

**Master Services Agreement
LC-PM-149**

for

Professional Services

for

Lower Churchill Project

Between

Nalcor Energy

And

PMX Inc.

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APPENDICES:

Appendix A Scope of Work and Compensation

THIS AGREEMENT made at St. John's in the Province of Newfoundland and Labrador as of the 30th day of September 2013.

BETWEEN **NALCOR ENERGY**, a body corporate constituted pursuant to the *Energy Corporation Act*, S.N. 2007, c. E-11.01 and having its head office at the City of St. John's, Province of Newfoundland and Labrador, (hereinafter referred to as "**Company**") of the first part,

AND **PMX INC.**, a body incorporated under the laws of the Province of Ontario and having its head office in the City of Toronto in the Province of Ontario (hereinafter referred to as "**Consultant**") of the second part.

WHEREAS Company requires the provision of professional services set forth herein and as referenced in the Purchase Order(s) authorizing the named Personnel, (hereinafter called the "Work"); and

WHEREAS Consultant is engaged in the business of performing such services and is prepared to provide the qualified Personnel required to perform the Work; and

WHEREAS Consultant agrees that Purchase orders issued referencing this Agreement number shall form part of the Agreement and shall be subject to all of the Agreement terms and conditions;

NOW THEREFORE in consideration of the payments to be made hereunder and the respective covenants, agreements, terms and conditions of the parties hereto, Company and Consultant agree as follows:

1.0 AGREEMENT DOCUMENTS

1.1 The below listed appendices attached hereto shall form part of this Agreement:

(a) Appendix A Scope of Work and Compensation.

1.2 In case of a conflict between the main body of this Agreement, the Appendices attached hereto or other items, as referenced in Article 1.2, the order of precedence shall be:

(a) Main body of Agreement;

(b) Appendices.

2.0 DEFINITIONS

2.1 "Consultant" includes the Consultant as previously designated herein and all of its employees, directors, agents, servants, subcontractors, suppliers and subcontractors involved in the execution of the Work.

2.2 "Intellectual Property" means all data, designs, plans, drawings, specifications, research, reports, notes, estimates, summaries, calculations, surveys, papers, completed work, and work in progress and such other information and materials or parts thereof as are compiled, drawn and produced by the Consultant in performing this Work, including computer printouts and computer models and all copyrights thereto and all patents, trademarks and industrial designs

- arising there from.
- 2.3 "Company" includes the following entities and persons individually and collectively:
- (a) Company as previously designated herein;
 - (b) Company's other Consultants; and
 - (c) the directors, officers, employees, servants, invitees and agents of all of those entities.
- 2.4 "Confidential Information" means all oral, written, electronic, magnetic or optical data and machine-readable information and data which Consultant receives, either directly or indirectly, from Company with the exception of information that:
- (a) was in Consultant's possession prior to the invitation to commencement of the Work and were not previously supplied to Consultant in confidence;
 - (b) become published through some agency other than Consultant or become generally available to the public or are in the public domain;
 - (c) are the same as technical information and data hereafter lawfully acquired by Consultant from third parties not connected with the Work or with the performance of the Work; or
 - (d) were independently developed by receiving party without the use of the confidential information.
- 2.5 "Conflict of Interest" (hereinafter referred to as "Conflict") means a situation where a person is involved in multiple interests, one of which could possibly corrupt the motivation for an act in the other.
- 2.6 "Personnel", in relation to any person or entity, means the directors, officers, employees, non-employed representatives and agents of such person or entity;
- 2.7 "Standard of Prudent Contractor" means good faith performance of contractual obligations and exercising that degree of care, skill, diligence, prudence, workmanship and foresight expected from a skilled and experienced contractor engaged in the same type of undertaking, in similar circumstances or conditions and in compliance with all applicable laws and to the satisfaction of authorities;
- 2.8 "Third Parties" means all persons and entities, which are included in neither Company nor Consultant.

3.0 INTERPRETATION

- 3.1 The doctrine of contra proferentem shall not apply in the interpretation of this document(s) meaning that if there is any ambiguous language in this document it shall not be interpreted more strongly against the party who prepared or drafted the ambiguous language.
- 3.2 The words "include", "includes" and "including" as used in the Agreement are not to be construed as words of limitation.
- 3.3 Article headings are inserted herein for convenience of reference only and shall not form a part hereof for purposes of interpretation.
- 3.4 Wherever, in the Agreement, a number of days are prescribed for any purpose, unless otherwise specified, the days shall be calendar days and shall be reckoned exclusively of the first and inclusively of the last.

3.5 The rights and recourse of Company and Consultant contained in the Agreement are cumulative and not in the alternative unless otherwise provided. The exercise of any such rights or recourse shall not constitute a waiver or renunciation of any other rights or recourse.

3.6 The illegality or unenforceability of any provision of this Agreement shall in no way affect the legality or enforceability of any other provision hereof. Any illegal or unenforceable provision shall be deemed severed from this Agreement and the remainder of this Agreement shall be construed and enforced as if this Agreement did not contain such illegal or unenforceable provision.

4.0 SCOPE OF WORK

4.1 Consultant represents and warrants that it has the required skills and capacity to perform the Work as set forth in Appendix A and the Purchase Order(s) authorizing named personnel, and covenants that it will perform the Work with all due diligence and in a manner which would normally be employed by a recognized professional performing work of a comparable nature..

