

LIL 2015 COST OVERRUNS CERTIFICATEDate: **December 14, 2015****THE TORONTO-DOMINION BANK**

AS COLLATERAL AGENT
66 Wellington Street West
9th Floor
Toronto, Ontario M5K 1A2

Gentlemen:

We refer you to the amended and restated financing agreement dated as of July 16, 2015 entered into among Labrador - Island Link Limited Partnership (the "**Partnership**"), as borrower LIL Construction Project Trust (the "**Intermediary Trust**"), as lender, Labrador - Island Link Operating Corporation ("**Opco**") and Labrador - Island Link General Partner Corporation (the "**General Partner**"), as credit parties, and The Toronto-Dominion Bank, as collateral agent (the "**Collateral Agent**") (said agreement, as same may be amended, supplemented or restated from time to time is hereinafter referred to as the "**LIL Project Finance Agreement**").

We also refer you to the amended and restated master definitions agreement entered into among, *inter alia*, the Collateral Agent, BNY Trust Company of Canada, as issuer trustee of Labrador-Island Link Funding Trust, BNY Trust Company of Canada, as trustee of the Intermediary Trust, Nalcor Energy, Labrador-Island Link Holding Corporation, Her Majesty The Queen In Right of the Province of Newfoundland and Labrador, the Partnership, as an obligor, Opco, as an obligor, the General Partner, as an obligor, and Computershare Trust Company of Canada, as the security trustee (said agreement, as same may be amended, supplemented or restated from time to time is hereinafter referred to as the "**MDA**").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them from time to time in the MDA.

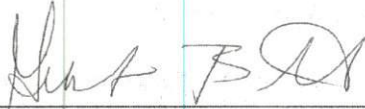
This Cost Overruns Certificate is delivered to you pursuant to subsection 10.28.1 of the LIL Project Finance Agreement. Please note that all of the matters being certified below in paragraphs 2 to 4 may be impacted depending on how certain commercial negotiations currently being undertaken ultimately conclude (the "**Ongoing Commercial Negotiations Caveat**").

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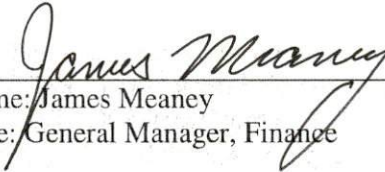
We, the undersigned, Gilbert Bennett and James Meaney, respectively the Vice-President and the General Manager, Finance of Devco, and of the General Partner, in our respective capacity as officers and without personal liability, subject to the Ongoing Commercial Negotiations Caveat, do hereby certify that:

1. We have conducted such investigations as we have deemed necessary to provide the information set out in this report;
2. attached hereto as Schedule "A" is a true and accurate analysis of the Cost to Complete as at the date hereof;
3. attached hereto as Schedule "B" is a true and accurate analysis of the Cost Overruns as at the date hereof, with a narrative explanation as to any variances from the Initial Project Budget;
4. the estimated Commissioning Date is currently June 1, 2018; and
5. the Cost Overruns identified in this Cost Overruns Certificate have been funded in accordance with the terms of the LIL Project Finance Agreement.

Signed at St. John's, this 14th day of December, 2015



Name: Gilbert Bennett
Title: Vice-President



Name: James Meaney
Title: General Manager, Finance

SCHEDULE "A"

The Cost to Complete for the Labrador-Island Link is **\$2,098,819,821**, derived as follows:

**Summary of Cost to Complete
Lower Churchill Project-Phase 1
Labrador-Island Transmission Link (LIL)**

Hard Costs

Description	Incurred Costs Project-to-Date	Final Forecast Cost (FFC)	Cost to Complete
NE-LCP Owners Team, Admin and EPCM Services	\$148,792,483	\$221,292,534	\$72,500,051
Feasibility Engineering	\$21,252,045	\$21,252,045	\$0
Environmental & Regulatory Compliance	\$10,215,380	\$14,446,477	\$4,231,096
Aboriginal Affairs	\$450,891	\$2,683,841	\$2,232,950
Procurement & Construction	\$1,016,017,852	\$2,717,326,406	\$1,701,308,554
Commercial & Legal	\$13,152,555	\$16,490,164	\$3,337,609
Contingency	\$0	\$95,886,695	\$95,886,695
Total	\$1,209,881,207	\$3,089,378,161	\$1,879,496,954

