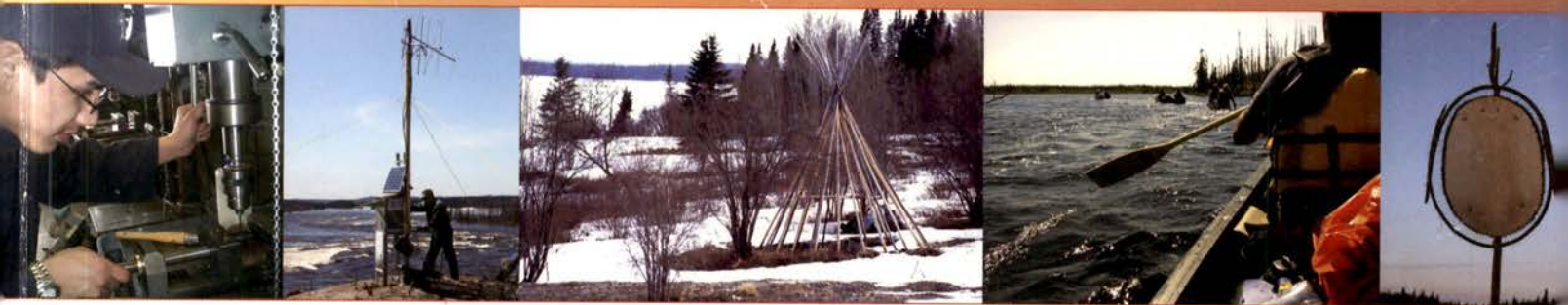


# عزيمو

2004-2005 ANNUAL REPORT



# Niskamoon Corporation Annual Report 2004-2005

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## Executive Summary

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This is the first annual report of the Niskamoon Corporation for the financial year 2004-2005. The year 2005 has been one of consolidation and continued development for the Niskamoon Corporation.

The Agreement Concerning the Administration of the Cree-Hydro-Québec Agreements and the Niskamoon Corporation (the Niskamoon Agreement) was executed on August 31, 2004 between the Crees and Hydro-Québec.

The first regular meeting of the Niskamoon Corporation was held on August 31, 2004. Starting on this date, the Niskamoon Corporation took over the responsibilities and duties of Opimiscow Company, Apatisiwin Corporation, Eeyou Names Corporation, and Nadoshtin Company as provided by the Niskamoon Agreement. In addition, all Funds owned by these bodies have been transferred to the Niskamoon Corporation.

The 2004-2005 annual report of the Niskamoon Corporation contains a brief history of the Niskamoon Corporation as well as its mandate and objectives. It outlines the Corporation's structure, including the Board of Directors and Community Coordinators.

During its first seven months of operation, the Niskamoon Corporation has administered and managed three main programs:

- Training & Employment
- Remedial Works
- Fisheries and Health Programs

Descriptions are provided herein of these Funds administered by the Corporation:

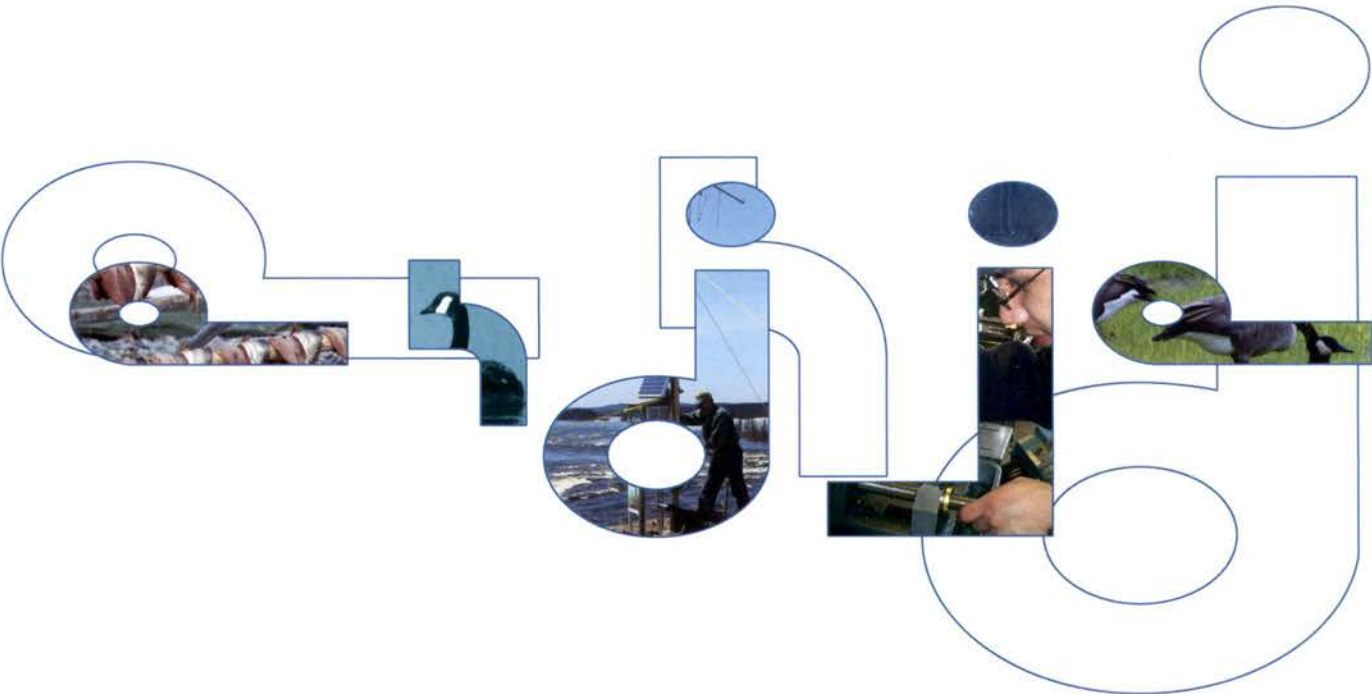
- Hydro-Québec and Eeyou Fund, Agreement Concerning a New Relationship Between Hydro-Québec, SEBJ and the Crees of Eeyou Istchee
- Employment Fund, Cree Employment Agreement
- Funds under the Mercury Agreement (2001)
  - o Names Fund
- Funds under the Nadoshtin Agreement
  - o EM 1 Mercury Fund
  - o Remedial Measures Fund
  - o Archaeology and Cultural Heritage Fund
  - o Eenou Indohoun Fund
  - o Training Fund
- Opimiscow Indoho Fund, Opimiscow Agreement

This annual report also contains a description of the Hiring Initiatives Program, whose main objective is to prepare 150 qualified Cree for work in permanent positions at Hydro-Québec in the James Bay territory. The Hiring Initiatives Program was developed in close collaboration with the Cree School Board. As part of this program, 10 students have completed their studies in Electro-Mechanics in Rouyn-Noranda.



# About Niskamoon Corporation

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The Niskamoon Corporation is in the process of organizing itself following the recent merger. In a recent issue of *The Nation*, we unveiled our new logo and introduced the nine (9) Niskamoon community coordinators who will be trained to inform the Cree population on Niskamoon's programs and provide assistance in the development of acceptable proposals.

## Message from the President

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I have the honour and pleasure to present the first annual report of the Niskamoon Corporation for the financial year 2004-2005, a year of consolidation and development.

In August 2004, the Crees and Hydro-Québec executed the Agreement Concerning the Administration of Cree-Hydro-Québec Agreements and the Niskamoon Corporation (Niskamoon Agreement). On August 31, 2004, the Niskamoon Corporation held its first meeting. This date marks the coming into force of the Niskamoon Agreement, which provides for the most part that the Niskamoon Corporation is mandated to implement a variety of Agreements executed between the Crees and Hydro-Québec.

During its first year of operation, the Niskamoon Corporation has deployed great efforts to establish an efficient structure for the management of the three main programs it offers, namely, Remedial Works, Training & Employment, and the Fisheries and Health Programs. The services of Community Coordinators have been secured in each of the nine Cree communities to ensure that the Cree population enjoy direct access to our programs.

I had the great pleasure and privilege to attend the graduation ceremony of 10 students who completed their studies in Electro-Mechanics in Rouyn-Noranda. These students were proud of what they have accomplished, and the Cree Nation should also take great pride in their achievement. These students are in the process of entering the Hydro-Québec workforce in Eeyou Istchee. This is only the beginning, since many other students are currently enrolled in training programs that will lead to permanent employment at Hydro-Québec.

I would like to take this opportunity to thank all the members of the Board of Directors for their participation and involvement in the Niskamoon Corporation as well as the Regional and Community Coordinators, officers and other parties and organizations, such as the Cree Regional Authority, the Cree Health Board, the Cree Trappers' Association, and the Cree School Board who contribute to the success of the Corporation.

The Niskamoon Corporation is committed to ensuring that the Crees enjoy maximum benefits from the Cree-Hydro-Québec Agreements. Our team will continue to work tirelessly to fulfill this important mandate.

Dr. Billy Diamond  
President



## The Niskamoon Corporation

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The Agreement Concerning the Administration of the Cree-Hydro-Québec Agreements and the Niskamoon Corporation (hereafter the Niskamoon Agreement) was executed on August 31, 2004 between the Grand Council of the Crees (Eeyou Istchee), the Cree Regional Authority, the Cree Nation of Chisasibi, the Whapmagoostui First Nation, the Cree Nation of Wemindji, the Eastmain Band, the Waswanipi Band, the Cree Nation of Nemaska, the Crees of the Waskaganish First Nation, the Cree Nation of Mistissini, the Crees of Oujé-Bougoumou, Hydro-Québec, and the Société d'Énergie de la Baie James (SEBJ). The Niskamoon Agreement is designed to aid in the administration of the Cree-Hydro-Québec Agreements. For further information on the principal purposes of the Niskamoon Agreement, see the section titled "Mandates and Objectives."

One of the latest agreements executed between the Crees and Hydro-Québec is the Agreement Concerning a New Relationship Between Hydro-Québec and the Crees of Eeyou Istchee. The Niskamoon Corporation has been identified as the recipient of the Hydro-Québec and Eeyou Fund, and Niskamoon Corporation has the mandate to implement this Agreement. The third "whereas" of this Agreement stipulates:

WHEREAS the parties place behind them the previous disputes which have tarnished their relationships, and have rather decided to pursue a forward looking relationship based on mutual respect, good faith, reconciliation, partnership, meaningful participation and mutually beneficial economic and social arrangements.

Section 3 of the Niskamoon Agreement provides for the establishment of the Niskamoon Corporation, a non-profit corporation incorporated under Part III of the Québec Companies Act. The Letters Patent of the Corporation were delivered on August 24, 2004. The head office of the Corporation is located on Category 1A lands of Nemaska. The members of the Corporation are the Cree Regional Authority and the Grand Council of the Crees (Eeyou Istchee). The Corporation is managed by a Board of Directors consisting of 8 individuals appointed by the members of the Corporation; however, in accordance with the provisions of Section 3.3.2 of the Niskamoon Agreement, 3 of these Directors have been previously identified by Hydro-Québec.

The first regular meeting of the Niskamoon Corporation was held on August 31, 2004. Starting on this date, the Niskamoon Corporation took over the responsibilities and duties of Opimiscow Company, Apatisiwin Corporation, Eeyou Names Corporation, and Nadoshtin Company as provided by Section 3.9.3 of the Niskamoon Agreement.

The Apatisiwin Corporation, Eeyou Names Corporation, and Nadoshtin Company have prepared audited financial statements for the period comprised between April 1, 2004 and August 31, 2004. All Funds owned by these bodies were transferred to the Niskamoon



Corporation. The bank accounts for these organizations have been closed. On March 30, 2005, certificates of dissolution were issued by the Régistraire des Entreprises of the Province of Québec, in accordance with the provisions of Section 5.1 of the Niskamoon Agreement.

As for the Opimiscow Corporation, its assets have recently been transferred to the Niskamoon Corporation and its dissolution process is being completed.

For the last several months, Niskamoon has been in the process of setting itself up, which is the reason for the delay for the finalization of the consolidated annual report.



## The Niskamoon Agreement

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During the past 25 years, the Crees and Hydro-Québec have executed many agreements, such as the Opimiscow Agreement, the Mercury Agreement (2001), the Cree Employment Agreement, the Nadoshtin Agreement, the Boumhounan Agreement and, more recently, the Agreement Concerning the New Relationship between Hydro-Québec/SEBJ and the Crees of Eeyou Istchee (hereafter "the Cree-Hydro-Québec Agreements").

The Cree-Hydro-Québec Agreements provided for the creation of numerous corporations such as the Opimiscow Company, Eeyou Names Corporation, Apatisiwin Corporation and Nadoshtin Company. These entities had similar mandates, causing a great deal of confusion in the Cree world.

Recently, the Grand Council of the Crees (Eeyou Istchee), the Cree Regional Authority, the nine (9) Cree Nations (Chisasibi, Whapmagoostui, Wemindji, Eastmain, Waswanipi, Nemaska, Waskaganish, Mistissini and Oujé-Bougoumou), Hydro-Québec and SEBJ have executed an agreement titled "Agreement Concerning the Administration of the Cree-Hydro-Québec Agreements and the Niskamoon Agreement" (hereafter the "Niskamoon Agreement").

### Objectives of the Niskamoon Agreement

The Niskamoon Agreement provides for the creation of a non-profit corporation, the Niskamoon Corporation, and its principal objectives are the following:

- A. To facilitate, simplify and speed up access to the benefits, measures, resources and programs under the Cree-Hydro-Québec Agreements for the Crees, the Cree communities and for other Cree entities;
- B. To provide a more efficient framework for cooperation between the Crees and Hydro-Québec in respect to the implementation of the Cree-Hydro-Québec Agreements;
- C. To provide more effective mechanisms for the implementation of the Cree-Hydro-Québec Agreements;
- D. To streamline and render more effective the administrative costs to the Crees associated with the implementation of the Cree-Hydro-Québec Agreements;
- E. To bring better coherence to the implementation of the Cree-Hydro-Québec Agreements;
- F. To regroup under the Niskamoon Corporation large parts of the administration and management of the Cree-Hydro-Québec Agreements.



# Operating Budget and Service Agreements of the Niskamoon Corporation

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## Operating Budget

The Niskamoon Corporation adopted Resolution 2004-08 approving the budget of the Corporation from September 1, 2004 to March 31, 2005 for a total amount of \$1,521,667. This amount is drawn from the Funds managed or controlled by the Corporation in accordance with the provisions of Sub-section 3.7.2 of the Niskamoon Agreement.

For additional financial information please see the audited financial statements on page 53 of this report.

## Service Agreement with the Cree Regional Authority

On September 1, 2004, the Corporation and the Cree Regional Authority executed an Agreement titled "Agreement Respecting the Supply of Administrative Services between the Cree Regional Authority and the Niskamoon Corporation" (hereafter, the CRA Service Agreement). On the same date, an Addendum to the CRA Service Agreement was executed.

The CRA Service Agreement provides for the supply of the following: a Treasurer; an Executive Assistant; and payment of costs related to the meetings of the Board of Directors.

## Addendum to the CRA Service Agreement

This Addendum provides for the services of three (3) Regional Coordinators, one (1) Administrative Assistant to the Regional Coordinators, one (1) Accountant, an office space in the community of Chisasibi, and vehicles.



## Niskamoon Community Contribution Agreement

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On September 1, 2004, the Niskamoon Corporation executed nine (9) Community Contribution Agreements with each of the Cree communities: the Cree Nation of Chisasibi, the Whapmagoostui First Nation, the Cree Nation of Wemindji, the Eastmain Band, the Waswanipi Band, the Cree Nation of Nemaska, the Crees of the Waskaganish First Nation, the Cree Nation of Mistissini, and the Crees of Oujé-Bougoumou. Each of these Agreements provides for the services of a Community Coordinator. The Niskamoon Corporation has paid an amount of \$43,750 to each of the communities for such services. Section 2.4 of these Agreements provides that the Corporation will "assume the costs associated with any travel of the Community Coordinator required by the Board of Directors."



## The Niskamoon Board of Directors

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The Niskamoon Board of Directors is composed of 8 people appointed by the members of the Corporation, which are the Grand Council of the Crees (Eeyou Istchee) and the Cree Regional Authority. It is important to note that Hydro-Québec is not a member of the Corporation. However, three (3) directors are recommended by Hydro-Québec to the members of the Corporation.



