

1 Q. Please provide the “Water Power Rental” dollar amounts to be paid by Muskrat
2 Falls to the Province, the purpose of the rental and a copy of the Water Lease
3 Agreement with the Province.

4

5

6 A. The Water Power Rental is a rental agreement granting Muskrat Falls the right to
7 use the Lower Churchill River for power generation. Attachment 2, page 6 of
8 Nalcor’s response to PUB-Nalcor-50 outlines the water power rental payments
9 forecasted for the next three years, while Table 1 of Nalcor’s response to PUB-
10 Nalcor-46 outlines the forecasted payments from 2020 to 2039. Note that the
11 forecasted payments are expected to commence post commissioning of the
12 Muskrat Falls Plant in 2020.

13

14 A copy of the Water Lease Agreement can be found in PUB-Nalcor-185 Attachment
15 1. Note, this agreement was subsequently assigned to Muskrat Falls Corporation. A
16 copy of the assignment can be found in PUB-Nalcor-186 Attachment 2.

This Indenture (the "Lease") made as of the 2nd day of October, 2009.

Between: Her Majesty In Right of Newfoundland and Labrador, as represented by the Lieutenant-Governor in Council (the "Government");

And: Nalcor Energy, a corporation incorporated under the laws of the Province of Newfoundland and Labrador (the "Lessee").

Whereas the Lessee has requested that the Lieutenant-Governor in Council grant it water rights for the purposes of water power generation on the Lower Churchill River;

And Whereas under the *Energy Corporation of Newfoundland and Labrador Water Rights Act* (the "Act") the Lieutenant-Governor in Council has the authority to grant to the Lessee (previously the Energy Corporation of Newfoundland and Labrador) water rights for the purposes of water power generation on the Lower Churchill River;

And Whereas the Government originally granted Nalcor a lease under the Act dated 17 March 2009 (the "original Lease");

And Whereas the definition of the "Lower Churchill River" in the Act was amended by the *Energy Corporation of Newfoundland and Labrador Water Rights (Amendment) Act*, which was proclaimed on 10 September 2009, with retroactive effect back to the original promulgation of the Act;

And Whereas the Lieutenant-Governor in Council wishes to enter into, execute and deliver this Lease in revision and replacement to the original Lease, in compliance with the amended Act subject to the terms, conditions, reservations, qualifications and provisions set forth.

Now therefore the parties agree as follows:

RIGHTS LEASED AND RESERVATIONS MADE

1. In consideration of the undertakings of the Lessee and subject to the terms, conditions, reservations, exceptions and provisions herein contained, the Government leases and demises to the Lessee full right and liberty to use exclusively the "Lower Churchill River" which is defined as:

- (i) that part of the Churchill River below the intersection of the Churchill River with the meridian of 63 ° 40' west of Greenwich, downstream to the intersection of the Churchill River with the

meridian of 60 ° 45' west of Greenwich, and all waters that naturally flow into, or by diversion flow into, the Churchill River between those 2 points, and

(ii) that part of the Churchill River upstream of the point of intersection of the Churchill River with the meridian of 63 ° 40' west of Greenwich that lies below the 425 foot contour line or below elevation 425 feet, as referenced in Appendix A of *The Churchill Falls (Labrador) Corporation Limited (Lease) Act, 1961*,

but excludes the area described in Appendix A to *The Churchill Falls (Labrador) Corporation Limited (Lease) Act, 1961*, and all waters while they are in that area, for the purposes of water power generation **TO HOLD** the same unto the Lessee for a period of 50 years commencing upon the date of the execution of this instrument (the "Term") **TOGETHER WITH** the full right to flood during the term created by this Lease and any renewal of it all those areas of the Lower Churchill River.

GOVERNMENT RESERVATIONS

2. The Government reserves the right of the public to use the Lower Churchill River for the purpose of fishing, shooting, hunting, trapping, logging and travelling; provided that the exercise of these rights shall not materially impair the Lessee's rights as granted under this instrument and provided further that the Lessee shall have the right to restrict the public from entering upon those areas where the public's presence at or near the Lessee's facilities constitutes a hazard to the Lessee or to the public or where it creates an operational concern for the Lessee.