Soft Costs

Description	Incurred Costs Project-to-Date	Final Forecast Cost (FFC)	Cost to Complete
Underwriting Fees	\$7,748,523	\$7,755,000	\$6,477
Collateral & Fiscal Agent Fees	\$170,000	\$536,190	\$366,190
Trustee & Administrator Fees	\$142,643	\$352,048	\$209,405
Credit Rating Agencies	\$3,923,704	\$4,757,490	\$833,786
Independent Engineer & Insurance Consultant	\$706,202	\$4,167,285	\$3,461,083
Legal & Financial Advisory	\$11,029,668	\$11,824,831	\$795,163
Administrative & Other Related Costs	\$670,266	\$1,094,905	\$424,639
Interest During Construction (Net)	\$116,344,693	\$329,570,817	\$213,226,124
Total	\$140,735,699	\$360,058,566	\$219,322,867

Note:

1. Hard Cost figures above are per the LIL Construction Report dated November 20, 2015.
2. Soft Cost figures above are per the LIL Funding Request dated November 19, 2015.

SCHEDULE "B"

The Cost Overruns for the Labrador-Island Link is **\$543,223,057**, derived as follows:

**Summary of Cost Overruns
Lower Churchill Project-Phase 1
Labrador-Island Transmission Link (LIL)**

Hard Costs

Description	Initial Project Budget	Final Forecast Cost (FFC)	Cost Overruns
NE-LCP Owners Team, Admin and EPCM Services	\$247,074,444	\$221,292,534	-\$25,781,910
Feasibility Engineering	\$34,012,162	\$21,252,045	-\$12,760,117
Environmental & Regulatory Compliance	\$25,767,534	\$14,446,477	-\$11,321,057
Aboriginal Affairs	\$2,244,469	\$2,683,841	\$439,372
Procurement & Construction	\$2,135,211,562	\$2,717,326,406	\$582,114,844
Commercial & Legal	\$22,490,079	\$16,490,164	-\$5,999,915
Contingency	\$79,354,854	\$95,886,695	\$16,531,841
Total	\$2,546,155,104	\$3,089,378,161	\$543,223,057

Soft Costs

Description	Initial Project Budget	Final Forecast Cost (FFC)	Cost Overruns
Underwriting Fees	\$7,755,000	\$7,755,000	\$0
Collateral & Fiscal Agent Fees	\$536,190	\$536,190	\$0
Trustee & Administrator Fees	\$352,048	\$352,048	\$0
Credit Rating Agencies	\$4,757,490	\$4,757,490	\$0
Independent Engineer & Insurance Consultant	\$4,167,285	\$4,167,285	\$0
Legal & Financial Advisory	\$11,824,831	\$11,824,831	\$0
Administrative & Other Related Costs	\$1,094,905	\$1,094,905	\$0
Interest During Construction (Net)	\$329,570,817	\$329,570,817	\$0
Total	\$360,058,566	\$360,058,566	\$0

NOTE:

1. Final Forecast Cost figures above are per the LIL Construction Report dated November 20, 2015 the LIL Funding Request dated November 19, 2015.
2. The explanation of cost variances compared to the LIL Initial Project Budget is outlined in the attached "Muskrat Falls Project Cost Update" and "Muskrat Falls Project Update" documents presented to representatives of the Government of Canada and MWH Canada on July 22, 2014 and September 28, 2015, respectively.

SCHEDULE "B"

Please see attached "Muskrat Falls Project Cost Update" presentation dated July 22, 2014 and the "Muskrat Falls Project Update" presentation dated September 28, 2015.