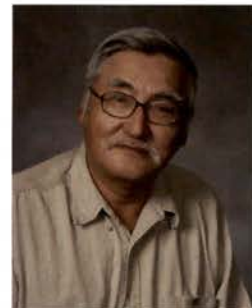
Dr. Billy Diamond  
President



Mrs. Violet Pachano  
Vice-President



Mr. Stanley Gilpin



Mr. Lawrence Jimiken



Ms. Robin McGinley



Mr. Réal Courcelles  
Hydro-Québec



Mr. Pierre Grégoire  
Hydro-Québec



Mr. Luc Lévesque  
Hydro-Québec

Niskamoon Corporation will be mainly involved in three (3) sectors of activity and programs managed by three young, dynamic Crees: Kathy Shecapio, Regional Coordinator of Training and Employment; Denise Pérusse-Pelchat, Regional Coordinator of Fisheries and Health; and Barry Bearskin, Regional Coordinator of Remedial Measures.



Kathy Shecapio



Denise Pérusse-Pelchat

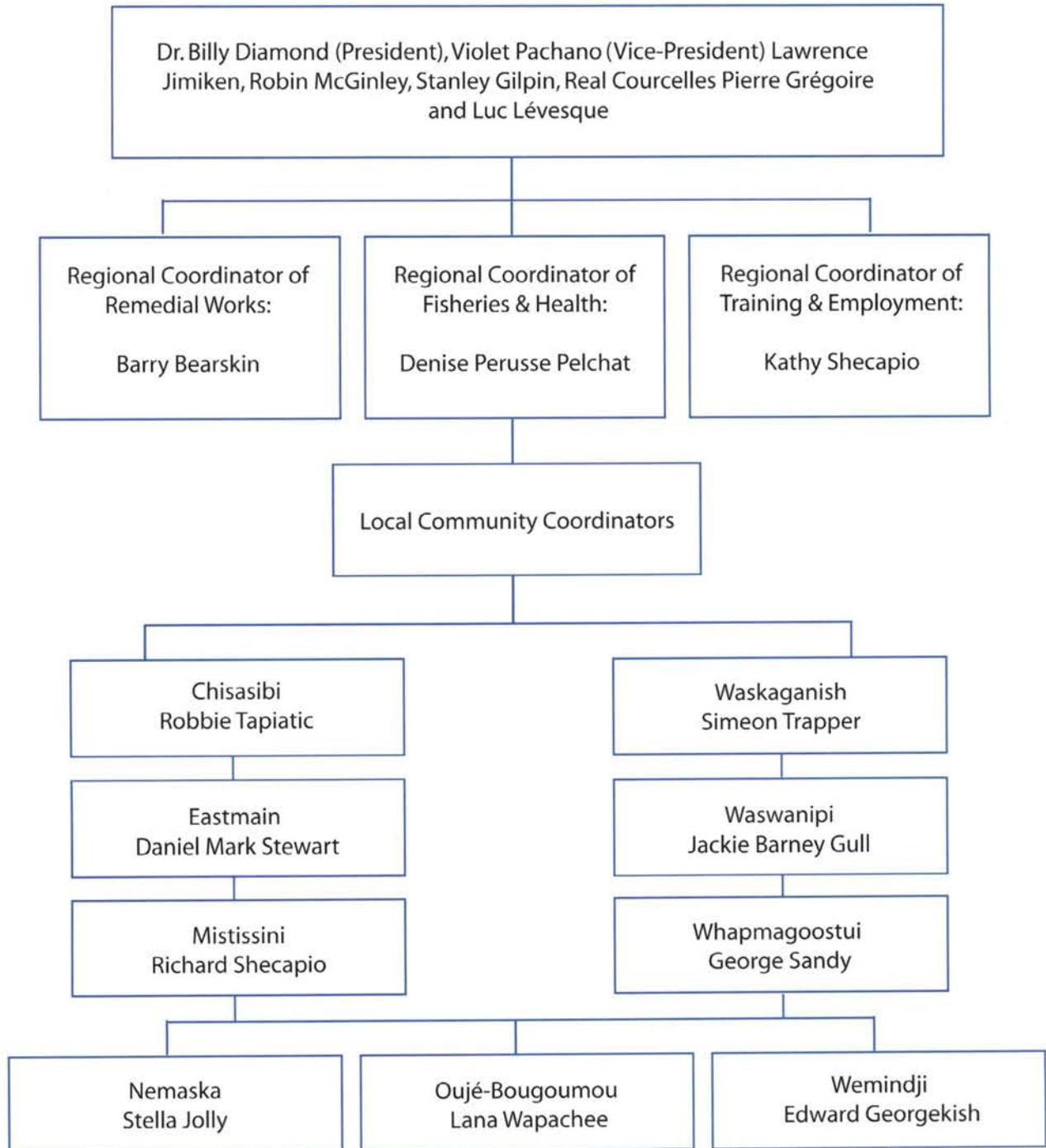


Barry Bearskin

Niskamoon is dedicated to ensuring that the Crees of Eeyou Istchee enjoy maximum benefits from the Cree-Hydro-Québec Agreements.

## Corporate Structure

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## Niskamoon Corporation Schedule of Activities for 2004-2005

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	Board of Directors	Regional Coordinators	Local Coordinators
<b>Meetings</b>	<p>Aug 31-Sept 2, 2004 (Montreal)</p> <p>Oct 25-25, 2004 (Montreal)</p> <p>Nov 29-Dec 2, 2004 (Montreal)</p> <p>Feb 1-3, 2005 (Rouyn)</p> <p>March 30-31, 2005 (Montreal)</p>		
<b>Conference calls</b>		Every Monday at 11 AM since Nov 2004	Every Monday at 9:30 AM since Feb 2005
<b>Training sessions</b>		Feb 22, 2005 (Val d'Or) Nadoshtin remedial Measures with Local Coordinators of communities directly impacted by the EM 1 Project	Jan 11-14, 2005 (Oujé-Bougoumou)



## Niskamoon Community Coordinators

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Each Cree community has a community coordinator to represent it and serve as a liaison between it and the Corporation. Local coordinators are entrusted with the following mandates.

1. To report regularly to the Chief and Council and members of the community on the progress of the activities of the Niskamoon Corporation, for example, the status of specific projects and funds available for projects.

The Board of Directors of the Corporation requires the assistance of the community coordinators in ensuring that information reaches the community when necessary. The Niskamoon Corporation strives to operate in a clear and transparent manner.

2. To inform the Chief and Council and members of the community on the nature of the projects that may be eligible from the different funds managed by the Niskamoon Corporation through reports, information sessions and or community workshops.

The community coordinator has access to programs managed by the Corporation. Further, as financial resources are limited, it is important to promote particular types of projects.

3. To assist promoters of projects in the preparation of proposals and reports required under project approval agreements or conditions.

To facilitate access to programs and benefits to community members, coordinators help draft proposal requests and complete necessary administrative tasks when required.

4. To act as a liaison with other Niskamoon coordinators.

Community coordinators require the assistance of the Regional Coordinators to process project applications. Regional coordinators require the assistance of community coordinators to ensure local implementation of programs and benefits.



5. To direct proposals for projects to the appropriate Niskamoon regional coordinator for approval by the Board of Directors of the Niskamoon Corporation, including ensuring that the proposals respect the guidelines provided by Niskamoon Corporation for a specific program and that the required information is included in a submission.

Due to the number of proposals and the amount of information that must be processed by the Board of Directors, regional and community coordinators work closely together to ensure that the proper information is provided to the Board of Directors to permit informed decision-making.

6. To coordinate and organize all communication between individual communities and Niskamoon Corporation, including communication with other coordinators working for Niskamoon Corporation.

As stated earlier, it is the goal of the Board of Directors to operate in a transparent manner; this requires an efficient communication network where local community coordinators play a key role.

7. To facilitate the participation of people from his or her community in the activities of Niskamoon Corporation.

If the Cree communities are to enjoy maximum benefit from negotiated agreements, it is important that community interest be properly identified. It is the community members themselves who must participate in the design and execution of projects.

8. To monitor approved projects for reporting to the Board of Directors of Niskamoon Corporation.

Local coordinators are called upon to evaluate the success of approved projects or their continued support.

9. To carry out all duties and tasks as directed by the Board of Directors of Niskamoon Corporation.

As new mandates are set for the Niskamoon Corporation, regional and community coordinators may be required to take on new responsibilities.



## How to Contact your Local Community Coordinator

### Head Office:

2 Lakeshore Road  
 Nemaska, Québec  
 Canada J0Y 3B0  
 T (819) 673-2600 / F (819) 673-2111

President: Dr. Billy Diamond

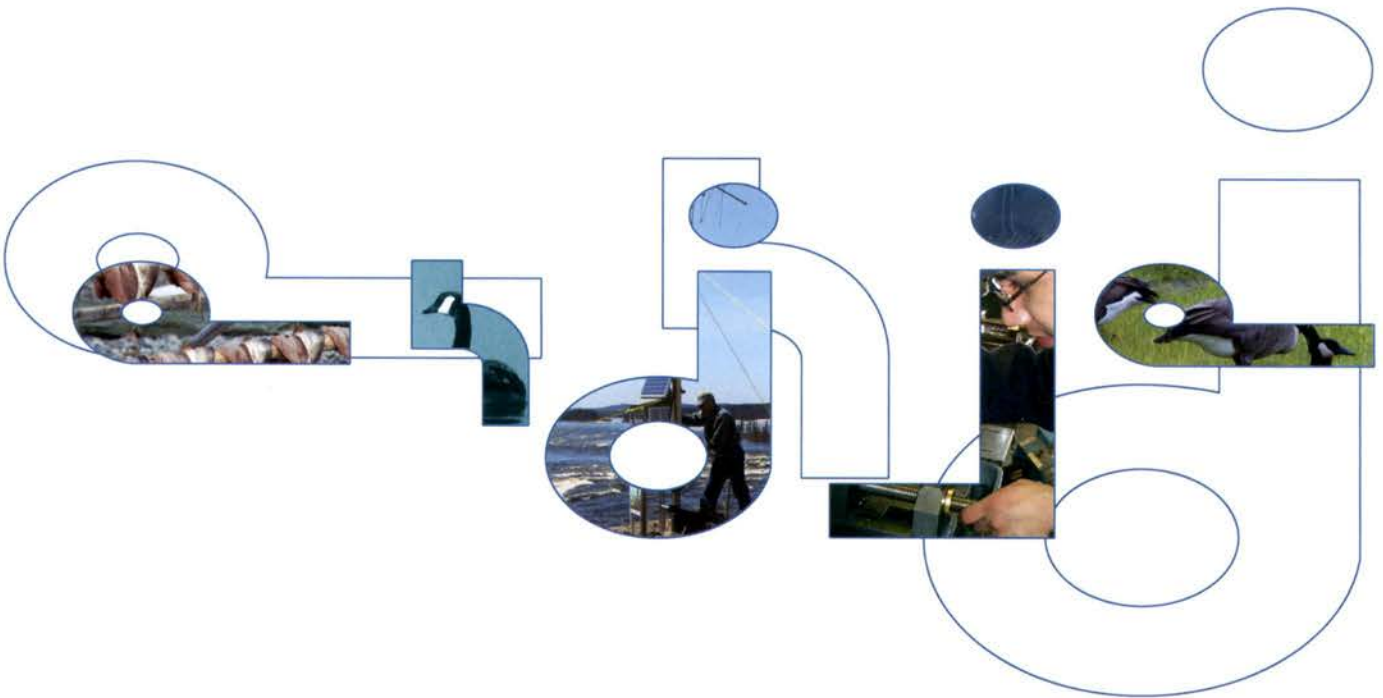
Executive Assistant: Maya Riel Lachapelle

<p><b>Chisasibi</b>            Robbie Tapiatic            P.O. Box 150            Chisasibi, Québec J0M 1E0            T (819) 855-2878 / F (819) 855-2875  <a href="mailto:rtapiatic@hotmail.com">rtapiatic@hotmail.com</a></p>	<p><b>Waskaganish</b>            Simeon Trapper            P.O. Box 60            Waskaganish, Québec J0M 1R0            T (819) 895-2662 / F (819) 895-2800  <a href="mailto:s_trapper@hotmail.com">s_trapper@hotmail.com</a></p>
<p><b>Eastmain</b>            Daniel Mark-Stewart            147 Shabow Meskino            P.O. Box 90            Eastmain, Québec, J0M 1W0            T (819) 977-0211, ext. 325 / F (819) 977-0281  <a href="mailto:dmarkstewart@eastmain.ca">dmarkstewart@eastmain.ca</a></p>	<p><b>Wemindji</b>            Edward Georgekish            16 Beaver Road, P.O. Box 60            Wemindji, Québec, J0M 1L0            T (819) 978-0264 / F (819) 978-0258  <a href="mailto:edward.georgekish@creenet.com">edward.georgekish@creenet.com</a></p>
<p><b>Mistissini</b>            Ernest Nakogee            187 Main Street            Mistissini, Québec, G0W 1C0            T (418) 923-3461, ext. 328 / F (418) 923-3115  <a href="mailto:niskamoon@nation.Mistissini.qc.ca">niskamoon@nation.Mistissini.qc.ca</a></p>	<p><b>Whapmagoostui</b>            George Sandy            P.O. Box 390            Whapmagoostui, Québec, J0M 1G0            T (819) 929-3384 / F (819) 929-3203  <a href="mailto:gsandy@whapmagoostuifn.ca">gsandy@whapmagoostuifn.ca</a></p>
<p><b>Nemaska</b>            Stella Jolly            1 Lakeshore Road            Nemaska, Québec, J0Y 3B0            T (819) 673-2512 / F (819) 673-2542  <a href="mailto:stellajolly@hotmail.com">stellajolly@hotmail.com</a></p>	<p><b>Waswanipi</b>            Jackie Barney            Diom Blacksmith Building            Waswanipi, Québec, J0Y 3C0            T (819) 753-2441, ext. 24 / F (819) 753-2904  <a href="mailto:jbarney@waswanipi.com">jbarney@waswanipi.com</a></p>
<p><b>Oujé-Bougoumou</b>            Wally Wapachee            207 Opemiska Meskino            Oujé-Bougoumou, Québec, G0W 3C0            T (418) 745-3911 / F (418) 745-3426  <a href="mailto:wawapachee@yahoo.ca">wawapachee@yahoo.ca</a></p>	



# Funds Under Management

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## Hydro-Québec and Eeyou Fund

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The Hydro-Québec and Eeyou Fund was established pursuant to Chapter 4 of the Agreement Concerning a New Relationship between Hydro-Québec and the Crees of Eeyou Istchee. The Fund consists of an annual contribution of \$7,000,000 (in 2004 dollars) paid by Hydro-Québec. As provided by Sub-section 4.3 of the Agreement, this Fund is to be used for the purposes set out in Schedule A of the Agreement.

The Niskamoon Corporation has adopted Resolution 2005-12 approving a project for the community of Chisasibi for an amount of \$3,884,468, representing the balance of the funding available for the financial year 2004-2005. The project entails the expansion of the town of Chisasibi and rebuilding of relocated units from Fort George Island. This initiative is in accordance with Section F of Schedule A in the above-mentioned Agreement, which stipulates:

"The Hydro-Québec and Eeyou Fund [...] may be used for the following purposes: In light of the move of the Chisasibi Band Members from Fort George to Chisasibi in order to facilitate Le Complexe La Grande (1975), for the maintenance, repair, replacement or expansion of water intake and treatment systems, sewage systems and other public utilities, roads, parks, public buildings and community facilities in Chisasibi as well as for housing for community members in Chisasibi."



## The Employment Fund

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The Employment Fund is designed to finance temporary employment and remedial works. It was established pursuant Section 4.2 of the Cree Employment Agreement and consists of the amounts made available by Hydro-Québec in accordance with Section 4.3 of the Agreement.

The estimate of the yearly basic financial contribution of Hydro-Québec to the Employment Fund for the financial year 2004-2005 was an amount of \$6,716,000. As provided by Section 4.7.1 of the Cree Employment Agreement, the Employment Fund is held and disbursed by Hydro-Québec but subject to the control of the Niskamoon Corporation.

