profit organization without pecuniary gain to its members (herein referred to as the "Corporation"). The Corporation may be a foundation.

17.2 The Corporation shall be under the effective control of the Naskapis of Québec. All the Naskapis eligible pursuant to the criteria established in section 3 and no other persons shall be members of the Corporation. The qualifications for being eligible to vote for, and to hold office as, a director shall be as set forth in the Special Act referred to in subsection 17.1. This Special Act shall contain the relevant restrictions specified in subsection 20.28.

17.3 The Corporation shall have its head office in Québec, at a place determined by the Naskapis of Québec until the Category IA-N lands have been set aside in accordance with the provisions of section 20, and thereafter, at the option of the Naskapis of Québec, on Category IA-N lands or on Category IB-N lands, and Québec and Canada shall pay the Compensation as same becomes due to the Corporation at the said head office or to its account at such other place as Québec and the Corporation may from time to time agree upon.

17.4 The purposes for which the Corporation shall be incorporated are the following:

17.4.1 the reception, administration and investment of the Compensation payable to the Naskapis of Québec pursuant to the provisions of the present Agreement;

17.4.2 the relief of poverty, the promotion of the general welfare and the advancement of the education of the Naskapis of Québec;

17.4.3 the development and the civic and other improvement of the Naskapi community contemplated by section 20.

17.5 The Corporation shall have, among other powers set forth in the Special Act of incorporation, the powers:

17.5.1 to use or to transfer to one (1) or more wholly-owned holding or venture capital corporations to be incorporated, either by Special Act of l'Assemblée nationale or under Québec laws of general application, not more than twenty-five percent (25%) of the compensation referred to in subsection 16.1 received by the Corporation, for the following purposes:

17.5.1.1) to assist in the creation, financing or development of businesses, resources, properties and industries of the Naskapis of Québec;

17.5.1.2) to initiate, expand and develop opportunities for the Naskapis of Québec to participate in the economic development of the Naskapi community contemplated by section 20 through the application of their skills and capital; and

17.5.1.3) to invest in the securities of any corporation owning property or carrying on business directly related to the economic or other interests of the Naskapis of Québec;

17.5.2 to use, exclusively for educational, community and other charitable activities of the Naskapis of Québec, or to transfer for such purposes to one (1) or more wholly-owned or wholly controlled corporations to be incorporated, either by Special Act of l'Assemblée nationale or under Québec laws of general application, or to some form of wholly-owned or wholly-controlled non-corporate legal entity with the approval of the Lieutenant-Governor in Council, any amount which, when added to the amount transferred or used pursuant to paragraph 17.5.1 shall not aggregate more than twenty-five percent (25%) of the compensation referred to in subsection 16.1 received by the Corporation;

17.5.3 to invest directly itself or in whole or in part through one (1) or more wholly-owned corporation to be incorporated, either by Special Act of l'Assemblée nationale or under Québec laws of general application, the balance of the compensation referred to in subsection 16.1, which, for the periods stipulated in subsection 17.8, shall be not less than seventy-five percent (75%) or fifty percent (50%), respectively, of the compensation referred to in subsection 16.1 received by the Corporation, in investments described in schedule 1 to this section and thereafter, subject to the provisions of subsection 17.7, as it deems appropriate and to use the revenues from such investments to support in any way judged appropriate any activities, whether social, community, business or otherwise, of the Naskapis of Québec.

17.6 Furthermore, the said Special Act shall stipulate that after twenty (20) years from the coming into force of the present Agreement, subject always to subsection 17.7, no restrictions as to the investment, use or transfer of the Compensation or revenues therefrom shall exist either for the Corporation or any of the corporations or legal entities to which the whole or any part of the Compensation or the revenues therefrom has been transferred.

17.7 In furtherance of the powers of the Corporation and the other legal entities herein contemplated or afterwards created, and subject to the restrictions herein contained, the Compensation and the revenues therefrom may be used only for community purposes, other undertakings of general benefit to the Naskapis of Québec, or may be set aside for the Naskapi community contemplated by section 20, to be used for the benefit of the Naskapis of Québec residing therein, and furthermore the Corporation and any other legal entities contemplated hereby or afterwards created shall not distribute their assets in any manner whatsoever to, or pay dividends or make gifts to, or otherwise benefit, any individual as distinct from the collectivity of Naskapis.

17.8 During the ten (10) year period following the coming into force of the present Agreement not less than seventy-five percent (75%), and during the ten (10) year period next following not less than fifty percent (50%), of the compensation referred to in subsection 16.1 received by the Corporation shall be invested directly by the Corporation or through one (1) or more wholly-owned corporations in investments permitted under schedule 1 to this section.

