

RELIANCE AGREEMENT

THIS AGREEMENT dated as of the 29th day of November, 2013.

BETWEEN:

MUSKRAT FALLS CORPORATION ("MFCo"), LABRADOR TRANSMISSION CORPORATION ("LTA Co"), LABRADOR – ISLAND LINK LIMITED PARTNERSHIP, by its general partner LABRADOR – ISLAND LINK GENERAL PARTNER CORPORATION ("LIL LP") and LABRADOR-ISLAND LINK OPERATING CORPORATION ("LIL Opco" and together with MFCo, LTA Co and LIL LP the "Projectco Entities")

- and -

MWH CANADA, INC.
(the "**Contractor**")

- and -

HER MAJESTY THE QUEEN IN RIGHT OF CANADA, as represented by THE MINISTER OF NATURAL RESOURCES
(**"Canada"**)

WHEREAS pursuant to Agreement No. LC-PM-082 dated as of August 27th, 2012 between the Contractor and Nalcor Energy Inc. ("**Nalcor**") (as same may be amended, restated, supplemented or otherwise modified or replaced in accordance with the terms hereof, the "**Contract**"), the Contractor agreed to provide Nalcor with certain independent engineer, operating and maintenance services in connection with the Lower Churchill River projects as more particularly described therein (the "**Lower Churchill River Projects**");

AND WHEREAS Canada has entered into an agreement dated November 30, 2012 (the "**FLG Agreement**") with Nalcor and Emera Inc. which sets forth the key terms and conditions for the federal loan guarantee (the "**Federal Loan Guarantee**") of the Lower Churchill River Projects;

AND WHEREAS as a condition precedent to the issuance of the Federal Loan Guarantee, Section 4.9 of the FLG Agreement requires that an independent engineer shall have been appointed to, *inter alia*, permit Canada to complete its due diligence with respect to the Lower Churchill River Projects and to ensure compliance with the terms of the FLG Agreement and all Financing Documents to effect Financial Close (as each of those terms is defined in the FLG Agreement);

AND WHEREAS Nalcor, Canada and the Contractor entered into a reliance agreement dated as of June 4, 2013 in respect of the Contract (the "**Interim Reliance Agreement**") to enable Canada to (i) receive and rely upon any reports issued by the Contractor pursuant to the Contract and (ii) permit the Contractor to discuss such reports with Canada, so as to facilitate, in part, the satisfaction of the requirements of Section 3.5(B)(ix) of the FLG Agreement, until such time as the Contract is assigned by Nalcor to the Projectco Entities at which time the Interim Reliance Agreement is to be

replaced by a more fulsome agreement among the Projectco Entities, the Contractor and Canada that will include certain amendments to the Contract as agreed to by Canada and the Projectco Entities so as to facilitate the satisfaction of the requirements of Section 3.5(B)(ix) and Section 4.9 of the FLG Agreement;

AND WHEREAS pursuant to an assignment to be dated on or about the date hereof, Nalcor has assigned its rights and obligations under the Contract to the Projectco Entities;

AND WHEREAS the Projectco Entities, the Contractor and Canada (collectively, the “**Parties**” each a “**Party**”) have agreed to enter into this Agreement to (i) supplement and amend the Contract, (ii) enable Canada to rely upon and enforce the terms and provisions of the Contract and (iii) enable Canada to receive and rely upon any reports issued by the Contractor pursuant to the Contract, so as to facilitate the satisfaction of the requirements of the Federal Loan Guarantee;

NOW THEREFORE for good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), each of the Parties hereby represents, covenants and agrees as follows:

1. Capitalized terms used in this Agreement and not otherwise defined shall have the meaning given to such terms in the Contract. Any reference to Canada hereunder shall be deemed to include its various affected departments, agent Crown corporations, ministers, employees, contractors, servants, invitees and agents as well as any legal, financial or other professional advisors to it.
2. Each of the Projectco Entities and the Contractor hereby represents and warrants to Canada that none of the Projectco Entities nor any of their affiliates have any contractual or other relationship with the Contractor save and except for the contractual relationship between each of the Projectco Entities and the Contractor arising pursuant to the Contract.
3. Neither the execution and delivery of this Agreement, nor the exercise by any of the Parties of its rights and obligations hereunder will create a partnership, joint venture, principal-and-agent relationship, or any similar relationship between the Parties. In furtherance of the foregoing, each of the Parties hereby confirms that it is not their intention to create any such relationship. Each of the Projectco Entities hereby agrees to indemnify and save Canada harmless from any costs, charges, expenses, claims, actions, proceedings and any other liabilities whatsoever arising from or in any way related to Canada being held to be in a partnership, joint venture, principal-and-agent relationship, or similar relationship with either of the other Parties by virtue of the execution and delivery of this Agreement or the exercise by Canada of any of its rights hereunder.
4. Each of the representations and warranties made by the Contractor in the Contract may be relied upon by Canada as though such representations or warranties were originally made to Canada including, without limitation, the representations and warranties made in Section 4.5 and Section 22.2 of the Contract regarding the Work and the Warranty Work. To the extent that any representations and warranties made by the Contractor in the Contract are expressed to be valid for any specific time period, Canada shall only be entitled to rely upon such representations and warranties for such period.