In accordance with Section 4.5 of the Cree Employment Agreement, the Fund is to be used for the purposes of funding the Hiring Initiatives, more fully described in Chapter 5 of that Agreement, and for funding the Employment Incentives and temporary Employment Programs described in Chapter 6 and Schedule B of that Agreement.

Since the beginning of the operation of Niskamoon Corporation, on August 31, 2004, the following Funding Agreements have been executed:

Agreement 2004-01: Remedial works for the Cree Nation of Nemaska, the amount approved is \$150,276.

Agreement 2004-02: Remedial works for Chisasibi, executed with Utaapan Inc., the amount approved is \$255,000.

Agreement 2005-01: Update of video "Open Doors to the Future," executed with PAT Communications, the amount approved is \$27,650.

Agreement 2005-02: Hiring Initiative Program, executed with the Cree School Board, the amount approved is \$3,580,088.27.

Agreement 2005-03: Eastmain River Bank Stabilization, executed with the Eastmain Band, the amount approved is \$591,525.

For additional financial details concerning this fund see the Statements of Payments on page 67 of this report.



## Funds under the Mercury Agreement (2001)

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As provided by Sub-section 4.1 of the Mercury Agreement (2001), the Mercury Funds consist of:

- the Names Fund (Sub-section 4.1.1 of the Mercury Agreement (2001))
- the EM 1 Mercury Fund (Sub-section 4.5 of the Nadoshtin Agreement)
- the Eastmain 1A / Rupert Mercury Fund (Sub-section 5.2 of the Boumhounan Agreement)

This fund, will be made available by Hydro-Québec only if the required environmental authorizations are secured for the Eastmain 1A / Rupert Hydroelectric Project.

### The Names Fund

The Fund was established pursuant to Sub-section 4.2 of the Mercury Agreement (2001) and initially consisted of an amount of \$24,000,000 (in 2002 dollars) made available by Hydro-Québec in accordance with Sub-section 4.5.5 of this Agreement. This Fund is held by Hydro-Québec but is under the control of the Niskamoon Corporation and is to be used for the types of works or programs set out in Chapters 5 and 6 of the Mercury Agreement (2001).

Before the beginning of operations of the Niskamoon Corporation, on August 31, 2004, the Board of Directors of the former Eeyou Names Corporation approved projects and authorized the execution of contracts between the proponent of projects and the said Corporation. Once a given contract was executed by both parties, the payments were issued directly by Hydro-Québec to the proponent. The details of these contracts were tabled at the first meeting of the Board of Directors and are reported in the audited financial statements of the Mercury Funds provided by Hydro-Québec in accordance with the provisions of Sub-section 4.5.1 of the Mercury Agreement which are reproduced in the Statements of Payment on page 73 of this report.

Since the beginning of operations of the Niskamoon Corporation (August 31, 2004), the following Funding Agreements have been executed under this Fund.

Agreement 2005-04: Eastmain Cisco Traditional Fishing Sites, executed with the Eastmain Band, the amount approved is \$538,000; advance paid, \$53,800.

Agreement 2005-06: Environmental Health Contaminants Program, executed with the Cree Health Board, the amount approved is \$1,148,400.

Agreement 2005-07: Mistissini, Traditional Cree Fishing, executed with the Cree Nation of Mistissini, the amount approved is \$354,046.

For additional information please see the section titled: "Fisheries Restoration and Development Program."



## The Nadoshtin Agreement

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The main objective of the Nadoshtin Agreement is to provide for the construction, operation and maintenance of the Eastmain 1 Project, while respecting the rights of Crees and providing them with benefits as defined in this agreement.

With regards to the Crees, this means reducing the negative aspects of the Project, particularly on the people of Eastmain, Mistissini, Nemaska, and Waskaganish by providing environmental, remedial, and mitigating measures; by allocating compensation where appropriate; and by managing road access and fish and wildlife use in the Project area during the construction phase of the Project.

It also means enhancing community development by ensuring contract, employment, and training opportunities in connection with the Project for Crees and Cree enterprises.

Finally, the intent of the Agreement is to promote better relations between the Parties by fostering understanding and respect. To this end, it is hoped the Nadoshtin Agreement will provide an efficient and effective framework for cooperation between the Parties with regards to the Project, Cree traditional activities on the land, and job creation.

### The EM 1 Mercury Fund

The EM 1 Mercury Fund is designed to address the impact of the impoundment of the Eastmain 1 Reservoir on the concentration of mercury in fish. This funding has been provided without prejudice to the rights and resources of the Crees and does not affect any liability of the Parties arising from mercury to individual Crees.

This Fund was established pursuant to Sub-section 4.5 of the Nadoshtin Agreement and initially consisted of an amount of \$3,000,000 (in 2002 dollars) made available by Hydro-Québec in accordance with Sub-section 4.5 of that Agreement. This Fund is held by Hydro-Québec but is under the control of the Niskamoon Corporation and is to be used for the type of works or programs set out in Chapters 5 and 6 of the Mercury Agreement (2001).

The Fund addresses the needs of the Cree Nations of Eastmain, Mistissini, Nemaska, and Waskaganish. According to a decision made by the Crees, the allocation of the Fund is as shown in the table below.

Community	Percentage
Eastmain	47
Mistissini	23.5
Nemaska	23.5
Waskaganish	6



The EM 1 Mercury Fund may also be used for the following types of measures:

- Access to alternative fishing sites
- Fishing and hunting subsidies
- Fish and wildlife habitat enhancement
- Development of waterfowl hunting ponds

The Niskamoon Corporation did not execute any agreements under this Fund for the period of reference. For additional information see the Statements of Payment for this fund on page 73 of this report.

### Nadoshtin Remedial Measures Fund

The Remedial Measures Fund was established to provide the means to address negative impacts of the Eastmain 1 Project so as to permit the continued pursuit of traditional activities by the Crees, including in areas affected by the Project. The purpose of the Fund is to enhance the biological and visual quality of the environment, and its productivity. Where pertinent it will assist in the regeneration of habitats. Consisting of \$18,000,000 (in 2002 dollars) to be disbursed over a period of fifteen years, the Fund is held by Hydro-Québec but subject to the control of the Niskamoon Corporation. The measures undertaken by the Fund are in addition to those Hydro-Québec is to assume.

The former Nadoshtin Company never executed any contracts to carry out remedial works covered by this Fund. However, for accounting purposes, this Fund had been allocated as follows by the Cree leadership, and projects approved by the Niskamoon Corporation should respect such allocation.

Community	Percentage
Eastmain	47
Mistissini	23.5
Nemaska	23.5
Waskaganish	6

Since the beginning of the operations of the Niskamoon Corporation on August 31, 2004, the following Funding Agreement was executed under this Fund.

Agreement 2005-08: Nemaska Traditional Cultural Camps, executed with the Nemaska Development Company, the amount approved is \$136,529.00.

For more information, please refer to the section titled "Remedial Measures Fund" and the Statements of Payment for this fund on page 89 of this report.



## The Archaeology and Cultural Heritage Fund

The Archaeology and Cultural Heritage Fund is designed to ensure the inclusion of information about Cree perceptions, knowledge, history, and use of the environment in archaeological work.

The Fund was established pursuant to Chapter 10 of the Nadoshtin Agreement and initially consisted of an amount of \$2,500,000 (in 2002 dollars).

The total amount of the Fund was paid by Hydro-Québec to the former Nadoshtin Company in 2002. The Nadoshtin Company transferred the balance of the Fund to the Niskamoon Corporation in October 2004. As stated in the audited financial statements of the Nadoshtin Company, dated August 31, 2004, the remaining balance of this Fund was an amount of \$1,548,629.

The Fund is used to carry out the Archaeology and Cultural Heritage Program (ACHP). The ACHP is designed to document and protect various aspects of the cultural heritage of the area affected by the EM-1 Project. This includes archaeological and burial sites as well as the knowledge and stories of families from the three communities affected by the Project: Eastmain, Nemaska, and Mistissini.



Julian Gilpin taking notes during excavation of site on Eastmain River.

The ACHP, which is described in Schedule 5 of the Agreement, includes three components: (a) Archaeology; (b) Traditional Cree Values and Knowledge; and (c) Burial Sites. Components (a) and (b) are designed to preserve as much as possible the cultural heritage of the area affected by the Eastmain 1 Project for future generations. They are also designed to provide opportunities for employment and training for local Cree residents, especially from the affected communities (Eastmain, Nemaska and Mistissini). Component (c) is designed to commemorate those who died or were buried in the project area and provide for the relocation and reburial of individuals. The program will be carried out over a period of approximately five years, with most of the research conducted in the first three years, prior to the flooding of the area beginning in fall of 2005. Communication, training and other activities will then continue for an additional 2 years.

### Activities Undertaken for 2004-2005

One of the objectives of the ACHP is to train young Eeyou in the basics of archaeological survey work and modern archaeological techniques. This includes learning such tasks as site mapping, stratigraphic profiling, and archaeological photography. Training in excavation techniques consisted of basic digging procedure, recording finds, and drawing stratigraphic profiles. Basic survey techniques include taking elevations, setting up a grid, and site mapping.

The ACHP also undertook work in the preservation of living heritage by recording knowledge, skills, oral histories, stories, and cultural practices of the Cree people who have traditionally occupied - and continue to occupy - the EM 1 region. Collection of ethnographic material is made possible through extensive interviewing of Elders. Two young Crees, Jamie Stevens and Cindy Coonishish, conducted the interviews and produced many hours of video and sound recordings of their research in the field.



## Nadoshtin Eenou Indohoun Fund

The Eenou Indohoun Fund is primarily designed to create opportunities for the trappers of Eastmain, Mistissini and Nemaska directly affected by the Eastmain 1 Project. The Fund promotes traditional activities and provides the means to mitigate the effects of the Project.

The Fund was established pursuant to Chapter 11 of the Nadoshtin Agreement and consisted of an amount of \$3,900,000 (in 2002 dollars). As provided by Section 11.5 of the Nadoshtin Agreement, this Fund is to be used for the types of work, services, contributions, subsidies, grants, and programs described in Schedule 7 to that Agreement.

The total amount of the Fund was paid by Hydro-Québec to the former Nadoshtin Company in 2002. The Nadoshtin Company transferred the balance of the Fund to the Niskamoon Corporation in October 2004. As stated in the audited financial statements of the Nadoshtin Company dated August 31, 2004, the remaining balance of this Fund was an amount of \$4,076,051.

Some expenditures were authorized by the Niskamoon Corporation under this Fund, essentially for the purchase of transportation of equipment. The Niskamoon Corporation has approved a policy, which provides, among others, that the Corporation will subsidize up to 75% of the total cost of transportation equipment. The payments are made directly to the suppliers identified by the project proponents.

Since the beginning of the operations of the Niskamoon Corporation, on August 31, 2004, the following Funding Agreement was executed under this Fund.

Agreement 2005-05. Winter Walk and Gathering at Wiishaakushiuu Saakahiikan executed with the CRA, the amount approved is \$155,156.

## The Nadoshtin Training Fund

This Fund is designed to train Cree personnel to work on the EM 1 Project. It was established pursuant to Chapter 12 of the Nadoshtin Agreement and initially consisted of an amount of \$1,500,000 (in 2002 dollars).

As provided by Section 12.4 of the Agreement, this Fund is to be used in accordance with the provisions of Chapter 13 of the Agreement to finance training costs, including tuition fees, room and board, transportation and partial reimbursement of wages to contractors for on-the-job training incentives in contracts related to the EM 1 Project.

The total amount of this Fund was paid by Hydro-Québec to the former Nadoshtin Company in 2002. In turn, the Nadoshtin Company transferred the balance of this Fund to the Niskamoon Corporation in October 2004. As stated in the audited financial statements of the Nadoshtin Company, dated August 31, 2004, the remaining balance of this Fund was an amount of \$1,551,719.

The Niskamoon Corporation did not execute any agreements under this Fund for the period of reference.



## Opimiscow Indocho Fund

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The Opimiscow Indocho Fund was established pursuant to Chapter 9 of the Opimiscow Agreement and consists of annual contributions of \$500,000 (in 1994 dollars) paid by Hydro-Québec to the Niskamoon Corporation on the first working day of every year until 2043. The annual payment for 2005 was a total amount of \$622,210. The Fund is to be used for the type of works and programs set out in Sub-section 9.4 and Schedule C of the Opimiscow Agreement.

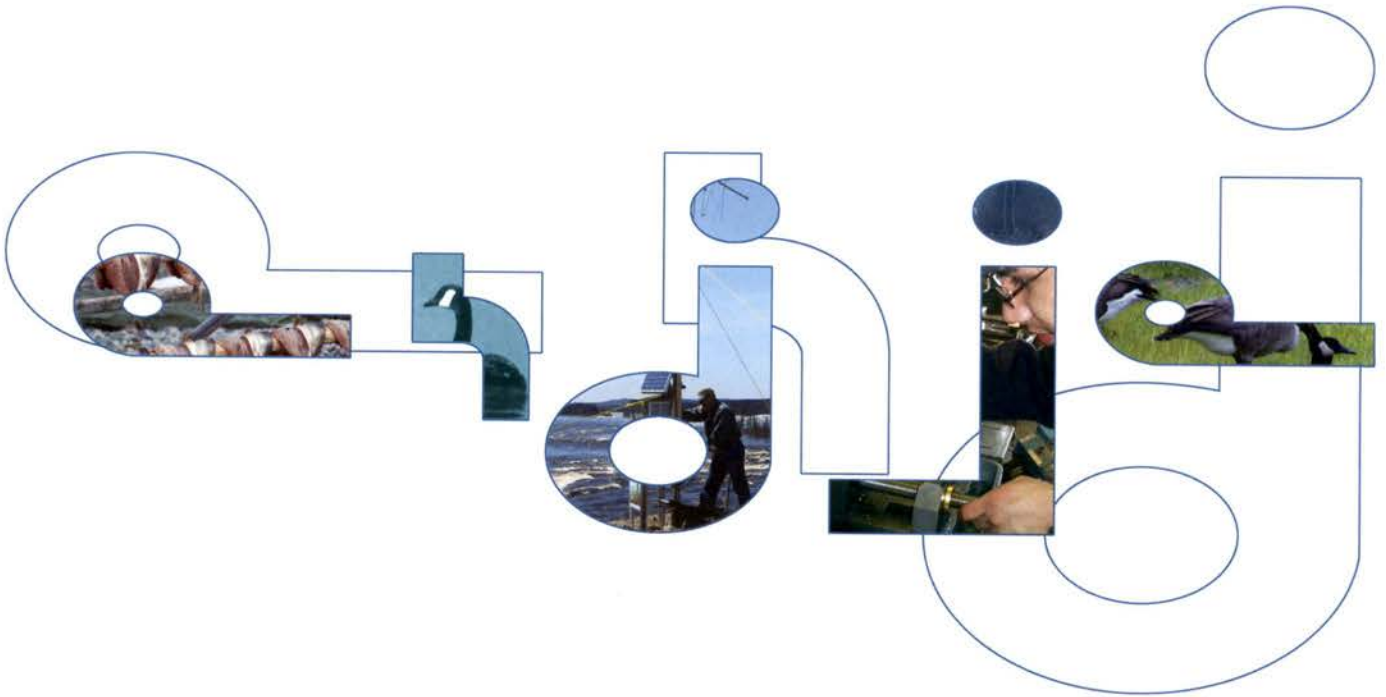
This fund is allocated as follows:

Community	Percentage
Chisasibi	70
Wemindji	30



# Programs and Initiatives

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## Hiring Initiatives Program

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The current implementation of the Hiring Initiatives Program originates pursuant to Section 5.1 of the Cree Employment Agreement. This program which was initially attempted pursuant to the James Bay and Northern Quebec La Grande Agreement (1986) and produced 8 Cree jobs. Its objective is to provide 150 qualified Crees for the targeted Hydro-Quebec trades and technical permanent positions as stipulated in both agreements mentioned above.

Since 2002-2003 and prior to the incorporation of Niskamoon Corporation on August 31, 2004, the initial design, development and implementation of the program were conducted under the authority, management and administration of Apatisiwin Corporation. This corporation's endeavours resulted in producing what are now 41 students (2003-2004 and 2004-2005) currently enrolled in the various vocational and technical programs in Rouyn-Noranda, Chibougamau and Gatineau, Quebec.

