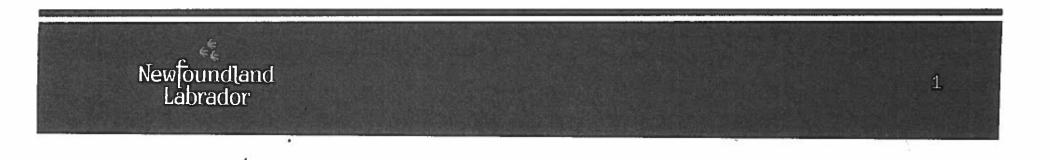
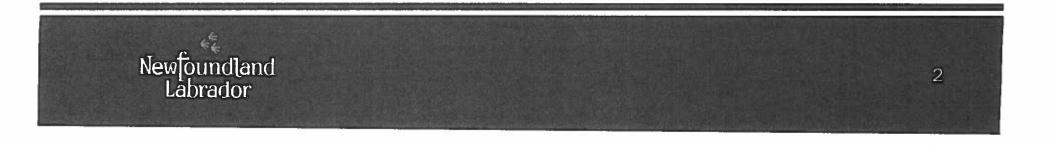
MUSKRAT FALLS COST ACCOUNTABILITY AND PROJECT OVERSIGHT

PRESENTATION TO PREMIER MARCH 10, 2014



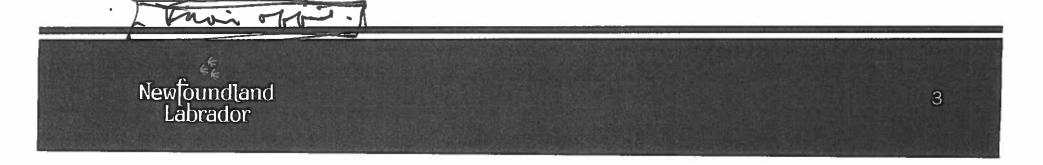
Project Oversight Objectives

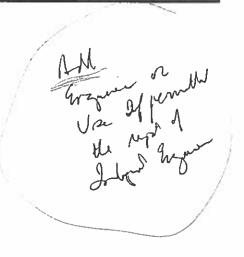
- Formalize project oversight between GNL and Nalcor
- Create a committee structure to implement such oversight
- Ensure adequate reports and related documentation to support Nalcor's requests for equity contributions
- Assure general public, Opposition parties and other groups that GNL is providing appropriate oversight to Nalcor/MF project



Oversight Committee

- Deputy Minister of Finance
- Assistant Deputy of Finance (Fiscal and Tax Policy)
- Director of Debt Management
- Deputy Minister of Natural Resources
- Associate Deputy Minister of Natural Resources
- Assistant Deputy Minister of Natural Resources (Energy Policy)
- Deputy Minister of Justice
 - Assistant Secretary to Cabinet for Economic Policy
- Administrative/analysis support from NR/FIN





Role of Oversight Committee

- Receives and reviews information/data from Nalcor and external reports (Independent Engineer)
- Reviews and monitors equity requirements
- Reports to Ministers of FIN, NR and JUS, and the Clerk of the Executive Council
- Provides quarterly reports to the Clerk of the Executive Council
- Provides updates and discusses issues with LCP Project Coordinating Committee
- Provides updates to Cabinet
- Meets quarterly with Nalcor officials



CIMFP Exhibit P-02689

Required Information

I folm for projet fing agend

- Current estimates of total project costs and comparison to budget/DG3 with explanations for all material deviations
- Project costs incurred to date including a breakdown by major expense category
- Value of contracts awarded current and cumulative
- Status of project financing including details on drawdown of funds
- Details of tendered but not yet awarded contracts along with expectations as to award
- Update on project scheduling including information on variations from plan
- Status of potential contingencies or cost overruns that have not yet been realized/quantified
- Other qualitative commentary on project process, significant developments and details of potential issues that may become public over the short-medium term, incl. related communication strategies
- Copies of all audit reports
- Any other information as the Committee might from time to time require
- Any other information that Nalcor Management thinks the Committee should be made aware of

