

NALCOR ENERGY
and
MUSKRAT FALLS CORPORATION
and
THE TORONTO-DOMINION BANK
as Collateral Agent

MF EQUITY SUPPORT AGREEMENT

DATED AS OF NOVEMBER 29, 2013

MF EQUITY SUPPORT AGREEMENT entered into at St. John's, Province of Newfoundland and Labrador, dated as of November 29, 2013.

AMONG: **NALCOR ENERGY;**

AND: **MUSKRAT FALLS CORPORATION;**

AND: **THE TORONTO-DOMINION BANK, as Collateral Agent;**

WHEREAS Canada has issued the Federal Loan Guarantee to assist in the financing provided by the Funding Vehicle to Muskrat and Labrador Transco to finance the Project Costs, in part;

WHEREAS in consideration of the issuance of the Federal Loan Guarantee and as security for its repayment indemnity and other obligations it has undertaken towards Canada, the Funding Vehicle has executed the FV Security Documents creating Liens on all its Assets including its rights in the Collateral Mortgage Bonds issued by the Credit Parties in favour of the Collateral Agent, for the benefit of Canada;

WHEREAS the MF Parties acknowledge and agree that pursuant to the terms of the Collateral Agency Agreement, the Collateral Agent must act in accordance with the Requisite Instructions and in the event of any conflict in the Requisite Instructions received, the Collateral Agent is required to act in accordance with the instructions of Canada;

WHEREAS it is a condition precedent to the financing to be made available to the Credit Parties under the Muskrat/LTA Project Finance Documents that the MF Parties execute this Agreement in favour of the Collateral Agent, for and on behalf of the GAA Finance Parties;

WHEREAS Nalcor has agreed to make MF Base Equity Contributions under the MF Base Equity Commitment in order to finance the MF Equity Rateable Share of the MF Project Costs;

WHEREAS MF Base Equity Contributions have been made by Nalcor prior to date hereof, all of which have been used to finance MF Project Costs incurred to date;

WHEREAS Nalcor has also agreed to make MF Contingency Equity Contributions under the MF Contingency Equity Commitment, as required, in order to finance the MF Equity Rateable Share of any MF Project Costs to be paid following the exhaustion of the MF Base Equity Commitment.

WHEREAS Nalcor has also agreed to make the MF DSRA Equity Contribution under the MF DSRA Equity Commitment, as required, in order to finance Muskrat's Project Rateable Share of the MF Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date or the DSRA Prefunding, as the case may be;

WHEREAS Nalcor has also agreed to make the MFLRA Equity Contribution under the MFLRA Equity Commitment, as required, in order to finance 82% of the Minimum LRA Requirement as at the Commissioning Date;

WHEREAS the financing and hedging facilities under the Muskrat/LTA Project Finance Documents are being made available to Muskrat in reliance upon the covenants and agreements of the MF Parties set forth herein;

WHEREAS it is in the best interests of the MF Parties to provide the covenants set forth in this Agreement to the Collateral Agent, the whole upon the terms and subject to the conditions of this Agreement;

WHEREAS NL Crown shall execute concurrently herewith the MFESG in favour of the Collateral Agent for the payment obligations of Nalcor hereunder;

WHEREAS Nalcor is authorized to execute this Agreement and perform its obligations hereunder.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto have agreed as follows:

ARTICLE 1

INTERPRETATION

1.1 Definitions

The capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them from time to time in the master definitions agreement dated as of November 29, 2013 entered into among, *inter alia*, the Collateral Agent, the Funding Vehicle and the MF Parties (the "**Master Definitions Agreement**"). The rules of interpretation set forth in Article 1 of the Master Definitions Agreement apply to this MF Equity Support Agreement as if at length recited herein.

1.2 Recitals

The recitals of this Agreement shall form an integral part hereof as if at length recited herein.

1.3 Headings

The division of this Agreement into recitals, Articles, Sections, subsections, Schedules, paragraphs, subparagraphs and clauses and the insertion of headings and titles are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "**MF Equity Support Agreement**", "**this MF Equity Support Agreement**", "**this Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions refer to this Agreement and not to any particular recital, Article, Section, subsection, Schedule, paragraph, subparagraph, clause or other portion of this Agreement.

1.4 **Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of NL and the federal Laws of Canada applicable therein and all actions, suits and Proceedings arising hereunder shall be determined exclusively by a court of competent jurisdiction in NL, subject to any right of appeal to the Supreme Court of Canada and the parties hereby attorn to the jurisdiction of such courts.

1.5 **Time**

Time shall be of the essence of this Agreement.

ARTICLE 2

MF EQUITY CONTRIBUTIONS

2.1 **Available MF Base Equity Commitment**

MF Base Equity Contributions shall not exceed, at any time, the Available MF Base Equity Commitment at such time.

2.2 **Muskrat Covenant**

Muskrat represents and warrants that pursuant to the MF NEFA, it may issue to Nalcor a notice of requirement to pay (each a "**MF Cash Call Notice**") on a monthly basis or whenever it determines it appropriate to do so. In furtherance of that power, Muskrat covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that it shall issue a MF Cash Call Notice to Nalcor:

2.2.1 each time that a MF Base Equity Contribution is required to be made at such time;

2.2.2 each time that a MF Contingency Equity Contribution is required to be made at such time;

2.2.3 prior to the DSRA Prefunding or Commissioning, as the case may be, if a MF DSRA Equity Contribution is required to be made at such time; and

2.2.4 prior to Commissioning, if a MF LRA Equity Contribution is required to be made at such time;

in each case, in accordance with the provisions of the Muskrat/LTA Project Finance Documents. Muskrat shall send each MF Cash Call Notice concurrently to Nalcor, NL Crown, the Collateral Agent and Canada.

2.3 MF Base Equity Contribution Covenants

Nalcor hereby covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that by no later than 3:00 P.M. on the fifth Business Day following the receipt of any MF Cash Call Notice with respect to a MF Base Equity Contribution (the "**Required MF Base Equity Contribution Date**"), it shall pay to Muskrat, by way of an equity contribution in Muskrat, an amount not exceeding the lesser of (i) the then Available MF Base Equity Commitment as specified by Muskrat in the MF Cash Call Notice, and (ii) the amount specified in such MF Cash Call Notice (each, a "**Nalcor MF Base Equity Contribution**"), by depositing such amount in the Muskrat Project Funding Account.

2.4 MF Contingency Equity Contribution Covenants

Subject expressly to the provisions of Section 2.7, Nalcor hereby covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that by no later than 3:00 P.M. on the fifth Business Day following the receipt of any MF Cash Call Notice with respect to MF Project Costs to be paid following the exhaustion of the MF Base Equity Commitment (the "**Required MF Contingency Equity Contribution Date**"), it shall pay to Muskrat, by way of an equity contribution in Muskrat, the amount specified in such MF Cash Call Notice (each, a "**Nalcor MF Contingency Equity Contribution**"), by depositing such amount in the Muskrat Project Funding Account.

2.5 MF DSRAs Equity Contribution Covenants

Nalcor hereby covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that by no later than 3:00 P.M. on the fifth Business Day following the receipt of the MF Cash Call Notice with respect to the MF DSRAs Equity Contribution (the "**Required MF DSRAs Equity Contribution Date**"), it shall pay to Muskrat, by way of an equity contribution in Muskrat, the amount specified in such MF Cash Call Notice (the "**Nalcor MF DSRAs Equity Contribution**"), by depositing such amount in the Muskrat Project Funding Account for release and deposit into the DSRAs as contemplated pursuant to subsection 2.9.6.

2.6 MF LRA Equity Contribution Covenants

Nalcor hereby covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that by no later than 3:00 P.M. on the fifth Business Day following the receipt of the MF Cash Call Notice with respect to the MF LRA Equity Contribution (the "**Required MF LRA Equity Contribution Date**"), it shall pay to Muskrat, by way of an equity contribution in Muskrat, the amount specified in such MF Cash Call Notice (the "**Nalcor MF LRA Equity Contribution**"), by depositing such amount in the LRA.

2.7 Proviso to MF Contingency Equity Contribution Covenants

Notwithstanding the provisions of Section 2.4, provided Muskrat is permitted to incur Additional Debt under the provisions and on satisfaction of the conditions of the Muskrat/LTA Project Finance Documents, where on any Required MF Contingency Equity Contribution Date any portion of the Nalcor MF Contingency Equity Contribution required to be paid on such date has been paid by way of a deposit to the Muskrat Project Funding Account from the proceeds of such

Additional Debt (an "**MF Additional Debt Concurrent Contribution**"), then the obligations of Nalcor to make such payments on such Required MF Contingency Equity Contribution Date shall be satisfied to the extent of the amount of the MF Additional Debt Concurrent Contribution so made and such MF Additional Debt Concurrent Contribution shall constitute for all purposes hereof a MF Contingency Equity Contribution.