4.2 Consultant shall report to and carry out the directives of the Company representative, or such other person as shall be designated by Company in writing.

4.3 Company shall have the right at any time to order changes in the Work or additional Work. All additional Work or changes to the Work shall be governed by the provisions of this Agreement subject to the amendment of this Agreement or the Purchase Order(s) authorizing Personnel, if required, upon mutual agreement of the parties. No additional Work or changes in the Work shall be implemented by Consultant unless such additional Work or changes in the Work, and the associated costs, have been approved by Company in writing.

4.4 In no event shall Consultant utilize an agent or a subcontractor to perform the Work without the prior written consent of Company.

4.5 Consultant shall not replace approved personnel without the prior written consent of Company.

5.0 DELAY

5.1 Where either party is aware of an event or any circumstances which are delaying or are expected to delay the performance of the Work, that party shall give written notice to the other party of the particulars of the cause and the expected length of the delay and the steps that the party intends to take to mitigate the effects of the delay.

6.0 EFFECTIVE DATE AND TERM

6.1 Notwithstanding the date of execution of this Agreement, this Agreement shall commence on the 30th day of September, 2013 (hereinafter called the "Effective Date").

7.0 TERMINATION

- 7.1 Company shall have the right to terminate this Agreement, or the Personnel authorized by Purchase Order(s) referenced hereto, at any time by giving Consultant seven (7) days' written notice prior to the date of termination of the Agreement or other notice as referenced in the Purchase Order(s).
- 7.2 The termination shall not affect the rights of the parties hereto which have accrued prior to the date of termination and shall not relieve any party from its obligations, which may have arisen during the Term hereof.
- 7.3 Company shall not be liable for any losses or damages of any kind suffered by Consultant on account of the termination.

8.0 FORCE MAJEURE

- 8.1 Neither party shall be considered in default in the performance of any of its obligations hereunder to the extent that performance of any such obligations is delayed, hindered, or prevented by force majeure.
- 8.2 Force majeure shall be any cause beyond the control of the party pleading it which such party could not reasonably have foreseen and guarded against.
- 8.3 Force majeure includes acts of God, floods, earthquakes, strikes, fires, riots, incendiarism, interference by civil or military authorities, compliance with the regulations or order of any government authority, acts of war (declared or undeclared) and civil disobedience, provided that such cause could not reasonably have been foreseen and guarded against by it.

9.0 REMUNERATION

- 9.1 Unless otherwise stated herein on in the Purchase Order(s), Consultant shall be paid in Canadian funds for performing the Work in accordance with the terms and conditions outlined in Appendix A – Scope of Work and Compensation and the Purchase Order(s) and subject to the holdback provisions and setoff provisions of Article 10.
- 9.2 Company shall have no obligation to pay Consultant for any goods or services not approved by Company.
- 9.3 No overtime shall be paid for by Company unless so authorized in writing by Company.
- 9.4 Consultant shall submit one (1) original invoice accompanied by relevant supporting documentation (approved timesheets, receipts, etc.) to Company at the beginning of each month for each Purchase Order issued under the terms of this Agreement for the Work completed during the previous month. Invoices shall bear the Purchase Order number.

9.5 Consultant shall present its invoices to Company's office at:

Nalcor Energy - Lower Churchill Project

P. O. Box 12800
500 Columbus Drive
St. John's, NL, A1B 0C9

Attention: Accounts Payable

9.6 Consultant's invoice shall identify separately the total amount of Goods and Services Tax or Harmonized Sales Tax ("GST/HST") applicable to the invoice value, and shall indicate on the invoice the Consultant's GST/HST Registration Number. Company will be under no obligation to pay GST/HST on invoices unless the Consultant provides its GST/HST Registration Number on the invoice. In the event Consultant does not invoice Company for GST/HST, Consultant shall indicate on the invoice the basis upon which Consultant is exempt from the obligation to collect GST/HST.

9.7 Within thirty (30) calendar days after receipt of such invoice, Company shall, after any appropriate adjustments and subject always to possible further verification and correction, pay Consultant for such monthly invoices.

9.8 When converting from a foreign currency into Canadian, or vice-versa, for the purposes of invoicing, the Bank of Canada exchange rate on the invoice date shall apply. A printout from the Bank of Canada website, which demonstrates the rate, shall be included with the invoice.

10.0 WITHHOLDING, SETOFFS AND DEDUCTIONS

10.1 Company shall be entitled to withhold payment or to deduct from Consultant's compensation to the extent necessary to protect Company in respect of:

- (a) invoiced amounts reasonably disputed by Company;
- (b) failure of Consultant to make payments promptly to subcontractors, governing agencies, agents, or suppliers;
- (c) liens or claims filed, or reasonable evidence indicating to Company the probability of claims or liens being filed, with respect to the Work; and
- (d) as permitted or required by law or as expressly provided in Article 10, Article 19, Appendix A – Scope of Work and Compensation, or elsewhere in this Agreement.

10.2 Any indebtedness of Consultant to Company, or to a parent, subsidiary or affiliate of Company may, in the sole discretion of Company, be setoff by Company against any indebtedness of Company to Consultant hereunder.

10.3 Company may deduct from Consultant's compensation, the amount, if any, of Consultant's required contributions to the Workplace Health Safety and Compensation Commission (WHSCC), Canada Pension Plan and Employment Insurance Commission, where Company, in its sole discretion, determines that such amounts may be assessed against Company, and Company shall remit such amounts to the appropriate authorities on Consultant's behalf.