RIGHTS GRANTED

3. Subject to the provisions, terms, conditions, exceptions and reservations of this Lease, the lease and demise of the Lower Churchill River created includes the grant to the Lessee of:
 - (a) the exclusive right to harness and make use of the Lower Churchill River;
 - (b) all water power rights in, to and in respect of the Lower Churchill River;
 - (c) the exclusive right to construct and utilize all dams, tunnels, canals, diversions, power houses and any and all works on the Lower Churchill River necessary for the development of hydro electric power; and

- (d) the exclusive right to store and regulate so much of the Lower Churchill River as may be economic and/or beneficial for the purposes of the development of the Lower Churchill River for the purposes set forth herein.

LESSEE'S COVENANTS

The Lessee covenants with the Government as follows:

ADHERANCE TO THE LAWS OF NEWFOUNDLAND AND LABRADOR

4. The Lessee shall fulfill and abide by the requirements of all applicable laws of the Province of Newfoundland and Labrador and of Canada and any regulations, orders and directions made under such statutes and regulations.

ENTRY BY GOVERNMENT OFFICIALS ON RIVER

5. The Government by its servants and agents may at all reasonable times during the Term of this Lease enter upon any area of the Lower Churchill River and examine the condition of the same or inquire into the adherence by the Lessee with the terms and conditions set forth herein.

DEVELOPMENT OF PROJECT

6. The Lessee will commence and proceed with due diligence with the development of the generation of electricity from the Lower Churchill River.

MONITORING STATIONS

7. The Lessee may be required by the Government to install, operate and maintain streamflow, water level monitoring stations, and other necessary measures to measure water flow, level or quality at specified locations in the Lower Churchill River and report all relevant data to the Government upon request. Such monitoring shall be carried out in the manner that the Government considers necessary for the assessment of the quantity and quality of the water available in the Lower Churchill River and the quantity of water used by the Lessee for water power generation.
8. If the Lessee undertakes recording information, other than the requirements set out in section 7, concerning the characteristics of the Lower Churchill River, or any part of it, it will provide to the Government upon request copies of such information and data at least once each year.

MAINTENANCE OF STRUCTURES

9. The Lessee shall maintain in good repair and good working order, and in accordance with all laws, by-laws, directions, rules and regulations, all structures, works and plants erected from time to time for the development and utilization of the Lower Churchill River on the premises demised by this Lease, and the Lessee shall make all necessary repairs in order to secure the normal and satisfactory working of all such structures, works and plants. The Lessee shall immediately notify the Government if any problem arises which may threaten the structural stability of the structures, works and plants such as dams and other systems, endanger public safety and / or the environment or adversely affect water users either in or outside the area of the Lower Churchill River.

RENTALS

10. In consideration for the rights granted herein:
 - (a) the Lessee shall pay to the Government \$2.50 per megawatt hour of power generated each year from the Lower Churchill River.
 - (b) From January 1, 2010, the rental referred to in paragraph (a) will be adjusted on January 1 of each year during the Term according to the percentage of increase, in relation to the preceding year, in the Consumer Price Index (CPI, Canada, All-items), as established under the *Statistics Act* of Canada, or any succeeding legislation. For such purpose, the Consumer Price Index for a year is the average monthly index for the 12 months ending on September 30 of the preceding year.
 - (c) Where the percentage calculated under paragraph (b) has two or more decimals, only the first two decimals are kept and the second decimal is increased by a unit if the third decimal is 5 or over.

INDEMNITY

11. The Lessee indemnifies and holds the Government harmless against any and all liabilities, losses, claims, demands, damages or expenses including legal expenses of any nature whatsoever, whether arising in tort, contract, statute, trust or otherwise resulting directly or indirectly from the exercise by the Lessee of the rights granted under this Lease, or from the systems and works operated by the Lessee in, on or outside the Lower Churchill River, or from any act or omission of the Lessee in, on or outside the Lower Churchill River or pursuant to the rights granted herein, or arising out of a breach or non-performance of any of the terms, conditions or provisions of this Lease by the Lessee, its employees, agents, licensees, lessees or any other persons authorized by the Lessee.

MAINTENANCE OF RECORDS

12. The Lessee shall prudently maintain in good faith records, accounts and statements of the rates and amounts of water used on a daily basis for the generation of hydroelectric power, rates and amounts of water spilled or released downstream, operating water levels, extent of the flooded area, and any related information that the Government may require in whatever form, manner and time. Copies of such records, accounts, and statements shall be submitted to the Water Rights Section of the Department of Environment and Conservation on or before the end of March of each year during the Term created by this Lease.

ENTRY BY GOVERNMENT ON PLACES OF BUSINESS

13. The employees or agents of the Government may at all reasonable times during the Term of this Lease enter upon the Lessee's structures, works and plants erected from time to time in connection with the rights granted hereunder or upon any of the Lessee's designated places of business to inspect the systems, works and records pertaining to its use of the Lower Churchill River waters, and shall be entitled to copy such information as may be required by the Minister of Environment and Conservation.