The first year of operations (2002-2003) of the program essentially consisted in the hiring of a Project Coordinator and a Recruitment Officer and the development of the Vocational Training Customized Program for Centre Polymétier in Rouyn-Noranda. Advertising and promotion activities were also carried (accounting for a small proportion of expenditures).

Total expenditure for 2002-2003 was approximately \$75,000.

The second year of operations (2003-2004) resulted in the enrollment of 12 students - 10 of whom graduated in July 2005.

Design, development, management and administration activities consisted in implementing the following:

1. French Immersion program (8% of expenditures)
2. Student allocation funds for the French Immersion program (1%)
3. Monetary incentives for students (10%)
4. Student recognition awards and incentives (12%)
5. Math & Science enrichment program (16%)
6. Ongoing efforts for the design and development of Centre Polymétier's Customized Vocational program (3%)
7. Integrating into Heritage College's Preparatory Course Initiative Program for aboriginal students (3%)
8. Equivalent Sponsorship Funds for those ineligible under the Cree School Board Post-Secondary Student Program Funding Guidelines, including those who missed the Cree School Board application deadline (15%)
9. Human resources (23%)

Total expenditures for that year were approximately \$1.4M, where 63% (\$853,250) of funding was spent in "Supplementary Measures," 24% (\$324,587) on "Institutional Costs," and 13% (\$176,355) on "Administration Charges." (Further expenditures may be associated with administrative charges given the Cree School Board's "Associated Financial Charges" for all budget items of the Cree School Board Training Plan as provided for under the Service Agreements.)



## Update on Niskamoon Corporation Sponsored Students

The following Cree School Board table summarizes the number of students currently enrolled in the various institutions:

Location/Institution	Program of Study	Students
<b>Rouyn-Noranda, Québec</b>		
Centre Polymétier Group 1	Automated Systems Electromechanics	11
Centre Polymétier Group 2	Automated Systems Electromechanics	12
Cegep de l'abiti-Témiscaminque	Industrial Electronics-Option in Instrumentation and Automation	0
<b>Chibougamou, Québec</b>		
Centre de Formation Professionnelle de la Jamésie	Industrial Construction and Maintenance Mechanics	5
<b>Gatineau, Québec</b>		
Heritage College	Electronics Technology in Telecommunications/Computers	12
<b>Ottawa, Ontario</b>		
Carleton University	Electrical Engineering	1
<b>Total</b>		<b>41</b>

Table 1: Source Cree School Board Interim Report 2004-2005

Seven students abandoned their programs of study during the course of their academic year. The Cree School Board's Interim Report does not, at this time, address the issues of abandonment for all students. To date, the retention rate is at 85% (41 of 48 students are still pursuing their studies in their respective programs).

In total, forecasted expenditures for Institution Costs are estimated at \$1,058,093, including costs for French immersion courses and College Preparatory Courses. This represents 36% of total forecasted expenditures.

### Preliminary Financial Analysis

In 2002-2003, of total expenditures, 57% (\$38,496/\$74,619) was associated with human resources and Cree School Board's Publicity Campaign for the Hiring Initiatives Program. Another 43% (\$29,370/\$74,619) was associated with the design and development of the vocational program at Centre Polymétier.

Program expenditures for the 2003-2004 academic year were \$1,354,192: 24% on training institutions; 63% on Supplementary Measures; 13% on human resources.



For the 2004-2005 academic year, a projected 36% of total forecasted expenditures (\$2,9M) will be spent on Institution Costs and a projected 60% of total forecasted expenditures will be spent on Supplementary Measures. Finally, it is projected that 4% of total forecasted expenditures will be costs incurred on Human Resources.

### **Hiring Initiatives Program Recruitment Activities and Results**

Recruitment Campaign coordinating activities for 2004-2005 included the following:

1. finalizing the editing of the promotional items taking into account recent program changes
2. finalizing the design and development of the promotional items
3. hiring translation services
4. authorizing final layout and design
5. authorizing production
6. jointly planning and organizing the Campaign Tour
7. providing an update on the Program
8. preparing and presenting a budget
9. Soliciting Hydro-Québec's participation on the Campaign Tour
10. preparing the Cree School Board's PowerPoint presentation
11. reviewing and approving the Cree School Board's presentation
12. reviewing and approving the schedule (Cree School Board and Niskamoon Corporation) to be sent to Local Coordinators
13. soliciting the assistance of Local Coordinators (securing locations, verifying radio announcements and hiring the services of caterers, etc.)
14. hiring a driver/helper
15. conducting 17 joint presentations in 10 days (Hydro-Québec participated in seven locations)

This year's joint Niskamoon Corporation/Cree School Board/Hydro-Québec recruitment campaign efforts produced a total of 19 candidates who applied to the various programs for the 2005-2006 year.

### **Training Programs for Permanent Positions at Hydro-Québec**

The Cree School Board and the Niskamoon Corporation are working together to ensure that Cree students receive the formal training required for permanent employment with Hydro-Québec. In the James Bay territory, Hydro-Québec has made a commitment to hire a minimum of 150 qualified Cree employees to work in permanent positions by March 31, 2017.

As a result of this commitment, 4 major courses of study are offered to Cree students:

- Apparatus Electrician (2-year program)
- Apparatus Mechanic (2-year program)
- Automation Electronics Technician (3.5-year program)
- Telecommunications Technician (3.5-year program)



### Apparatus Electrician

Future Apparatus Electricians are enrolled in the Automated Systems Electro-Mechanics course offered at the Centre Polymétier (Commission scolaire Rouyn-Noranda) in Rouyn-Noranda, Québec. Twenty-three students were enrolled in Automated Systems Electro-Mechanics for the school year 2004-2005.

Admission requirements include completion of Secondary Studies or passing the General Development Test with Secondary 4 Mathematics and/or passing the High School Equivalency Test. Students must also be fluent in French.

Normally, a training program of this kind provides 1800 hours of classroom teaching and practical training; however, Centre Polymétier provides 2100 hours of training in order to enable Cree students to acquire a better understanding of the content and further hone their practical skills.

During negotiations that led to the creation of this program of study, it was decided that the course timetable would include a week for traditional activities.

### Apparatus Mechanic

Future Apparatus Mechanics will follow the Industrial Construction and Maintenance Mechanics course of study at the Centre de formation professionnelle de la Jamésie (James Bay School Board) in Chibougamau. Five students were enrolled in Industrial Construction and Maintenance Mechanics for the school year 2004-2005.

Admission requirements include completion of Secondary Studies or passing the General Development Test with Secondary 4 Mathematics and/or passing the High School Equivalency Test. Students must also be fluent in French.

As a result of this course, the graduate will be able to oversee the proper functioning of vital equipment used to provide electricity on a large-scale network, use industrial tools such as overhead cranes, read and interpret plans, repair equipment, and inspect, take apart and reassemble a range of apparatuses.

### Automation Electronics Technician

Future Automation Electronics Technicians will study Industrial Electronics in Instrumentation and Automation, which is offered at CÉGEP de l'Abitibi-Témiscamingue in Rouyn-Noranda. Admission requirements include High School Diploma Math 436 and Physical Science 436 (although students who require these subjects will have the option of taking them during the first semester).

Graduates will conduct maintenance activities such as testing measurement tools and instruments and provide technical support and counsel on network operation.



## Telecommunications Technician

Future Telecommunications Technicians will be enrolled in the Electronics Technology in Telecommunications/Computers course of study. The institution where this course will be offered is yet to be determined. As in the case of the Industrial Electronics in Instrumentation and Automation course, admission requirements are High School Diploma Math 436 and Physical Science 436 (although students who require these subjects will have the option of taking them during the first semester). Twelve students are currently enrolled in Electronics Technology in Telecommunications/Computers at Heritage College in Gatineau, Quebec.

Future graduates will install, inspect and repair equipment, including phone systems, videoconferencing equipment, computer equipment, automated functions, and cellular phone sites.

In addition to the programs of study above, one Cree student is enrolled in Electrical Engineering at Carleton University in Ottawa.



## Other Related Initiatives

The Niskamoon Corporation, in collaboration with the Cree School Board, developed publicity and promotional materials and visited the Cree communities to promote existing training programs. Negotiations were undertaken with various training centres to provide the training for three (3) disciplines mentioned in the Eeyou Apatisiwin Niskamoon/Cree Employment Agreement.

Through a funding agreement with the Cree School Board, the Niskamoon Corporation supported the following initiatives to encourage Cree students to pursue training in math and science:

- Science camps
- Orientation trips to Hydro-Québec facilities
- Science Fairs/Clubs
- Awards for students who excelled in science and math courses



## French Immersion

The French immersion program was first offered in the summer of 2003 to a group of candidates recruited for the DEP training program in Automated Systems Electro-Mechanics. The French immersion program consisted of a classroom curriculum and experiential learning through living arrangements with French-speaking host families. By being fully immersed in a French-language environment, students are able to learn to communicate more effectively in day-to-day situations in their new language.

## Incentives Program Policy

The Apatisiwin Corporation worked in conjunction with the Cree School Board ("CSB") to develop the Incentives Program Policy. The Policy provides various incentives for students who are registered in training programs. Some of the incentives offered are:

- Monthly compensation based on a ratio funding provided by the CSB
- Personal computers
- Support of Student Association
- Additional round-trip for traditional activities



## Training and Employment Committee

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The Training and Employment Committee plays a key role regarding the placement of Cree personnel in permanent positions at Hydro-Québec. The Committee's mandate includes providing information on training programs and making recommendations on employment practices in effect at Hydro-Québec. Summarized below are the Committee's activities in each of the three areas under its purview: Information dissemination; Training; and Recommendations regarding Hydro-Québec employment practices.

### Information

The Committee organizes and takes part in information tours of the Cree Communities. It also organizes a yearly information campaign that provides updates on the Hiring Initiatives Program and the four training programs being considered under Section 5.1.1 of the Niskamoon Agreement. The Committee will be present at Annual General Assemblies and career and science fairs in Cree communities.

Information dissemination will be aided by production of, and updates to, videos, posters, leaflets, advertisements in Cree publications, Nation Magazine, and Air Creebec Magazine.

### Training

Training under the Hiring Initiatives Program includes a number of objectives, including: developing and implementing a screening and recruitment strategy; teaching French to Cree students; and preparing a summer employment scheme for students enrolled in one of the four programs outlined in Section 5.1.1 of the Niskamoon Agreement.

### Recommendations re Hydro-Québec Employment Practices

The Committee is responsible for: reviewing and making recommendations on Hydro-Québec admission tests and exams; continuing the process of validation of psychometric tests for Cree candidates; reviewing the employment needs of Hydro-Québec for the James Bay region; reviewing and making recommendations regarding the integration of Cree candidates into the working environment of Hydro-Québec.

The Committee will also study the possibility of preparing a training package or orientation program for Hydro-Québec managers on Cree culture and way of life in order to facilitate the integration of Cree workers at Hydro-Québec.

### Additional Responsibilities

The Training and Employment Committee will also undertake other activities assigned by the Board of Directors of the Niskamoon Corporation as these arise.



## Temporary Employment Programs

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Along with the implementation of the Hiring Initiatives aiming to increase the number of Cree occupying permanent positions in Hydro-Québec operations, the Niskamoon Corporation is also responsible for designing, developing, approving, managing and implementing a set of temporary employment initiatives. In 2003-2004, under the guidance of Apatisiwin Corporation, four-hundred (400) projects were financed compared with three-hundred and fifty (350) for the previous year. The projects financed were distributed among the nine (9) Cree communities affected by the La Grande Complex. The cost of this second series of projects amounts to over five million dollars. These projects represent more than 11,500 person-days of employment.

### Project Selection Criteria

Projects are selected in accordance with the important priority of generating employment for the Crees. Temporary Employment projects are aimed at the employment of Cree Youth or trappers and their family directly affected by the La Grande Complex. The criteria applied to the selection of project also take into account the technical feasibility of the proposed works.

### Scope of the Projects

As it has been the case since the launch of the Temporary Employment Programs, nearly all the projects submitted by Cree proponents can be classified in one of the three (3) main categories of priority employment projects as originally defined by the Apatisiwin Corporation. The priority projects are improvement of the access to the territory, improvement of shelter during traditional activities, and enhancement of harvesting conditions (hunting territory and wildlife habitats). The following lists identify the different types of projects included in each of the categories.



### Improvement of Access to Territory

- Snowmobile trails
- ATV trails
- Bridges for snowmobiles and ATVs
- Portages
- Cleaning access roads (brush cutting)
- Repairing access roads
- Construction of new access roads
- Construction of parking areas
- Construction of hauling ramps and canoe racks (manual jobs)
- Cleaning and marking navigation corridors
- Cleaning streams (for navigation)
- Excavating navigation channels
- Snow ploughing on secondary access roads



### Improvement of Shelter

- Construction of new trapper cabins
- Renovation of existing trapper cabins
- Construction of individual storing facilities (sheds)
- Construction of community storing facilities (warehouses)
- Construction of emergency shelters on islands with hydro-electric reservoirs

### Enhancement of Hunting Conditions and Wildlife Habitat

- Water-flow areas (creating goose ponds, flyways and goose-feeding areas)
- Shore-cleaning on hydro-electric reservoirs
- Renewal of tree-cutting (moose yards)



Distribution of financial allocation and employment created in the Cree Communities by category of projects from April 2004 to March 2005

Cree Employment Fund				
{ Categories of Project }				
	Improvement of Access	Amelioration of shelter	Enhancement of hunting conditions and habitat	Total
<b>Chisasibi</b>				
Number of projects	11		4	15
Budget allocated	\$255,000		\$40,331	\$295,331
Total employment Person-day	(150)		(10)	(160)
<b>Eastmain</b>				
Number of projects	1	28	2	31
Budget allocated	\$591,525	\$261,283	\$35,883	\$852,808
Total employment Person-day	(1,100)	(455)	(90)	(1,645)
<b>Mistissini</b>				
Number of projects			11	11
Budget allocated			\$178,111	\$178,111
Total employment Person-day			(289)	(289)
<b>Nemaska</b>				
Number of projects	9			9
Budget allocated	\$150,276			\$150,276
Total employment Person-day	(236)			(236)
<b>Waswanipi</b>				
Number of projects	3	30		33
Budget allocated	\$213,020	\$815,857		\$815,857
Total employment Person-day	(240)	(1,548)		(1,788)
<b>Regional Cree Trappers Association</b>				
Number of projects		87		87
Budget allocated		\$1,597,895		\$1,597,895
Total employment Person-day		(1,021)		(1,021)
<b>Total</b>				
Number of projects	24	145	17	186
Budget allocated	\$1,209,821	\$2,673,035	\$254,325	\$4,137,181
Total employment Person-day	(2,726)	(3,024)	(382)	(6,132)



## The Fisheries Restoration and Development Program

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A current priority of the Board of Directors of the Niskamoon Corporation is the Fishery Restoration and Development Program. This program's chief purpose is to foster projects that are designed to:

- restore and strengthen Cree fisheries through initiatives that respond to Cree aspirations and needs
- support Public Health Authorities in the development and delivery of services as part of risk-management programs relating to human exposure to mercury

In approving projects, the Board of Directors has to balance a number of concerns from the management of fish resources to optimizing results with limited financial resources to ensuring that the Cree Nation as a whole benefits from these initiatives.

In balancing these concerns, the Board of Directors has developed the following project criteria, which, if respected, will help ensure approval:

- self-sustaining project
- community involvement
- employment growth
- respect and promotion of traditional values
- increasing health benefits through fish consumption
- involvement of youth

### Projects under Consideration

A number of possible projects are being considered as part of the Fisheries Restoration and Development Program, including the ones listed below:

- assessment of potential harvestable fish stocks
- monitoring harvested fish stocks by the Cree
- infrastructure for fish harvesting, processing, storage and transportation
- feasibility of a commercial fishery, including fish marketing
- sports-fishing marketing



Also under consideration are mitigating and remedial measures aimed at restoring subsistence fisheries, including:

- subsidizing community fisheries
- providing or facilitating access to fishing sites
- implementing wildlife enhancement schemes
- enhancing camp sites for fishing purposes
- providing technical training to generate relevant local expertise
- preserving traditional knowledge of fishing and related activities
- providing fishing and related equipment
- developing and testing fishing gear
- fish farming and restocking of lakes and other bodies of water

### Projects for 2004-2005

Projects for the period include: a marketing plan for the Cree Outfitting and Tourism Association; marketing activities for Awashish Outdoor Adventures; the Wemindji Coastal Fishing Program; a monitoring program for fish stock in Wemindji and Chisasibi; the Mistassini Lake Fish Study; the Mistissini Marina; and the Osprey First-Year Marketing Plan. Below is a brief description of each of these.