2.8 **Fulfilment of Obligations**

Notwithstanding any other provision hereof, it is hereby agreed that the obligations of Nalcor under any one of Sections 2.3, 2.4, 2.5 and 2.6 shall not be satisfied until an amount equal to the Nalcor MF Contribution relating to the relevant MF Cash Call Notice referred to under any such sections is deposited in the Muskrat Project Funding Account, the DSRA or the LRA, as the case may be.

2.9 **Conditions to Equity Contributions**

The Collateral Agent acknowledges, covenants and agrees that:

2.9.1 each MF Base Equity Contribution shall be deposited forthwith in the Muskrat Project Funding Account and shall be used exclusively to pay the MF Equity Rateable Share of the MF Project Costs to be paid therewith;

2.9.2 each MF Contingency Equity Contribution shall be deposited forthwith in the Muskrat Project Funding Account and shall be used exclusively to pay the MF Equity Rateable Share of the MF Project Costs to be paid therewith following the exhaustion of the MF Base Equity Commitment;

2.9.3 the MF DSRA Equity Contribution shall be deposited forthwith in the DSRA and shall be used exclusively to fund Muskrat's Project Rateable Share of the MF Equity Rateable Share of the Minimum DSRA Requirement to be funded therewith as at the Commissioning Date or the DSRA Prefunding, as the case may be;

2.9.4 the MF LRA Equity Contribution shall be deposited forthwith in the LRA and shall be used exclusively to fund 82% of the Minimum LRA Requirement to be funded therewith as at the Commissioning Date;

2.9.5 the Collateral Agent shall only release any MF Base Equity Contribution or MF Contingency Equity Contribution from the Muskrat Project Funding Account concurrently with the release from the Muskrat Project Funding Account of the MF Debt Rateable Share of the MF Project Costs to which such MF Base Equity Contribution or MF Contingency Equity Contribution, as the case may be, relates. Even if a Muskrat/LTA Event of Default or acceleration of the amounts owed by Muskrat under the Muskrat/LTA Project Finance Agreement has occurred, the Collateral Agent shall not release any such MF Base Equity Contribution or MF Contingency Equity Contribution, as the case may be, from the Muskrat Project Funding Account until such MF Debt Rateable Share has been deposited therein and the Collateral Agent can make the concurrent release referred to above;

2.9.6 the Collateral Agent shall only release any MF DSRA Equity Contribution for deposit into the DSRA concurrently with the deposit of Muskrat's Project Rateable Share of the MF Debt Rateable Share of the Minimum DSRA Requirement into the DSRA. Even if a Muskrat/LTA Event of Default or acceleration of the amounts owed by Muskrat under the Muskrat/LTA Project Finance Agreement has occurred, the Collateral Agent shall not release such MF DSRA Equity Contribution until such MF Debt Rateable Share has been made available to the Collateral Agent and the Collateral Agent can make the concurrent deposit referred to above;

2.9.7 subject to subsection 2.9.11, under no circumstance shall any MF Base Equity Contribution be used to fund anything other than the MF Equity Rateable Share of the MF Project Costs intended to be paid therewith.

2.9.8 subject to subsection 2.9.11, under no circumstance shall any MF Contingency Equity Contribution be used to fund anything other than the MF Equity Rateable Share of the MF Project Costs intended to be paid therewith following the exhaustion of the MF Base Equity Commitment;

2.9.9 under no circumstance shall any MF DSRA Equity Contribution be used to fund anything other than the Muskrat's Project Rateable Share of MF Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date or the DSRA Prefunding, as the case may be;

2.9.10 under no circumstance shall any MF LRA Equity Contribution be used to fund anything other than 82% of the Minimum LRA Requirement as at the Commissioning Date; and

2.9.11 to the extent that Debt Service is required to be funded by any MF Base Equity Contribution or MF Contingency Equity Contribution, then only such portion of Debt Service shall be so funded as constitutes interest and fees that are then due and outstanding and that constitute MF Project Costs, and to the extent any scheduled instalments of principal of the Indebtedness of Muskrat under the Muskrat/LTA Project Finance Agreement are due and outstanding, such scheduled instalments of principal, but expressly excluding any accelerated amounts (and interest and fees relating to accelerated amounts).

2.10 **Monies Advanced hereunder**

Muskrat expressly acknowledges and agrees that all payments made by Nalcor to it by way of equity contributions in accordance with the provisions of Sections 2.3, 2.4, 2.5 and 2.6 shall constitute an investment by Nalcor in Muskrat which shall only be evidenced by way of credits made to the applicable Capital Account of Nalcor by Muskrat.

2.11 **Nature of the Obligations**

The obligations of Nalcor hereunder are absolute, present, continuing and irrevocable and shall be performed on a timely basis strictly in accordance with the provisions of this Agreement.

2.12 **No Reduction in Payment or Performance**

The payments required to be made under the terms hereof shall be made free and clear of any equities that may now or hereafter exist between any of the MF Parties, NL Crown, the Collateral Agent, the GAA Finance Parties and any other Person and such payments and all of the other terms, conditions, covenants and agreements to be observed or performed by Nalcor hereunder shall be made, observed or performed by Nalcor without any reduction whatsoever, including, without limitation, any reduction resulting from any defence, right of action, right of set-off or compensation, right of recoupment or counterclaim of any nature whatsoever that any one of them may have or have had at any time against any of the MF Parties, NL Crown, the Collateral Agent, the GAA Finance Parties or any other Person whether with respect to this Agreement, the Muskrat/LTA Project Finance Documents or otherwise.

2.13 **Contribution Amounts**

Muskrat hereby expressly covenants and agrees that any amount paid to the Collateral Agent for deposit or deposited directly, as the case may be, in the Muskrat Project Funding Account, the DSRA, the LRA or the Cost Overrun Escrow Account, as the case may be, by NL Crown pursuant to the MFESG shall be deemed to be an investment by Nalcor in Muskrat and the applicable Capital Account of Nalcor shall be credited accordingly by Muskrat. Furthermore, all the parties hereto expressly acknowledge and agree that any amounts paid to the Collateral Agent for deposit or deposited directly, as the case may be, in the Muskrat Project Funding Account, the DSRA, the LRA or the Cost Overrun Escrow Account, as the case may be, by NL Crown pursuant to the provisions of the MFESG shall be deemed to be MF Base Equity Contributions, MF Contingency Equity Contributions, the MF DSRA Equity Contribution or the MF LRA Equity Contribution, as the case may be.

2.14 **Cost Overrun Escrow Account**

For the purposes of this Agreement and notwithstanding any provision to the contrary herein, the parties hereto acknowledge that:

2.14.1 the MF Cash Call Notice relating to any MF Base Equity Contribution or MF Contingency Equity Contribution set out above may include amounts required to fund the Cost Overrun Escrow Account, as such account is required to be funded under the terms of Section 10.28 of the Muskrat/LTA Project Finance Agreement;

2.14.2 such funding shall be deemed to be on account of MF Project Costs, the MF Equity Rateable Share and MF Debt Rateable Share of which shall be 100% and 0%, respectively, the amounts of any such funding shall be deposited directly into the Cost Overrun Escrow Account and be used exclusively in accordance with Section 10.28 of the Muskrat/LTA Project Finance Agreement, and such funding shall constitute a MF Base Equity Contribution or a MF Contingency Equity Contribution dependent on whether or not the MF Base Equity Commitment is then exhausted.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

To induce the Funding Vehicle to make the lending facilities available to Muskrat pursuant to the Muskrat/LTA Project Finance Documents, Nalcor represents and warrants to and in favour of the Collateral Agent as follows:

3.1 **Authority and Enforceability**

It has the legal capacity and power to enter into this Agreement. This Agreement constitutes a valid and legally binding obligation enforceable against it in accordance with its terms, subject to (i) bankruptcy, insolvency, winding-up, dissolution, administration, reorganization, arrangement, (ii) other statutes or judicial decisions affecting the enforcement of creditors' rights in general and (iii) to general principles of equity under which specific performance and injunctive relief may be refused by a court in its discretion.

3.2 **Due Authorization**

It has taken all necessary action to authorize the execution and delivery of this Agreement, the creation and performance of its obligations hereunder and the consummation of the transactions contemplated herein. It has duly executed and delivered this Agreement.

3.3 **Non-Conflict**

None of the authorization, execution, delivery or performance of this Agreement by it, nor the consummation of any of the transactions contemplated in this Agreement:

3.3.1 requires any Authorization to be obtained or registration to be made (except such as have already been obtained or made and are now in full force and effect); or

3.3.2 conflicts with, contravenes or gives rise to any default under (i) any of its constating documents or by-laws or the laws governing its existence, (ii) the provisions of any indenture, instrument, agreement or undertaking to which it is a party or by which it or any of its assets are or may become bound or (iii) any Applicable Law.

