

HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR

and

HER MAJESTY IN RIGHT OF NOVA SCOTIA

and

NALCOR ENERGY

and

EMERA INC.

PROJECT OVERSIGHT AGREEMENT

December 17, 2012

THIS PROJECT OVERSIGHT AGREEMENT (the "Agreement") is made effective the 17th day of December, 2012 (the "Effective Date")

BETWEEN:

HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR, as represented by the Minister of Natural Resources and the Minister for Intergovernmental and Aboriginal Affairs ("NL")

- and -

HER MAJESTY IN RIGHT OF NOVA SCOTIA, as represented by the Minister of Energy ("NS")

- and -

NALCOR ENERGY, a body corporate existing pursuant to the *Energy Corporation Act* being Chapter E-11.01 of the *Statutes of Newfoundland and Labrador, 2007*, solely in its own right and not as agent of the NL Crown ("Nalcor")

- and -

EMERA INC., a company incorporated under the laws of the Province of Nova Scotia ("Emera")

(individually referred to as a "Party" and collectively referred to as the "Parties")

WHEREAS:

- A. Nalcor and Emera entered into a Term Sheet dated November 18, 2010 confirming their common understanding of the purpose, process and timing for the supply and delivery of power and energy from the Province of Newfoundland and Labrador to the Province of Nova Scotia, other Canadian provinces and New England;
- B. Nalcor and Emera entered into the Formal Agreements contemplated by the Term Sheet on July 31, 2012;
- C. Nalcor and Emera now wish to Sanction the Maritime Link, and Nalcor wishes to sanction the Labrador-Island Link, the Labrador Transmission Assets and the Muskrat Falls Plant; and

D. Each of NL and NS has expressed its commitment to support the Project as being beneficial for the citizens of Newfoundland and Labrador, and Nova Scotia, respectively, and the Parties wish to set out certain understandings relating to this Sanction.

NOW THEREFORE this Agreement witnesses that in consideration of the mutual covenants and agreements hereinafter contained the Parties agree as follows:

1. Definitions

Capitalized terms used but not defined herein shall have the respective meanings assigned to them in the Sanction Agreement executed between Emera and Nalcor on December 17, 2012.

2. Joint Committee and Undertakings

The Parties agree to establish a committee consisting of the CEO of each of Nalcor and Emera and a senior representative from each of NS and NL (the "Joint Committee") to oversee the timely completion of the conditions precedent in Section 3.5(A) of the Federal Loan Guarantee Agreement. The Joint Committee will meet weekly, and the representatives will keep each other apprised of the status of their activities to satisfy their respective conditions precedent in Section 3.5(A) of the Federal Loan Guarantee Agreement and, notwithstanding the Sanction Agreement, Section 5.5(A)(iii) of the ML-JDA. As part of their work on the Joint Committee, the Parties agree to seek input from, and provide any requested assistance to each other to achieve satisfaction of all conditions precedent and, notwithstanding the Sanction Agreement, Section 5.5(A)(iii) of the ML-JDA.

3. NS Deliverables

NS agrees, acting in good faith, to work toward satisfying:

- (i) the conditions precedent in Sections 3.5(A)(iv) and (vi) of the Federal Loan Guarantee Agreement by March 31, 2013, and to provide Nalcor and Emera with confirmation from Canada upon receipt; and
- (ii) notwithstanding the Sanction Agreement, Section 5.5(a)(iii) of the ML-JDA.

4. NL Deliverables

NL agrees, acting in good faith, to work toward satisfying:

- (i) the conditions precedent in Sections 3.5(A)(iii) and (v) of the Federal Loan Guarantee Agreement by March 31, 2013, and to provide Nalcor and Emera with confirmation from Canada upon receipt; and
- (ii) notwithstanding the Sanction Agreement, Section 5.5(a)(iii) of the ML-JDA.