#### Cree Outfitting and Tourism Association Marketing Plan

The project funded covers the third year in COTA's 3-year marketing plan. The objective is to create awareness provincially, nationally and internationally regarding tourism attractions and opportunities in Eeyou Istchee. This initiative falls within the "Sport fishing marketing" section in the Mercury Agreement (2001).



#### Awashish Outdoor Adventures (AOA) marketing activities

Funding covers marketing activities for 2004-2005. AOA offers fishing and ecotourism excursions on the section of the Rupert River located on the Sam Awashish trapline. Objectives of the business are to create sustainable employment in the community, make the best use of resources of the family trapline, and preserve fishing quality on the Rupert River. This initiative falls within the "Sport fishing marketing" section in the Mercury Agreement (2001).



#### Wemindji Coastal Fishing Program

The Program is designed to provide fish for the Cree Nation of Wemindji, ensure equal access to fish to all members of the community, and ensure long-term sustainability of the fishery. This initiative falls within the "Mitigating and remedial measures aimed at subsistence fisheries: development of community fisheries" section in the Mercury Agreement (2001).



## Monitoring Program for fisheries in Wemindji and Chisasibi

The Program is designed to ensure the long-term sustainability of fisheries in these communities. It specifically aims at preventing over-harvesting of fish stocks. As part of the program, fishermen have been asked to measure and record every fish caught. Monitoring sheets, maps and data collection tools are being used to compile information. This initiative falls within the "Mitigating and remedial measures aimed at subsistence fisheries: development of community fisheries" section in the Mercury Agreement (2001).



### Mistassini Lake Fish Study

Biologists from Université de Laval are working with the Cree Nation of Mistissini to preserve the populations of freshwater fish in Mistassini Lake. To better understand the fish population in Mistassini Lake, the study was designed to study the genetic differences, population structure, and spatial distributions of the speckled trout, more particularly walleye. The study provides information to be used to develop a management plan for conservation purposes. This initiative falls within the "Assessment of potentially harvestable fish stocks and monitoring of harvested fish stocks" section in the Mercury Agreement (2001).

### The Mistissini Marina

The Cree Nation of Mistissini has planned construction of a marina on the shores of Mistassini Lake to provide proper land-to-water access in compliance with environmental standards. Benefits of the project include: improved boat access to the lake for the harvesting of fish and enhanced access to traplines (thanks to cargo transportation by boat); improved floatplane access to traplines for harvesting activities; and improved boat and floatplane access for fishing outfitters (who will use the facilities to transport clients and cargo to outfitting camps).



### The Osprey First-Year Marketing Plan

Osprey Excursions Inc., a Cree-owned company, was established in 1997 to provide tourists with fishing and sightseers tours in the Mistassini Lake region. Today, Osprey has evolved into a full-service outfitting establishment offering comfortable accommodations, expert guiding services, and fine dining. To continue to develop its tourism offering and reverse the negative trend in occupancy rates over the past few years, Osprey has instituted a 3-year marketing plan which includes an

extensive training program. It is hoped that the marketing strategy will increase the company's visibility and the number of tourists who visit the region.



## The Monitoring and Research Program

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The Monitoring and Research Program was created to deal health issues that may affect Crees arising from the presence of mercury in the environment in the James Bay region. A collaborative effort involving the Cree Board of Health and Social Services of James Bay, the Program will publicize the benefits associated with the consumption of fish and demonstrate how to reduce mercury-related risk.

The following studies and activities are under consideration and subject to a Management Process:

- Monitoring exposure to mercury and other contaminants
- Epidemiological & toxicological studies
- Investigation of the pattern of exposure to mercury
- Studies on health benefits of fish consumption
- Investigation of patterns of fish consumption

The following studies and activities are under consideration and are not subject to a Management Process:

- Ongoing review and evaluation of scientific literature on mercury, other contaminants, and related issues on health & nutrition
- Investigation of patterns of fish harvesting and distribution
- Investigation by the Crees on perceptions of mercury and other contaminants focused on traditional Cree knowledge and values
- Evaluation of experience acquired under other jurisdictions in the fields of risk assessment and evaluation with respect to mercury and other contaminants in the environment
- Information campaigns to support and implement consumption guidelines issued by public health bodies regarding the risks and benefits of fish consumption
- Equal participation of representatives of both parties of Names to international conferences on mercury
- Support the establishment of registries on nutrition or contaminant-related diseases
- Assistance with the creation of health-related databases related to mercury and other contaminants



## Projects for 2004-2005

Projects for the period included a Northern Fish Nutrition Guide and a Map and Geographic Database. Below is a brief description of these and other projects.

### Northern Fish Nutrition Guide

In collaboration with Cree Board of Health and Social Services of James Bay, Cree Outfitting and Tourism Association (COTA), Centre de Recherche du CHUL, Centre Hospitalier Universitaire du Quebec, Hydro-Québec, a fish guide is being developed for the James Bay region. The Guide includes information such as the health benefits of fish consumption with description of nutrients and of omega-3 fatty acids, fish population maps, and risk awareness regarding exposure to mercury in fish. The Guide will be produced in three languages: Cree, English and French. This initiative falls within the purview of the Mercury Agreement (2001).

### Map and Geographic Database

This tool, which combines an in-depth database and map interface, monitors mercury levels in fish over time, allowing the communities to remain informed of the health benefits and risks of a fish diet. This initiative falls within the purview of the Mercury Agreement (2001).

### Other projects

Under Chapter 5 of the Agreement: a needs and feasibility study for a comprehensive assessment of exposure to mercury and other contaminants and health status of Eeyouch of Eeyou Istchee; a report on fat content in food; and health benefits and literature review.



## The Eastmain 1 Project

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The Eastmain 1 Project is located on the Eastmain River immediately upstream from the reservoir created for the Eastmain-Opinaca diversion into the La Grande Complex. The main components of the Project are:

- The powerhouse, located on the left bank (facing downstream) of the Eastmain River, 203 kilometres from the mouth of the river. It has three turbine/generator units with a capacity of approximately 480 megawatt hours (with average flows).
- The main dam, approximately 217 kilometres from the mouth of the Eastmain River. It is about 890 metres long and 70 metres high. Thirty dikes are required to close the reservoir.
- The reservoir has a flooded area of about 603 square kilometres at its maximum level. Its annual drawdown is roughly nine metres. The headwater level is 283 metres at its highest and 274 metres at its lowest. The Village Lakes will not be affected.
- The spillway, located on the right bank (facing downstream) of the Eastmain River upstream from the powerhouse at the north end of the dam.
- A temporary camp and an 85-kilometre permanent access road linking the main dam to the Nemiscau substation. In addition, a temporary 69-kilovolt line, supported by wooden poles, running from Muskeg substation will be installed to supply electricity to the construction site.
- An approximately 70-kilometre, 315-kilovolt line between the powerhouse and Nemiscau substation to integrate production into the transmission network.

### Progress Report

As of September 2005, the progress of work, including foundation and concrete work, for the northeast dykes and spillway was 100%.

The progress of foundation work for the north dykes was 100%, and 94.2% overall.

For the west dykes, the progress of foundation work was 97.1%, and 91.2% overall.

For the south dykes, the progress of foundation work was 100%, and 95.2% overall.

For civil engineering work on the powerhouse and intake, the progress of concrete work was 87%.

The progress of installation work for the generating units was 17%.



## Technical and Environmental Committee

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The Technical and Environmental Committee (TEC) is a joint Cree-Hydro-Québec committee. It consists of four members nominated by the Niskamoon Corporation and two of whom are designated by Hydro-Québec: René Dion and Lawrence Jimiken replaced Rusty Cheezo and Donovan Moses as representatives of the Crees in December 2004, while Réjean Gagnon and Réal Courcelles represent Hydro-Québec.

The mandate of the TEC, as set forth in Chapter 8 of the Nadoshtin Agreement, may be summarized as follows:

- To provide assistance to the Niskamoon Company by giving support, advice and information to carry out the study, planning, evaluation and implementation of environmental, remedial and mitigating measures and programs
- To provide assistance to Cree tallymen and trappers, specifically those of Eastmain, Mistissini, Nemaska and Waskaganish, by providing support, advice and information regarding work, services, projects and programs provided for under the Nadoshtin Agreement
- To coordinate and carry out the Lake Sturgeon Study and Management Program jointly with the Niskamoon Corporation
- To ensure the participation of the Cree parties and inclusion of their concerns in specific environmental follow-up studies
- To consult the Cree parties with respect to Hydro-Québec's Eastmain 1 Environmental Monitoring Program (PSE-EM 1)
- To receive information on environmental and other activities, and disseminate it to the Niskamoon Corporation and affected Cree communities

With regards to Hydro-Québec's specific environmental studies, the TEC is to serve as a joint forum to ensure significant participation of the Cree parties, specifically the tallymen and Cree trappers of Eastmain, Mistissini, Nemaska and Waskaganish, in planning, preparing and conducting the studies relating to ice monitoring, clearing by natural agents, floating bogs, and erosion downstream of the spillway.

### Technical and Environmental Committee Activities for 2004-2005

During the period covered by this annual report, i.e., early April 2004 to late March 2005, the members of the TEC validated the following environmental study specifications:

- Large wildlife and beaver inventories
- Land-use study and mitigation measures
- 2004 archaeological program
- Ice monitoring for user safety during impoundment
- Study on the development of spawning grounds in reservoir tributaries



## Dissemination of Information

During the year 2004-2005, a technical and environmental information kit was produced and distributed in each of the four directly affected communities, namely, Eastmain, Waskaganish, Mistissini and Nemaska. The kit contains a series of 14 information panels, atlases that present the panels in a more user-friendly format, and CD-ROMs.

The kit includes the following information: a technical description of the Eastmain 1 hydroelectric development; the reservoir land-clearing program; wildlife developments for aquatic, semi-aquatic and land environments; archaeological research; mitigation measures in the Eastmain River downstream of the dam; Cree land use and remedial work; the management plan for sport hunting and fishing activities during construction; the redevelopment and enhancement of affected sites; observation and interpretation areas; and ground cover in the Eastmain 1 Project area.

In addition, atlases and CD-ROMs illustrating the stages of reservoir impoundment, both in general terms and by trapline, were produced and submitted to the individuals concerned, i.e., the tallymen and local coordinators of the Niskamoon Corporation.

In 2004, the members of the TEC organized information sessions in Eastmain and Mistissini. The aim of these meetings was to present the results of the environmental studies and works carried out in 2003 and to plan environmental activities for 2004. Furthermore, these information sessions are opportunities to present a technical description of the Eastmain 1 Project and an update on construction works.

## Reception and Assessment of Preliminary Results of Surveys and Inventories Carried out in 2004

Characterization and environmental follow-up studies were carried out on the biophysical and human environments. The purpose of these studies was to supplement the data compiled prior to construction of the development, assess the project's environmental impacts and mitigation measures, and implement the environmental monitoring program. Below is an overview for 2004-2005:



**Big game survey:** The big game survey provided information on use of the territory (9,000 km<sup>2</sup>) by moose and caribou, and made it possible to evaluate the effect of construction work and forest fires on moose and caribou populations.

**Beaver inventory:** An exhaustive inventory of the beaver colonies in the territory was conducted in 2004 as part of the plans to harvest this resource. In all, 132 colonies with a total of approximately 500 beavers were counted.

**Lake sturgeon study program:** This study was completed in 2004, and follow-up activities began the same year. The lake sturgeon study program served to follow the movement of the sturgeon populations in the Eastmain River and Opinaca Reservoir, closely monitor the spawning process, and accurately characterize the habitats used by this species.



**Study of greenhouse gas emissions:** Conducted in 2003 and 2004, the purpose of this study was to characterize greenhouse gas emissions in the water bodies located within the boundaries of the future reservoir. The baseline conditions will be used to establish the significance and duration of the emissions associated with the creation of the Eastmain 1 Reservoir.

**Characterization of the banks along the downstream stretch of the Eastmain River:** The characterization of banks and unstable shores likely to be affected by the hydraulic changes associated with the construction and operation of the future powerhouse was the first step in evaluating bank dynamics in the downstream stretch of the Eastmain River. The data gathered have been used to define the mitigation measures to be implemented for the purpose of ensuring bank stability and maintaining quality wildlife habitats.

**Characterization of the potential for recovering merchantable timber:** SEBJ conducted a dendrometric survey of the trees located within the boundaries of the future Eastmain 1 Reservoir, and assessed the costs of recovering this resource. The forest stands identified for recovery represent an area of 365 hectares containing nearly 20,000 m<sup>3</sup> of timber.

**Study on Cree land use:** The purpose of this study was to monitor the impacts of the project and evaluate the effectiveness of the remedial work carried out. The study covers the 2-year period from 2002 to 2004, with a final version filed in May 2005. Preliminary analysis of the study results indicate that Cree users affected by construction of the new developments have been able to continue pursuing their activities, except in areas close to construction and land-clearing sites. Almost all of them expressed their satisfaction with the measures implemented to manage sport-hunting and fishing activities. A further follow-up study on land use is planned.

**Follow-up study on sport-hunting and fishing activities:** This study aims to identify the way in which these recreational activities are practiced by Cree and non Cree workers at the Nemiska and Eastmain 1 work camps and to assess their impacts on the environment. The report of the first mandate, which covered the 2002-2003 period, was submitted in January 2005 and the report covering 2004 will be published soon. From the preliminary results of this period, it appears that although a number of workers practise sport fishing as part of their recreational activities, very few of them hunt. In 2004, 876 sport anglers fished in the water bodies within the study area. Among those, 83.5% were jobsite workers (from Eastmain and Nemiska), 10.5% were TransÉnergie employees and 6% were other anglers (tourists and non-Cree residents of Nemaska). Approximately 3,150 fish were harvested in 2004 - roughly 65% by workers, 14% by TransÉnergie employees, and 21% by other anglers.

**Archaeological digs:** Inventories were completed in 2004, and archaeological digs undertaken. Of 131 areas with archaeological potential, 33 sites were identified, 23 of which date back to the pre-contact period (i.e., prior to contact with Europeans). This indicates that there is a relatively rich archaeological heritage in the areas to be flooded.

**Follow-up on economic spinoffs:** The study report covering the period from 2002 to June 2004 will be filed in late 2005. Hydro-Québec's commitment to negotiate contracts worth at least \$300 million with Cree enterprises during the project construction phase has contributed to the economic spinoffs observed in the Cree communities. Between April 2002 and June 2004, contracts worth a total of \$274 million were awarded to Cree businesses. At the time, this represented 30% of all contracts awarded for the whole project. The participation rate of Cree workers in the project is around 15%.



## Reception and Assessment of Mitigation Measures Planned by Hydro-Québec

Hydro-Québec and SEBJ have committed to jointly carrying out a series of mitigation measures in accordance with the conditions set forth in the certificates of authorization, the content of the draft-design report, and the provisions of the James Bay and Northern Québec Agreement, as well as to the implementation of an environmental monitoring and follow-up program. In addition, in accordance with the Nadoshtin Agreement - a cooperative agreement between the Crees, Hydro-Québec and SEBJ with respect to the Eastmain 1 hydroelectric development - a series of additional mitigation measures are being implemented with a view to reducing project impacts on the Cree communities. The first mitigation measures associated with land use and large-scale wildlife developments were undertaken in 2004, as was the work to redevelop the affected sites. Following is an overview of the environmental measures being carried out during the period in question.

**Land clearing in the reservoir:** A total of 8 contracts to carry out land-clearing work in the Eastmain 1 Reservoir were awarded in 2004. All contracts, with the exception of one awarded during Phase 3, were awarded to Cree businesses or families. Of the 1,735 hectares covered by the 2004 land-clearing program, 1,479 hectares were cleared, 1,315 hectares were piled, and 1,216 hectares were burned.