ARTICLE 4

GENERAL PROVISIONS

4.1 **Notices**

Any demand, notice or other communication to be made or given hereunder shall be in writing and delivered personally or by courier or mailed by registered mail, postage prepaid and return receipt requested, or by electronic mail delivery to the applicable address set out below or to such other address as a party hereto may from time to time designate to the other parties set out below in such manner:

- a) If to NL Crown:

Government of Newfoundland and Labrador
Department of Finance
P.O. Box 8700
St. John's, NL
A1B 4J6

Attention: Deputy Minister

Facsimile: 709-729-2232
E-mail: dbrewer@gov.nl.ca

- b) If to Nalcor:

Nalcor Energy
500 Columbus Drive
P.O. Box 12800, Station A
St. John's, NL A1B 4K7

Attention: Corporate Secretary

Facsimile: 709-737-1782
E-mail: wchamberlain@nalcorenergy.com

- c) If to Muskrat :

Muskrat Falls Corporation
500 Columbus Drive
P.O. Box 15000, Station A
St. John's, NL, Canada
A1B 0M4

Attention: Corporate Secretary

Facsimile: 709-737-1782

- d) If to Canada:

Jonathan Will
Director General
Natural Resources Canada
Electricity Resources Branch
580 Booth Street, 17th Floor, Room: C7-2
Ottawa, Ontario K1A 0E4
Canada

Telephone: 613-947-8236
Facsimile: 613-947-4205

E-mail : Jonathan.Will@NRCan-RNCan.gc.ca

with a copy to:

Anoop Kapoor
Director, Renewable and Electrical Division
Natural Resources Canada
Renewable and Electrical Energy Division
580 Booth Street, 17th Floor, Room: B7-3
Ottawa, Ontario K1A 0E4
Canada

Telephone: 613-996-5762
Facsimile: 613-947-4205

E-mail : Anoop.Kapoor@NRCan-RNCan.gc.ca

(e) If to the Collateral Agent:

The Toronto-Dominion Bank
The Toronto-Dominion Bank
TD Bank Tower
66 Wellington Street West
9th Floor
Toronto, Ontario M5K 1A2

Attention: Michael A. Freeman, Vice-President, Loan Syndications -
Agency

Fax: 416-944-6976

E-mail: Michael.freeman@tdsecurities.com

Notices given by personal delivery, by courier or mail shall be effective upon actual receipt. Notices given by electronic mail shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next Business Day after receipt if not received during the recipient's normal business hours.

4.2 **Successors and Assigns**

This Agreement shall enure to the benefit of and be binding upon the MF Parties and the Collateral Agent and their respective successors and assigns provided, however, that no assignment or transfer of any rights hereunder may be made by the MF Parties without the prior written consent of the Collateral Agent.

4.3 **Amendments and Waivers**

The rights and remedies of the Collateral Agent under this Agreement shall be cumulative and not exclusive of any rights or remedies which it would otherwise have and no failure or delay by the Collateral Agent in exercising any right shall operate as a waiver thereof, nor shall any single or partial exercise of any power or right preclude its other or further exercise or the exercise of any other power or right. Any term, covenant, agreement or condition contained in this Agreement may be amended with the written consent of the MF Parties and the Collateral Agent, acting in accordance with the Requisite Instructions, and such amendment shall be binding upon all of the parties hereto, or compliance therewith may be waived (either generally or in a particular instance and either retroactively or prospectively) by the Collateral Agent, acting in accordance with the Requisite Instructions, and such waiver shall be binding upon all of the GAA Finance Parties, and in any such event the failure to observe, perform or discharge any such covenant, condition or obligation (whether such amendment is executed or such consent or waiver is given before or after such failure) shall not be construed as a breach of such covenant, condition or obligation.

4.4 **Execution**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument.

4.5 **Severability**

If any provision of this Agreement is determined pursuant to a final judgment to be invalid, illegal or unenforceable in any jurisdiction, the parties hereto agree to the fullest extent they may effectively do so that **(a)** the validity, legality and enforceability in every other jurisdiction of such provision shall not in any way be affected or impaired thereby and **(b)** the validity, legality and enforceability in such jurisdiction of the remaining provisions hereof shall not in any way be affected or impaired thereby.

4.6 **Entire Agreement**

With respect to the obligations of Nalcor and Muskrat hereunder, this Agreement constitutes the entire agreement among the parties hereto.

4.7 **Expenses**

Musktrat agrees to pay all costs and expenses, including reasonable attorneys' fees, which may be incurred by the Collateral Agent or the GAA Finance Parties in any effort to collect or enforce any of the obligations of Nalcor or Muskrat hereunder.

4.8 **Acknowledgment**

4.8.1 Nalcor hereby acknowledges that it has received and taken cognizance of an original executed copy of this Agreement and the Muskrat/LTA Project Finance Documents in force on the date hereof and is familiar with all the provisions thereof.

4.8.2 Each of the MF Parties acknowledges and consents to the recitals herein and to the Liens created pursuant to the FV Security Documents on all rights of the Funding Vehicle in the Collateral Mortgage Bonds.

4.9 **Term of Agreement**

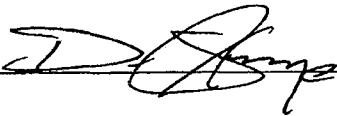
The obligations of Nalcor and Muskrat under the provisions of Article 2 shall terminate on the Termination Date.

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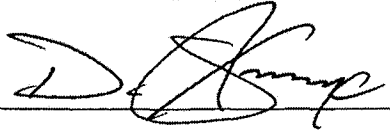
MF EQUITY SUPPORT AGREEMENT – SIGNATURE PAGE

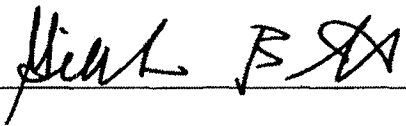
NALCOR ENERGY

Per: 

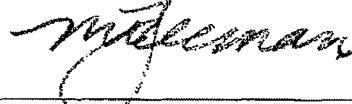
Per: 

MUSKRAT FALLS CORPORATION

Per: 

Per: 

**THE TORONTO-DOMINION BANK,
as Collateral Agent**



Per: _____

Michael A. Freeman
Vice President, Loan Syndications - Agency

and Per: _____

**HER MAJESTY THE QUEEN IN RIGHT OF THE
PROVINCE OF NEWFOUNDLAND AND LABRADOR**

and

**THE TORONTO-DOMINION BANK
as Collateral Agent**

GUARANTEE FOR MF EQUITY SUPPORT AGREEMENT

DATED AS OF NOVEMBER 29, 2013

THIS GUARANTEE AGREEMENT dated as of November 29, 2013.

B E T W E E N :

**HER MAJESTY THE QUEEN IN RIGHT OF THE
PROVINCE OF NEWFOUNDLAND AND LABRADOR**

(hereinafter called the "**Guarantor**" or "**NL Crown**")

OF THE FIRST PART

- and -

THE TORONTO-DOMINION BANK

(hereinafter called the "**Collateral Agent**")

OF THE SECOND PART

WHEREAS the MF Parties entered into the MFESA in favour of the Collateral Agent, for and on behalf of the GAA Finance Parties, pursuant to the terms of which Nalcor agreed to pay, on each Required MF Contribution Date, to Muskrat, by way of equity contributions made in Muskrat, the Nalcor MF Contribution required to be made on such Required MF Contribution Date;

WHEREAS Canada has issued the Federal Loan Guarantee to assist in the financing provided by the Funding Vehicle to the Credit Parties to finance the Project Costs, in part;

WHEREAS Muskrat has agreed to provide security to the Collateral Agent, for the benefit of the GAA Finance Parties, to secure the Muskrat /LTA Secured Obligations;

WHEREAS in consideration of the issuance of the Federal Loan Guarantee and as security for its repayment indemnity and other obligations it has undertaken towards Canada, the Funding Vehicle has executed the FV Security Documents creating Liens on all its Assets including its rights in the Collateral Mortgage Bonds issued by the Credit Parties in favour of the Collateral Agent, for the benefit of Canada;

WHEREAS pursuant to the terms of the Collateral Agency Agreement, the Collateral Agent must act in accordance with the Requisite Instructions and in the event of any conflict in the Requisite Instructions received, the Collateral Agent is required to act in accordance with the instructions of Canada;

WHEREAS it is a condition precedent to the financing to be made available to Muskrat under the Muskrat /LTA Project Finance Documents that this Guarantee Agreement be provided by NL Crown to the Collateral Agent, for and on behalf of the GAA Finance Parties, to secure the payment by Nalcor of the MF Guaranteed Obligations arising under the MFESA;

WHEREAS NL Crown is authorized to execute this Agreement and perform its obligations hereunder pursuant to Sections 25 and 27 of the *Energy Corporation Act* (NL);

WHEREAS the Minister of Finance is authorized for and on behalf of NL Crown to execute this Guarantee Agreement issued pursuant to Sections 25 and 27 of the *Energy Corporation Act* (NL);

WHEREAS the financing under the Muskrat/LTA Project Finance Documents is being made available to Muskrat in reliance upon the covenants and agreements of NL Crown set forth herein;

NOW THEREFORE THIS GUARANTEE AGREEMENT WITNESSETH that in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

ARTICLE 1

INTERPRETATION

1.1 Definitions

The capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them from time to time in the master definitions agreement dated as of November 29, 2013 entered into among, inter alia, the Collateral Agent, the Funding Vehicle and the MF Parties (the "**Master Definitions Agreement**"). The rules of interpretation set forth in Article 1 of the Master Definitions Agreement apply to this Guarantee for MF Equity Support Agreement as if at length recited herein.