17.9 The charter of the Corporation and any instrument of creation or establishment of any other legal entity herein contemplated or afterwards created shall respectively provide:

17.9.1 that its board of directors or of management, as the case may be, shall be composed of eight (8) members of the Corporation and, for a period of ten (10) years from the date of the coming into force of the present Agreement, two (2) representatives appointed by Québec and one (1) representative appointed by Canada, after consultation with the Naskapi directors. The representatives of Québec and Canada need not be members of the Corporation;

17.9.2 that not less than seven (7) days prior notice must be given in respect of any meeting of its board of directors or management;

17.9.3 that the members of its board of directors or of management shall be elected for a term of two (2) years; one-half of the first members elected shall serve for one (1) year, with the first board members having such abbreviated terms of office being chosen by the drawing of lots at the first meeting of its board of directors or of management. The provisions of this paragraph shall not apply to the representatives appointed by Québec and Canada.

17.10 Québec and Canada shall assume the responsibility for the remuneration and the expenses of their respective representatives appointed pursuant to paragraph 17.9.1.

17.11 No voluntary winding-up or dissolution of the Corporation shall take place, and, subject to the provisions of the Bankruptcy Act, no involuntary winding-up or dissolution of the Corporation shall take place, without the prior approval of the Lieutenant-Governor in Council of the plan of distribution of the assets of the Corporation after discharging its liabilities.

17.12 For a period of twenty (20) years from the date of the coming into force of the present Agreement, any application to Québec by the Naskapis of Québec for a Special Act of incorporation and/or for an incorporation pursuant to the laws of Québec of general application, in respect to a corporation contemplated by this section, may be made only by instrument setting forth all the powers and provisions requested, and no such application may be made without the Naskapis of Québec having received the prior consent of Canada to such powers and provisions.

17.13 For a period of twenty (20) years from the constitution of the Corporation and/or of the other legal entities herein contemplated or afterwards created, any application for amendment to any such Special Act and/or for supplementary letters patent, by the Naskapis of Québec may be made only after having received the prior consent of Canada.

17.14 This section can be amended only with the consent of Québec, Canada and the Naskapi Native party.

Annex 1

a) Bonds or other evidences of indebtedness issued or guaranteed by the government of Québec, of Canada or a province of Canada, of the United States of America or of any such states, by the International Bank of Reconstruction and Development, by a municipal or school corporation in Canada, or by a fabrique in Québec;

b) bonds or other evidences of indebtedness issued by a public authority having as its object the operation of a public service in Canada or any province thereof and entitled to impose a tariff for such service;

c) bonds or other evidences of indebtedness secured by the transfer to a trustee of an undertaking by Canada or any province of Canada to pay sufficient subsidies to meet the interest and principal at their respective maturities;

d) the bonds, debentures or other evidences of indebtedness of a corporation that are fully secured by a mortgage, charge or hypothec to a trustee or to the Corporation upon any, or upon any combination, of the following assets:

i) real estate or leaseholds;

ii) the plant or equipment of a corporation that is used in the transaction of its business; or

iii) bonds, debentures or other evidences of indebtedness or shares, of a class authorized hereunder as investments, or cash balance, if such bonds, debentures or other evidences of indebtedness, shares or cash balances are held by a trustee; and the inclusion, as additional security under the mortgage, charge or hypothec, of any other assets not of a class authorized hereunder as investments shall not render such bonds, debentures or other evidences of indebtedness ineligible as an investment;

e) obligations or certificates issued by a trustee to finance the purchase of transportation equipment for a corporation incorporated in Canada or the United States to be used on airlines, railways or public highways, if the obligations or certificates are fully secured by

i) an assignment of the transportation equipment to, or the ownership thereof by, the trustee; and

ii) a lease or conditional sale thereof by the trustee to the corporation;

f) the bonds, debentures or other evidences of indebtedness

i) of a corporation if, at the date of investment, the preferred shares or the common shares of the corporation are authorized as investments by paragraph h) or i); or

ii) of or guaranteed by a corporation where the earnings of corporation in a period of five (5) years ended less than one (1) year before the date of investment have been equal in sum total to at least ten times and in each of any four of the five years have been equal to at least one and one-half times the annual interest requirements at the date of investment on all indebtedness of or guaranteed by it other than indebtedness classified as a current liability under generally accepted accounting principles in the balance sheet of the corporation; and if the corporation at the date of investment owns directly or indirectly more than fifty percent of the common shares of another corporation, the earnings of the corporation during the said period of five years may be consolidated with due allowance for minority interests, if any, and in that event the interest requirements of the corporations shall be consolidated and such consolidated earnings and consolidated interest requirements shall be taken as the earnings and interest requirements of the corporation; and for the purpose of this subparagraph "earnings" means earnings available to meet interest charges on indebtedness classified as a current liability under generally accepted accounting principles;