10.4 If Company is required by the Canada Customs and Revenue Agency, or if Company, in its sole discretion, determines that it is required by Canada Customs and Revenue Agency to withhold from any monies due to Consultant hereunder, any amount required under Canadian income tax legislation, then Company shall withhold such amount. Company shall not be liable for any costs or interest to Consultant as a result of withholding as specified herein.

11.0 RECORDS AND ACCOUNTS OF COSTS

11.1 Consultant shall keep and maintain complete and accurate records of costs incurred with respect to the Work, and maintain books and accounts in accordance with generally accepted accounting procedures, principles and practices respecting all matters pertinent to this Agreement or Purchase Order(s) referred hereto. Company shall have the right to access and audit the aforementioned records with seven (7) days written notice.

12.0 INDEPENDENT CONSULTANT

12.1 In the performance of the Work, Consultant shall operate as an independent Consultant. Nothing in this Agreement will be construed to constitute Consultant as an agent, employee, servant or subcontractor of Company.

12.2 Consultant shall indemnify and hold Company harmless from all costs and expenses arising out of any claim or liability by reason that Consultant is considered an agent, servant, or employee or subcontractor of Company.

13.0 CONFLICT OF INTEREST

13.1 The Consultant confirms that it is not currently subject to any mandate, which would be in Conflict with Company interest. On an ongoing basis, Consultant shall ensure that it will not accept a mandate which would put it in Conflict with Company interests. In the event that any Conflict of Interest should be identified, it will be immediately communicated to Company and a mutually satisfactory resolution determined.

13.2 Notwithstanding Article 7, if Company determines Consultant is operating in a fashion that is in a Conflict with Company, Company may at its sole discretion immediately terminate this Agreement.

14.0 CONFIDENTIALITY AND PRIVACY

14.1 Consultant shall use the Confidential Information for the Work only and shall hold the Confidential Information in confidence at all times and not use or disclose it to anyone without Company's prior written approval, which approval may be withheld at Company's sole discretion.

- 14.2 Consultant may disclose the Confidential Information to those of its employees, agents, servants or subcontractors to whom disclosure is required by Consultant for the Work, and shall ensure each such employee, agent, servant or subcontractor are informed of the confidential nature of the Confidential Information and that all such employees, agents, servants and subcontractors at all times comply with the obligations under this Article 14.
- 14.3 Unless permitted or requested by Company in writing, Consultant shall not disclose to any third party or use for any other Work, any of the materials prepared or developed by Consultant in the performance of the Work, including documents, calculations, maps, sketches, notes, reports, data, models and samples which shall become property of Company in accordance with Article 20.0.
- 14.4 It is not Company's desire to be afforded access to Consultant's or any of Consultant's agent's or subcontractor's or any other third party Confidential Information. Therefore, Consultant shall ensure that any information, which Consultant supplies or arranges to have supplied to Company, shall not be subject to any obligation of confidentiality. Company shall not be liable for any use or disclosure of such information, and Consultant shall hold Company harmless against any liability arising from such use or disclosure.
- 14.5 Consultant shall use all personal information collected, received, handled or processed by it under this Agreement on behalf of Company (hereinafter referred to as "Personal Information") only for the Work, and shall not, for any reason, use the Personal Information for other, or its own works. In accordance with Article 11.0, Company shall have the right to audit or review Consultant's processes and procedures to ensure that the Personal Information is not being collected, used or disclosed in an unauthorized manner, and that the provisions of this Agreement are being fully complied with.
- 14.6 If a party is required to disclose Confidential Information in order to comply with a law, statute, regulation, standard, code, order, directive or other rule from any governmental or regulatory body or other duly constituted public authority having jurisdiction over the party or the Work or legally binding order of any court it shall first give notice of such requirement to disclose the Confidential Information with full particulars of the proposed disclosure.
- 14.7 All publicity releases or advertising dealing with the Work shall be submitted for approval of Company prior to release to the news media.
- 14.8 Company is subject to the Access to Information and Protection of Privacy Act, Statutes of Newfoundland and Labrador, 2002 Chapter A-1.1 (hereinafter referred to as the "ATIPP Act"), and consequently the public has a right of access to Company's records.
- 14.9 If requested by Company, whether prior to or after the expiry or earlier termination of this Agreement, Consultant shall promptly deliver to Company all Confidential Information in custody possession or control of Consultant and destroy any electronic copies and backups of Confidential Information.
- 14.10 Although section 27 of the ATIPP Act and section 5.4 of the ECNL Act provide exceptions, which may sometimes be enforceable when access to information relating to a third party is requested, there may be instances when Company is required to provide a member of the

public with access to such information.

- 14.11 Company shall not be liable for any claims, costs, losses or damages experienced by Consultant as a result of Company release of information to another party pursuant to the provisions of the ATIPP Act or due to any other legal requirements.
- 14.12 Notwithstanding anything else stated herein and with respect to the Confidential Information Consultant agrees that Company will be irreparably damaged if any provision of Article 14.0 is not performed by the Consultant in accordance with its terms and that monetary damages may not be sufficient to remedy any breach by the Consultant of any term or provision of this Agreement and the Consultant further agrees that the Company shall be entitled to equitable relief, including injunctive and specific performance, in the event of any breach hereof and in addition to any other remedy available at law or in equity.