**Regeneration of ground cover:** During July and August 2004, 135,000 green alder seedlings and 215,000 jack pine seedlings were delivered to SEBJ. A new regeneration program was undertaken when a million green alder seedlings were planted as part of the program to redevelop affected sites in 2005.

**Redevelopment and enhancement of affected sites:** The first planting and seeding contracts were carried out in order to redevelop affected sites along the Nemiska-Eastmain 1 road and adjacent borrow areas. Thus, 350,000 green alders and jack pine seedlings were planted, and 52 hectares seeded.



**Beaver relocation and trapping-out program:** In 2004, the tallyman of trapline R19, Mr. Matthew Wapachee, was the only one who wished to proceed with beaver relocation. Therefore, 23 beaver colonies were relocated. Following the 2004 inventory, the remaining colonies were trapped out in winter 2005: the tallyman of trapline RE1, Mr. Ernie Moses, trapped 36 colonies out of 36; the R19 tallyman, Mr. Matthew Wapachee, trapped 15 out of 27; the tallyman of VC37, Mr. Ted Moses, trapped all 55 colonies on his trapline; the M14A tallyman, Mr. George Coonishish, trapped 4 out of 8; and the tallyman of trapline M18, Mr. Robert Jimiken, trapped 2 colonies out of 6. The remaining colonies were to be trapped out before impoundment of the reservoir.

**Production and stocking of lake sturgeon fry:** This mitigation measure is crucial to ensure that sturgeon populations are maintained in the Eastmain River and the Rivière à l'Eau Claire. In 2004, 71,000 lake sturgeon fry were stocked in these two watercourses, and this activity will be repeated over the next few years. At the request of the Crees, sturgeon will also be stocked in the Eastmain 1 Reservoir in 2005.



**Development of a lake sturgeon spawning ground:** In the winter of 2004, a lake sturgeon spawning ground was developed at KP 203 of the Eastmain River. The spawning ground is being monitored, and optimization work will be done based on the field surveys to be carried out in 2005.

**Development of bay BE-07:** Bay BE-07 was developed in fall 2004 to improve the quality of the wildlife habitat around the Eastmain 1 Reservoir. This type of development consists in protecting a wildlife habitat area from water-level fluctuations in the reservoir, by constructing a dike and implementing measures that favour the development of various wildlife species.

**Installation of osprey nesting platforms:** A dozen or so platforms are to be installed around the future reservoir, in order to mitigate the impact of nest destruction during impoundment. One platform was erected in 2004, and work has been done to prepare for the installation of four more.

**Development of a network of snowmobile trails for trappers:** Following consultation with the concerned tallymen, 3 snowmobile trails were developed on some of the traplines affected by the project. The land-clearing and development work that will continue in 2005 will result in a network of six trails, totalling 68 km.

**Environmental monitoring program (PSE-EM-1):** Before forwarding it to the department of the environment, SEBJ submitted the PSE-EM-1 to the Technical and Environmental Committee in order to finalize it in concert with the Crees. The PSE-EM-1 focuses as much on the project's physical, biological and human environmental impacts as it does on the effectiveness of the mitigation measures and monitoring activities during and after impoundment. SEBJ submitted the PSE-EM-1 to the department of the environment in April 2005, after which the TEC will need to participate in its implementation.



## Contracts and Employment (Nadoshtin Agreement)

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One of the main objectives of the Nadoshtin Agreement is to promote employment for the Crees and to award contracts associated with the EM 1 Project to Cree enterprises.

### Contracts

As of October 2005, a number of Cree enterprises - including the Cree Construction and Development Company, ADC Management, Air Creebec, Nemaska Eanou Compane, Pétronord, Eskan, Eenatuk, Chee-Bee Construction, Nemaou, Cree Nation of Eastmain, CCDC-Tawish Partnership, Diamond Sylvico, Jimikin Enterprises, Nabashou Construction, Kepa Transport, and the Nemaska Development Corporation - have executed contracts with the Société d'énergie de la Baie James (SEBJ) for the construction of the EM 1 project.

Altogether, some \$380 million in contracts have been awarded to Cree enterprises. Of this amount, more than \$17 million have been obtained by Cree enterprises through the regular call-for-tender process and more than \$8.5 million in clearing contracts have been awarded to the trappers who are directly impacted by the EM 1 project.

### Employment

Since the beginning of construction on the EM 1 Project in April 2002, a total of 912 Crees have been hired to work on the project. This number does not include the 100 or so Cree workers who were employed as part of the clearing contracts awarded to the trappers who are directly impacted by the project.

The above-mentioned 912 Cree workers were from the following communities

Communities	Number of Cree Workers
Chisasibi	135
Eastmain	37
Mistissini	383
Nemaska	64
Oujé-Bougoumou	29
Waskaganish	129
Waswanipi	20
Wemindji	71
Whapmagoostui	1
Unspecified	43
<b>Total</b>	<b>912</b>



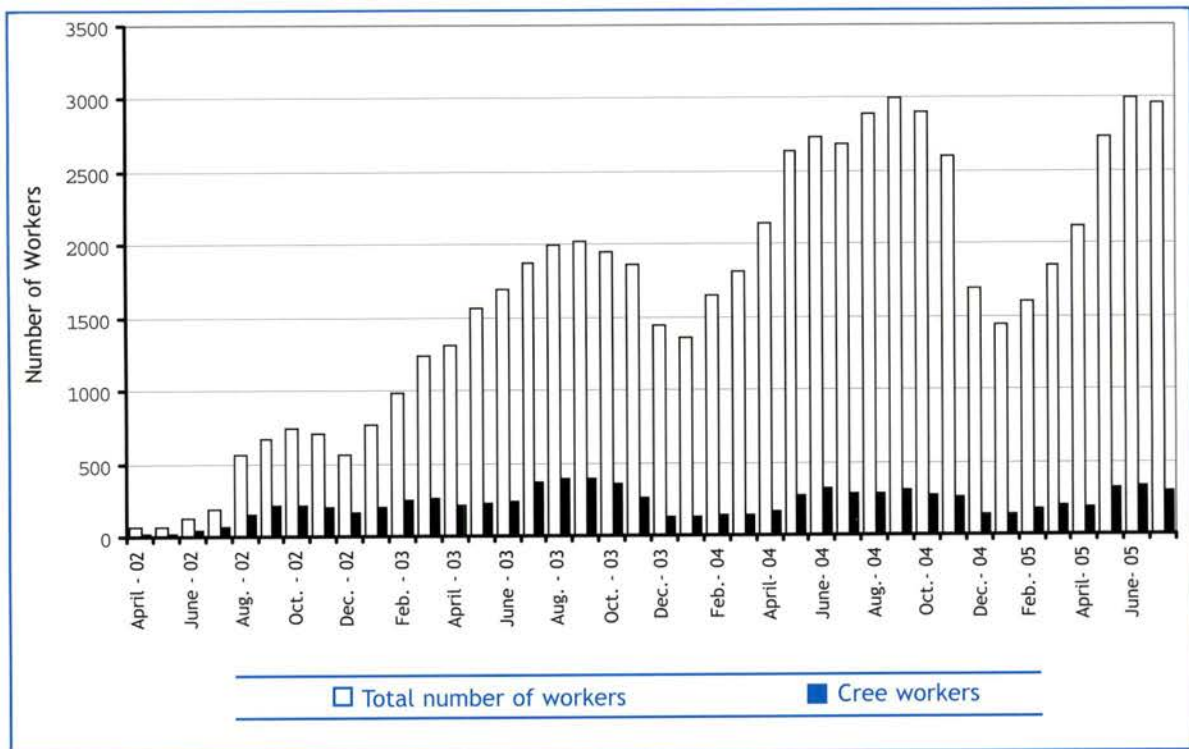
On a monthly basis, the number of Cree workers on average working on the EM 1 project was 217, which represents 13% of the total workforce.

On average, terms of employment for Cree workers was 97.5 days.

The main Cree employers were the Cree Construction and Development Company and ADC Management; respectively, they employed 44% and 33% of the total Cree workforce.

Job Title	Average number of Cree workers
Carpenter and apprentice	7
Clerk	3
Cook / pastry cook	2
General help	84
Instrument person/shunter	4
Lumberman	28
Operator	16
Surveyor	3
Truck driver	22
Unskilled worker	21
Other	34
Total	224

Number of Cree workers employed at the Eastmain 1 worksite by month from April 2002 to July 2005



## Work Group on the Use of the Fishery Resources in the Eastmain 1 Reservoir

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In the interests of ensuring that fishery resources in the Eastmain 1 Reservoir are developed for the benefit of the Crees, including general community use, commercial development, sports fishing, and outfitting activities, a Joint Advisory Work Group (hereafter, the Work Group) was created.

The Work Group consists of three Cree representatives and three Hydro-Québec representatives. Specialists, researchers, and government officials are invited to participate in the initiatives undertaken by the Work Group on an as-needed basis.

### Mandate and Objectives

The Work Group is coordinated and managed by Hydro-Québec. It is designed as a forum for discussion, cooperation, and decision making on a consensus basis to promote, as mentioned above, the use of fishery resources for the benefit of the Crees.

As part of its mandate, the Work Group selects issues for discussion, organizes workshops with experts and specialists, analyzes all available pertinent information, and identifies, coordinates, and carries out specific field-work and studies.

An important objective of the Work Group is to establish an aquatic monitoring program to enable the Crees to harvest fishery resources in a sustainable manner. With respect to this objective, it is important to examine how specific fishing strategies may affect mercury levels in the Eastmain 1 Reservoir fish population.

Development strategies will be designed in accordance with clearing activities in the Eastmain 1 Reservoir.

### Schedule and Budget

A timetable of two years was established for completion of the Work Group's mandate. The Work Group will meet at regular intervals during this period.

Hydro-Québec provides the Work Group with an operating budget of \$500,000, which covers:

- secretarial services
- consultant services for preparatory work
- field-work and studies
- Cree representation and invited specialists' fees
- meals, accommodation and travel expenses for participants
- information and consultation sessions in the 4 affected communities (Eastmain, Mistissini, Nemaska, and Waskaganish)



## The Geo-Referenced Database and Document Management System

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In order to organize and streamline information and knowledge management and use, the Niskamoon Corporation has commissioned the creation of web-based geo-referenced database and document management system. The proposal for the database and document management system has identified the approach, functionalities, software, system architecture, work plan, and budget required for building an effective and integrated web-based resource.

### User-Friendly Web Portal

To optimize access and use of information and knowledge for authorized users, a web portal will be designed for information retrieval and publishing purposes for both the geo-referenced and text content.

### The Geo-Referenced Database

This database is designed to meet the specific requirements of the Niskamoon Corporation for the management of geographic and related information for programs linked to remedial works, fishery restoration and development, and use of the Eenou Indohoun Fund.

The geo-referenced database requires functionality for two primary categories of information. The first specifies the actual geographic data in the form of shape files for geographically defined points, lines and areas of the territory of Eeyou Istchee that are covered by Niskamoon Corporation mandates. The second specifies the geographically referenced tabular data or other types of descriptive text, numerical or graphic information. Both categories of information will be made accessible to users through the development of customized map interfaces or customized search criteria such as drop-down menus and input fields.

### The Document Management System

The Document Management System (DMS) is designed to meet the specific requirements of the Niskamoon Corporation in terms of organizing a broad range of document types and formats - including agreements, minutes of meetings, reports, maps, PowerPoint presentations, videos, general correspondence and others in Microsoft Word format or Adobe PDF files - and making their content accessible to designated users.

The DMS is an archival application that allows storing, organizing, and retrieval of electronic files easily by different users. Depending on the user's permission level, the DMS provides the opportunity to upload, view, and download files and other relevant documents. The DMS will feature an efficient search engine to facilitate retrieval of documents.

Initially, at least 3 groups of users will have privileged access to the DMS:

- Directors and Officers of the Niskamoon Corporation
- Regional Coordinators
- Community Coordinators

Limited access will be provided to the public.



## Cree Harvesting Claims

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Activities related to the construction and operation of the EM 1 Project may damage Cree installations, camp facilities, equipment, supplies, and harvest products. A Cree harvesting claim is a monetary claim for items lost or damaged as a result of the construction or operation of EM 1.

A Cree Harvesting Claims procedure has been put in place. It includes an application claim form. Below are instructions on how to complete the form.

### How to File a Claim

The claim is filed by completing a form which can be obtained by post or fax at:

Niskamoon Corporation  
Cree Harvesting Claim  
2 Lakeshore Road  
Nemaska, Quebec  
J0Y 3B0

Fax: (819) 673-2111

On (or along with) the form, the following information is required:

- Name and address of claimant
- Trapline number of the claimant
- Date when the damage or loss was discovered
- A detailed description of the event surrounding the damage or loss
- The security report or police report
- A description of the item for which the claim is filed (model, date of purchase, receipt)
- An independent estimate of the value of the items damaged or lost
- After completing the form and attaching a copy of the necessary documents, the claimant needs to sign the solemn declaration included with the form, witnessed by the Band Chief, Coordinator, Secretary or Oath Commissary
- The Band Chief, Councillor, Secretary or Cree Counsellor must verify the validity of the claim and sign the Witness section of the form

The form must be sent to the address mentioned above.

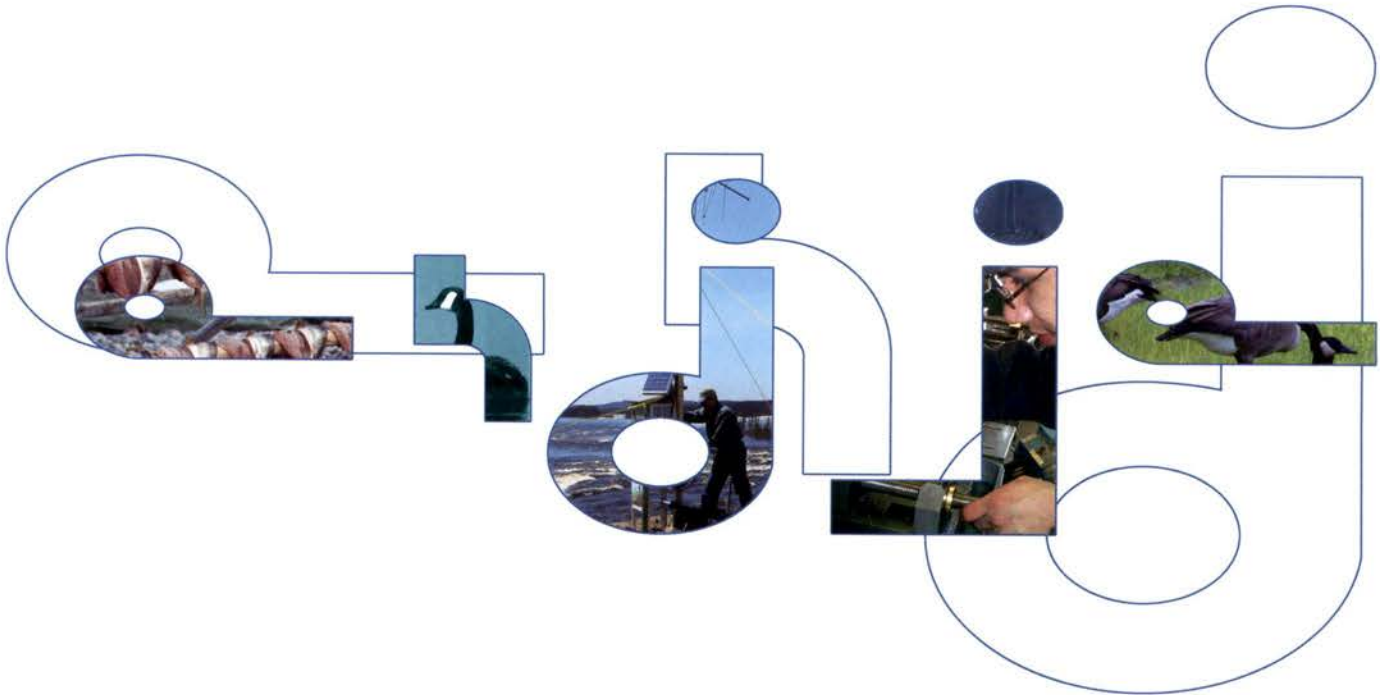
The Niskamoon Corporation will forward the claim to Hydro-Québec.