g) guaranteed investment certificates issued by a trust company incorporated in Canada if, at the date of investment, the preferred shares or the common shares of the trust company are authorized as

investments by paragraph h) or i) or certificates of deposit and bearer discount notes of any Canadian chartered bank or of any savings and credit union;

h) the preferred shares of a corporation if

i) the corporation has paid a dividend in each of the five years immediately preceding the date of investment at least equal to the specified annual rate upon all of its preferred shares, or

ii) the common shares of the corporation are, at the date of investment, authorized as investments by paragraph i);

i) the fully paid common shares of a corporation that during a period of five years that ended less than one year before the date of investment has either

i) paid a dividend in each such year upon its common shares, or

ii) had earnings in each such year available for the payment of a dividend upon its common shares;

of at least four percent of the average value at which the shares were carried in the capital stock account of the corporation during the year in which the dividend was paid or in which the corporation had earnings available for the payment of dividends, as the case may be;

j) real estate or leaseholds for the production of income in Canada, if

i) a lease of the real estate or leasehold is made to, or guaranteed by,

A) the government of Canada or any of the provinces, or an agency of the said governments, or

B) a corporation, the preferred shares or common shares of which are, at the date of investment, authorized as investments by paragraph h) or i),

ii) the lease provides for a net revenue sufficient to yield a reasonable interest return during the period of the lease and to repay at least eighty-five percent of the amount invested in the real estate or leasehold within the period of the lease but not exceeding thirty years from the date of investment, and

iii) the total investment of the Corporation in any one parcel of real estate or in any one leasehold does not exceed two percent of the book value of the total assets of the Corporation; and the Corporation may hold, maintain, improve, lease, sell or otherwise deal with or dispose of the real estate or leasehold;

k) real estate or leaseholds for the production of income in Canada, if

i) the real estate or leasehold has produced, in each of the three years immediately preceding the date of investment, net revenue in an amount that, if continued in future years, would be sufficient to yield a reasonable interest return on the amount invested in the real estate or leasehold and to repay at least eighty-five percent of that amount within the remaining economic lifetime of the improvements to the real estate or leasehold but not exceeding forty years from the date of investment, and

ii) the total investment of the Corporation in any one parcel of real estate or in any one leasehold does not exceed two percent of the book value of the total assets of the Corporation; and the Corporation may hold, maintain, improve, lease, sell or otherwise deal with or dispose of the real estate or leasehold;

l) debts secured by mortgages, charges and hypothecs, upon improved real estate or leaseholds in Canada, notwithstanding that the amount paid for such debts so secured by mortgage, charge or hypothec exceeds 3/4 of the value of the real estate or leasehold, if the loan for which the mortgage, charge or hypothec is security is an approved loan or an insured loan under the National Housing Act (Canada) or any equivalent provincial legislation;

m) debts secured by hypothec or mortgage on real estate in Canada

1) if payment of principal and interest is guaranteed or assured by the governments of Canada or of any province of Canada, or any public authority therein; or

2) if the hypothec or mortgage ranks first and the amount of the debt is not more than seventy-five percent of the value of the real estate securing payment thereof;

n) where the Corporation owns securities of a corporation and as a result of a bona fide arrangement for the reorganization or liquidation of the corporation or for the amalgation of the corporation with another corporation, such securities are to be exchanged for bonds, debentures or other evidences of indebtedness or shares not authorized as investments by the foregoing provisions of this schedule, the Corporation may accept such bonds, debentures or other evidences of indebtedness or shares;

o) the total book value of the investments of the Corporation in common shares shall not exceed fifty percent of the book value of the total assets of the Corporation;

p) the total book value of the investments of the Corporation in real estate or leaseholds for the production of income shall not exceed ten percent of the book value of the total assets of the Corporation;

q) the Corporation shall not invest any of its funds in bonds, debentures or other evidences of indebtedness on which payment of principal or interest is in default;

r) in order to secure total or partial payment of any amount owed to it, the Corporation may acquire and dispose of the real estate which secures such payment, and such real estate shall not be included in the restrictions pursuant to paragraph j), k) or p);

s) the Corporation may invest its funds otherwise than as authorized in this schedule, provided that the total amount of such investment does not exceed seven percent of the book value of the total assets of the Corporation and that, in the case of investment in real estate, the total investment in real estate consisting of a single undertaking does not exceed one percent of the book value of the total assets of the Corporation.