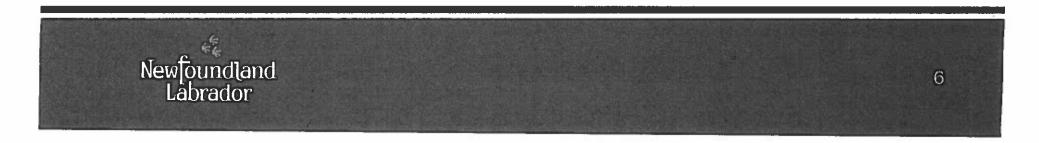
*Ernest & Young LLP has been retained to provide advice on the robustness of the information that Nalcor will be required to provide and to identify any additional information requirements.



Required Information

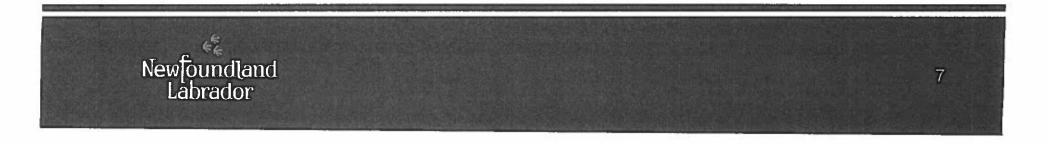
- Monthly Reports*
 - Actual incurred costs by major expense category for current month and project to date versus budget
 - Final Forecast Cost to Complete versus Project Budget
 - Commentary, variance explanations for material differences and recovery strategies relating to above
 - Project schedule and progress against key milestones
 - Updates on the award of major construction contracts
 - Details on monthly debt and equity advances
 - Construction Reports and Funding Requests (incl. IE Confirmation Certificate)

* Monthly Construction Reports and Funding Requests issued to Canada, Collateral Agent and IE as per the Project Finance Agreements. IE provides certification prior to advance of debt funds.



Required Information

- Quarterly/Annual Reports
 - Highlights from the Construction Reports, Funding Requests and any IE progress reports issued in the previous quarter
 - Forecasted capital expenditures broken down by month for the next 12month period
 - Details of any new Authority for Expenditures approved during the previous quarter
 - Details of internal audit reports pertaining to medium to high risk areas identified in the previous quarter
 - Updates on any other items specifically requested by the Committee



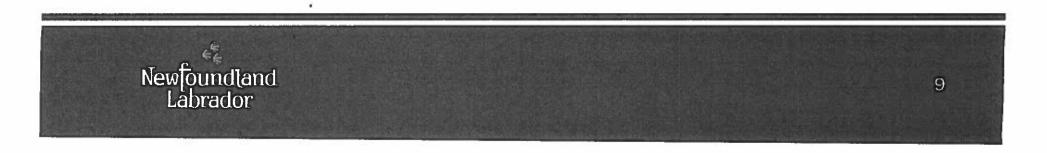
Review and Assessments

- Examine current estimates of total project costs and comparison to budget and obtain explanations for material deviations
- Assurance that MF project costs are within the scope of the latest approved Authority for Expenditure
- Ensure equity advances are in accordance with the Shareholder's Letter
- Maintain understanding of major contracts tendered and awarded current and cumulative
- Monitor status of project financing including details on drawdowns of funds
- Monitor prògress against project schedule
- Monitor potential for contingent equity
- Examine details of medium to high risk issues identified in internal audit reports
- Examine copies of all Independent Engineer reports and related certifications



Protocol Initiation and Public Information

- Protocol Initiation
 - Shareholder's letter
- Public Information
 - To be determined in consultation with:
 - Ministers of FIN, NR and JUS
 - Clerk of the Executive Council
 - Cabinet
 - Nalcor



Recommendations

- 1. Approve Oversight Process, including Committee Structure
- 2. Issuance of Shareholder Letter