1.2 Recitals

The recitals of this Agreement shall form an integral part hereof as if at length recited herein.

1.3 Headings

The division of this Agreement into recitals, Articles, Sections, subsections, Schedules, paragraphs, subparagraphs and clauses and the insertion of headings and titles are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "**Guarantee for MF Equity Support Agreement**", "**this Guarantee for MF Equity Support Agreement**", "**this Guarantee Agreement**", "**this Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions refer to this Agreement and not to any particular recital, Article, Section, subsection, Schedule, paragraph, subparagraph, clause or other portion of this Agreement.

1.4 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of NL and the federal Laws of Canada applicable therein and all actions, suits and proceedings arising hereunder shall be determined exclusively by a court of competent jurisdiction in NL, subject to

any right of appeal to the Supreme Court of Canada and the parties hereby attorn to the jurisdiction of such courts.

1.5 Time

Time shall be of the essence of this Agreement.

ARTICLE 2

GUARANTEE

2.1 Guarantee

The Guarantor hereby irrevocably and absolutely guarantees to the Collateral Agent, for and on behalf of the GAA Finance Parties, the due and punctual payment of all the MF Guaranteed Obligations at the times, in the currencies and in the manner provided for in the MFESA, subject to the provisions of Sections 2.3 and 2.4.

2.2 Nature of Guarantee

The obligations of the Guarantor hereunder are and shall be irrevocable, absolute, present and continuing and constitute a guarantee of payment and not merely a guarantee of collection. Subject to the provisions of Sections 2.3 and 2.4, as and by way of indemnity, the Guarantor shall irrevocably and absolutely pay to the Collateral Agent or deposit directly in the Muskrat Project Funding Account or LRA, as applicable, all such amounts as shall be required from time to time to ensure that the full amount of the MF Guaranteed Obligations are paid or deposited regardless of (a) the unenforceability or invalidity of the MF Guaranteed Obligations or any failure by Nalcor to duly and punctually pay in full the MF Guaranteed Obligations when due, (b) any loss of any right of the Collateral Agent or the GAA Finance Parties against Nalcor in respect of the MF Guaranteed Obligations for any reason whatsoever, including by operation of any bankruptcy, insolvency or similar such laws, any laws affecting creditors' rights generally or general principles of equity and (c) any act or omission of the Collateral Agent in connection with the enforcement of any of the rights of the Collateral Agent against Nalcor.

2.3 NL Crown MF Payment Demand

2.3.1 If Muskrat fails to issue a MF Cash Call Notice in accordance with the provisions of Section 2.2 of the MFESA as and when required therein:

2.3.1.1 in connection with the MF Base Equity Commitment, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule A, that NL Crown pay to the Collateral Agent for deposit to the Muskrat Project Funding Account (or deposit directly in the Muskrat Project Funding Account) an amount equal to (i) where no deposit required to be made in the Muskrat Project Funding Account pursuant to Section 2.3 of the MFESA has been made, the deposit in the Muskrat Project Funding Account that should have been made pursuant to Section 2.3 of the MFESA and (ii) where only a portion of the deposit required to be made in the Muskrat Project Funding Account pursuant to Section 2.3 of the MFESA has been made, the difference between the deposit in the Muskrat Project Funding

Account that should have been made pursuant to Section 2.3 of the MFESA and the deposit in the Muskrat Project Funding Account that has been made;

2.3.1.2 in connection with the MF Contingency Equity Commitment, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule B, that NL Crown pay to the Collateral Agent for deposit to the Muskrat Project Funding Account (or deposit directly in the Muskrat Project Funding Account) an amount equal to (i) where no deposit required to be made in the Muskrat Project Funding Account pursuant to Section 2.4 of the MFESA has been made, the deposit in the Muskrat Project Funding Account that should have been made pursuant to Section 2.4 of the MFESA and (ii) where only a portion of the deposit required to be made in the Muskrat Project Funding Account pursuant to Section 2.4 of the MFESA has been made, the difference between the deposit in the Muskrat Project Funding Account that should have been made pursuant to Section 2.4 of the MFESA and the deposit in the Muskrat Project Funding Account that has been made;

2.3.1.3 in connection with the MF DSRA Equity Commitment, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule C, that NL Crown pay to the Collateral Agent for deposit in the Muskrat Project Funding Account for release and deposit into the DSRA an amount equal to (i) where no deposit required to be made in the Muskrat Project Funding Account for release and deposit into the DSRA pursuant to Section 2.5 of the MFESA has been made, the deposit that should have been made pursuant to Section 2.5 of the MFESA and (ii) where only a portion of the deposit required to be made in the Muskrat Project Funding Account for release and deposit into the DSRA pursuant to Section 2.5 of the MFESA has been made, the difference between the deposit that should have been made pursuant to Section 2.5 of the MFESA and the deposit that has been made;

2.3.1.4 in connection with the MFLRA Equity Commitment, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule D, that NL Crown pay to the Collateral Agent for deposit to the LRA (or deposit directly in the LRA) an amount equal to (i) where no deposit required to be made in the LRA pursuant to Section 2.6 of the MFESA has been made, the deposit in the LRA that should have been made pursuant to Section 2.6 of the MFESA and (ii) where only a portion of the deposit required to be made in the LRA pursuant to Section 2.6 of the MFESA has been made, the difference between the deposit in the LRA that should have been made pursuant to Section 2.6 of the MFESA and the deposit in the LRA that has been made;

2.3.2 If the amount required to be deposited in the Muskrat Project Funding Account by:

2.3.2.1 any Required MF Base Equity Contribution Date as provided in Section 2.3 of the MFESA is not deposited therein by such date, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule A, that NL Crown pay to the Collateral Agent for deposit to the Muskrat Project Funding Account (or deposit directly in the Muskrat Project Funding Account) an amount equal to (i) where no deposit required to be made in the Muskrat Project Funding Account pursuant to Section 2.3 of the MFESA has been made, the deposit in the Muskrat Project Funding Account that should have been made pursuant to Section 2.3 of the MFESA and (ii) where only a portion of the deposit required to be made in the Muskrat Project Funding Account pursuant to Section 2.3 of the MFESA has been made, the

difference between the deposit in the Muskrat Project Funding Account that should have been made pursuant to Section 2.3 of the MFESA and the deposit in the Muskrat Project Funding Account that has been made;

2.3.2.2 any Required MF Contingency Equity Contribution Date as provided in Section 2.4 of the MFESA is not deposited therein by such date, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule B, that NL Crown pay to the Collateral Agent for deposit to the Muskrat Project Funding Account (or deposit directly in the Muskrat Project Funding Account) an amount equal to (i) where no deposit required to be made in the Muskrat Project Funding Account pursuant to Section 2.4 of the MFESA has been made, the deposit in the Muskrat Project Funding Account that should have been made pursuant to Section 2.4 of the MFESA and (ii) where only a portion of the deposit required to be made in the Muskrat Project Funding Account pursuant to Section 2.4 of the MFESA has been made, the difference between the deposit in the Muskrat Project Funding Account that should have been made pursuant to Section 2.4 of the MFESA and the deposit in the Muskrat Project Funding Account that has been made;

2.3.3 If the amount required to be deposited in the Muskrat Project Funding Account for release and deposit in the DSRA as provided in Section 2.5 of the MFESA is not deposited therein by such date, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule C, that NL Crown pay to the Collateral Agent for deposit in the Muskrat Project Funding Account for release and deposit into the DSRA an amount equal to (i) where no deposit required to be made in the Muskrat Project Funding Account for release and deposit into the DSRA pursuant to Section 2.5 of the MFESA has been made, the deposit in the DSRA that should have been made pursuant to Section 2.5 of the MFESA and (ii) where only a portion of the deposit required to be made in the Muskrat Project Funding Account for release and deposit into the DSRA pursuant to Section 2.5 of the MFESA has been made, the difference between the deposit that should have been made pursuant to Section 2.5 of the MFESA and the deposit that has been made;

2.3.4 If the amount required to be deposited in the LRA as provided in Section 2.6 of the MFESA is not deposited therein by such date, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule D, that NL Crown pay to the Collateral Agent for deposit to the LRA (or deposit directly in the LRA) an amount equal to (i) where no deposit required to be made in the LRA pursuant to Section 2.6 of the MFESA has been made, the deposit in the LRA that should have been made pursuant to Section 2.6 of the MFESA and (ii) where only a portion of the deposit required to be made in the LRA pursuant to Section 2.6 of the MFESA has been made, the difference between the deposit in the LRA that should have been made pursuant to Section 2.6 of the MFESA and the deposit in the LRA that has been made;

2.3.5 NL Crown covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that by no later than 3:00 p.m. on the fifth Business Day following its receipt of any MF NL Crown Payment Demand, it shall deposit an amount equal to the MF NL Crown Contribution to the Muskrat Project Funding Account or the LRA, as the case may be, or pay the MF NL Crown Contribution to the Collateral Agent, to be deposited by the Collateral Agent forthwith upon receipt to the Muskrat Project Funding Account or the LRA, or released for deposit into the DSRA, as the case may be. The Collateral Agent hereby agrees to

deposit to the Muskrat Project Funding Account, the DSRA or the LRA, as the case may be, any amount so received forthwith upon receipt.

