

**Muskrat Falls Oversight Committee
Review of Project Cost and Schedule Forecast and Related Risk**

Statement of Work

This Statement of Work, dated January 14, 2016 (this "SOW"), is made by HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR as represented by the Executive Council (the "Province") and Ernst & Young LLP ("EY" or the "Consultant") based on the Agreement, effective April 1, 2015 between HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR as represented by the Executive Council and EY (the "Agreement").

Except as otherwise set forth in this SOW, this SOW incorporates the Agreement by reference. The terms and conditions of this SOW shall apply only to the advisory services covered by this SOW and not to services covered by any other agreement or statement of work pursuant to the Agreement. Capitalized terms used, but not otherwise defined, in this SOW shall have the meanings in the Agreement.

Background/ objective

The objective of this review is to assess the reasonableness of the Muskrat Falls Project's (the "Project") cost and schedule forecast, and identify opportunities to address any material/critical risks.

EY shall review work in-progress and/or completed by Nalcor Energy (Nalcor) for its cost and schedule forecast, including an assessment of inputs required to complete the cost and schedule forecast.

This review is intended to look at the material/significant risks and their potential root causes in an effort to provide the the Province with an independent perspective on the cost and schedule forecasts presented by Nalcor.

EY will not develop its own cost, schedule and risk forecast but instead will assess the reasonableness of that prepared by Nalcor. The review will focus on risks and issues that have the potential to materially impact the Project.

Scope details

In order to review Nalcor's cost and schedule forecast, related risk and root causes and to make recommendations for improvement, EY will carry out the following parallel work streams:

Work Stream 1 - Project Cost and Schedule Forecast Review

To review Nalcor's cost and schedule forecast to complete the project, EY will:

1. Develop an understanding of the work performed by Nalcor to arrive at its revised baseline of cost and schedule for the Project
2. Understand the project's cost performance to date, and review estimates to complete, variances and trends
3. Understand the project's schedule performance to date, and review revised schedules and forecasts, variances and trends
4. Using the results of Workstream 1, 2 and 3, identify findings, as well as evaluate potential impacts, if any, to committed schedule and final forecast cost of the Project
5. Recommend immediate and ongoing remedial actions, where appropriate, for consideration