In this regard, each of the Parties hereby agree that Section 22.1 of the Contract is hereby deleted in its entirety and replaced with the following:

“22.1 The Warranty Period in respect of Work is that period commencing after the Work is put into service by the Company and ending twenty-four months thereafter (“Warranty Period”).”.

5. Canada shall have full access to and shall be entitled to receive from any of the Projectco Entities or the Contractor, immediately upon request by Canada, all of the Intellectual Property including, without limitation, all of the records and accounts of costs related to the Work required to be kept and maintained by the Contractor pursuant to Section 12.1 of the Contract. In furtherance of the foregoing, the Contractor agrees to (a) provide Canada with any material reports issued by the Contractor to any of the Projectco Entities from time to time, such reports to be addressed to Canada and delivered concurrently with the delivery of such reports to the Projectco Entities, including without limitation, the periodic reports and monthly draw certifications to be prepared by the Contractor as contemplated under the heading “Phase 2: Construction Period” in Attachment No.1 to the Contract and (b) respond to and generally be available to discuss, from time to time, any questions or inquiries that Canada may have in respect of any such material reports or any of the other Intellectual Property. Each of the Projectco Entities hereby unconditionally and irrevocably consents to the Contractor and Canada engaging in such discussions. In order to assist the Contractor with the development and production of the Intellectual Property, each of the Projectco Entities hereby confirms and agrees with Canada and the Contractor that, throughout the duration of the Contract, the Projectco Entities shall provide the Contractor with all data, calculations, estimates, reports and other information as may be requested from time to time by the Contractor (or as may reasonably be determined necessary for the Contractor) to prepare the Intellectual Property.

6. The Contractor hereby confirms and agrees that each of the indemnities made by it in favour of the Projectco Entities pursuant to the Contract are and shall be deemed to have been made in favour of Canada including, without limitation, the indemnities set forth in Section 18 of the Contract. For certainty, the Contractor hereby waives all rights of legal recourse against Canada to the same extent, and in respect of all of the same matters, which it has waived such rights against the Projectco Entities pursuant to the Contract. Canada hereby confirms and agrees that any provision of the Contract that in any way limits the liability of the Contractor toward the Projectco Entities, whether such limitation applies in connection with the indemnities set forth in Section 18 of the Contract or in connection with any other matter set forth in the Contract, shall, in the same manner and to the same extent, apply as against Canada with respect to any such liability of the Contractor toward Canada incurred by virtue of this Agreement and the Contract.

7. None of the Projectco Entities may assign the Contract to any person without the prior written consent of Canada which consent may be withheld by Canada in its sole discretion. The Contractor shall not assign the Contract in part or in whole without the prior written consent of Canada, which consent may be withheld by Canada in its sole discretion. Consent by Canada to assign the Contract will not relieve the Contractor of any of its liabilities or obligations under the Contract.

8. To the extent that the Projectco Entities issue any notice to the Contractor pursuant to Section 8.1 or 8.2 of the Contract, the Projectco Entities shall provide a copy of such notice concurrently to Canada. The Projectco Entities agree to exercise their termination rights pursuant to Section 8.1 or 8.2 of the Contract at the reasonable direction of Canada. Canada shall not be liable for any losses or damages of any kind suffered by the Contractor on account of any termination of the Contract by the Projectco Entities.