2.4 Conditions to NL Crown MF Payment Demand

In each MF NL Crown Payment Demand issued under this Agreement, the Collateral Agent shall:

2.4.1 specify the amount of the MF NL Crown Contribution required to be made, the date by which it is required to be made and whether and why it is to be deemed to be made under the MF Base Equity Commitment, MF Contingency Equity Commitment, MF DSRA Equity Commitment or MF LRA Equity Commitment, as the case may be;

2.4.2 acknowledge, covenant and agree (and the Collateral Agent hereby acknowledges, covenants and agrees in respect of each MF NL Crown Payment Demand issued under this Agreement) that:

2.4.2.1 each MF NL Crown Contribution paid by NL Crown to the Collateral Agent under the MF Base Equity Commitment shall be deposited forthwith in the Muskrat Project Funding Account and shall be used exclusively to pay the MF Equity Rateable Share of the MF Project Costs, to be paid therewith as contemplated in the MF NL Crown Payment Demand issued by the Collateral Agent;

2.4.2.2 each MF NL Crown Contribution paid by NL Crown to the Collateral Agent under the MF Contingency Equity Commitment shall be deposited forthwith in the Muskrat Project Funding Account and shall be used exclusively to pay the MF Equity Rateable Share of MF Project Costs to be paid therewith following the exhaustion of the MF Base Equity Commitment as contemplated in the MF NL Crown Payment Demand issued by the Collateral Agent;

2.4.2.3 the MF NL Crown Contribution paid by NL Crown to the Collateral Agent under the MF DSRA Equity Commitment shall be deposited forthwith in the DSRA and shall be used exclusively to fund Muskrat’s Project Rateable Share of the MF Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date or the DSRA Prefunding, as the case may be, to be funded therewith as contemplated in the MF NL Crown Payment Demand issued by the Collateral Agent;

2.4.2.4 the MF NL Crown Contribution paid by NL Crown to the Collateral Agent under the MF LRA Equity Commitment shall be deposited forthwith in the LRA and shall be used exclusively to fund 82% of the Minimum LRA Requirement as at the Commissioning Date, to be funded therewith as contemplated in the MF NL Crown Payment Demand issued by the Collateral Agent;

2.4.2.5 the Collateral Agent shall only release any MF NL Crown Contribution under the MF Base Equity Commitment or the MF Contingency Equity Commitment from the Muskrat Project Funding Account concurrently with the release from the Muskrat Project Funding Account of the MF Debt Rateable Share of the MF Project Costs to which such MF NL Crown Payment Demand relates. Even if a Muskrat/LTA Event of Default

or acceleration of the amounts owed by Muskrat under the Muskrat/LTA Project Finance Documents has occurred, the Collateral Agent shall not release any such MF NL Crown Contribution from the Muskrat Project Funding Account until such MF Debt Rateable Share has been deposited therein and the Collateral Agent can make the concurrent release referred to above;

2.4.2.6 the Collateral Agent shall only release the MF NL Crown Contribution under the MF DSRA Equity Commitment for deposit into the DSRA concurrently with the deposit of Muskrat's Project Rateable Share of the MF Debt Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date or the DSRA Prefunding, as the case may be, into the DSRA. Even if a Muskrat/LTA Event of Default or acceleration of the amounts owed by Muskrat under the Muskrat/LTA Project Finance Documents has occurred, the Collateral Agent shall not release such MF NL Crown Contribution until such MF Debt Rateable Share has been made available to the Collateral Agent and the Collateral Agent can make the concurrent deposit referred to above;

2.4.2.7 subject to clause 2.4.2.11, under no circumstance shall any MF NL Crown Contribution under the MF Base Equity Commitment be used to fund anything other than the MF Equity Rateable Share of the MF Project Costs intended to be paid therewith;

2.4.2.8 subject to clause 2.4.2.11, under no circumstance shall any MF NL Crown Contribution under the MF Contingency Equity Commitment be used to fund anything other than the MF Equity Rateable Share of the MF Project Costs intended to be paid therewith following the exhaustion of the MF Base Equity Commitment;

2.4.2.9 under no circumstance shall the MF NL Crown Contribution under the MF DSRA Equity Commitment be used to fund anything other than Muskrat's Project Rateable Share of the MF Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date or the DSRA Prefunding, as the case may be;

2.4.2.10 under no circumstance shall the MF NL Crown Contribution under the MF LRA Equity Commitment be used to fund anything other than 82% of the Minimum LRA Requirement as at the Commissioning Date; and

2.4.2.11 to the extent that Debt Service is required to be funded by any MF NL Crown Contribution under the MF Base Equity Commitment or MF Contingency Equity Commitment, then only such portion of Debt Service shall be so funded as constitutes interest and fees that are then due and outstanding and that constitute MF Project Costs, and to the extent any scheduled instalments of principal of the Indebtedness of Muskrat under the Muskrat/LTA Project Finance Documents are due and outstanding, such scheduled instalments of principal, but expressly excluding any accelerated amounts (and interest and fees relating to accelerated amounts) (the undertakings in clauses 2.4.2.7 to 2.4.2.11 are collectively referred to as the "**MF NL Payment Conditions**").

2.5 Prima Facie Evidence

NL Crown hereby acknowledges and agrees that any amount set forth by the Collateral Agent in any MF NL Crown Payment Demand as being the amount required to be paid by it pursuant to

the provisions hereof shall constitute *prima facie* evidence of the amount which, as of the date of any such MF NL Crown Payment Demand, is due and payable by NL Crown pursuant to the provisions hereof. Notwithstanding the foregoing, where at any time NL Crown has paid any amount set forth by the Collateral Agent in any MF NL Crown Payment Demand, or any other amount, and it is demonstrated at a later date that such payment was in excess of the amount required to be paid by NL Crown pursuant to the provisions hereof, then the amount of such excess payment shall be repaid to NL Crown, to the extent that it has not at such time already been used to pay for MF Project Costs.

2.6 Failure to Pay

If by the fifth Business Day following the issuance by the Collateral Agent of a MF NL Crown Payment Demand, the amount specified in the MF NL Crown Payment Demand or required to be deposited in the Muskrat Project Funding Account, the DSRA or the LRA, as the case may be, is not deposited in such account or paid to the Collateral Agent for deposit to such account, the Collateral Agent shall thereupon be entitled to exercise all Rights, Remedies and/or Recourses then available to it against NL Crown in order to obtain payment of such amount, it being expressly agreed that any payment by NL Crown of the amount so demanded shall be subject to the MF NL Payment Conditions being met as provided in Section 2.4.2. Any amount payable by the NL Crown pursuant to a MF NL Crown Payment Demand which is not paid within five (5) Business Days following the issuance of such MF NL Crown Payment Demand as herein provided will bear interest from and including such fifth Business Day until paid in full at the rate expressed to be payable on the debt of Muskrat under the Muskrat/LTA Project Finance Documents. Any interest paid by the NL Crown under the terms of this Section shall constitute an equity investment by Nalcor in Muskrat and shall be deposited in the Muskrat Project Funding Account and shall be applied to defray the next following Nalcor MF Contribution required to be made under the terms of the MFESA.

2.7 Withholding

All amounts payable by the Guarantor under this Guarantee Agreement shall be made free and clear of and without deduction for or on account of any present or future taxes, charges, fees, levies, duties or withholdings of any kind. If the Guarantor is obliged to deduct or withhold an amount in respect of any such taxes, charges, fees, levies, duties or withholdings, then in such event the Guarantor shall pay to the Collateral Agent such additional amount as is necessary to ensure that the GAA Finance Parties receive and retain (on an after-tax basis, after payment of any and all income taxes on such additional amounts) an amount equal to the full amount otherwise payable hereunder, net of any such taxes, charges, fees, levies, duties or withholdings.

2.8 Postponed Subrogation

The Guarantor shall not be subrogated to any right of the Collateral Agent until all the MF Guaranteed Obligations are paid in full as provided in Sections 2.3 and 2.4. Thereafter, the Guarantor (i) shall be subrogated to the rights of the Collateral Agent under, pursuant to and otherwise in respect of the MFESA and (ii) may require the Collateral Agent to assign to it any of its rights then remaining under the MFESA with respect to the MF Guaranteed Obligations, but any such assignment shall be without representation or warranty by, or recourse against, the Collateral Agent.