15.0 COMPLIANCE WITH LAWS AND PERMITS

- 15.1 Consultant shall be required to comply with, observe, perform and fulfill the obligations and requirements of all federal, provincial and municipal statutes, by-laws, ordinances, regulations and orders in force and effect and shall ensure that its subcontractors, employees and agents likewise comply with, observe, perform and fulfill the obligations and requirements of all federal, provincial and municipal statutes, by-laws, ordinances, regulations and orders in force and effect during the term of the Agreement.

16.0 GOVERNING LAW AND FORUM

- 16.1 The Agreement shall be governed by and construed in accordance with the laws of the Province of Newfoundland and Labrador and every action or other proceeding arising hereunder shall be determined exclusively by a court of competent jurisdiction in the Province of Newfoundland and Labrador, subject to the right of appeal up to the Supreme Court of Canada where such appeal lies.

17.0 LIABILITY AND INDEMNITY

- 17.1 Consultant shall be responsible for any faults or errors in its performance of the Work, provided that such faults or errors do not arise from inaccurate or defective information furnished by Company, its agents, employees or servants. Consultant shall, at its own expense, re-perform any services that Company determines, acting reasonably, are deficient, substandard, or do not meet the requirements of the task communicated by Company to Consultant.
- 17.2 Consultant shall indemnify and hold harmless Company from and against any loss or damage arising directly or indirectly from Consultant's performance, part performance or non-performance of the Work except losses or damages resulting from the act or omission of an employee, agent or representative of Company in the exercise of their duties within the scope of their employment.

18.0 INSURANCE

- 18.1 Company shall carry insurance with respect to the Work consistent with its normal policies and practices and shall require its Consultants to maintain insurance, at Consultant's expense, as required by law and satisfactory to Company with respect to the performance of the Work. At a minimum the Consultant shall be required to carry the following insurance;
- a. Automobile Liability Insurance which shall cover all licensed vehicles, owned, non-owned, hired or leased for an amount not less than one million (\$1,000,000.00) dollars for any one occurrence involving bodily injury and/or property damage.
 - b. Commercial General Liability Insurance for an amount not less than one million (\$1,000,000.00) dollars for any one accident or occurrence. Such insurance shall include Company additional insured and contain a cross liability clause.
 - c. Professional errors and omissions liability insurance in an amount not less than one million (\$1,000,000) dollars and shall ensure that each subcontractor who has a professional liability exposure and who is engaged by the Consultant in the performance of the Work is covered against professional errors and omissions in an amount not less than one million (\$1,000,000) dollars.
- 18.2 Consultant shall provide Company with proof of the insurance coverage which it is required to maintain in full force and effect during the performance of the Work.

19.0 WORKERS' COMPENSATION

- 19.1 Consultant shall pay all assessments due under the relevant Workers' Compensation legislation. Prior to commencing the Work or upon the request of Company, Consultant shall obtain and deliver to Company a certificate or certificates establishing that it is in good standing with the Workplace Health, Safety and Compensation Commission of Newfoundland and Labrador and with the comparable board or commission of any other province having jurisdiction in connection with Consultant's performance of the Work.

20.0 OWNERSHIP OF WORK

- 20.1 All Intellectual Property, prepared or caused to be prepared by Consultant in connection with the Work shall become the property of Company and shall be delivered to Company upon completion of the Work or upon earlier termination of this Agreement. Consultant shall have the right to retain a copy of all such documents and to make use of them in the course of its general business, with Company's consent. Consultant shall not divulge, release or publish same, or any part thereof without the prior written permission of Company. Nevertheless, Consultant shall have the right to have access to all such original documents at any time during the life of the Work for purposes connected with the Work.

20.2 Title to the Work (or any part) performed, including all Consultant's documentation related to the Work, shall vest in Company as and when performed or prepared. Title to any items free issued to Consultant by Company shall always remain vested in Company.

21.0 ASSIGNMENT AND SUCCESSORS

21.1 Company may assign this Agreement to third parties without the consent of the Consultant.

21.2 Consultant shall not assign this Agreement nor subcontract the Work in part or in whole without the prior written consent of Company. Consent to assign or subcontract the work will not relieve the Consultant of any of its liabilities or obligations under this Agreement.

21.3 Consultant is not permitted to create any contractual relationship between a third party and Company.

21.4 The Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of the parties hereto.

22.0 NOTICES

22.1 All notices shall be addressed as follows or to such other address as either of the parties shall designate by written notice.

COMPANY:

Nalcor Energy – Lower Churchill Project
P. O. Box 12800
500 Columbus Drive
St. John's, Newfoundland and Labrador
A1B 0C9

Attention: Sara Hussey
Email: SaraHussey@lowerchurchillproject.ca
Phone (709) 778-6686

CONSULTANT:

PMX Inc.
505 Consumers Road, Suite300
Toronto, ON
M2J 4V8

Attention: Ed Bush
Email: ebush@pmx.ca
Phone (416) 222-7691 ext. 231
Fax: (416) 222-0485

23.0 LANGUAGE

23.1 The language of this Agreement shall be English and all communications and dealings under and with respect to this Agreement shall be conducted in the English language.

24.0 DUTY OF CARE

24.1 Consultant agrees to use reasonable care, skill, competence and judgment in the performance of the Work hereunder which are generally consistent with the Standard of Prudent Contractor.