ADHERENCE TO PERMITS AND APPROVALS

14. The Lessee shall operate its structures, plants, systems and works in a manner which is consistent with any permits or approvals it has been issued, including any environmental permits or approvals. The Lessee shall be responsible for any and all environmental damage caused by the exercise of its rights granted hereunder, including inadequacies in the Lessee's operational procedures and any failure to adhere to the requirements of any such permits or approvals.

CAPACITY TO DEVELOP

15. The Lessee represents and warrants that it has the required expertise, skills and capacity to develop and operate a hydro – electric development on the Lower Churchill River.

GOVERNMENT'S COVENANTS

The Government hereby covenants with the Lessee as follows:

PEACEFUL ENJOYMENT

16. Subject to the provisions of this Lease, the Lessee shall peaceably hold and enjoy the rights and liberties leased and demised during the Term without any interruption or interference by the Government.

RENEWAL OF LEASE

17. Any renewal of this Lease subsequent to the expiry of the Term shall be at the sole and absolute discretion of Government, upon the written request of the Lessee, such request to be made no later than one year before the expiration of the Term. The terms and conditions of any such renewal granted shall be at the sole and absolute discretion of Government, and there is no requirement that such terms or conditions correspond to the provisions of this Lease. The Lessee acknowledges that it has neither a right to nor an expectation of such renewal being granted as a result of being granted this Lease.

LEASE OR LICENCE OF CROWN LAND

18. After the date of execution and delivery of this Lease whenever a grant, lease, licence or renewal or other assurance is made of Crown lands located within the planned reservoir area of the Lower Churchill River, a provision shall be inserted in such instruments reserving in favour of the Lessee the right to flood or otherwise impair the land comprised in such instruments and to construct and operate storage reservoirs on it without paying any compensation, fine or other indemnity in respect of the loss or damage suffered by any other holder of rights in the land. This provision is subject to the Lessee providing a description of the planned reservoir area in a form acceptable to Government.

MUTUAL COVENANTS

GRANTING OF SECURITY INTEREST

19. The Lessee shall not grant a security interest upon, encumber, or otherwise transfer, assign, lease, sublease, license or otherwise dispose of any rights or privileges granted hereunder or in any other manner permit any person to utilize any of the rights and privileges granted hereunder for the purposes of securing financial obligations, unless:
 - (a) such interest is being created for the purposes of financing the development of hydro-electric facilities on the Lower Churchill River;
 - (b) such interest contains provisions that prevent any lender (including a trustee, receiver or agent acting on behalf of the lender) from realizing on such security interest until the Government is given

notice of any default by the Lessee, and is given a period of 60 days during which time, it may, in its absolute discretion cure any default committed by the Lessee; and

- (c) it obtains the prior written approval and consent of Government to such action and to the terms thereof.

ENTRY UPON UNOCCUPIED CROWN LAND

- 20. The Lessee may enter upon, investigate and survey any unoccupied Crown lands for any purpose incidental to the development and generation of electricity from the Lower Churchill River, but the Lessee shall be liable for all damages occasioned in the exercise of its rights pursuant to this clause by itself, its employees, agents, invitees, or any other persons authorized by the Lessee.

CANCELLATION OF LEASE

- 21. In addition to any other right the Government may have with respect to this Lease, it may cancel this Lease upon being satisfied that:
 - (a) this Lease was issued as a result of or consequent upon a material misrepresentation by the Lessee; or
 - (b) the Lessee has become insolvent, has declared bankruptcy or has committed an act of bankruptcy.

DEFAULT UNDER LEASE

- 22. (1) Subject to the provisions of subsection (2), if the Lessee defaults in the performance of any of the provisions, terms or conditions herein contained and such default continues unremedied for sixty (60) days after written notice from the Government specifying such default, then this Lease may terminate at the option of the Government.
- (2) If the performance of any of the obligations of the Lessee set forth herein shall to any extent be prevented, restricted, delayed or interfered with by reason of
 - (a) war, revolution, civil commotion, riot, acts of public enemies, blockade or embargo;
 - (b) any law, order, proclamation, regulation, ordinance, demand or requirement of any government or any subdivision, authority, agency or representative of any government; or

- (c) any other cause whatsoever, whether similar or dissimilar to those above enumerated, beyond the reasonable control of the Lessee, and which the Lessee has been unable to overcome by the exercise of due diligence;

the Lessee shall, on prompt notice to the Government, be excused from the performance of such obligations to the extent of such prevention, restriction, delay or interference provided that the event must continue for a period of time not less than forty – eight (48) hours. Explicitly excluded from this provision are:

- (d) shortage of necessary labour;
- (e) an inability to obtain supplies, labour or other services;
- (f) lack of finances or changes in economic circumstances of the Lessee; and
- (g) any act or event which merely results in the performance of the obligations hereunder being at a cost to the Lessee greater than that which would, but for the occurrence of the act or event, have been incurred by the Lessee.