2.9 Set-Off

The Guarantor hereby acknowledges and agrees that vis-à-vis the Collateral Agent and the GAA Finance Parties it has no available remedy of set-off. Accordingly, each payment to be made by the Guarantor hereunder in respect of the MF Guaranteed Obligations shall be made as required in whole without application of the right of set-off. Each payment to be made by the Guarantor hereunder in respect of its MF Guaranteed Obligations shall be made without regard to any equities between or among any of the MF Parties, the Guarantor, the Collateral Agent and the GAA Finance Parties and without counterclaim, reduction, recoupment, retention or diminution of any kind or nature (including as a result of any defence, right of action, recoupment, retention or counterclaim of any nature that the Guarantor or any other MF Parties may have or have had against any of the MF Parties, the GAA Finance Parties or any other Person).

2.10 Imputation of moneys received in reduction of MF Guaranteed Obligations

Notwithstanding every legal rule concerning the imputation of payments, all sums of money received by the Collateral Agent from the Guarantor pursuant to the provisions of this Article 2 shall be applied only as provided in Sections 2.3 and 2.4.

2.11 Irregularity

Any obligation of Nalcor to make investments by way of equity under the MFESA shall be considered as being part of the MF Guaranteed Obligations, notwithstanding any lack of capacity, irregularity, defect or flaw in the creation or continuance of such obligation, whether or not the Collateral Agent was aware of the same, it being expressly understood that any such obligation which cannot be recovered from the Guarantor as guarantor hereunder by reason of any voidness of the principal obligation may be recovered from the Guarantor under the indemnity contained in Section 2.2 and shall be payable to the Collateral Agent upon demand therefor by the Collateral Agent in accordance with Sections 2.3 and 2.4.

2.12 No Release of Guarantor

Until the MF Guaranteed Obligations have been paid in full as set forth in Sections 2.3 and 2.4, the obligations of the Guarantor hereunder shall not be reduced, limited or terminated, nor shall the Guarantor be discharged from any obligation hereunder for any reason whatsoever, including, but not limited to (whether or not the same shall have occurred or failed to occur once or more than once and, in the case of extensions of time for payment, observance or performance of obligations, whether such extensions or any of them are for periods longer than the respective periods then specified therefor and whether or not the Guarantor shall have received notice thereof or assented thereto):

2.12.1 any extension of the time for payment, observance or performance, or any other amendment or modification of any of the terms and conditions of the MF Guaranteed Obligations or the Muskrat/LTA Project Finance Documents;

2.12.2 any composition or settlement (whether by way of release, acceptance of a plan of reorganization or otherwise) of the MF Guaranteed Obligations;

2.12.3 any failure to exercise, delay in the exercise of, exercise or waiver of, or forbearance or other indulgence with respect to any Rights, Remedies and/or Recourses available to any of the GAA Finance Parties or the Collateral Agent, including but not limited to:

2.12.3.1 any exercise of or failure to exercise any right of set-off, counterclaim, reduction, recoupment or retention;

2.12.3.2 any election of Rights, Remedies and/or Recourses effected by any of them;

2.12.3.3 any subordination by operation of Law, whether present or future, of any or all of the MF Guaranteed Obligations; and

2.12.4 any other act or failure to act which varies the risks of the Guarantor hereunder or, but for the provisions hereof, under the terms of any Law, would operate to reduce, limit or terminate the obligations of the Guarantor from any obligation hereunder.

2.13 Certain Waivers.

The Guarantor hereby waives:

2.13.1 except as set forth in Section 2.3, any requirement and any right to require, that any power be exercised or any action be taken against Nalcor or any other guarantor or any collateral for any of the MF Guaranteed Obligations;

2.13.2 any and all defences to and counterclaims, reductions, retentions and claims of recoupment against any and all of the MF Guaranteed Obligations that may at any time be available to Nalcor or any other guarantor. As regards set-offs, the Guarantor confirms the acknowledgement contained in Section 2.9;

2.13.3 any notice of acceptance of the incurrence or renewal of any MF Guaranteed Obligations;

2.13.4 all notices which may be required by Law to preserve any rights against the Guarantor hereunder including, but not limited to, any notice of default, demand, dishonour, presentment, noting of protest and protest;

2.13.5 diligence;

2.13.6 any defence based upon, arising out of or in any way related to:

2.13.6.1 any claim that any election of remedies by the Collateral Agent impaired, reduced, released or extinguished any rights that the Guarantor might otherwise have had against Nalcor or any other guarantor;

2.13.6.2 any claim that the MF Guaranteed Obligations should be strictly construed against the Collateral Agent; and

2.13.6.3 any and all other defences related to the MF Guaranteed Obligations save and except for the receipt by the Collateral Agent of payment in full of the MF Guaranteed Obligations.

2.14 No Release in Event of Bankruptcy

No settlement or discharge of the MF Guaranteed Obligations shall be effective if any payment by the Guarantor in respect thereof is avoided or reduced by virtue of any provision or enactment relating to any Insolvency Laws, Fraudulent Conveyance Laws or similar laws of general application from time to time, and if such payment is so avoided or reduced, the Collateral Agent shall be entitled to recover the amount of such payment as if such settlement or discharge had not occurred.

2.15 Additional Security

This Guarantee Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Collateral Agent or a GAA Finance Party.

2.16 Reasonableness of Waivers, Renunciations, Declarations and Authorizations

The Guarantor agrees that each of the waivers, renunciations, declarations and authorizations set forth in this Guarantee Agreement is made with full knowledge of its significance and consequences and if any of such waivers, renunciations, declarations and authorizations is determined to be contrary to any Law or public policy, the Guarantor and the Collateral Agent agree that such waivers, renunciations, declarations and authorizations shall be effective only to the maximum extent permitted by Law.

2.17 Authority to Modify MF Guaranteed Obligations

The Guarantor expressly authorizes the Collateral Agent, at any time and from time to time, without notice and without affecting the liability of the Guarantor hereunder, to:

2.17.1 change, modify, alter, amend, supplement, extend, renew, compromise, novate, replace, suspend or waive the terms of all or any part of the MF Guaranteed Obligations and any security and guarantees therefor;

2.17.2 accept new or additional instruments, documents, agreements, security or guarantees in connection with all or any part of the MF Guaranteed Obligations;

2.17.3 accept partial payments on the MF Guaranteed Obligations;

2.17.4 waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the MF Guaranteed Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Collateral Agent (for the benefit of the GAA Finance Parties) in its discretion may determine, subject to and in accordance with the provisions of Section 2.4; and

2.17.5 otherwise change, modify, alter, amend, supplement, extend, renew, compromise, novate, replace, suspend or waive the provisions of the MFESA or any of the Muskrat/LTA Project Finance Documents.

2.18 No Requirement to Exhaust Recourses

Neither the Collateral Agent nor any GAA Finance Party shall be bound to seek or exhaust its recourses or remedies against Muskrat or Nalcor, any other guarantor or any other person nor to enforce, marshal or value any Liens before the Collateral Agent, for and on behalf of the GAA Finance Parties, is entitled to payment under this Guarantee Agreement.

2.19 Cost Overrun Escrow Account

For the purposes of this Agreement and notwithstanding any provision to the contrary herein, the parties hereto acknowledge that:

2.19.1 the MF NL Crown Payment Demand relating to any MF Base Equity Contribution or MF Contingency Equity Contribution set out above may include amounts required to fund the Cost Overrun Escrow Account, as such account is required to be funded under the terms of Section 10.28 of the Muskrat/LTA Project Finance Agreement;

2.19.2 such funding shall be deemed to be on account of MF Project Costs, the MF Equity Rateable Share and MF Debt Rateable Share of which shall be 100% and 0%, respectively, the amounts of any such funding shall be deposited directly into the Cost Overrun Escrow Account and be used exclusively in accordance with Section 10.28 of the Muskrat/LTA Project Finance Agreement, and such funding shall constitute a MF Base Equity Contribution or a MF Contingency Equity Contribution dependent on whether or not the MF Base Equity Commitment is then exhausted.

ARTICLE 3

THE COLLATERAL AGENT

3.1 The Collateral Agent

This Guarantee Agreement is made in favour of the Collateral Agent in its capacity as Collateral Agent for the GAA Finance Parties in accordance with the provisions of the Collateral Agency Agreement. Accordingly, in the event of a new collateral agent being appointed under the Collateral Agency Agreement, such new collateral agent shall thereupon become and be the collateral agent hereunder, but nevertheless, the Collateral Agent shall forthwith assign, transfer and make over to the new collateral agent hereunder this Guarantee Agreement. All provisions of the Collateral Agency Agreement for the protection of the Collateral Agent or for facilitating the administration of the trusts or otherwise relating to the Collateral Agent shall apply *mutatis mutandis* to this Guarantee Agreement and the Collateral Agent's duties hereunder.

3.2 Acceptance of Trust

The Collateral Agent hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new collateral agent shall be appointed as set forth in Section 3.1.