25.0 ENTIRETY OF AGREEMENT

25.1 This Agreement constitutes the entire agreement between the parties and shall govern the relationship of the parties with respect to the Work. It supersedes all other agreements, either written or verbal, between the parties.

26.0 SURVIVAL

26.1 The following provisions of this Agreement shall survive the termination or expiration of this Agreement and remain in full force and effect: Articles 3.0, 7.0, 9.0, 10.0, 11.0, 12.0, 14.0, 15.0, 16.0, 17.0, 20.0, 22.0 and 23.0.

27.0 EXECUTION

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first above written.

NALCOR ENERGY

Per:

Title:

[Handwritten signature]
Supply Chain Manager

PMX INC.

Per:

Title:

Per:

Title:

[Handwritten signature]
GENERAL PROJECT MANAGER

APPENDIX A

SCOPE OF WORK AND COMPENSATION

1.0 Scope of Work:

- 1.1 Consultant shall provide agreed (named) Personnel to provide professional services as determined in the role/scope description as specified in the Purchase Order(s).

2.0 Reporting and Deliverables:

- 2.1 Consultant is required to submit weekly timesheets in the Company timekeeping database.

3.0 Compensation:

- 3.1 Company shall reimburse Consultant for all matters relating to and associated with performance of the Work. All sums, rates, prices, terms and conditions stated in the Purchase Order(s) referred hereto shall be deemed to include, without limitation, all Consultant's costs for all matters relating to and associated with the performance of Work. The rates and prices stated herein are fully inclusive of all costs and expenses incurred in connection with Consultant's performance of the Work hereunder. Only those rates/prices specifically identified shall be paid by Company to Consultant and costs not identified are deemed to be included in the rates and prices stated herein.

- 3.2 All activities performed by Consultant's corporate staff or any other corporate activities associated with the Work, or any part thereof, shall not be subject to reimbursement by Company. Such non-reimbursable costs are deemed to be included in the sums, rates, prices and conditions contained in this Appendix or it in Purchase order(s) referred hereto.

- 3.3 All sums, rates, prices, terms and conditions stated herein in the Purchase Order(s) referred hereto shall be deemed fully inclusive of Consultant costs associated with premiums, renewals or liabilities which Consultant is obligated to pay or bear liability for in accordance with the insurance and indemnity provisions stated in Articles of this Agreement.

3.4 Personnel

The terms and condition contained in this Master Services Agreement (Agreement) will apply to all Work performed by Consultant during the Agreement term. Company will issue separate Purchase Orders, referencing the terms herein, approving individual Personnel. Consultant shall be reimbursed at the Rates referenced in the Purchase Order(s) for approved personnel.

The day rate is based on a professional working day consisting of eight (8) working hours per day (usually between 8:00AM – 5:00PM), including casual overtime. Prior approved overtime worked; in excess of the professional work day, on weekends, statutory holidays, or other special work circumstances including periods of travel as decided by the Company Representative, will be billed at a prorated day rate. No overtime or premium rates shall apply.

Unless otherwise approved by Company the Day Rate will be calculated on a cost plus basis as described below.

Day Rate for Consultant's internal personnel/staff will be calculated, using the formula below, on a cost plus overhead and markup basis.

Day Rate = (Hourly Employee Salary + (Hourly Employee Salary x Overhead {20}%) + (Hourly Employee Salary X Markup {15}%)) x 8

Calculated rate shall be rounded to the nearest dollar.

Day Rates for Third Party Consultants provided by Consultant will be calculated, using the below formula, on a cost plus markup basis.

Day Rate = (Hourly Cost + (Hourly Cost x Markup {15}%)) x 8

Calculated rate shall be rounded to the nearest dollar.

Day Rates for Company Named Hire provided by Consultant will be calculated, using the below formula, on a cost plus markup basis.

Day Rate = (Hourly Employee Salary + (Hourly Employee Salary x Overhead {20}%) + (Hourly Employee Salary X Markup {10}%)) x 8

Calculated rate shall be rounded to the nearest dollar.

Definitions:

Hourly Employee Salary is the gross hourly salary payable to the employee.

Overhead is a percentage which applies to all other costs associated with supplying the personnel which includes, but is not limited to, administration, corporate expenses, taxes, training, medical, retirement (RRSP), vacation, statutory holidays and employers share of; UIC, CPP, Hapset, income tax.

Markup is the percentage of profit.

Hourly Cost is the net hourly rate payable to third party by the Consultant.

Company Named Hire is personnel named by Company for hire under the terms of this Agreement, but with whom Consultant has not been directly involved in the recruitment process.

3.5 Travel Expenses

Company approved travel expenses will be reimbursed at actual cost as supported by approved travel authorization, expense claim and receipts as appropriate. All travel shall be in accordance with Lower Churchill Project - Standards for Business Travel, and associated corporate policies, as revised.

Domestic travel per diems (including HST/GST) at time of Agreement execution are as follows. The incidental component of the per diem is only reimbursable when an overnight stay is required.

Island of Newfoundland		Labrador and Other Domestic	
Breakfast	\$ 12.00	Breakfast	\$ 13.00
Lunch	\$ 16.00	Lunch	\$ 17.00
Dinner	\$ 24.00	Dinner	\$ 25.00
Incidentals	\$ 8.00	Incidentals	\$ 8.00
TOTAL	\$ 60.00	TOTAL	\$ 63.00

Per diems for international travel will be in accordance with Canadian Federal Treasury Board Guidelines for the relevant city / country.

