

From: jamesmeaney@lowerchurchillproject.ca
To: pmyrden@gov.nl.ca
Cc: [Paul Morris \(pmorris@gov.nl.ca\)](mailto:Paul.Morris@pmorris@gov.nl.ca); [Bown, Charles](#); [Brewer, Donna](#); [Derrick Sturge](#); [Auburn Warren](#); [Scott Pelley](#); [Andrew Sinnott](#); [Martin, Craig](#)
Bcc: gbennett@nalcoreenergy.com
Subject: December 2015 COREA Payment
Date: Wednesday, December 2, 2015 9:59:33 PM

Hi Paul,

After some further internal discussions, I wanted to follow up on the call we had with yourself and Paul Morris this afternoon regarding the timing of transfers for the \$335 million Cost Overrun Escrow Account (COREA) payments due this month in accordance with the provisions of the MF/LTA and LIL Project Finance Agreements. As we had discussed, this payment is due on Dec 13th of each year, and in the event that falls on a weekend, it's the first business day after. So, in the case of this year that would be Dec 14th.

As noted in Auburn's email below, and as I expressed on the call, our recommendation was for NL to advance the funds on Dec 10th so that in the event there were transfer delays we would not run the risk of missing the deadline to have the funds deposited in the LCP Project entity COREA accounts. Failure to make the COREA payments in accordance with the terms of the PFA's could trigger an Event of Default and ultimately Canada, through the Collateral Agent, calling on NL's equity guarantee. You may also recall that in the meeting held on Sept 21st, the FY 2015/16 equity requirements forecast we provided indicated a COREA cash call due date of Dec 10th.

All that being said, we have reviewed this timing based on the concerns you noted today regarding availability in the short term borrowing markets and a desire to save on interest costs. Based on your input, our review of timing on the receipt of prior NL cash calls, and the need to mitigate the risk of transfer delays which could result in an Event of Default, we recommend the COREA cash call due date be Dec 11th. In our estimation transferring the funds on Dec 14th, as you proposed, runs too high of a risk given the implications noted above.

In the COREA cash call letter that will be issued tomorrow we will note the recommended Dec 11th cash call due date.

Regards,

Jim

James Meaney

General Manager, Finance

PROJECT DELIVERY TEAM

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You owe it to yourself, and your family, to make it home safely every day. What have you done today so that nobody gets hurt?

----- Forwarded by James Meaney/NLHydro on 12/02/2015 04:48 PM -----

From: Auburn Warren/NLHydro

To: "Morris, Paul J." <pmorris@gov.nl.ca>

Cc: Rob Hull/NLHydro@nlhydro, Scott Pelley/NLHydro@nlhydro, James Meaney/NLHydro@nlhydro, "Paul Myrden" <pmyrden@gov.nl.ca>, Andrew Sinnott/NLHydro@nlhydro

Date: 12/02/2015 09:18 AM

Subject: Re: COREA Payment

Good morning all

Andrew and Jim we're going to arrange a call with you and Myrden today to review timing. It was our intention to formally put in our equity request by tomorrow - Jim is finalizing the COREA certificate today. As noted in our last email that outlined 12 month cash flow forecast, we will need NL to wire us the \$335 million by [Thursday, Dec 10](#) so we can deposit the funds in the COREA accounts [on Dec 11](#).

In flight at the moment but Scott and I are available should you require anything further.

Thanks!

Auburn

Sent from my iPhone

On Dec 2, 2015, at 8:51 AM, Morris, Paul J. <pmorris@gov.nl.ca> wrote:

Folks,

Could you advise as to when we might expect to get the request for the COREA payment?

I understand that Finance needs advance notice on this because they need to contact the bank to allow sufficient time for the bank to increase their payment limits in order to allow for this payment.

Thanks,

Paul