3.3 Acknowledgment of Guarantor

The Guarantor acknowledges and consents (i) to the recitals herein, (ii) to the issuance of the Collateral Mortgage Bonds to the Collateral Agent, for the benefit of Canada and the other GAA Finance Parties, as the case may be, and (iii) that the Collateral Mortgage Bonds will be held for Canada by the Collateral Agent and that pursuant to the terms of the Collateral Agency Agreement, Canada may direct the Collateral Agent including as to the issuance of a MF NL Crown Payment Demand.

ARTICLE 4

GENERAL PROVISIONS

4.1 Notices

Any MF NL Crown Payment Demand, notice or other communication contemplated to be given by the Collateral Agent or NL Crown under this Guarantee Agreement shall be in writing and delivered personally or by courier or mailed by registered mail, postage prepaid and return receipt requested, to the applicable address set out below or to such other address as a party hereto may from time to time designate to the other parties set out below in such manner:

- (a) if to the Collateral Agent:

The Toronto-Dominion Bank
TD Bank Tower
66 Wellington Street West
9th Floor
Toronto, Ontario M5K 1A2

Attention: Michael A. Freeman, Vice-President, Loan Syndications -
Agency

Facsimile: 416-944-6976

E-mail: Michael.freeman@tdsecurities.com

(b) if to NL Crown:

Government of Newfoundland and Labrador
Department of Finance
P.O. Box 8700
St. John's, NL
A1B 4J6

Attention: Deputy Minister

Facsimile: 709-729-2232

(c) if to Canada:

Jonathan Will
Director General
Natural Resources Canada
Electricity Resources Branch
580 Booth Street, 17th Floor, Room: C7-2
Ottawa, Ontario K1A 0E4
Canada

Telephone: 613-947-8236

Facsimile: 613-947-4205

E-mail : Jonathan.Will@NRCan-RNCan.gc.ca

with a copy to:

Anoop Kapoor
Director, Renewable and Electrical Division
Natural Resources Canada
Renewable and Electrical Energy Division
580 Booth Street, 17th Floor, Room: B7-3
Ottawa, Ontario K1A 0E4
Canada

Telephone: 613-996-5762

Facsimile: 613-947-4205

E-mail : Anoop.Kapoor@NRCan-RNCan.gc.ca

Notices given by personal delivery, by courier or mail shall be effective upon actual receipt.

4.2 Successors and Assigns

This Agreement shall enure to the benefit of and be binding upon NL Crown, the Collateral Agent and the GAA Finance Parties and their respective successors and assigns provided, however, that no assignment or transfer of any rights hereunder may be made by NL Crown

without the prior written consent of the Collateral Agent. Furthermore, no assignment or transfer of any rights hereunder may be made by the Collateral Agent without the prior written consent of NL Crown, other than to a successor Collateral Agent in accordance with the provisions of the Collateral Agency Agreement.

4.3 Amendments and Waivers

The rights and remedies of the Collateral Agent under this Agreement shall be cumulative and not exclusive of any rights or remedies which it would otherwise have and no failure or delay by the Collateral Agent in exercising any right shall operate as a waiver thereof, nor shall any single or partial exercise of any power or right preclude its other or further exercise or the exercise of any other power or right. Any term, covenant, agreement or condition contained in this Agreement may be amended only with the written consent of NL Crown and the Collateral Agent, acting in accordance with the Requisite Instructions, and such amendment shall be binding upon all of the parties hereto, or compliance therewith may be waived (either generally or in a particular instance and either retroactively or prospectively) by the Collateral Agent, acting in accordance with the Requisite Instructions, and such waiver shall be binding upon all of the GAA Finance Parties, and in any such event the failure to observe, perform or discharge any such covenant, condition or obligation (whether such amendment is executed or such consent or waiver is given before or after such failure) shall not be construed as a breach of such covenant, condition or obligation.

4.4 Execution

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument.

4.5 Severability

If any provision of this Agreement is determined pursuant to a final judgment to be invalid, illegal or unenforceable in any jurisdiction, the parties hereto agree to the fullest extent they may effectively do so that **(a)** the validity, legality and enforceability in every other jurisdiction of such provision shall not in any way be affected or impaired thereby and **(b)** the validity, legality and enforceability in such jurisdiction of the remaining provisions hereof shall not in any way be affected or impaired thereby

4.6 Entire Agreement

With respect to the obligations of NL Crown hereunder, this Agreement constitutes the entire agreement among the parties hereto.

4.7 Expenses

The Guarantor agrees to pay all duly documented reasonable out-of-pocket costs and expenses, including reasonable attorneys' fees, which may be incurred by the Collateral Agent or the GAA Finance Parties in any effort to collect or enforce any of the obligations of the Guarantor hereunder.

4.8 Acknowledgment

The Guarantor hereby acknowledges that it has received and taken cognizance of an original executed copy of this Agreement, the MFESA and the Muskrat/LTA Project Finance Documents in force on the date hereof and is familiar with all the provisions thereof.

4.9 Term of Agreement

The obligations of the Guarantor under the provisions of this Agreement shall terminate on the Termination Date provided that the MF Guaranteed Obligations have been paid in full.

[REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the parties hereto have executed this agreement as of the date set out at the commencement of this Guarantee Agreement.

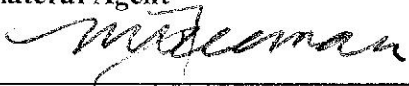
**HER MAJESTY THE QUEEN IN RIGHT
OF THE PROVINCE OF
NEWFOUNDLAND AND LABRADOR, as
represented by the Minister of Finance**

Per: 

Name: The Honourable Thomas W.
Marshall, Q.C.
Title: Minister of Finance

GUARANTEE AGREEMENT (MFESA) – SIGNATURE PAGE

**THE TORONTO-DOMINION BANK,
as Collateral Agent**

Per:  _____

Name: _____
Title: **Michael A. Freeman**
Vice President, Loan Syndications - Agency

Per: _____

Name: _____
Title: _____

SCHEDULE "A"

**MF NL CROWN MF PAYMENT DEMAND IN CONNECTION
WITH PROJECT COSTS**

Date:

HER MAJESTY THE QUEEN IN RIGHT OF
THE PROVINCE OF NEWFOUNDLAND AND
LABRADOR
Department of Finance
P.O. Box 8700
St. John's, NL
A1B 4J6

Attention: Deputy Minister

Gentlemen,

We refer you to that certain guarantee agreement relating to the MFESA dated as of November 29, 2013 entered into between Her Majesty the Queen in Right of the Province of Newfoundland and Labrador and The Toronto-Dominion Bank, as Collateral Agent (the said agreement, as amended, supplemented, restated, replaced or otherwise modified at any time and from time to time, is herein referred to as the "MFESG").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them in the Master Definitions Agreement (as defined in the MFESG).

Pursuant to clause [2.3.1.1/2.3.2.1] of the MFESG, we hereby request that you pay to us for deposit to, or directly deposit to, the Muskrat Project Funding Account an amount of not less than <@> (the "**Required Contribution** ") by no later than <@> **[NOTE: Specify the date by which the Required Contribution is to be made, i.e. the fifth Business Day following receipt by NL Crown of the MF NL Crown Payment Demand.]** The Required Contribution will be used to pay the MF Equity Rateable Share of MF Project Costs to be paid with the required applicable MF Base Equity Contribution and will therefore be deemed to be made under the MF Base Equity Commitment.

The Collateral Agent hereby acknowledges, covenants and agrees that the payment to us for deposit or the direct deposit by NL Crown of the Required Contribution to the Muskrat Project Funding Account is expressly subject to the following conditions:

1. the Required Contribution shall be deposited in the Muskrat Project Funding Account and shall be used exclusively to pay the MF Equity Rateable Share of the MF Project Costs referred to in the preceding paragraph;

2. the Collateral Agent shall only release the Required Contribution from the Muskrat Project Funding Account concurrently with the release from the Muskrat Project Funding Account of the MF Debt Rateable Share of the MF Project Costs to which this MF NL Crown Payment Demand relates. Even if a Muskrat/LTA Event of Default or acceleration of the amounts owed by Muskrat under the Muskrat/LTA Project Finance Documents has occurred, the Collateral Agent shall not release the Required Contribution from the Muskrat Project Funding Account until such MF Debt Rateable Share has been deposited therein and the Collateral Agent can make the concurrent release referred to above.

Moreover, the Collateral Agent hereby acknowledges, covenants and agrees that:

1. Subject to paragraph 2 below, under no circumstance shall any part of the Required Contribution be used to fund anything other than the MF Equity Rateable Share of the MF Project Costs intended to be paid therewith;
2. to the extent that Debt Service is required to be funded by the Required Contribution, then only such portion of Debt Service shall be so funded as constitutes interest and fees that are due and outstanding and that constitute MF Project Costs, and to the extent any scheduled instalments of principal of the Indebtedness of Muskrat under the Muskrat/LTA Project Finance Documents are due and outstanding, such scheduled instalments of principal, but expressly excluding any accelerated amounts (and interest and fees relating to accelerated amounts).