Upon reception, Hydro-Québec has 45 days to accept or refuse the claim or demand more information regarding the claim.



# Audited Financial Statements

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## **Niskamoon Corporation**

### **Financial Statements**

**March 31, 2005**

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## Auditors' Report

To the members of  
Niskamoon Corporation

We have audited the balance sheet of Niskamoon Corporation as at March 31, 2005 and the statements of revenue and expenditures, changes in net assets and cash flows for the initial seven-month period then ended. These financial statements are the responsibility of the Niskamoon Corporation. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Niskamoon Corporation as at March 31, 2005 and the results of its operations and its cash flows for the initial seven-month period then ended in accordance with Canadian generally accepted accounting principles.

*Raymond Chabot Grant Thornton LLP*

Chartered Accountants

Val-d'Or  
June 20, 2005

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# Niskamoon Corporation

## Revenue and Expenditures

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Initial seven-month period ended March 31, 2005

	Administration Fund	Programs Funds	Inter-funds transactions	Total
	\$	\$	\$	\$
Revenue				
Grants				
Hydro-Québec		6,490,307		6,490,307
Cree School Board		177,237		177,237
Interest	18,609	100,998		119,607
Contribution from Programs Funds	<u>2,316,568</u>		<u>(2,316,568)</u>	
	<u>2,335,177</u>	<u>6,768,542</u>	<u>(2,316,568)</u>	<u>6,787,151</u>
Expenditures				
Projects expenditures		4,451,974		4,451,974
Contribution to Administration Fund		2,316,568	(2,316,568)	
Service agreement - Cree				
Regional Authority-Council	673,750			673,750
Contribution to Communities for				
Local Coordinators	393,750			393,750
Salaries and benefits	234,018			234,018
Professional and legal fees	679,709			679,709
Travel	62,783			62,783
Advertising and promotion	50,090			50,090
Communications	9,263			9,263
Office expenses	9,005			9,005
Repairs and maintenance	4,020			4,020
Insurance	6,606			6,606
Rent	22,576			22,576
Administration charges	156,721			156,721
Bank charges	2,742			2,742
Amortization of property and equipment	20,763			20,763
	<u>2,325,796</u>	<u>6,768,542</u>	<u>(2,316,568)</u>	<u>6,777,770</u>
<b>Excess of revenue over     expenditures</b>	<u>9,381</u>	<u>-</u>	<u>-</u>	<u>9,381</u>

The accompanying notes are an integral part of the financial statements.

## Niskamoon Corporation

### Changes in Net assets

Initial seven-month period ended March 31, 2005

	Invested in property and equipment	Unrestricted	Total
	\$	\$	\$
Balance, beginning of year	85,834	(95,215)	(9,381)
Excess (deficiency) of revenue over expenditures	(20,763)	30,144	9,381
Invested in property and equipment	23,015	(23,015)	
Balance, end of year	<u>88,086</u>	<u>(88,086)</u>	—

The accompanying notes are an integral part of the financial statements.

## Niskamoon Corporation

### Cash Flows

Initial seven-month period ended March 31, 2005

	\$
<b>OPERATING ACTIVITIES</b>	
Excess of revenue over expenditures	9,381
Non-cash items	
Amortization of property and equipment	20,763
Changes in working capital items (Note 4)	2,682,774
Cash flows from operating activities	<u>2,712,918</u>
<b>INVESTING ACTIVITIES</b>	
Advances to Cree Regional Authority - Council	(3,128,668)
Term deposits	343,596
Obligations	(1,500,145)
Property and equipment	(23,015)
Cash flows used in investing activities	<u>(4,308,232)</u>
<b>Net decrease in cash</b>	<b>(1,595,314)</b>
Cash, beginning of year	<u>607,062</u>
Bank overdraft, end of year	<u>(988,252)</u>

The accompanying notes are an integral part of the financial statements.

# Niskamoon Corporation

## Balance Sheet


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March 31, 2005

	<u>2005-03-31</u>	<u>2004-09-01</u>
	\$	\$
<b>ASSETS</b>		
Current assets		
Cash		607,062
Term deposit, 2.17%, maturing in February 2006	2,057,040	2,400,636
Obligations, 2%, expiring until September 2005 (market value \$6,693,986)	6,679,010	5,178,865
Grants receivable (Note 5)	1,432,305	
Receivables (Note 6)	734,204	77,873
Due from Cree Regional Authority - Council, without interest	3,128,668	
Prepaid expenses	3,911	3,925
	<u>14,035,138</u>	<u>8,268,361</u>
Property and equipment (Note 7)	88,086	85,834
	<u>14,123,224</u>	<u>8,354,195</u>
<b>LIABILITIES</b>		
Current liabilities		
Bank overdraft (Note 8)	988,252	
Accounts payable and accrued liabilities	172,545	708,874
Projects expenditures payable (Note 9)	1,680,131	
Deferred revenue (Note 10)	11,282,296	7,654,702
	<u>14,123,224</u>	<u>8,363,576</u>
<b>NET ASSETS</b>		
Invested in property and equipment	88,086	85,834
Unrestricted net assets	(88,086)	(95,215)
	-	(9,381)
	<u>14,123,224</u>	<u>8,354,195</u>

The accompanying notes are an integral part of the financial statements.

On behalf of the Board,

  
....., Director

  
....., Director

# Niskamoon Corporation

## Notes to Financial Statements

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March 31, 2005

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### **1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION**

Niskamoon Corporation was incorporated under Part III of the Québec Companies Act on August 24, 2004. Niskamoon Corporation is a non-profit corporation without share capital and without pecuniary gain to its members. The organization was created in accordance with the Agreement concerning the Administration of Cree-Hydro-Québec Agreements and the Niskamoon Corporation.

Its activities mainly consist in the implementation of the Cree-Hydro-Québec Agreements (the Opimiscow Agreement, the Mercury Agreement (2001), the Cree Employment Agreement, the Nadoshtin Agreement, the Boumhounan Agreement, and the Agreement concerning a new relationship between Hydro-Québec / SEBJ and the Crees of Eeyou Istchee) which provides for the management of the Opimiscow Indoho Fund, the Nadoshtin Archaeology Fund, the Nadoshtin Training Fund, the Nadoshtin Indohoun Fund and the Hydro-Québec and Eeyou Fund and the control of the Employment Fund, the Mercury Funds (Nameess & EM 1 Mercury Funds) and the Nadoshtin Remedial Measures Fund.

### **2 - ACCOUNTING POLICIES**

#### **Accounting Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the organization may undertake in the future. Actual results may differ from those estimates.

#### **Revenue recognition**

The organization follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are reported as direct increases in net assets.

#### **Amortization**

Property and equipment are amortized over their estimated useful lives according to the diminishing balance method and following annual rates :

	<u>Rates</u>
Vehicles	20%
Office furniture and equipment	20%
Computer equipment and software	30%

# Niskamoon Corporation

## Notes to Financial Statements

8

March 31, 2005

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### 2 - ACCOUNTING POLICIES (continued)

#### Fair value of financial instruments

The following methods and assumptions were used to determine the estimated fair value of each class of financial instruments :

- Short-term financial instruments :

The fair value of the short-term financial assets and liabilities approximates their carrying amount given that they will mature shortly;

- Loans without interest :

The fair value of the advances to Cree Regional Authority - Council could not be determined since it is practically impossible to find a financial instrument on the market having substantially the same economic characteristics.

- Obligations :

The fair value of obligations corresponds to market value which is based on the current bid price.

### 3 - INFORMATION CONCERNING THE REVENUE AND EXPENDITURES STATEMENT

The revenue and expenditures statement include expenditures approved by Niskamoon Corporation for the period ended March 31, 2005. This statement could also include expenditures engaged by Nadoshtin Company, Apatisiwin Corporation, Eeyou Nameess Corporation and Opimiscow Agreement - Indocho Fund before September 1st, 2004, according to Section 3.9.3 of the Agreement concerning the Administration of Cree-Hydro-Québec Agreements and the Niskamoon Corporation.

### 4 - INFORMATION INCLUDED IN THE STATEMENT OF CASH FLOWS

The change in working capital items are detailed as follows :

	\$
Grants receivable	(1,432,305)
Receivables	(656,331)
Prepaid expenses	14
Accounts payable and accrued liabilities	(536,329)
Projects expenditures payable	1,680,131
Deferred revenue	3,627,594
	<u>2,682,774</u>

Cash flows relating to interest received on operating activities are detailed as follows :

	\$
Interest received	<u>109,795</u>

**Niskamoon Corporation**  
**Notes to Financial Statements**

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March 31, 2005

**5 - GRANTS RECEIVABLE**

	<u>2005-03-31</u>	<u>2004-09-01</u>
	\$	\$
Hydro-Québec Apatisiwin - Cree Employment Fund	<u>1,432,035</u>	<u>—</u>

**6 - RECEIVABLES**

	<u>2005-03-31</u>	<u>2004-09-01</u>
	\$	\$
Opimiscow Agreement Indoho Fund	664,012	
Accrued interest	51,755	65,070
Travel advances	10,813	9,613
Others	7,624	3,190
	<u>734,204</u>	<u>77,873</u>

**7 - PROPERTY AND EQUIPMENT**

	<u>2005-03-31</u>		
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>
	\$	\$	\$
Vehicles	76,195	15,567	60,628
Office furniture and equipment	13,688	4,912	8,776
Computer equipment and software	25,644	6,962	18,682
	<u>115,527</u>	<u>27,441</u>	<u>88,086</u>
	<u>2004-09-01</u>		
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>
	\$	\$	\$
Vehicles	76,195	410	75,785
Office furniture and equipment	9,899	3,192	6,707
Computer equipment and software	6,418	3,076	3,342
	<u>92,512</u>	<u>6,678</u>	<u>85,834</u>

**8 - BANK OVERDRAFT**

The bank overdraft as at March 31, 2005 is due to outstanding cheques existing at this date.

**Niskamoon Corporation**  
**Notes to Financial Statements**

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March 31, 2005

**9 - PROJECTS EXPENDITURES PAYABLE**

	<u>2005-03-31</u>	<u>2004-09-01</u>
	\$	\$
Hiring Initiatives project	1,432,035	
Archaeology and Cultural Heritage work plan	190,131	
Cisco Traditional Fishing Sites	36,240	
Whapmagoostui - Ski-doo Trails project	12,495	
BPF Development Corporation Mandate	9,230	
	<u>1,680,131</u>	<u>—</u>

**10 - DEFERRED REVENUE**

	<u>2005-03-31</u>	<u>2004-09-01</u>
	\$	\$
<b>Apatisiwin - Cree Employment Fund</b>	257,204	
<b>Names Mercury Fund</b>	626,253	274,167
<b>Opimiscow Indoho Fund</b>	499,119	203,936
<b>Nadoshtin Funds</b>		
Archaeology & Cultural Heritage Fund	1,363,342	1,548,629
Training Fund	1,354,945	1,551,719
Eenou Indohoun Fund	3,505,413	4,076,251
<b>Hydro-Québec Eeyou Fund</b>	3,676,020	
	<u>11,282,296</u>	<u>7,654,702</u>

**11 - FINANCIAL COMMITMENTS**

By resolutions, the Board has committed an amount of approximately \$7.1 million as grants.

## Niskamoon Corporation Supplementary Information to Financial Statements

Initial seven-month period ended March 31, 2005

### REVENUE AND EXPENDITURE - PROGRAMS FUNDS

	Nadoshtin										TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
	Apatisiwin -Cree Employment Fund	Nameess Mercury Fund	Optimiscow Indocho Fund	Hydro-Québec Eeyou Fund	Remedial Measures Fund	Archaeology & Cultural Heritage Fund	EM1 Mercury Fund	Training Fund	Eenou Indochoon Fund	TOTAL	
<b>REVENUE</b>										<b>\$</b>	
Grants Hydro-Québec											
Deferred revenue - beginning of year		274,167	203,936			1,548,629		1,551,719	4,076,251	7,654,702	
Contributions 2004-2005	4,522,326	806,004	622,210	3,884,468	288,004		14,889			10,117,901	
Deferred revenue - end of year	(257,204)	(626,253)	(499,119)	(3,676,020)		(1,363,342)		(1,354,945)	(3,505,413)	(11,282,296)	
	4,265,122	453,918	327,027	208,448	288,004	185,287		196,774	570,838	6,490,307	
Cree School Board	177,237									177,237	
Interest	10,695		4,518			19,733		13,156	52,896	100,998	
	4,453,054	453,918	331,545	208,448	288,004	205,020		209,930	623,734	6,788,542	
<hr/>											
<b>PROJECTS EXPENDITURES</b>											
Chisasibi - Cree Trappers projects			268,267							268,267	
Wemindji - Cree Trappers projects			46,900							46,900	
Cree School Board - Hiring Initiatives project	3,222,079									3,222,079	
Eastmain River Bank Stabilization project	443,644									443,644	
Cisco Traditional Fishing Sites		90,040								90,040	
Winter Walk and Gathering at Wlshakushluu Saakahikan											
BFPF Development Corporation Mandate											
Whapmagooostui - Ski-doo Trails project		9,230							116,367	116,367	
Recruitment Campaign Trip	12,495									12,495	
Equipment	10,028									10,028	
Allocation for studies									21,683	21,683	
Validation tests	11,100									11,100	
Archaeology and Cultural Heritage work plan	10,010									10,010	
	3,709,356	99,270	315,167			190,131				190,131	
Contribution to Administration Fund		354,648	16,378			190,131			138,050	4,451,974	
Total expenditures	4,453,054	453,918	331,545	208,448	288,004	14,889		209,930	485,684	2,316,588	
Excess of revenue over expenditures				208,448	288,004	205,020		209,930	623,734	6,788,542	

# Niskamoon Corporation

## Supplementary Information to Financial Statements

Initial seven-month period ended March 31, 2005

### FINANCIAL COMMITMENTS

	Resolution number	Approved disbursements \$	Amount disbursed \$	Amount to be disbursed \$
Hiring Initiatives Project - Cree School Board	2004-11	3,580,088	3,222,079	358,009
Cost of the priority small scale projects - Nemaska	2004-12	150,276		150,276
Fish Consumption Advice Map / Geographic Database	2004-13	10,000		10,000
Mechanical Works 2004 in LA1 and LG4 area - Chisasibi	2004-21	255,000		255,000
Chisasibi Coastal and Inland Fisheries Program Data	2004-22	11,026		11,026
Eeyou Nameess Short Story Contest	2004-24	15,000		15,000
Video «Open Doors to the Future»	2004-40	27,650		27,650
Geo-Referenced Database and Document Management System	2004-41	49,840	43,410	6,430
Fish Consumption Advice Map / Geographic Database	2004-43	11,600		11,600
Cisco Traditional Fishing Sites and Cold Water river Feasibility Study - Eastmain	2004-46	538,000	53,800	484,200
Eastmain River Bank Stabilization Project	2004-49	591,525	443,644	147,881
Northern Fish Nutrition Guide	2004-51	67,000		67,000
Winterwalk and Gathering at Wiishaakushiuu Saakahikan	2005-07	155,156	116,367	38,789
Recruitment Campaign Trip Budget	2005-11	50,000	10,028	39,972
Town Expansion Project - Chisasibi	2005-12	2,000,000		2,000,000
Fort George Rebuilding Program - Chisasibi	2005-12	1,884,468		1,884,468
Traditional Cree Fishing Project - Mistissini	2005-19	354,046		354,046
Environmental Health Contaminants Program - Cree Health Board	2005-25	1,148,400		1,148,400
Traditional Cultural Camp and Fly / Satellite Camp - Nemaska	2005-28	136,529		136,529
		<u>11,035,604</u>	<u>3,889,328</u>	<u>7,146,276</u>

Statements of payments

**Cree Employment Agreement  
Employment Fund**

March 31, 2005

## AUDITORS' REPORT

To the Directors of **Hydro-Québec**

We have audited the statement of cumulative payments made in connection with the **Employment Fund** of the **Cree Employment Agreement** [the "Agreement"] as at March 31, 2005 and the statement of periodical payments for the year then ended, established in accordance with the provisions of the Agreement. This financial information is the responsibility of Hydro-Québec's management. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In our opinion, these statements of cumulative and periodical payments present fairly, in all material respects, the payments made by Hydro-Québec in connection with the Employment Fund as at March 31, 2005 and for the year then ended in accordance with the provisions of the Agreement.