Consultant personnel shall not be reimbursed for travel within the greater St. John’s area.

3.6 Escalation

At the discretion of Company, day rates will be subject to consideration of escalation annually in accordance with Company policy and shall be applied on the anniversary date of the Agreement.

3.7 Assignment Conditions

Consultant will be reimbursed separately for the documented assignment conditions cost incurred by Personnel in the provision of the Services.

Reimbursement for assignment conditions costs, where applicable, will be subject to Company’s prior approval in accordance with agreed policies and procedures.

Assignment conditions for Personnel assigned to Company’s St. John’s Project Office or Labrador Construction Sites are set out in Attachment 1 hereto.

ATTACHMENT 1
ASSIGNMENT CONDITIONS



**ASSIGNMENT CONDITIONS FOR CONSULTANTS OF LCP PROJECT DELIVERY TEAM
WORKING IN ST. JOHN'S, NL PROJECT OFFICE**

Item	Long-Term Assignment (Greater than 6 Months' Duration)	Business Travel (Up to 2 Months' Duration)	Short-Term Assignment (2 – 6 Months' Duration)
Work Location	Project Office - St. John's, NL	Project Office - St. John's, NL	Project Office - St. John's, NL
Type	Long term (over 6 months)	Up to 2 months' duration	2 – 6 months' duration
Status	Unaccompanied or Accompanied	Unaccompanied	Unaccompanied
Work Schedule	40 - 50 hour work week	40 - 50 hour work week	40 - 50 hour work week
Overtime (over 50 hours)	Paid only when pre-approved by Client	Paid only when pre-approved by Client	Paid only when pre-approved by Client
Per Diem	During the settling in period of a long-term assignment – up to 30 days maximum Employee - \$60/day Spouse - \$50/day Child - \$30/day	\$60/day	\$60/day
Temporary Accommodation	Actual cost of accommodation at local hotels – during the settling in period of a long-term assignment (up to 30 days maximum)	Actual cost of accommodation at local hotels	Actual cost of accommodation at local hotels
Location Allowance	Monthly allowance to cover living expenses such as furnished accommodations & utilities, local transportation, and subsistence. \$4,500 / month – Unaccompanied \$4,700 / month – Accompanied <u>Allocation:</u> Housing & Utilities:	Actual cost of rental vehicle if more cost-effective than taxis	Actual cost of rental vehicle if more cost-effective than taxis



**ASSIGNMENT CONDITIONS FOR CONSULTANTS OF LCP PROJECT DELIVERY TEAM
WORKING IN ST. JOHN'S, NL PROJECT OFFICE**

Item	Long-Term Assignment (Greater than 6 Months' Duration)	Business Travel (Up to 2 Months' Duration)	Short-Term Assignment (2 – 6 Months' Duration)
	<p>\$2,500 Unaccompanied / \$2,500 Accompanied</p> <p>Local transportation: \$1,000</p> <p>Subsistence: \$1,000 Unaccompanied / \$1,200 Accompanied</p> <p>Subject to annual review of local market conditions.</p>		
Travel Allowance	<p>Unaccompanied: Monthly travel allowance for the purpose of flights home and miscellaneous travel-related expenses (e.g. cab fares, parking, etc.).</p> <ul style="list-style-type: none"> • Ontario & east: \$1,300/month • Manitoba & west: \$1,600/month <p>Frequency of travel for weekend at home location is flexible within project operating needs. This allowance does not guarantee that it will cover the cost of any specific number of trips within a defined time period.</p> <p>Travel time is unpaid but employee may bank pre-approved overtime to cover travel time.</p> <p>Accompanied: Two paid trips home per year for employee and spouse/partner/dependents.</p> <ul style="list-style-type: none"> • Ontario & East: Employee \$900 /trip • Ontario & East: Spouse \$700 / trip 	<p>Travel to assignment destination as agreed and required.</p>	<p>Monthly travel allowance for the purpose of flights home and miscellaneous travel-related expenses (e.g. cab fares, parking, etc.).</p> <p>Unaccompanied: Ontario & east: \$1,300/month Manitoba & west: \$1,600/month</p> <p>Frequency of travel for weekend at home location is flexible within project operating needs. This allowance does not guarantee that it will cover the cost of any specific number of trips within a defined time period.</p> <p>Travel time is unpaid but employee may bank pre-</p>



**ASSIGNMENT CONDITIONS FOR CONSULTANTS OF LCP PROJECT DELIVERY TEAM
WORKING IN ST. JOHN'S, NL PROJECT OFFICE**

Item	Long-Term Assignment (Greater than 6 Months' Duration)	Business Travel (Up to 2 Months' Duration)	Short-Term Assignment (2 – 6 Months' Duration)
	<ul style="list-style-type: none"> Ontario & East: Dependents \$700 /trip Manitoba & West: Employee \$1200/trip Manitoba & West: Spouse \$1000 / trip Manitoba & West: Dependents \$1000/trip 		approved overtime to cover travel time.
Mobilization Allowance	<p>Lump sum amount to cover expenses incurred in the transition process such as storage & rental management fees, excess baggage in flight, in-transit travel costs, & other miscellaneous related costs.</p> <ul style="list-style-type: none"> \$1,000 Unaccompanied \$2,000 Accompanied 	Not applicable	Not Applicable
Demobilization Allowance	<p>Lump sum amount to cover return to principal residence at end of assignment such as excess baggage in-flight and other miscellaneous related costs.</p> <ul style="list-style-type: none"> \$1,000 Unaccompanied \$2,000 Accompanied 	Not applicable	Not Applicable
Shipment of Personal Belongings	<ul style="list-style-type: none"> Unaccompanied – 100 kg by air Accompanied – 200 kg by air <p>At mobilization and at demobilization.</p>	Not applicable	Not Applicable