9. To the extent the Contractor fails to perform any of its obligations under the Contract, the Projectco Entities shall provide prompt notice of same to Canada, such notice to contain reasonably sufficient details summarizing the non-performance by the Contractor and outlining the intended course of action of the Projectco Entities, if any, to remedy such non-performance. If Canada, acting reasonably, is not satisfied with the intended course of action of the Projectco Entities or if the Projectco Entities fail to implement their intended course of action within a commercially reasonable time period, then, upon written notice to the Projectco Entities, Canada shall be entitled to take any action it deems necessary to remedy the non-performance for and on behalf of the Projectco Entities. All costs and expenses incurred by Canada in remedying the non-performance shall be for the account of the Projectco Entities. In furtherance of the foregoing and regardless of whether the Contractor has failed to perform any of its obligations under the Contract, the Contractor hereby confirms and agrees with Canada that it shall report to and carry out any and all directives of Canada issued directly or through such other person as shall be designated by Canada in writing to the extent issued by Canada from time to time.

10. Where after reasonable and good faith efforts by Canada and any of the Projectco Entities to resolve a good faith disagreement regarding a material aspect of the Lower Churchill River Project, the Contractor shall, immediately upon request for same, provide a written submission to Canada and the Projectco Entities commenting on the matter that gave rise to the dispute or disagreement with a view towards resolving such dispute or disagreement. The costs incurred by the Contractor in providing such written submission shall be for the account of the Projectco Entities.

11. In the event of any dispute or disagreement between the Projectco Entities and Canada regarding (i) the entitlement of the Projectco Entities to receive a requested draw and/or (ii) the amount of a requested draw, the Contractor shall, immediately upon request for same, provide a written submission to Canada and the Projectco Entities commenting on the dispute or disagreement based on the Work done by it with a view towards resolving such dispute or disagreement. The costs incurred by the Contractor in providing such written submission shall be for the account of the Projectco Entities.

12. Notwithstanding Section 4.3 of the Contract, no additional Work or Changes in the Work shall be implemented by the Contractor unless such additional Work or Changes in the Work, and the associated costs, have been (i) specifically requested in writing by Canada and (ii) approved by the Projectco Entities and Canada in writing.

13. In addition to the information required to be included in the Contractor's monthly draw certification as contemplated in the section entitled "Prepare Independent Engineer's Draw Certification" in the section of Attachment No. 1 in Appendix A to the

Contract entitled "Phase 2: Construction Period", the Contractor shall include a progress report on the status of the Project. The Contractor's draw confirmation certificate shall be substantially in the form of the certificate attached hereto as Schedule "A" (the "**IE Draw Confirmation Certificate**").

14. At each draw or request for change order approval, the costs to date and costs to complete, in accordance with the definition of "Cost Overruns" in the project finance documents in respect of the Lower Churchill River Projects will be certified by the Projectco Entities and the Contractor hereby covenants and agrees with Canada and the Projectco Entities that it shall review the calculations, estimates, confirmations and certificates required to be provided by the Projectco Entities so as to ensure that any such Cost Overruns are accurately identified at such time.

15. In addition to the work to be completed by the Contractor set out in Attachment No. 2 to Appendix A to the Contract, on each anniversary of the COD for each of the Lower Churchill River Projects until the end of the FLG Term, the Contractor shall provide a report, in form and substance satisfactory to Canada, acting reasonably, confirming that the budgeting and maintenance of each of the Lower Churchill River Projects are being conducted in conformity with Good Utility Practice. The terms "COD", "FLG Term" and "Good Utility Practice" shall have the meaning given to them in the FLG Agreement. Such annual report shall address each of the following matters:

- (a) a summary of any routine and unscheduled maintenance which has been carried out by the Projectco Entities since the last report as well as an updated review of expected major maintenance requirements, timing and milestones;
- (b) a breakdown of costs incurred to date with respect to operations and maintenance (O&M) including any variance from annual O&M budgets and a summary of any updates of O&M budgets for the remainder of the FLG Term;
- (c) a summary of any staffing, training or labour management issues;
- (d) a list of changes to key personnel and the qualifications of new key personnel, if any;
- (e) commentary on parts inventory and redundancy;
- (f) a review of construction contractors' support and the ongoing management of post-completion technical risks;
- (g) an updated evaluation of project energy production comparing actual to expected;
- (h) ongoing compliance with major permits; and
- (i) a review of the state of repair of key equipment and facilities.

Each of the Projectco Entities hereby agrees and undertakes to provide the Contractor with such information, data, budgets and projections as may be requested by the Contractor from time to time, and generally provide the Contractor with such access and assistance as it may require from time to time in order to permit it to complete each annual report on a timely basis including, without limitation, scheduling, assisting with

and accommodating any site visits required by the Contractor in connection with any request for information.