The statement of cumulative payments as at March 31, 2004 was audited by other auditors who expressed an opinion without reservation on this statement of cumulative payments in their report dated June 15, 2004.

*Ernst + Young LLP*

Montréal, Canada,  
August 1, 2005.

Chartered Accountants

**Cree Employment Agreement  
Employment Fund**

**STATEMENT OF PERIODICAL PAYMENTS**

[in Canadian dollar]	Year ended March 31, 2005 \$
<b>Balance available as at March 31, 2004</b>	<b>3,185,945</b>
Fund contribution <i>[note 2]</i>	<b>6,716,000</b>
Payments <i>[note 2]</i>	
Cree – Hydro-Québec Employment Incentives and Temporary Employment Programs	<b>(4,009,390)</b>
Cree – Hydro-Québec Hiring Initiatives for Permanent Positions in Hydro-Québec operations	<b>(2,748,162)</b>
Operating expense of Niskamoon Company <i>[note 3]</i>	<b>(931,464)</b>
	<b>(7,689,016)</b>
Net variation of the Fund	<b>(973,016)</b>
<b>Balance available as at March 31, 2005 <i>[note 2]</i></b>	<b>2,212,929</b>

*See accompanying notes to the statements of payments.*

**Cree Employment Agreement  
Employment Fund**

**STATEMENT OF CUMULATIVE PAYMENTS**

[in Canadian dollar]	Cumulative March 31, 2005 \$	Cumulative March 31, 2004 \$
<b>Funds contribution [note 2]</b>	<b>20,463,646</b>	13,747,646
Payments [note 2]		
Cree – Hydro-Québec Employment Incentives and temporary employment programs	(12,927,807)	(8,918,417)
Cree – Hydro-Québec Hiring Initiatives for permanent positions in Hydro-Québec operations	(3,344,422)	(596,260)
Operating expense of the administration Fund corporation [note 3]	(1,978,488)	(1,047,024)
	<b>(18,250,717)</b>	<b>(10,561,701)</b>
<b>Balance available as at March 31, 2005 [note 2]</b>	<b>2,212,929</b>	<b>3,185,945</b>

*See accompanying notes to the statements of payments.*

**Cree Employment Agreement  
Employment Fund**

**NOTES TO THE STATEMENTS OF PAYMENTS**

March 31, 2005

**1) FUND DESCRIPTION**

The Employment Fund [the "Fund"] relative to the Cree Employment Agreement signed in February 2002 [the "Agreement"] provides for a yearly financial contribution of \$5,000,000 and an additional yearly financial contribution equal to the annual interest on a capital amount of \$30,000,000, at a rate equivalent to the average of the weekly rates of the calendar year ended 15 months prior to the fiscal year-end of the Fund, as published in the document "Average weighted bond yields Provincial, weekly [series No. B113868]" by the Bank of Canada. This Fund is used for the purpose of funding the Hiring Initiatives and the Employment Incentives and Temporary Employment Programs, within the framework of the Agreement. This Agreement will mature when the objective of Cree employment in the Bay James region within Hydro-Québec is achieved but not later than March 31, 2017.

**2) BASIS OF PRESENTATION**

**Fund contribution**

The Fund contribution corresponds to the yearly financial contribution of \$5,000,000, increased by the annual interests of \$1,716,000 [\$1,840,846 for fiscal year 2004]. The interest rate for the current year is 5.720% [6.136% for fiscal year 2004].

The Fund contribution for the next fiscal year-end will amount to \$6,651,800, composed of the fixed yearly contribution of \$5,000,000 and the annual interest of \$1,651,800, calculated at a rate of 5.506%.

**Payments**

Represent payments made by Hydro-Québec with respect to the Employment Fund. No provision for unpaid amounts has been recorded relating to work performed or services rendered as at March 31, 2005 under this Agreement.

**Balance available**

The Employment Fund is not funded. The balance available corresponds to the amounts to be paid by Hydro-Québec in connection with the Employment Fund as of a specified date.

**3) CHANGE OF ADMINISTRATIVE FUND CORPORATION**

During the year, the Apatissiiwin Corporation, that previously acted as administrator of the Employment Fund, has been replaced by the Niskamoon Corporation.

Statements of payments

**Mercury Agreement (2001)**  
**Names Fund**

March 31, 2005

## AUDITORS' REPORT

To the Directors of **Hydro-Québec**

We have audited the statement of cumulative payments made in connection with the **Names Fund** of the **Mercury Agreement (2001)** [the "Agreement"] as at March 31, 2005 and the statement of periodical payments for the year then ended, established in accordance with the provisions of the Agreement. This financial information is the responsibility of Hydro-Québec's management. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the presentation of the overall financial information.

In our opinion, these statements of cumulative and periodical payments present fairly, in all material respects, the payments made by Hydro-Québec in connection with the Names Fund as at March 31, 2005 and for the year then ended in accordance with the provisions of the Agreement.

The statement of cumulative payments as at March 31, 2004 was audited by other auditors who expressed an opinion without reservation on this statement of cumulative payments in their report dated June 15, 2004.

*Ernst & Young LLP*

Montréal, Canada,  
August 1, 2005.

Chartered Accountants

**Mercury Agreement (2001)**  
**Names Fund**

**STATEMENT OF PERIODICAL PAYMENTS**

[in Canadian dollar]	Year ended March 31, 2005 \$
<b>Balance available as at March 31, 2004</b>	<b>23,650,964</b>
Indexation amount <i>[note 2]</i>	420,338
Payments <i>[note 2]</i>	
Fisher restoration and development programs	
Restoring fisheries	(936,698)
Sport fishing marketing	(127,652)
Studies and monitoring	(99,241)
Assessment of potentially harvestable fish stocks	(47,916)
	(1,211,507)
Monitoring and research programs	
Health research and monitoring	(65,328)
Communication and information	(111,326)
	(176,654)
Operating expenses	(738,004)
	(2,126,165)
Net variation of the Fund	(1,705,827)
<b>Balance available as at March 31, 2005 <i>[note 2]</i></b>	<b>21,945,137</b>

*See accompanying notes to the statements of payments.*

**Mercury Agreement (2001)  
Nameless Fund**

**STATEMENT OF CUMULATIVE PAYMENTS**

[in Canadian dollar]	Cumulative March 31, 2005 \$	Cumulative March 31, 2004 \$
<b>Amount established under the agreement [note 1]</b>	<b>24,000,000</b>	24,000,000
Indexation amount [note 2]	2,154,423	1,734,085
Payments [note 2]		
Fisher restoration and development programs		
Restoring fisheries	(1,725,218)	(788,520)
Sport fishing marketing	(393,073)	(265,421)
Studies and monitoring	(241,001)	(141,760)
Assessment of potentially harvestable fish stocks	(240,426)	(192,510)
	<b>(2,599,718)</b>	(1,388,211)
Monitoring and research programs		
Suivi et recherche de la santé	(186,469)	(121,141)
Communication et information	(157,326)	(46,000)
	<b>(343,795)</b>	(167,141)
Operating expenses	(1,265,773)	(527,769)
	<b>(4,209,286)</b>	(2,083,121)
Net variation of the Fund	<b>(2,054,863)</b>	(349,036)
<b>Balance available as at March 31, 2005 [note 2]</b>	<b>21,945,137</b>	23,650,964

*See accompanying notes to the statements of payments.*

**Mercury Agreement (2001)  
Nameess Fund**

**NOTES TO THE STATEMENTS OF PAYMENTS**

March 31, 2005

**1) FUND DESCRIPTION**

The Nameess Fund [the "Fund"], in the amount of \$24,000,000, is used for the purpose of funding the Monitoring and Research Programs and the Fisheries Restoration and Development Programs, established by the Mercury Agreement (2001) signed in February 2002 [the "Agreement"]. The Agreement matures on March 31, 2012. The Fund is adjusted for inflation annually, beginning January 1, 2002.

**2) BASE OF PRESENTATION BASE**

**Indexation amount**

The indexation amount of \$420,338 [\$288,661 for fiscal year 2004] is equal to the variation of the Canadian consumer price index [not seasonally adjusted] from January 1, 2004 to January 1, 2005, which is 1.95%  $[(125.3 - 122.9) / 122.9]$ , times the balance available of the Fund as of March 31, 2004 less the payments made during the current year [ $\$23,650,964 - \$2,126,165 = \$21,524,799$ ].

**Payments**

Represent payments made by Hydro-Québec with respect to the Nameess Fund. No provision for unpaid amounts has been recorded relating to work performed or services rendered as at March 31, 2005 under this Agreement.

**Balance available**

The Nameess Fund is not funded. The balance available corresponds to the amounts to be paid by Hydro-Québec in connection with the Nameess Fund as of a specified date.

Statements of payments

**Nadoshtin Agreement**  
**EM-1 Fund**

March 31, 2005

## AUDITORS' REPORT

To the Directors of **Hydro-Québec**

We have audited the statement of cumulative payments made in connection with the **EM 1 Fund** of the **Nadoshtin Agreement** [the "Agreement"] as at March 31, 2005 and the statement of periodical payments for the year then ended, established in accordance with the provisions of the Agreement. This financial information is the responsibility of Hydro-Québec's management. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In our opinion, these statements of cumulative and periodical payments present fairly, in all material respects, the payments made by Hydro-Québec in connection with the EM 1 Fund as at March 31, 2005 and for the year then ended in accordance with the provisions of the Agreement.

The statement of cumulative payments as at March 31, 2004 was audited by other auditors who expressed an opinion without reservation on this statement of cumulative payments in their report dated June 15, 2004.

*Ernst + Young LLP*

Montréal, Canada,  
August 1, 2005.

Chartered Accountants

**Nadoshtin Agreement  
EM 1 Fund**

**STATEMENT OF PERIODICAL PAYMENTS**

<u>[in Canadian dollar]</u>	<b>Year ended March 31, 2005</b>
	<b>\$</b>
<b>Balance available as at March 31, 2004</b>	<b>3,172,977</b>
Indexation amount <i>[note 2]</i>	<b>61,671</b>
Operating expenses <i>[note 2]</i>	<b>(14,889)</b>
Net variation of the Fund	<b>46,782</b>
<b>Balance available as at March 31, 2005 <i>[note 2]</i></b>	<b>3,219,759</b>

*See accompanying notes to the statements of payments.*

**Nadoshtin Agreement  
EM 1 Fund**

**STATEMENT OF CUMULATIVE PAYMENTS**

[in Canadian dollar]	Cumulative March 31, 2005 \$	Cumulative March 31, 2004 \$
<b>Amount established under the agreement [note 1]</b>	<b>3,000,000</b>	3,000,0000
Indexation amount [note 2]	234,648	172,977
Operating expenses [note 2]	(14,889)	—
Net variation of the Fund	219,759	172,977
<b>Balance available as at March 31, 2005 [note 2]</b>	<b>3,219,759</b>	3,172,977

*See accompanying notes to the statements of payments.*

**Nadoshtin Agreement  
EM 1 Fund**

**NOTES TO THE STATEMENTS OF PAYMENTS**

March 31, 2005

**1) FUND DESCRIPTION**

The EM-1 Mercury Fund [the "Fund"] in the amount of \$3,000,000, is used for the purpose of funding the Monitoring and Research Programs and the Fisheries Restoration and Development Programs, established by the Nadoshtin Agreement signed in February 2002 [the "Agreement"], in connection with the Eastmain 1 project. The Agreement matures 20 years from its date of execution. The Fund is adjusted for inflation annually, beginning January 1, 2002.

**2) BASIS OF PRESENTATION**

**Indexation amount**

The indexation amount of \$61,671 [\$38,726 for fiscal year 2004] is equal to the variation of the Canadian consumer price index [not seasonally adjusted] from January 1, 2004 to January 1, 2005, which is 1.95%  $[(125.3 - 122.9)/122.9]$ , times the balance available of the Fund as of March 31, 2004 less the payments made during the current year [ $\$3,172,977 - \$14,889 = \$3,158,088$ ].

**Operating expenses**

Represent operating expenses made by Hydro-Québec with respect to the EM-1 Fund. No provision for unpaid amounts has been recorded relating to work performed or services rendered as at March 31, 2005 under this Agreement.

**Balance available**

The EM-1 Fund is not funded. The balance available corresponds to the amounts to be paid by Hydro-Québec in connection with the EM-1 Fund as of a specified date.

Statements of payments

**Nadoshtin Agreement  
Remedial Measures Fund**

March 31, 2005

## AUDITORS' REPORT

To the Directors of **Hydro-Québec**

We have audited the statement of cumulative payment made in connection with the **Remedial Measures Fund** of the **Nadoshtin Agreement** [the "Agreement"] as at March 31, 2005 and the statement of periodical payments for the year then ended, established in accordance with the provisions of the Agreement. This financial information is the responsibility of Hydro-Québec's management. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In our opinion, these statements of cumulative and periodical payments present fairly, in all material respects, the payments made by Hydro-Québec in connection with the Remedial Measures Fund as at March 31, 2005 and for the year then ended in accordance with the provisions of the Agreement.

The statement of cumulative payments as at March 31, 2004 was audited by other auditors who expressed an opinion without reservation on this statement of cumulative payments in their report dated June 15, 2004.

*Ernst + Young LLP*

Montréal, Canada,  
August 1, 2005.

Chartered Accountants

**Nadoshtin Agreement  
Remedial Measures Fund**

**STATEMENT OF PERIODICAL PAYMENTS**

[in Canadian dollar]	Year ended March 31, 2005 \$
<b>Balance available as at March 31, 2004</b>	<b>18,150,793</b>
Indexation amount <i>[note 2]</i>	<b>170,389</b>
Operating expenses <i>[note 2]</i>	<b>(268,004)</b>
Net variation of the Fund	<b>(97,615)</b>
<b>Balance available as at March 31, 2005 <i>[note 2]</i></b>	<b>18,053,178</b>

*See accompanying notes to the statements of payments.*

**Nadoshtin Agreement  
Remedial Measures Fund**

**STATEMENT OF CUMULATIVE PAYMENTS**

[in Canadian dollar]	Cumulative March 31, 2005 \$	Cumulative March 31, 2004 \$
<b>Amount established under the agreement [note 1]</b>	<b>18,000,000</b>	18,000,000
Indexation amount [note 2]	821,182	650,793
Operating expenses [note 2]	<b>(768,004)</b>	(500,000)
Net variation of the Fund	53,178	150,793
<b>Balance available as at March 31, 2005 [note 2]</b>	<b>18,053,178</b>	18,150,793

*See accompanying notes to the statements of payments.*

**Nadoshtin Agreement  
Remedial Measures Fund**

**NOTES TO THE STATEMENTS OF PAYMENTS**

March 31, 2005

**1) FUND DESCRIPTION**

The Remedial Measures Fund [the "Fund"], in the amount of \$18,000,000, is used for the purpose of funding remedial, mitigating and environmental measures and programs, established by the Nadoshtin Agreement signed in February 2002 [the "Agreement"], in connection with the Eastmain 1 project. The Agreement matures 15 years following the decision by resolution of Hydro-Quebec to proceed with the construction of the Eastmain 1 project. The Fund is adjusted for inflation annually, beginning January 1, 2002.

**2) BASIS OF PRESENTATION**

**Indexation amount**

The indexation amount of \$170,389 [\$42,660 for fiscal year 2004] is equal to the variation of the Canadian consumer price index [not seasonally adjusted] from January 1, 2004 to January 1, 2005 less 1%, which is 0.95%  $[(125.3 - 122.9)/122.9 - 0.01]$ , times the balance available of the Fund as of March 31, 2004 less the payments made during the current year, being  $[\$18,150,793 - \$268,004 = \$17,882,789]$ .

**Operating expenses**

Represent operating expenses made by Hydro-Québec with respect to the Remedial Measures Fund. No provision for unpaid amounts has been recorded relating to work performed or services rendered as at March 31, 2005 under this Agreement.

**Balance available**

The Remedial Measures Fund is not funded. The balance available corresponds to the amounts to be paid by Hydro-Québec in connection with the Remedial Measures Fund as of a specified date.



2004-2005

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