Approved by:  02-JUL-2013
 Roh Power
 General Project Manager, LCP



**ASSIGNMENT CONDITIONS FOR CONSULTANTS OF LCP PROJECT DELIVERY TEAM
WORKING ON LABRADOR CONSTRUCTION SITES**

Item	Local Hire	Non-Local Hire
Local Hire	Employee with a permanent residence located within 125 km from the base camp at construction site. With respect to work being performed in Churchill Falls, an employee with a permanent residence within 125 km of Churchill Falls construction site will be considered a local hire.	Not Applicable
Work Location	Construction site, field offices within Labrador.	Construction site, field offices within Labrador.
Work Cycle	To be evaluated on a case-by-case basis, not to exceed work cycle of a non-local hire.	Work cycle will be evaluated on a case-by-case basis and may be dependent on operational requirements. Cycle will be either: <ul style="list-style-type: none"> • 20 days on site, 8 days off site; or • 14 days on site, 7 days off site. Travel time not included or billable. Travel time would commence after completion of site rotation.
Work Schedule	To be evaluated on a case-by-case basis, not to exceed 70 hours per week over 7 days.	70 hours per week over 7 days.
Overtime	Overtime will be paid if: <ul style="list-style-type: none"> • The overtime is compliant with Consultant's policies and procedures. • The overtime is pre-approved by Company. 	Overtime will be paid if: <ul style="list-style-type: none"> • The overtime is compliant with the Consultant's policies, procedures and terms and conditions of personnel contracts. • The overtime is pre-approved by Company.
Project Uplift	A negotiated % increase on all hours worked by individuals with a primary assignment location at construction site or at field offices.	A negotiated % increase on all hours worked by individuals with a primary assignment location at construction site or at field offices.



**ASSIGNMENT CONDITIONS FOR CONSULTANTS OF LCP PROJECT DELIVERY TEAM
WORKING ON LABRADOR CONSTRUCTION SITES**

Item	Local Hire	Non-Local Hire
Completion Premium	<p>If applicable, will be paid based upon successful completion of an assignment. Rate negotiated at time of initial offer within the following range:</p> <p>Junior to Intermediate Positions:</p> <ul style="list-style-type: none"> • 5% <p>Lead and Senior Positions:</p> <ul style="list-style-type: none"> • 7.5% to 10% <p>Senior Construction Management Positions:</p> <ul style="list-style-type: none"> • 10% to 20% <p>Completion Premium is applied to the base hourly rate. Project uplift is not included in the calculation of Completion Premiums. For consultants with base rates that include payroll burdens and project uplifts, the Completion Premium is applied to the net hourly base rate excluding payroll burdens and project uplifts.</p>	<p>If applicable, will be paid based upon successful completion of an assignment. Rate negotiated at time of initial offer within the following range:</p> <p>Junior to Intermediate Positions:</p> <ul style="list-style-type: none"> • 5% <p>Lead and Senior Positions:</p> <ul style="list-style-type: none"> • 7.5% to 10% <p>Senior Construction Management Positions:</p> <ul style="list-style-type: none"> • 10% to 20% <p>Completion Premium is applied to the base hourly rate. Project uplift is not included in the calculation of Completion Premiums. For consultants with base rates that include payroll burdens and project uplifts, the Completion Premium is applied to the net hourly base rate excluding payroll burdens and project uplifts.</p>
Rest & Recuperation Allowance	Not Applicable	<p>Paid to individuals on rotation with commutes to and from designated pickup points and their primary residence. The allowance shall be payable based on the distance between the home and designated pickup point as follows:</p> <ul style="list-style-type: none"> • \$75 per round trip for commutes between 0 to 100 km • \$90 per round trip for commutes between 101 to 200 km • \$120 per round trip for commutes between 201 to 300 km • \$150 per round trip for commutes between 301 to 400 km • \$220 per round trip for commutes between 401 to 500 km • \$260 per round trip for commutes greater than 501 km
Camp Supplied Meals	Not Applicable	Provided free to employees who reside in camps.
Housing & Utilities	Not Applicable	<p>Accommodations Conditions – MF Site</p> <ul style="list-style-type: none"> • Provided in future permanent camp once permanent accommodations camp is available. The permanent camp will have