16. With respect to Confidential Information, Canada hereby advises each of the Contractor and the Projectco Entities that it is specifically subject to the following legislation the *Access to Information Act* (Canada), the *Library and Archives of Canada Act* (Canada), the *Auditor General Act* (Canada) and the *Privacy Act* (Canada), and as such the public has a right of access to Canada's records with respect to the Contract and the Lower Churchill River Projects. To the extent that Canada is required to disclose Confidential Information in order to comply with (i) any of the above-mentioned legislation or any regulation, standard, code, order, directive, (ii) any other rule from any governmental or regulatory body acting thereunder or otherwise with jurisdiction over Canada and its records relating to the Contract and the Lower Churchill River Projects or (iii) any legally binding order of any court with jurisdiction over Canada and its records relating to the Contract and the Lower Churchill River Projects, Canada shall do so in accordance with Section 15.6 of the Contract. Canada shall not be liable for any claims, costs, losses or damages experienced by the Contractor or the Projectco Entities as a result of Canada's release of information to another party pursuant to (i) the provisions of any of the above-mentioned legislation or any regulation, standard, code, order, directive, (ii) any other rule from any governmental or regulatory body acting thereunder or otherwise with jurisdiction over Canada and its records relating to the Contract and the Lower Churchill River Projects or (iii) any legally binding order of any court with jurisdiction over Canada and its records relating to the Contract and the Lower Churchill River Projects.

17. Each of the Parties acknowledges and agrees that neither the execution and delivery of this Agreement nor the exercise by any of the Parties of its rights and obligations hereunder shall constitute an assignment to or assumption by Canada of any of the liabilities or obligations of any Party arising under the Contract including, without limitation, the obligation on the part of the Projectco Entities to remunerate the Contractor for performing the Work. For certainty any and all costs and expenses incurred by the Contractor pursuant to the Contract or in performance of any of its obligations hereunder shall be for the account of the Projectco Entities.

18. All notices to be delivered to any Party by any other Party shall be delivered (i) in the case of the Projectco Entities or the Contractor, to such Party at the address provided for in the Contract and (ii) to Canada at the following address (or such other address as Canada may subsequently notify the other Parties in writing):

in the case of Canada:

National Resources Canada,
Renewable and Electrical Energy Division
580 Booth Street,
17th Floor, Room B7-3
Ottawa, Ontario K1A 0E4
Attention: Anoop Kapoor, Director
Email: Anoop.Kapoor@NRCan-RNCan.gc.ca
Phone: 613 996-5762
Fax: 613 947-4205

Any notice is effective (i) if personally delivered as described above, on the day of delivery if that day is a business day and it was delivered before 5:00 p.m. Eastern time in the place of receipt and otherwise on the next business day, (ii) if sent by fax, on the day of transmission, if that day is a business day and the fax transmission was made before 5:00 p.m. Eastern time in the place of receipt and otherwise on the next business day, or (iii) if sent by electronic mail, on the day the sender receives confirmation of receipt by return electronic mail from the recipient if that day is a business day and if the sender received confirmation before 5:00 p.m. Eastern time in the place of receipt, and otherwise on the next business day. For the purposes of this Section 20, a business day is any day other than a Saturday, Sunday or statutory holiday in the Provinces of Newfoundland, Nova Scotia and Ontario.

19. Each Party, upon receipt of notice by another Party, shall sign (or cause to be signed) all further documents, do (or cause to be done) all further acts, and provide all reasonable assurances as may reasonably be necessary or desirable to give effect to the terms of this Agreement.

20. This Agreement enures to the benefit of and binds the Parties and their respective successors, and permitted assigns. This Agreement may not be assigned by any of the Projectco Entities or the Contractor without the prior written consent of Canada in its sole discretion. This Agreement may not be assigned by Canada without the prior written consent of the Projectco Entities in their sole discretion.


21. This Agreement may be signed in any number of counterparts, each of which is an original, and all of which taken together constitute one single document. Counterparts may be transmitted by fax or in electronically scanned form. Parties transmitting by fax or electronically shall also deliver the original counterpart to each other Party, but failure to do so does not invalidate this Agreement.


22. The laws of the Province of Newfoundland and Labrador and the federal laws of Canada applicable therein, excluding any rule or principle of conflicts of law that may provide otherwise, govern this Agreement.

[signature page follows]

IN WITNESS WHEREOF each of the Projectco Entities, the Contractor and Canada has executed this Agreement as of the date first written above.

MUSKRAT FALLS CORPORATION


Per: 
Name: Derrick Sturge
Title: VP, Finance & CFO

Per: 
Name: Gilbert Bennett
Title: Vice President

I/we have authority to bind the corporation.