SEVERANCE

- 23. Should any provision of this Lease be unenforceable, it shall be considered separate and severable from the remaining provisions of this Lease which shall remain in force and be binding as though the provision had not been included.

INDEPENDENT LEGAL ADVICE

- 24. The Government and the Lessee acknowledge that they have obtained their own independent legal advice with respect to this Lease to the fullest extent deemed necessary by each party prior to its execution and delivery. Furthermore, the Government and the Lessee acknowledge that neither acted under any duress in negotiating, drafting and executing this Lease. There shall be no presumption that any ambiguity in this Lease be resolved in favour of either of the parties and the doctrine of *contra proferentum* is specifically excluded.

ENTIRE AGREEMENT

- 25. This Lease sets forth the entire agreement and all the covenants, promises, assurances, agreements, representations, conditions, warranties, statements and understandings (collectively "Representations") between the parties concerning the subject matter

hereof. No Representations are made by the Government to the Lessee or by the Lessee to the Government except as expressly set out in this Lease.

GOOD FAITH

26. Each of the Government and the Lessee shall at all times exercise all its rights under this Lease in a manner consistent with good business practices and shall act in good faith.

FORBEARANCE NOT WAIVER

27. The failure of any party to this Lease to insist, in any one instance, upon the strict performance by another party of its obligations under it, or the failure of any party to exercise any right, option or remedy, shall not constitute a waiver or relinquishment for the future of any such obligation, right, option or remedy nor shall it constitute a waiver of a subsequent breach. No covenant or condition of this Lease may be waived by either party except by the written consent of that party, and forbearance or indulgence by that party in any regard whatsoever, for no matter how long, shall not constitute a waiver of such covenant or condition and until such covenant or condition has been performed or waived in writing that party shall be entitled to invoke any remedy available to that party under this Lease.

LEGAL RELATIONSHIP

28. The Government and the Lessee expressly disclaim any intention to create a partnership, joint venture or joint enterprise. It is understood, acknowledged and agreed that nothing contained in this Lease nor any acts of the parties shall constitute or be deemed to constitute the Government and the Lessee as partners, joint venturers or principal and agent in any way or for any purpose.

ASSIGNMENT OF LEASE

29. Subject to Section 19, this Lease or the rights and liberties hereby demised by this Lease shall not be sold, assigned, mortgaged, transferred, leased, subleased, licensed or otherwise alienated, in whole or in part, by the Lessee without obtaining prior written approval of the Government.

AMENDMENT

30. No amendment or modification of this Lease shall be valid unless it is in writing and signed by both parties.

NEWFOUNDLAND AND LABRADOR LAWS TO APPLY

31. This Lease shall be construed and interpreted in accordance with the laws of Newfoundland and Labrador.

SUCCESSORS AND ASSIGNS

32. This Lease shall be binding upon and enure to the benefit of the parties to this Lease, the successors and assigns of the Government, and the successors and permitted assigns of the Lessee. Any assignment by the Lessee shall only become effective when the assignee executes with the Government an instrument whereby it agrees to be bound by and perform all of the Lessee's obligations under this Lease.

SCOPE

33. This Lease does not release the Lessee from the obligation to obtain appropriate approvals, permits or licenses from other concerned federal, provincial and municipal agencies, as may be applicable, for any activities of the Lessee in the development of the hydroelectric potential of the Lower Churchill River.

NOTICES

34. All notices, claims, payments, reports and other communications required under this Lease shall be in writing. The addresses for service are as follows:

Department of Environment and Conservation
Water Rights Section
P.O. Box 8700
St. John's, NL A1B 4J6
Attention: Martin Goebel
Director
Phone: 729-2563
Fax: 729-0320

For the Lessee:
Nalcor Energy
500 Columbus Drive
P.O. Box 12800
St. John's, NL
A1B 4K7
Attention: Gilbert Bennett
Vice President
Lower Churchill Project

Phone: 737-1836
Fax: 737-1782

Notices, requests or documents shall be deemed to have been received by the addressee as follows:

- (a) As of the date on which they are delivered where delivery is by a party or by messenger or special courier service;
- (b) As of the date on which they are sent where delivery is by telecopier or other means of electronic communication; and
- (c) Six (6) days after delivery to Canada Post Corporation where the postal service is used.