**ASSIGNMENT CONDITIONS FOR CONSULTANTS OF LCP PROJECT DELIVERY TEAM
WORKING ON LABRADOR CONSTRUCTION SITES**

Item	Local Hire	Non-Local Hire
		<p>a check-in and check-out policy. Upon completing a rotation, guests must vacate the room. Locker storage will be provided to store miscellaneous personal items (i.e. PPE, etc.).</p> <ul style="list-style-type: none"> • Prior to permanent camp availability, three (3) options are available as follows: <ul style="list-style-type: none"> • Option 1: Stay in Company supplied hotel accommodations while on rotation and receive the applicable per diem rate. Must vacate room during off-rotation. If requested, pending availability of space, storage will be provided for miscellaneous personal items (i.e. PPE, etc.) • Option 2: Receive a \$3,500 living allowance and arrange accommodations privately. Hotel accommodations and per diem will be paid as identified in Option 1 until private accommodations are secured at which time the living allowance will commence. • Option 3: Avail of temporary camp accommodations pending availability on site. Upon completing a rotation, guests must vacate the room. Storage will be provided to store miscellaneous personal items (i.e. PPE, etc.). <p>Accommodations Conditions – Reservoir, TL & Other</p> <ul style="list-style-type: none"> • Provided in Contractor’s camp, or alternate accommodations arranged by Company, once applicable accommodations are made available. Prior to availability, two (2) options are available as follows: <ul style="list-style-type: none"> • Option 1: Stay in Company supplied hotel accommodations while on rotation and receive the applicable per diem rate. Must vacate room during off-rotation. If requested, pending availability of space, storage will be provided for miscellaneous personal items (i.e. PPE, etc.).



**ASSIGNMENT CONDITIONS FOR CONSULTANTS OF LCP PROJECT DELIVERY TEAM
WORKING ON LABRADOR CONSTRUCTION SITES**

Item	Local Hire	Non-Local Hire
		<ul style="list-style-type: none"> • Option 2: Receive a \$3,500 living allowance and arrange accommodations privately. Hotel accommodations and per diem will be paid as identified in Option 1 until private accommodations are secured at which time the living allowance will commence. <p>Camp accommodations standards may vary depending on work location.</p> <p>Senior Construction Management personnel who choose to relocate to HVGB will be eligible, upon Company approval, to receive the following allowances:</p> <ul style="list-style-type: none"> • \$4,500 / month unaccompanied • \$4,700 / month accompanied <p>Allocation:</p> <ul style="list-style-type: none"> • Housing & Utilities = \$2,500 • Local Transportation = \$1,000 • Subsistence <ul style="list-style-type: none"> ○ \$1,000 unaccompanied ○ \$1,200 accompanied • Two paid trips home per year for employee and spouse/partner/dependents <ul style="list-style-type: none"> ○ Ontario & East: Employee \$900/trip ○ Ontario & East: Spouse \$700/trip ○ Ontario & East: Dependents \$700/trip ○ Manitoba & West: Employee \$1,200/trip ○ Manitoba & West: Spouse \$1,000/trip ○ Manitoba & West: Dependents \$1,000/trip <p>Monthly allowance subject to annual review of local market conditions.</p>



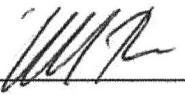
**ASSIGNMENT CONDITIONS FOR CONSULTANTS OF LCP PROJECT DELIVERY TEAM
WORKING ON LABRADOR CONSTRUCTION SITES**

Item	Local Hire	Non-Local Hire
Travel Costs	Not Applicable	<p>Company will provide, free of charge, transportation to and from construction site, subject to the following:</p> <ul style="list-style-type: none"> • Transportation via charter with designated pick-up points, as applicable. • When charter is not provided, Company will reimburse for one (1) return economy airfare ticket from the closest airport to the employees home, serviced by regularly scheduled commercial flights, per rotation. • All travel for new hires mobilized to the Project Delivery Team will be coordinated by applicable travel coordinators for respective team members. • Monthly travel allowances currently being paid to employees on assignment at St. John's office will cease should employee assignment location change to construction site or field office.
Local Transportation	Company will provide transportation services from Happy Valley - Goose Bay to Muskrat Falls construction site.	<p>Junior, Intermediate, Lead and Senior Positions:</p> <ul style="list-style-type: none"> • Prior to accommodation complex being available, Company will provide travel to and from Goose Bay <p>Senior Construction Management Positions:</p> <ul style="list-style-type: none"> • With Company approval, designated Company vehicles for business use may be provided for those who are approved to live out of camp in Goose Bay
Shipment of Personal Belongings	Not Applicable	<p>Junior, Intermediate, Lead and Senior Personnel not living in Goose Bay:</p> <ul style="list-style-type: none"> • 100kg by air at time of initial mobilization and demobilization <p>Senior Construction Management living in Goose Bay:</p> <ul style="list-style-type: none"> • 100kg for unaccompanied & 200kg for accompanied at time of initial mobilization and demobilization



**ASSIGNMENT CONDITIONS FOR CONSULTANTS OF LCP PROJECT DELIVERY TEAM
WORKING ON LABRADOR CONSTRUCTION SITES**

Item	Local Hire	Non-Local Hire
Mobilization Allowance	Not Applicable	Senior Construction Management living in Goose Bay: <ul style="list-style-type: none"> • Lump sum amount to cover expenses incurred in the transition process such as storage and rental management fees, excess baggage in-flight, in-transit travel costs and other miscellaneous related costs <ul style="list-style-type: none"> ○ \$1,000 unaccompanied ○ \$2,000 accompanied
Demobilization Allowance	Not Applicable	Senior Construction Management living in Goose Bay: <ul style="list-style-type: none"> • Lump sum amount to cover expenses incurred in the transition process such as storage and rental management fees, excess baggage in-flight, in-transit travel costs and other miscellaneous related costs <ul style="list-style-type: none"> ○ \$1,000 unaccompanied ○ \$2,000 accompanied
Personal Protective Equipment	Issued as per Company's Policy	Issued as per Company's Policy

Approved by:  02-JUL-2013
 Ron Power
 General Project Manager, LCP