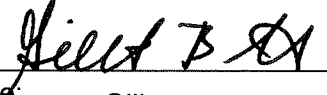
LABRADOR – ISLAND LINK LIMITED PARTNERSHIP, by its general partner LABRADOR-ISLAND LINK GENERAL PARTNER CORPORATION


Per: 
Name: Gilbert Bennett
Title: Vice President

Per: 
Name: Derrick Sturge
Title: VP, Finance & CFO

I/we have authority to bind the corporation.


LABRADOR TRANSMISSION CORPORATION

Per: 
Name: Gilbert Bennett
Title: Vice President

Per: 
Name: James Meaney
Title: General Manager, Finance

I/we have authority to bind the corporation.

LABRADOR-ISLAND LINK OPERATING CORPORATION

Per: 
Name: Derrick Sturge
Title: VP, Finance & CFO

Per: 
Name: Robert Hull
Title: GM (Commercial & Financing) & CRO

I/we have authority to bind the corporation.

MWH CANADA, INC.

Per:



Name: NIK ARGIROV

Title: VP

Per:



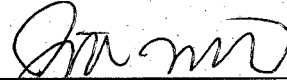
Name: PATRICK CORSER

Title: SVP

I/we have authority to bind the corporation.

HER MAJESTY THE QUEEN IN RIGHT OF
CANADA, as represented by THE
MINISTER OF NATURAL RESOURCES

Per:



Name: JONATHAN WILL

Title: DIRECTOR GENERAL, ELECTRICITY
RESOURCES BRANCH

SCHEDULE A

FORM OF IE DRAW CONFIRMATION CERTIFICATE

SCHEDULE A

DRAW CONFIRMATION CERTIFICATE BY INDEPENDENT ENGINEER

This Draw Confirmation Certificate is provided by MWH Canada, Inc. (the "Independent Engineer") to The Toronto-Dominion Bank, as collateral agent (the "Collateral Agent") in connection with the **[LIL OR MF/LTA]** Project Finance Agreement among *inter alia* **[Labrador-Island Link Limited Partnership (the "Borrower"), LIL Construction Project Trust (the "Lender") and the Collateral Agent OR Muskrat Falls Corporation and Labrador Transmission Corporation (collectively the "Borrower"), Muskrat Falls/Labrador Transmission Assets Funding Trust (the "Lender") and the Collateral Trustee]** (the "Finance Agreement") and Her Majesty the Queen in Right of Canada, as represented by the Minister of Natural Resources ("Canada"). Capitalized terms used in this Draw Confirmation Certificate and not otherwise defined herein shall have the meanings assigned to them in the Master Definitions Agreement dated ●, 2013 among inter alia the Borrower, the Lender and the Collateral Agent.

The Independent Engineer has (i) discussed matters believed pertinent to this Draw Confirmation Certificate with Devco, the Borrower and any relevant Material Project Participants, (ii) made such other inquiries as we have determined appropriate and (iii) reviewed:

- (a) the Construction Report dated _____ (the "Construction Report"); and
- (b) the Borrower's funding request dated _____ (the "Funding Request").

On the basis of the foregoing limited review procedures and on the understanding and assumption that the factual information contained in the Construction Report and Funding Request is true, correct and complete in all material respects, the Independent Engineer makes the following statements in favour of the Collateral Agent and to the best of its knowledge, information and belief, as of the date hereof that:

1. Construction of the Project is progressing in a satisfactory manner and in accordance with the terms of the applicable Material Project Documents with the following exceptions:

[_____

 _____]

2. We believe that all payments to the Material Project Participants to be paid with the proceeds of the **[LIL Construction Loan OR Muskrat/LTA Construction Loan]** requested to be made pursuant to the Funding Request, are allowed under the payment terms of the applicable Material Project Documents and the Finance Agreement as to the advance

requirements of [Section 7.2/7.3/7.4/7.5/7.6 as applicable [NTD: with respect to LIL] OR Section 7.2 [NTD: with respect to MF/LTA]] with the following exceptions:

[

_____]
_____]

3. Assuming the Borrower and Devco exercise proper engineering and construction management throughout the remainder of the Project, we have no reason to believe that the Commissioning Date will not occur prior to the Date Certain, or that the total Project Costs will exceed [\$_____] with the following exceptions:

[

_____]
_____]

This Draw Confirmation Certificate is solely for the information and assistance of the Collateral Agent and Canada in connection with the Funding Request and shall not be used, circulated or relied upon for any other purpose or by any other party.

Dated: _____

MWH CANADA, INC.

By: _____

Title: _____