5. Joint Committee Updates

The Parties agree to keep each other apprised on a regular basis of the status of their activities to satisfy their respective conditions precedent in Section 3.5(A) of the Federal Loan Guarantee Agreement, and will provide confirmation within two Business Days of Canada confirming that the conditions precedent have been satisfied. The Parties also agree to keep each other apprised on the status of matters referred to in Section 5.5(a)(iii) of the ML-JDA.

6. Agreement Binding

- (a) The Parties intend to be and are hereby legally bound by the terms and conditions of this Agreement.
- (b) Nalcor is entering this Agreement and the Parties acknowledge that Nalcor is entering this Agreement solely in its own right and not on behalf of or as agent of NL.
- (c) This Agreement is solely for the benefit of the Parties hereto and no assignment or transfer of this Agreement or any of the rights of a Party hereunder shall be permitted without the consent of the other Parties.

7. Disclosure of Agreement

Each Party hereby agrees to each of the other Parties making this Agreement public at any time and from time to time after this Agreement is executed by each of the Parties.

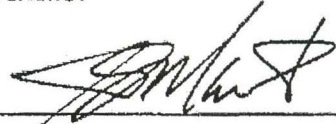
8. Counterpart Execution

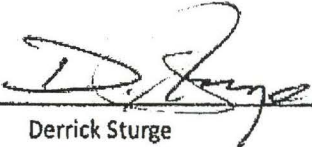
This Agreement may be executed in any number of counterparts, each of which will be considered an original of this Agreement, and which together will constitute one and the same instrument. No Party will be bound to this Agreement unless and until all Parties have executed a counterpart. A facsimile signature or an otherwise electronically reproduced signature of any Party shall be deemed to be an original.

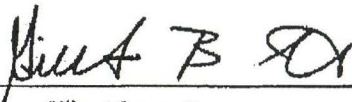
IN WITNESS WHEREOF, the Parties have executed this Project Oversight Agreement as of the date first written above.

Executed and delivered by Nalcor Energy,
in the presence of:

NALCOR ENERGY

By: 
Name: Ed Martin
Title: President and Chief Executive Officer

By: 
Name: Derrick Sturge
Title: Vice President, Finance and Chief Financial Officer

By: 
Name: Gilbert Bennett
Title: Vice President, Lower Churchill Project

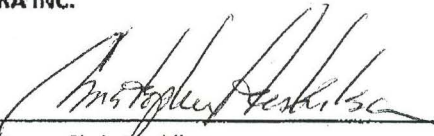



Name:

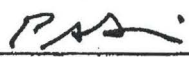
We have authority to bind the corporation.

Executed and delivered by Emera Inc.,
in the presence of:

EMERA INC.

By: 
Name: Chris Huskison
Title: President and Chief Executive Officer

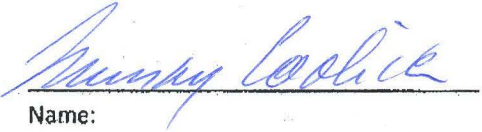
By: 
Name: Nancy Tower
Title: Executive Vice-President, Business Development



Name: Peter Doig

We have authority to bind the company.

Executed and delivered by Her Majesty in Right
of Nova Scotia in the presence of:

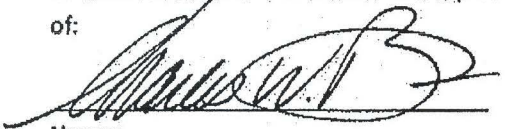
HER MAJESTY IN RIGHT OF NOVA SCOTIA


Name:

By: 
Title: Minister of Energy


Executed and delivered by Her Majesty in Right
of Newfoundland and Labrador in the presence
of:

HER MAJESTY IN RIGHT OF NEWFOUNDLAND
AND LABRADOR


Name:

By: 
Title: Minister of Natural Resources


Name:

By: 
Title: Minister for Intergovernmental and
Aboriginal Affairs

Murray Cochrane

Jerome Kennedy