The wire transfer instructions for payments to be made by you directly to the Muskrat Project Funding Account are as follows:

<@>

Yours truly,

THE TORONTO-DOMINION BANK,
as Collateral Agent

Per: _____

Per: _____

c.c. Nalcor Energy
Muskrat Falls Corporation

SCHEDULE "B"

MF NL CROWN PAYMENT DEMAND IN CONNECTION WITH MF PROJECT COSTS TO BE PAID FOLLOWING THE EXHAUSTION OF THE MF BASE EQUITY COMMITMENT

Date:

HER MAJESTY THE QUEEN IN RIGHT OF
THE PROVINCE OF NEWFOUNDLAND AND
LABRADOR
Department of Finance
P.O. Box 8700
St. John's, NL
A1B 4J6

Attention: Deputy Minister

Gentlemen,

We refer you to that certain guarantee agreement relating to the MFESA dated as of November 29, 2013 entered into between Her Majesty the Queen in Right of the Province of Newfoundland and Labrador and The Toronto-Dominion Bank, as Collateral Agent (the said agreement, as amended, supplemented, restated, replaced or otherwise modified at any time and from time to time, is herein referred to as the "MFESG").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them in the Master Definitions Agreement (as defined in the MFESG).

Pursuant to clause [2.3.1.2/2.3.2.2] of the MFESG, we hereby request that you pay to us for deposit to, or directly deposit to, the Muskrat Project Funding Account an amount of not less than <@> (the "Required Contribution ") by no later than <@> [NOTE: Specify the date by which the Required Contribution is to be made, i.e. the fifth Business Day following receipt by NL Crown of the MF NL Crown Payment Demand.]. The Required Contribution will be used to pay the MF Equity Rateable Share of MF Project Costs to be paid following the exhaustion of the MF Base Equity Commitment with the required applicable MF Contingency Equity Contribution and will therefore be deemed to be made under the MF Contingency Equity Commitment.

The Collateral Agent hereby acknowledges, covenants and agrees that the payment to us for deposit or the direct deposit by NL Crown of the Required Contribution to the Muskrat Project Funding Account is expressly subject to the following conditions:

1. the Required Contribution shall be deposited in the Muskrat Project Funding Account and shall be used exclusively to pay the MF Equity Rateable Share of the MF Project Costs referred to in the preceding paragraph;
2. the Collateral Agent shall only release the Required Contribution from the Muskrat Project Funding Account concurrently with the release from the Muskrat Project Funding Account of the MF Debt Rateable Share of the MF Project Costs to which this MF NL Crown Payment Demand relates. Even if a Muskrat/LTA Event of Default or acceleration of the amounts owed by Muskrat under the Muskrat/LTA Project Finance Agreement has occurred, the Collateral Agent shall not release the Required Contribution from the Muskrat Project Funding Account until such MF Debt Rateable Share has been deposited therein and the Collateral Agent can make the concurrent release referred to above.

Moreover, the Collateral Agent hereby acknowledges, covenants and agrees that:

1. Subject to paragraph 2 below, under no circumstance shall any part of the Required Contribution be used to fund anything other than the MF Equity Rateable Share of the MF Project Costs intended to be paid therewith following the exhaustion of the MF Base Equity Commitment;
2. to the extent that Debt Service is required to be funded by the Required Contribution, then only such portion of Debt Service shall be so funded as constitutes interest and fees that are due and outstanding and that constitute MF Project Costs, and to the extent any scheduled instalments of principal of the Indebtedness of Muskrat under the Muskrat/LTA Project Finance Documents are due and outstanding, such scheduled instalments of principal, but expressly excluding any accelerated amounts (and interest and fees relating to accelerated amounts).

The wire transfer instructions for payments to be made by you directly to the Muskrat Project Funding Account are as follows:

<@>

Yours truly,

THE TORONTO-DOMINION BANK,
as Collateral Agent

Per: _____

Per: _____

c.c. Nalcor Energy
Muskrat Falls Corporation

SCHEDULE "C"

**MF NL CROWN PAYMENT DEMAND IN CONNECTION
WITH THE MINIMUM DSRA REQUIREMENT**

Date:

HER MAJESTY THE QUEEN IN RIGHT OF
THE PROVINCE OF NEWFOUNDLAND AND
LABRADOR
Department of Finance
P.O. Box 8700
St. John's, NL
A1B 4J6

Attention: Deputy Minister

Gentlemen,

We refer you to that certain guarantee agreement relating to the MFESA dated as of November 29, 2013 entered into between Her Majesty the Queen in Right of the Province of Newfoundland and Labrador and The Toronto-Dominion Bank, as Collateral Agent (the said agreement, as amended, supplemented, restated, replaced or otherwise modified at any time and from time to time, is herein referred to as the "MFESG").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them in the Master Definitions Agreement (as defined in the MFESG).

Pursuant to clause [2.3.1.3/2.3.3] of the MFESG, we hereby request that you pay to us for deposit to, or directly deposit to, the DSRA an amount of not less than <@> (the "**Required Contribution** ") by no later than <@> [NOTE: **Specify the date by which the Required Contribution is to be made, i.e. the fifth Business Day following receipt by NL Crown of the MF NL Crown Payment Demand.**]. The Required Contribution will be used to fund in the DSRA Muskrat's Project Rateable Share of the MF Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date or the DSRA Prefunding, as the case may be, and will therefore be deemed to be made under the MF DSRA Equity Commitment.

The Collateral Agent hereby acknowledges, covenants and agrees that the payment to us for deposit or the direct deposit by NL Crown of the Required Contribution in the Muskrat Project Funding Account for release and deposit into the DSRA is expressly subject to the following conditions:

1. the Required Contribution shall be deposited in the Muskrat Project Funding Account for release and deposit into the DSRA and shall be used exclusively to fund Muskrat's

Project Rateable Share of the MF Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date or the DSRA Prefunding, as the case may be, referred to in the preceding paragraph;

2. the Collateral Agent shall only release the Required Contribution for deposit into the DSRA concurrently with the deposit of Muskrat's Project Rateable Share the MF Debt Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date or the DSRA Prefunding, as the case may be, into the DSRA. Even if a Muskrat/LTA Event of Default or acceleration of the amounts owed by Muskrat under the Muskrat/LTA Project Finance Documents has occurred, the Collateral Agent shall not release the Required Contribution until such MF Debt Rateable Share has been made available to the Collateral Agent and the Collateral Agent can make the concurrent deposit referred to above.

Moreover, the Collateral Agent hereby acknowledges, covenants and agrees that under no circumstance shall any part of the Required Contribution be used to fund anything other than Muskrat's Project Rateable Share of the MF Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date or the DSRA Prefunding, as the case may be.

The wire transfer instructions for payments to be made by you directly to the Muskrat Project Funding Account are as follows:



Yours truly,

THE TORONTO DOMINION BANK,
as Collateral Agent

Per: _____

Per: _____

c.c. Nalcor Energy
Muskrat Falls Corporation

SCHEDULE "D"

**MF NL CROWN PAYMENT DEMAND IN CONNECTION
WITH THE MINIMUM LRA REQUIREMENT**

Date:

HER MAJESTY THE QUEEN IN RIGHT OF
THE PROVINCE OF NEWFOUNDLAND AND
LABRADOR
Department of Finance
P.O. Box 8700
St. John's, NL
A1B 4J6

Attention: Deputy Minister

Gentlemen,

We refer you to that certain guarantee agreement relating to the MFESA dated as of November 29, 2013 entered into between Her Majesty the Queen in Right of the Province of Newfoundland and Labrador and The Toronto-Dominion Bank, as Collateral Agent (the said agreement, as amended, supplemented, restated, replaced or otherwise modified at any time and from time to time, is herein referred to as the "MFESG").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them in the Master Definitions Agreement (as defined in the MFESG).

Pursuant to clause [2.3.1.4/2.3.4] of the MFESG, we hereby request that you pay to us for deposit to, or directly deposit to, the LRA an amount of not less than <@> (the "**Required Contribution** ") by no later than <@> [**NOTE: Specify the date by which the Required Contribution is to be made, i.e. the fifth Business Day following receipt by NL Crown of the MF NL Crown Payment Demand.**]. The Required Contribution will be used to fund in the LRA 82% of the Minimum LRA Requirement as at the Commissioning Date and will therefore be deemed to be made under the MF LRA Equity Commitment.

The Collateral Agent hereby acknowledges, covenants and agrees that the payment to us for deposit or the direct deposit by NL Crown of the Required Contribution to the LRA is expressly subject to the condition that the Required Contribution shall be deposited in the LRA and shall be used exclusively to fund 82% of the Minimum LRA Requirement as at the Commissioning Date referred to in the preceding paragraph.

Moreover, the Collateral Agent hereby acknowledges, covenants and agrees that under no circumstance shall any part of the Required Contribution be used to fund anything other than 82% of the Minimum LRA Requirement as at the Commissioning Date.

The wire transfer instructions for payments to be made by you directly to the LRA are as follows:

<@>

Yours truly,

THE TORONTO-DOMINION,
as Collateral Agent

Per: _____

Per: _____

c.c. Nalcor Energy
Muskrat Falls Corporation