

Sent: Thu, 14 Nov 2013 11:08:07 -0330
From: dsturje@nalconenergy.com
To: Auburn Warren <"cn=auburn warren/o=nlhydro@nlhydro">, Ed Martin <"cn=ed martin/o=nlhydro@nlhydro">
Cc: Charles Bown <cbown@gov.nl.ca>
Subject: Re: FLG CP Status

CIMFP Exhibit P-03602

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I just flipped note to Scott to get an update and indicated to him that we were trying to get all-party meeting.

From: Auburn Warren

Sent: Thursday, November 14, 2013 11:04 AM

To: Ed Martin

Cc: Derrick Sturge; Charles Bown

Subject: Re: FLG CP Status

Good morning all

I've an email into Anoop trying to determine timing... Early reaction was that unavailable for Monday and weren't sure about Tuesday. I'm pushing for as soon as possible.

Thanks

Auburn

Sent from my iPad

On Nov 14, 2013, at 11:00 AM, "Ed Martin" <EMartin@nalconenergy.com> wrote:

Derrick,

Is this meeting among all coming together for next? Has Scott indicated progress on emera guarantee agreement? I am assessing the need to call Chris if things are not progressing.

Ed

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Derrick Sturge---11/13/2013 03:03 PM NST---Hi, just finished call with Canada. Trying to get face-to-face with Canada, NL, Emera, NS Monday or

From: Derrick Sturge
To: Ed Martin; "Charles Bown" <CBown@gov.nl.ca>
Cc: Auburn Warren
Date: 11/13/2013 03:03 PM NST
Subject: FLG CP Status

Hi, just finished call with Canada. Trying to get face-to-face with Canada, NL, Emera, NS Monday or Tuesday next week. Lots of paper exchanging hands, our conclusion is that the CP's we don't control are the highest risk (A6, A7, A8, B7 below). A10 could be problematic based on how Canada wishes to proceed, should get their position soon. Allison (Cassels) expressed the view that while they are all working hard to Nov 22 paper close, she personally feels Nov. 29 is more realistic (which is the drop-dead date TD expressed). Here is current status of CP's:

"A" List:

- A1 Nalcor Indicative Credit Rating - Done (CP cleared)
- A2 Emera Indicative Credit Rating - (Canada queries will get resolved, but still outstanding)
- A3 NL Legislation - Bill 61 proclaimed; OIC's completed; ESA/ESG largely done (one issue O/S on timing of DSRA set-up)
- A4 NS Regulatory Legislation - Done (CP Cleared)
- A5 NL-IGA - should be done by end of this week
- A6 NS -IGA (Canada waiting for NS feedback; outstanding)
- A7 Sanction - Nalcor sanction done; ML sanction outstanding pending UARB decision
- A8 Emera Guarantee Agreement (Canada / Emera have call this afternoon; outstanding)
- A9 Environment (Federal LIL EA release outstanding - now next week per Canada)

A10 Aboriginal (Canada still doing risk assessment with Justice - no final decision)

"B" List:

B1 Financing Documents (few O/S business issues, including "cost-overrun" funding). Also first draft of Guarantee Assurance Agreement just rec'd from Canada yesterday (and our initial conclusion is that it is a mess - so work required)

B2 Emera Indicative Rating with UARB Change - (Canada says this should not be required)

B3 Due Diligence / Revenue Agreements (should be no issue getting this cleared)

B4 Financing, Financing Structure, Transaction Structure (should be no issue getting cleared)

B5 Insurance (Decision on Ins. Program should allow completion of report by Independent Insurance Consultant - should be no issues)

B6 Hedging Program (Not Required; no need for hedging in financing solution)

B7 Permits (including Land Use) - Canada's official position now is that they need the SOBI lease executed to clear CP (major issue.....don't see path to resolve in our time frame). This is a change in position by Canada.....previous position was that they would not need this for Financial Close

B8 Independent Engineer Indemnity (complete - addressed in IE agreement)

B9 Independent Engineer Report (final draft targeted for Nov 15 delivery to Canada; Nalcor still working more details with Project Team on revised capital costs for IE)

B10 Other CP's (Canada said none others identified)

Derrick Sturge, FCA

Vice-President, Finance & CFO

Nalcor Energy

Sent from my iPad