EFFECTIVE DATE

35. Notwithstanding the date of its execution, this Lease shall be effective from 17 March 2009 and shall have effect as if it were originally executed on that date.

IN WITNESS WHEREOF the parties hereto have executed this Lease on the day and year first before written.

HER MAJESTY IN RIGHT
OF THE PROVINCE OF
NEWFOUNDLAND AND LABRADOR

NALCOR ENERGY

Represented by:
Signature: *Kathy Dunderdale*
Name: Kathy Dunderdale
Title: Minister of Natural Resources

Represented by:
Signature: *Gilbert Bennett*
Name: Gilbert Bennett
Title: VP-Lower Churchill Project
Signature: *Kathy*
Name: Jim Keating
Title: VP-Oil & Gas

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (the "**Agreement**") made as of November 29th, 2013 (the "**Effective Date**").

BETWEEN:

NALCOR ENERGY, a corporation existing pursuant to the *Energy Corporation Act* (Newfoundland and Labrador)
(the "**Assignor**")

- and -

MUSKRAT FALLS CORPORATION, a corporation incorporated under the laws of the Province of Newfoundland and Labrador
(the "**Assignee**")

- and -

HER MAJESTY IN RIGHT OF THE PROVINCE OF NEWFOUNDLAND AND LABRADOR, as represented by the Lieutenant-Governor in Council
(the "**Government**")

RECITALS:

- A. By water lease dated March 17, 2009 amended October 2, 2009 between Government and the Assignor, Government leased to the Assignor certain water rights in, to and in respect of the Lower Churchill River in Labrador in accordance with the terms set out therein (the "**Water Lease**");
- B. Pursuant to Section 32 of the Water Lease, the Assignor is permitted to assign the Water Lease provided the proposed assignee executes with Government an instrument whereby the assignee agrees to be bound by and perform all of the Assignor's obligations under the Water Lease; and
- C. The Assignor wishes to assign the Water Lease to the Assignee in accordance with the terms herein;

NOW THEREFORE in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

1. Assignment by Assignor

The Assignor hereby assigns, grants, transfers and sets over unto the Assignee, for the Assignee's sole use and benefit, the Water Lease together with all of the Assignor's right, title and interest in, to and under the Water Lease, together with any and all rights, income, benefits and advantages to be derived therefrom or in respect thereof arising from and after the Effective Date, subject to the right and option (the "**Option**"), exercisable at the Assignor's sole and absolute discretion, to have all the Gull Island Rights, as hereinafter defined, reassigned to it.

- 2 -

2. Gull Island Rights

The "Gull Island Rights" are defined as the water rights associated with that section of the Lower Churchill River above the Muskrat Falls development attributable to the Gull Island development being:

- (i) that part of the Churchill River below the intersection of the Churchill River with the meridian of 63° 40' west of Greenwich, downstream to the intersection of the Churchill River with the meridian of 61° 25' west of Greenwich, and all waters that naturally flow into, or by diversion flow into, the Churchill River between these two points, and
- (ii) that part of the Churchill River upstream of the point of intersection of the Churchill River with the meridian of 63° 40' west of Greenwich that lies below the 425 foot contour line or below elevation 425 feet, as referenced in Appendix A of the *Churchill Falls (Labrador) Corporation Limited (Lease) Act, 1961*,

but excludes the area described in Appendix A to the *Churchill Falls (Labrador) Corporation (Lease) Act, 1961* and all waters while they are in that area.

The Gull Island Rights shall include:

- (a) the exclusive right to harness and make use of the Lower Churchill River above the Muskrat Falls development
- (b) all water rights above elevation 39.0 metres referenced from the Canadian Geodetic Vertical Datum 1928 (CGVD28) in, to, and in respect of the Lower Churchill River, and
- (c) the exclusive right to construct and utilize all dams, tunnels, canals, diversions, power houses and any and all works on the Lower Churchill River above the Muskrat Falls development necessary for the development of hydro electric power,
- (d) the exclusive right to store and regulate so much of the Lower Churchill River as may be economic and/or beneficial for the purposes of the development of the Lower Churchill River above Muskrat Falls,

but shall not include any right to divert the Lower Churchill River outside the Churchill River basin.

3. Assumption by Assignee

The Assignee hereby accepts this assignment and agrees to assume, and shall observe and perform, all of the Assignor's obligations and liabilities under the Water Lease which are to be observed or performed thereunder as and from the Effective Date and further agrees to reassign the Gull Island Rights immediately upon receipt of written notice from the Assignor pursuant to Section 1 of this Agreement and in accordance with the procedures set out in section 4 of this Agreement.

- 3 -

4. Procedure for Exercising the Option

- (a) The Assignor shall give to the Assignee a notice in writing (the "Notice") of its intention to exercise the Option.
- (b) A copy of the Notice shall be delivered to the Government contemporaneously with the provision of the Notice to the Assignee.
- (c) Within thirty (30) days from the delivery of the Notice, the Assignee shall reassign to the Assignor the Gull Island Rights, in a form acceptable to the Government and the Assignor which form shall include a representation by the Assignor that it shall not exercise the Gull Island Rights in a manner that will adversely affect a provision of a contract for the supply of power entered into prior to the assignment, or any contract renewal thereof, (including, without limitation the Power Purchase Agreement between Newfoundland and Labrador Hydro and the Assignee dated November 29th, 2013) and the Assignor shall accept the reassignment of the Gull Island Rights and agree to be bound by the terms and conditions of the Water Lease as they relate to the Gull Island Rights.

5. Government's Right to Terminate

The parties acknowledge and agree that Government may terminate the water rights contemplated under the Water Lease attributable to the Gull Island Rights at its sole and absolute discretion without payment for losses, damages or compensation of any kind. For greater certainty, on termination by the Government of the Gull Island Rights, the Option shall be null and void and of no force or effect.

6. Government's Consent to Security Interest

With the exception of the Gull Island Rights, Government hereby consents pursuant to Section 19 of the Water Lease to Muskrat granting a security interest in the Water Lease to the collateral agent/security trustee for the benefit of the Government of Canada and others to secure the financing guaranteed by the Government of Canada to develop the Muskrat Falls generation facility and associated transmission assets. The consent of the Government pursuant to this section shall not be interpreted to include consent for the collateral agent/security trustee to assign, transfer or grant a security interest in those rights to any third party.

7. Successors and Assigns

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

8. Governing Law

This Agreement shall be construed and enforced in accordance with the laws of the Province of Newfoundland and Labrador and the laws of Canada applicable therein.

- 4 -

9. Execution by Counterparts

This Agreement may be executed in counterparts and delivered by facsimile or portable document format (PDF) and the counterparts delivered by facsimile or PDF together shall constitute one and the same instrument.

10. Further Assurances

Each of the parties hereto shall promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other party hereto may reasonably require from time to time for the purpose of giving effect to this Agreement and shall use its best efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement provided that any such further assurances by the Assignor shall be at no material expense to the Assignor.

[Signature page follows]

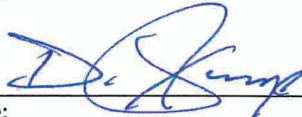
IN WITNESS WHEREOF the parties have duly executed this Agreement as of the Effective Date.

NALCOR ENERGY

By: 

Name:

Title:

By: 

Name:

Title:

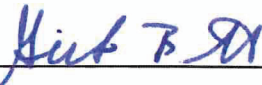
We have authority to bind the corporation.

MUSKRAT FALLS CORPORATION

By: 

Name:

Title:

By: 

Name:

Title:

We have authority to bind the corporation.

**HER MAJESTY IN RIGHT OF THE PROVINCE OF
NEWFOUNDLAND AND LABRADOR**, as represented
by the Lieutenant-Governor in Council

By: _____

Name:

Title:

By: _____

Name:

Title:

IN WITNESS WHEREOF the parties have duly executed this Agreement as of the Effective Date.

NALCOR ENERGY

By: _____

Name:

Title:

By: _____

Name:

Title:

We have authority to bind the corporation.

MUSKRAT FALLS CORPORATION

By: _____

Name:

Title:

By: _____

Name:

Title:

We have authority to bind the corporation.

**HER MAJESTY IN RIGHT OF THE PROVINCE OF
NEWFOUNDLAND AND LABRADOR**, as represented
by the Lieutenant-Governor in Council

By: *D. Dalley*
Name: *Hon. Derrick Dalley*
Title: *Minister of Natural Resources*

By: _____

Name:

Title: